UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

FOR THE QUARTERLY PERIOD ENDED JANUARY 31, 2001

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: 1-11331
333-06693

FERRELLGAS PARTNERS, L.P.

FERRELLGAS PARTNERS FINANCE CORP.

(Exact name of registrants as specified in their charters)

(States or other jurisdictions of incorporation or organization)	(I.R.S. Employer Identification Nos.)
Delaware	43-1698480
Delaware	43-1742520

One Liberty Plaza, Liberty, Missouri 64068

(Address of principal executive offices) (Zip Code)

Registrants' telephone number, including area code: (816) 792-1600

Indicate by check mark whether the registrant (1) has 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 registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

At March 14, 2001, the registrants had units or shares outstanding as follows:

Ferrellgas Partners, L.P.	31,307,116	Common Units
	4,888,234	Senior Common Units
Ferrellgas Partners Finance Corp.	1,000	Common Stock

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

FERRELLGAS PARTNERS FINANCE CORP.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except unit data)

ASSETS	January 31, 2001	July 31, 2000
	(unaudited)	
Current Assets:		
Cash and cash equivalents	$ 34,938	$14,838
Accounts and notes receivable, net	162,113	89,801
Inventories	95,321	71,979
Prepaid expenses and other current assets	12,623	8,275
Total Current Assets	304,995	184,893
Property, plant and equipment, net	499,875	516,183
Intangible assets, net	244,673	256,476
Other assets, net	33,141	10,355
Total Assets	$1,082,684	$967,907

LIABILITIES AND PARTNERS' CAPITAL	January 31, 2001	July 31, 2000
Current Liabilities:		
Accounts payable	$156,876	$95,264
Other current liabilities	81,654	77,631
Short-term borrowings	11,745	18,342
Total Current Liabilities	250,275	191,237
Long-term debt	724,153	718,118
Other liabilities	16,914	16,176
Contingencies and commitments	-	-
Minority interest	2,527	2,032
Partners' Capital:		
Senior common unitholder (4,888,234 and 4,652,691 units outstanding at January 2001 and July 2000, redeemable liquidation value - $195,529 and $186,108, respectively)	191,439	179,786
Common unitholders (31,307,116 units outstanding at both January 2001 and July 2000)	(45,018)	(80,931)
General partner unitholder (316,233 units outstanding at both January 2001 and July 2000)	(58,147)	(58,511)
Accumulated other comprehensive income	541	-
Total Partners' Capital	88,815	40,344
Total Liabilities and Partners' Capital	$1,082,684	$967,907

See notes to consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(in thousands, except per-unit data)
(unaudited)

	Three months ended January 31		Six months ended January 31	
	2001	2000	2001	2000
Revenues:				
Gas liquids and related product sales	$612,752	$316,025	$872,849	$457,532
Other	36,446	24,970	46,733	46,202
Total revenues	649,198	340,995	919,582	503,734
Cost of product sold (exclusive of depreciation, shown separately below)	415,048	178,028	593,291	263,353
Gross profit	234,150	162,967	326,291	240,381
Operating expense	90,345	69,341	155,488	126,518
Depreciation and amortization expense	13,947	13,916	27,978	25,999
General and administrative expense	6,910	5,960	11,627	11,143
Equipment lease expense	8,661	5,586	16,768	9,439
Employee stock ownership plan compensation charge	1,125	1,026	2,194	2,053
Loss on disposal of assets and other	1,983	33	3,154	129
Operating income	111,179	67,105	109,082	65,100
Interest expense	(16,106)	(14,697)	(32,274)	(27,278)
Interest income	882	351	1,439	609
Earnings before minority interest	95,955	52,759	78,247	38,431
Minority interest	1,007	573	864	467
Net earnings	94,948	52,186	77,383	37,964
Paid-in-kind distribution to senior common unitholder	4,769	2,140	9,422	2,140
General partner's interest in net earnings after paid-in-kind distribution	902	500	680	358
Common unitholders' interest in net earnings	$89,277	$49,546	$67,281	$35,466
Basic and diluted earnings per common unit:				
Net earnings after paid-in-kind distribution	$ 2.85	$ 1.58	$ 2.15	$ 1.13

See notes to consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL AND OTHER COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Senior common unitholder	Common unitholders	General partner unitholder	Senior common unitholder	Common unitholders	General partner unitholder	Accumulated other comprehensive income	Total partners' capital
August 1, 2000	4,652.7	31,307.1	316.2	$ 179,786	$ (80,931)	$ (58,511)	$ -	$ 40,344
Accretion of discount on senior common units	-	-	-	2,231	(2,209)	(22)	-	-
Contribution from general partner in connection with ESOP compensation charge	-	-	-	-	2,149	22	-	2,171
Quarterly distributions	-	-	-	-	(31,308)	(316)	-	(31,624)
Accrued paid-in-kind distributions	235.5	-	-	9,422	(9,328)	(94)	-	-
Comprehensive income:								
Net earnings	-	-	-	-	76,609	774	-	77,383
Other comprehensive income-								
Cumulative effect of accounting change							709	
Net gain on derivative instruments							273	
Reclassification adjustments							(441)	
Total other comprehensive income								541
Comprehensive income								77,924
January 31, 2001	4,888.2	31,307.1	316.2	$ 191,439	$ (45,018)	$ (58,147)	$ 541	$ 88,815

See notes to consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six months ended January 31	
	2001	2000
Cash Flows From Operating Activities:		
Net earnings	$77,383	$37,964
Reconciliation of net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	27,978	25,999
Employee stock ownership plan compensation charge	2,194	2,053
Other	1,716	2,821
Changes in operating assets and liabilities, net of effects from business acquisitions and accounts receivable securitization:		
Accounts and notes receivable	(192,177)	(79,282)
Inventories	(18,163)	(24,881)
Prepaid expenses and other current assets	(3,244)	(1,828)
Accounts payable	61,612	43,977
Accrued interest expense	1,198	2,207
Other current liabilities	5,828	498
Other liabilities	89	(41)
Net cash provided by (used in) operating activities	(35,586)	9,487
Cash Flows From Investing Activities:		
Proceeds from accounts receivable securitization	100,000	-
Business acquisitions, net of cash acquired	(4,216)	54,827
Capital expenditures	(6,054)	(13,597)
Proceeds from sale leaseback transaction	-	25,000
Cash paid for acquisition transaction fees	-	(13,294)
Other	1,070	1,934
Net cash provided by investing activities	90,800	54,870
Cash Flows From Financing Activities:		
Distributions to common unitholders	(31,624)	(31,623)
Net additions (reductions) to short-term borrowings	(6,597)	14,514
Additions to long-term debt	5,897	12,812
Reductions of long-term debt	(2,351)	(72,552)
Cash paid for debt and lease financing costs	(35)	(659)
Cash contribution from general partner	-	3,571
Other	(404)	(398)
Net cash used in financing activities	(35,114)	(74,335)
Increase (decrease) in cash and cash equivalents	20,100	(9,978)
Cash and cash equivalents - beginning of period	14,838	35,134
Cash and cash equivalents - end of period	$34,938	$25,156
Cash paid for interest	$29,521	$23,775

See notes to consolidated financial statements.

A. The financial statements of Ferrellgas Partners, L.P. ("Ferrellgas Partners") and Subsidiaries (collectively, the "Partnership") reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the interim periods presented. All adjustments to the financial statements were of a normal, recurring nature, as well as the accounting change to adopt Statement of Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities. The information included in this Form 10-Q should be read in conjunction with "Management's Discussion and Analysis" and the financial statements with related notes included in the Partnership's annual report on Form 10-K for the year ended July 31, 2000.

B. The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("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.

C. Certain amounts included in the three and six months ended January 31 of the fiscal 2000 consolidated financial statements have been reclassified to conform to the three and six months ended January 31 of the fiscal 2001 presentation.

D. The propane industry is seasonal in nature with peak activity during the winter months. Therefore, the results of operations for the periods ended January 31, 2001 and 2000 are not necessarily indicative of the results to be expected for a full year.

E. ACCOUNTS RECEIVABLE SECURITIZATION

During the six months ended January 31, 2001, the Operating Partnership ("Ferrellgas, L.P.") received $100,000,000 in cash in exchange for the sale and contribution of an interest in a pool of its trade accounts receivable to its wholly-owned, special purpose subsidiary, Ferrellgas Receivables, LLC. Ferrellgas Receivables then sold its interest to a commercial paper conduit of Banc One, NA according to the terms of a 364-day agreement. In accordance with SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," this transaction is reflected on the Partnership's financial statements as a sale of accounts receivable and an investment in a subsidiary. The proceeds of these sales are less than the face amount of the pool of accounts receivable sold. The difference is classified on the statement of earnings as "Loss on disposal of assets and other", and approximates the financing cost of issuing commercial paper backed by these accounts receivable as well as the associated bad debt expense. See Note F for the accounting policy implemented to account for "Investment in unconsolidated subsidiary."

F. SUPPLEMENTAL BALANCE SHEET INFORMATION:

Inventories consist of:

(in thousands)	JANUARY 31, 2001	JULY 31, 2000
Liquefied propane gas and related products	$76,202	$50,868
Appliances, parts and supplies	19,119	21,111
	$95,321	$71,979

In addition to inventories on hand, the Partnership enters into contracts to buy product for supply purposes. Nearly all of these contracts have terms of less than one year and most call for payment based on market prices at the date of delivery. All fixed price contracts have terms of less than one year. As of January 31, 2001, in addition to the inventory on hand, the Partnership had committed to take delivery of approximately 3,636,000 gallons at a fixed price for its future retail propane sales.

Property, plant and equipment, net consist of:

(in thousands)	JANUARY 31, 2001	JULY 31, 2000
Property, plant and equipment	$774,720	$781,548
Less: accumulated depreciation	274,845	265,365
	$499,875	$516,183

In the first quarter of fiscal 2001, the Partnership increased the estimate of the residual values of its existing customer and storage tanks. This increase in the residual values resulted from a review by management of tank values established in an independent valuation obtained in connection with tank lease financings completed in December 1999 (see Note I). Due to this change in the tank residual values, depreciation expense decreased by approximately $2,888,000 and $5,960,000 during the three and six months ended January 31, 2001, respectively, compared to the depreciation expense that would have been recorded using the previous estimated residual values. The change in estimated residual values will continue to affect future depreciation expense as compared to the depreciation that would have been recorded using the previous estimated residual values.

Intangible assets, net consist of:

(in thousands)	JANUARY 31, 2001	JULY 31, 2000
Intangible assets	$420,364	$418,700
Less: accumulated amortization	175,691	162,224
	$244,673	$256,476

Other assets, net consist of:

(in thousands)	JANUARY 31, 2001	JULY 31, 2000
Other assets, net	$11,618	$10,355
Investment in unconsolidated subsidiary	21,523	-
	$33,141	$10,355

The investment in unconsolidated subsidiary represents the Partnership's investment in Ferrellgas Receivables and is accounted for on the equity basis. The earnings in the equity of the unconsolidated subsidiary, service income and the loss on the sale of the receivables are noncash transactions and are classified as "Loss on disposal of assets and other" in the statement of earnings. These amounts primarily reflect the financing cost of issuing commercial paper backed by these accounts receivable as well as the associated bad debt expense. See discussion of the transactions between the Partnership and Ferrellgas Receivables in "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources." See Note E for additional information about the accounts receivable securitization.

G. CONTINGENCIES

The Partnership is threatened with or named as a defendant in various lawsuits, which among other items, claim damages for product liability. 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 likely to have a material adverse effect on the financial condition, results of operations or cash flows of the Partnership.

H. COMMON UNIT DISTRIBUTIONS

On September 14, 2000, and December 14, 2000, the Partnership paid a cash distribution of $0.50 per common unit for the quarters ended July 31, 2000 and October 31, 2000, respectively. On February 16, 2001, the Partnership declared a cash distribution of $0.50 per common unit, payable March 14, 2001, for the quarter ended January 31, 2001.

I. BUSINESS COMBINATIONS

On December 17, 1999, the Partnership purchased Thermogas, LLC from Williams Natural Gas Liquids, Inc., a subsidiary of The Williams Companies, Inc. At closing, the Partnership entered into the following noncash transactions: a) issued $175,000,000 in senior common units to the seller, b) assumed a $183,000,000 bridge loan, and c) assumed a $135,000,000 operating tank lease. After the conclusion of these acquisition-related transactions, including the merger of Ferrellgas, L.P. and Thermogas, the Partnership acquired $61,842,000 of cash, which remained on the Thermogas balance sheet at the acquisition date.

The total assets contributed to Ferrellgas, L.P. (at the Partnership's cost basis) have been allocated as follows:

ASSET (IN THOUSANDS)	ALLOCATED COST BASIS	YEARS OF USEFUL LIFE
Working capital	$ 14,800	Not applicable
Property, plant and equipment	140,227	2-30
Goodwill	85,447	15
Customer list	60,200	15
Assembled workforce	9,600	15
Noncompete agreements	3,071	1-7

The fair values and useful lives of tanks are based on an independent valuation. The fair value and useful lives of all other assets acquired are based on the Partnership's analysis. As the Partnership has integrated the operations of Thermogas, it has paid $4,094,000 for termination benefits and $1,381,000 for exit costs since December 17, 1999. The estimated liability for termination benefits and exit costs has been reduced by $1,558,000 with the corresponding adjustment to goodwill. The transaction has been accounted for as a purchase and, accordingly, the results of operations of Thermogas have been included in the consolidated financial statements from the date of acquisition.

The following financial information assumes that the Thermogas acquisition occurred as of August 1, 1999 (unaudited):

(in thousands, except per unit amounts)	SIX MONTHS ENDED JANUARY 31, 2001	SIX MONTHS ENDED PRO FORMA JANUARY 31, 2000
Total revenues	$919,582	$599,742
Net earnings	77,383	21,123
Common unitholders' interest in net earnings	67,281	12,249
Basic and diluted earnings per common unit	$ 2.15	$ 0.39

J. EARNINGS PER UNIT

Below is a calculation of the basic and diluted common units used to calculate basic and diluted earnings per unit on the statements of earnings.

(in thousands, except per unit data)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JANUARY 31, 2001	JANUARY 31, 2000 2000	JANUARY 31, 2001	JANUARY 31, 2000
Common unitholders' interest in net earnings	$89,277	$49,546	$67,281	$35,466
Weighted average common units outstanding	31,307.1	31,307.1	31,307.1	31,306.3
Basic and diluted earnings per common unit	$ 2.85	$ 1.58	$ 2.15	$ 1.13

The senior common units are considered contingently issuable common units for which all necessary conditions for their issuance have not been satisfied as of the end of the reporting period and have been excluded from common units outstanding. In order to compute the basic and diluted earnings per common unit, the distribution paid-in-kind on senior common units is subtracted from net earnings to arrive at the common unitholders' interest in net earnings.

K. ADOPTION OF NEW ACCOUNTING STANDARDS

The Financial Accounting Standards Board (FASB) recently issued Statement of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities." SFAS 133, as amended by SFAS 137 and SFAS 138, establishes accounting and reporting standards for derivative instruments and for hedging activities. All derivatives, whether designated in hedging relationships or not, are required to be recorded on the balance sheet at fair value. The Partnership's overall objective for entering into derivative contracts for the purchase of product is related to hedging, risk reduction and to anticipate market movements. Other derivatives are entered into to reduce interest rate risk associated with long term debt and lease obligations. Fair value hedges are derivative financial instruments that hedge the exposure to changes in the fair value of an asset, a liability or an identified portion thereof attributable to a particular risk. Cash flow hedges are derivative financial instruments that hedge the exposure to variability in expected future cash flows attributable to a particular risk.

The Partnership uses cash flow hedges to manage exposure to product purchase price risk and uses both fair value and cash flow hedges to manage exposure to interest rate risks.

Product purchase price risk

Fluctuations in the wholesale cost of propane subject the Partnership to purchase price risk. The Partnership purchases propane at various prices that are eventually sold to its customers, exposing the Partnership to future product price fluctuations. Also, certain forecasted transactions expose the Partnership to purchase price risk. The Partnership continually monitors and assesses its purchase price exposures and consequently utilizes product hedges to mitigate the risk of future price fluctuations. Propane is the only product hedged with the use of product hedge positions. The Partnership uses derivative products to hedge a portion of its forecasted purchases for up to one year in the future. These derivatives are designated as cash flow hedging instruments. Because these derivatives are designated as cash flow hedges, the effective portions of changes in the fair value of the derivative are recorded in other comprehensive income (OCI) and are recognized in the statement of earnings when the forecasted transaction impacts earnings. Changes in the fair value of cash flow hedges due to hedge ineffectiveness are recognized in other revenues on the statement of earnings. The fair value of the derivatives related to purchase price risk are classified on the balance sheet as inventories. The Partnership also purchases and sells derivatives that are not classified as hedges to manage other risks associated with commodity prices. The changes in fair value of these derivatives are recognized as they occur in other revenue on the statement of earnings.

The Partnership also uses forward contracts, not designated as hedging instruments under SFAS 133, to help reduce the price risk related to sales made to its propane customers. These forward contracts meet the requirement to qualify as normal purchases and normal sales as defined in SFAS 133, as amended by SFAS 137 and SFAS 138, and thus are not adjusted to fair market value.

Interest rate risk

The Partnership also holds $724,153,000 in primarily fixed rate long-term debt and $158,400,000 in variable rate operating leases. Fluctuations in interest rates subject the Partnership to interest rate risk. Decreases in interest rates increase the fair value of the Partnership's fixed rate debt, while increases in interest rates subject the Partnership to the risk of increased interest expense related to its variable rate debt and operating leases.

The Partnership enters into fair value and cash flow hedges to help reduce its overall interest rate risk. Interest rate swaps are used to hedge the exposure to changes in the fair value of fixed rate debt due to changes in interest rates. The fair value of interest rate derivatives that are considered fair value or cash flow hedges are classified either as other current or long-term assets or as other current or long-term liabilities on the balance sheet. Changes in the fair value of the fixed rate debt and any related fair value hedges are recognized as they occur in interest expense on the statement of earnings. Interest rate caps are used to hedge the risk associated with rising interest rates and their affect on forecasted transactions related to variable rate debt and lease obligations. These interest rate caps are designated as cash flow hedges. Thus, the effective portions of changes in the fair value of the hedges are recorded in OCI at interim periods and are recognized as interest expense in the statement of earnings when the forecasted transaction impacts earnings. Changes in the fair value of any cash flow hedges that are considered ineffective are recognized as interest expense on the statement of earnings as they occur.

Effect of adoption of SFAS 133

The adoption of SFAS 133 resulted in an increase in other revenues of $299,000, an increase in OCI of $709,000 and an increase of $1,008,000 to inventories as of August 1, 2000. The increase in other revenue is primarily attributable to increases in the fair value of derivatives not designated as hedging instruments under SFAS 133. The increase in OCI is mostly attributable to increases in the value of cash flow hedges for the fair value of options designated as hedging instruments. The $709,000 related to these derivatives included in OCI as of August 1, 2000, will be reclassified into earnings during the twelve months ended July 31, 2001, at the time that the hedged item affects earnings.

Three and six months ended January 31, 2001

Gains and losses related to derivatives held for product price risk included in OCI are reclassified into earnings at the expiration or settlement date of the hedged item. The Partnership estimates that $541,000 of net derivative gains included in OCI will be reclassified into earnings within the next three months.

Hedge ineffectiveness, determined in accordance with SFAS 133, increased interest expense $381,781 during the six months ended January 31, 2001, due to the change in the time value of the interest rate cap. No fair value hedges or cash flow hedges were derecognized or discontinued for the six months ended January 31, 2001.

Revenue Recognition

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 entitled "Revenue Recognition". The bulletin, as amended, is to be adopted, no later than the fourth fiscal quarter of fiscal years commencing after December 15, 1999, with retroactive adjustment to the first fiscal quarter of that year. Management implemented this bulletin in the first quarter of fiscal 2001 with no material affect on the Partnership's financial position, results of operations or cash flows.

Accounting for Securitization

The FASB also recently issued SFAS No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." SFAS No. 140 revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures, but it carries over most of SFAS No. 125's provisions without reconsideration. The Partnership does not believe that the implementation of SFAS No. 140 will have a material effect on its financial position, results of operations and cash flows. See Notes E and F for discussion of SFAS No. 125's effect on recent accounts receivable transactions. SFAS 125 affects the recognition and reclassification of collateral and disclosures relating to securitization transactions and collateral and will be effective for the Partnership's fiscal year ending July 31, 2001.

FERRELLGAS PARTNERS FINANCE CORP.

(A WHOLLY OWNED SUBSIDIARY OF FERRELLGAS PARTNERS, L.P.)

BALANCE SHEETS

ASSETS	JANUARY 31, 2001	JULY 31, 2000
	(UNAUDITED)	
Cash	$1,000	$1,000
TOTAL ASSETS	$1,000	$1,000
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	1,378	1,237
Accumulated deficit	(1,378)	(1,237)
TOTAL STOCKHOLDER'S EQUITY	$1,000	$1,000

STATEMENTS OF EARNINGS

(UNAUDITED)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JANUARY 31, 2001	JANUARY 31, 2000	JANUARY 31, 2001	JANUARY 31, 2000
General and administrative expense	$ 50	$ 50	$ 141	$ 236
NET LOSS	$(50)	$(50)	$(141)	$(236)

See notes to financial statements.

FERRELLGAS PARTNERS FINANCE CORP.
(A WHOLLY OWNED SUBSIDIARY OF FERRELLGAS PARTNERS, L.P.)

STATEMENTS OF CASH FLOWS

(UNAUDITED)

	SIX MONTHS ENDED	
	JANUARY 31, 2001	JANUARY 31, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(141)	$ (236)
Cash used in operating activities	(141)	(236)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital contribution	141	236
Cash provided by financing activities	141	236
Change in cash	-	-
Cash - beginning of period	1,000	1,000
CASH - END OF PERIOD	$1,000	$1,000

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

JANUARY 31, 2001

(UNAUDITED)

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

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

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

The following is a discussion of the results of operations and liquidity and capital resources of the Partnership. Except for the $160,000,000 senior secured notes issued in April 1996 by Ferrellgas Partners and the related interest expense, Ferrellgas, L.P. accounts for nearly all of the consolidated assets, liabilities, sales and earnings of Ferrellgas Partners.

Ferrellgas Partners Finance Corp. has nominal assets and does not conduct any operations. Accordingly, a discussion of the results of operations and liquidity and capital resources is not presented.

FORWARD-LOOKING STATEMENTS

Statements included in this report that are not historical facts are forward-looking statements. These statements include the following:

- whether or not Ferrellgas, L.P. will have sufficient funds to meet its obligations and to enable it to distribute to Ferrellgas Partners sufficient funds to permit Ferrellgas Partners to meet its obligations with respect its $160,000,000 senior secured notes,
- to pay the required distribution on its senior common units, and to pay the minimum quarterly distribution of $0.50 per common unit,
- the expectation that certain interest rate hedges will terminate,
- the expectation of higher than normal cash provided by operating activities in the second half of fiscal 2001, and
- the expectation that future periods may not have the same percentage increase in retail volumes, revenues and expenses as was experienced in the first half of fiscal 2001.

The forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by the statements. The risks and uncertainties and their effect on the Partnership's operations include but are not limited to the following:

- the effect of weather conditions on demand for propane,
- price and availability of propane supplies,
- price and inventory risk of propane supplies,
- the effect of increasing volatility in commodity prices on the Partnership's liquidity,
- the timing of collection of accounts receivable,
- the availability of capacity to transport propane to market areas,
- competition from other energy sources and within the propane industry,
- operating risks incidental to transporting, storing, and distributing propane,
- changes in interest rates,
- governmental legislation and regulations,
- energy efficiency and technology trends,
- the condition of the capital markets in the United States,
- the political and economic stability of the oil producing nations,
- the expectation that the senior common units will be redeemed in the future with proceeds from an offering of equity at a price satisfactory to the Partnership, and
- expected savings from the integration of the Thermogas acquisition, reductions made in personnel and assets related to the existing Ferrellgas L.P. locations and savings related to the routing and scheduling improvements, all discussed in "Business - Recent Initiatives" section of the Partnership's annual report filed on Form 10-K for the year ended July 31, 2000.

RESULTS OF OPERATIONS

Due to the seasonality of the retail propane business, results of operations for the six months ended January 31, 2001 and 2000, are not necessarily indicative of the results to be expected for a full year. Other factors affecting the results of operations include competitive conditions, demand for product, timing of acquisitions, variations in the weather and fluctuations in propane prices. As the Partnership has grown through acquisitions, fixed costs such as personnel costs, equipment leases, depreciation and interest expense have increased. Due to the seasonality of the retail propane business, these fixed cost increases have caused net losses in the first and fourth fiscal quarters and net earnings in the second and third fiscal quarters to be more pronounced.

THREE MONTHS ENDED JANUARY 31, 2001 VS. JANUARY 31, 2000

Total revenues. Total gas liquids and related product sales increased 93.9% to $612,752,000, primarily due to an increased average sales price per gallon and increased retail sales volumes.

The average sales price per gallon increased due to the effect of a significant increase in the wholesale cost of propane during fiscal 2001. The wholesale cost of propane for the second quarter of fiscal 2001 was significantly higher compared to the same quarter last year. The wholesale market price at one of the major supply points, Mt. Belvieu, Texas, averaged $0.72 per gallon and reached a high of $0.94 during the second quarter of fiscal 2001 compared to an average of $0.47 per gallon in the prior year. Other major supply points in the United States also experienced significant increases.

Retail sales volumes increased 27.1% to 399,060,000 gallons in the second quarter of fiscal 2001 as compared to 314,044,000 gallons in the prior year, primarily due to colder weather and the full quarter effect of the acquisition of Thermogas completed in December of 1999. For the quarter, temperatures as reported by the American Gas Association, were 9% colder than normal as compared to 12% warmer than normal in the prior period's quarter. Other revenues increased by $11,476,000 primarily due to risk management gains realized in the second quarter of fiscal 2001 and contributions from Thermogas operations.

Gross profit. Gross profit increased 43.7% to $234,150,000 in the second quarter of fiscal 2001. Factors increasing gross margin included increased volume due to colder weather, contributions from the full quarter effect of Thermogas operations, increased retail margins and risk management gains. Partially offsetting these factors was reduced volume due to conservation by customers in response to the higher cost of propane and the related increased demand caused by the colder weather.

Operating expense. Operating expense increased 30.3% to $90,345,000 primarily due to personnel, plant and office, vehicle and other operating expenses related to the increased volumes, additional expenses from the full quarter effect of Thermogas operations, higher vehicle fuel costs and increased incentives, partially offset by reductions made since the same quarter last year in personnel, vehicle and other expenses in the existing Ferrellgas operations.

Depreciation and amortization expense. Depreciation and amortization expense increased 0.2% to $13,947,000 primarily due to the full quarter effect of the addition of property, plant and equipment, and intangible assets from the Thermogas acquisition, partially offset by a change in the estimated residual values used to compute the depreciation of customer and storage tanks. In the first quarter of fiscal 2001, the Partnership increased the estimate of the residual values of its existing customer and storage tanks. This increase in the residual values resulted from a review by management of tank values established in an independent valuation obtained in connection with tank lease financings completed in December 1999. Due to this change in the tank residual values, depreciation expense decreased by approximately $2,888,000, compared to the depreciation that would have been recorded using the previous estimated residual values. The change in estimated residual values will continue to affect future depreciation expense as compared to the depreciation that would have been recorded using the previous estimated residual values.

General and administrative expense. General and administrative expense increased 15.9% to $6,910,000 primarily due to the increased incentives related to the improved financial results as compared to the prior period.

Equipment lease expense. Equipment lease expense increased 55.0% to $8,661,000 due to a full quarter effect of the addition of $160,000,000 of operating tank leases in December 1999, and to a lesser extent to upgrades to the Partnership's truck fleet.

Loss on disposal of assets and other. Loss on disposal of assets and other increased $1,950,000 primarily due to the loss on the sale of the pool of accounts receivable related to the accounts receivable securitization. See Notes E and F in the Consolidated Financial Statements included elsewhere in this report for additional information regarding these transactions.

Interest expense. Interest expense increased 9.6% to $16,106,000 due primarily to the full quarter effect of the increased borrowings related to the Thermogas acquisition, partially offset by the effect of the reduced credit facility borrowings during the second quarter of fiscal 2001. The reduced credit facility borrowings resulted from the funds generated from the accounts receivable securitization. See discussion of the transactions between the Partnership and Ferrellgas Receivables in "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources."

Forward looking statement. The Partnership does not expect a similar magnitude of percentage increase in retail volumes, revenues or expenses in future quarters. The nonrecurring percentage increases experienced this quarter compared to the same quarter l ast year were primarily as a result of the impact of the acquisition of Thermogas, the significantly higher wholesale propane prices experience during fiscal 2001 compared to the same period last year, and colder winter temperatures this year compared to last year.

SIX MONTHS ENDED JANUARY 31, 2001 VS. JANUARY 31, 2000

Total revenues. Total gas liquids and related product sales increased 90.8% to $872,849,000, primarily due an increased average sales price per gallon and increased retail sales volumes.

The average sales price per gallon increased due to the effect of a significant increase in the wholesale cost of propane during fiscal 2001. The wholesale cost of propane for the first half of fiscal 2001 was significantly higher compared to the first half of fiscal 2000. The wholesale market price at one of the major supply points, Mt. Belvieu, Texas, averaged $0.67 per gallon during the first half of fiscal 2001 and reached a high of $0.94 compared to an average of $0.45 per gallon in the first half of fiscal 2000. Other major supply points in the United States also experienced significant increases.

Retail sales volumes increased 28.2% to 599,123,000 gallons in the first half of fiscal 2001 as compared to 467,473,000 gallons for the prior period, primarily due to the much colder weather and the acquisition of Thermogas completed in December 1999. For the six months ended January 31, 2001, temperatures as reported by the American Gas Association were 7% colder than normal as compared to 11% warmer than normal in the first half of fiscal 2000. Other revenues increased by $531,000 primarily due to contributions from Thermogas operations offset by risk management gains realized in the first half of fiscal 2000 that were greater than during the first half of fiscal 2001.

Gross profit. Gross profit increased 35.7% to $326,291,000, primarily due to gross profit generated from the acquired Thermogas operations, the colder than normal weather and increased retail margins. Partially offsetting these factors was a decrease in volume due to conservation by customers in response to the higher cost of propane and the related increased demand caused by colder weather.

Operating expense. Operating expense increased 22.9% to $155,488,000 primarily due to personnel, plant and office, vehicle and other operating expenses related to the acquired Thermogas operations and to a lesser extent the increased operating expenses related to delivering greater retail volumes than the prior year, partially offset by reductions made since the prior year in personnel, vehicles and other expenses in the existing Ferrellgas operations.

General and administrative expense. General and administrative expense increased 4.3% to $11,627,000 primarily due to the increased incentives related to the improved financial results as compared to the prior period.

Depreciation and amortization expense. Depreciation and amortization expense increased 7.6% to $27,978,000 primarily due to the addition of property, plant and equipment, and intangible assets from the Thermogas acquisition, partially offset by the change in the estimated residual values used to compute the depreciation of customer and storage tanks. In the first quarter of fiscal 2001, the Partnership increased the estimate of the residual values of its existing customer and storage tanks. This increase in the residual values resulted from a review by management of tank values established in an independent valuation obtained in connection with tank lease financings completed in December 1999. Due to this change in the tank residual values, depreciation expense decreased by approximately $5,960,000, compared to the depreciation that would have been recorded using the previous estimated residual values. The change in estimated residual values will continue to affect future depreciation expense as compared to the depreciation that would have been recorded using the previous estimated residual values.

Equipment lease expense. Equipment lease expense increased 77.6% to $16,768,000 due to the addition of the $160,000,000 operating tank leases in December 1999, and to a lesser extent to upgrades to the Partnership's truck fleet.

Loss on disposal of assets and other. Loss on disposal of assets and other increased $3,025,000 primarily due to the loss on the sale of the pool of accounts receivable related to the accounts receivable securitization. See Notes E and F in the Consolidated Financial Statements included elsewhere in this report for additional information regarding these transactions.

Interest expense. Interest expense increased 18.3% to $32,274,000. This increase is primarily the result of increased borrowings related to the Thermogas acquisition and to a lesser extent increased interest rates, partially offset by the effect of the reduced credit facility borrowings during the first half of fiscal 2001. The reduced credit facility borrowings resulted from the funds generated from the accounts receivable securitization. See discussion of the transactions between the Partnership and Ferrellgas Receivables in "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources."

Forward looking statement. The Partnership does not expect a similar magnitude of percentage increase in retail volumes, revenues or expenses in future periods. The nonrecurring percentage increases experienced the first six months of this year compared to the same period last year were primarily as a result of the impact of the acquisition of Thermogas, the significantly higher wholesale propane prices experience during fiscal 2001 compared to the same period last year, and colder winter temperatures this year compared to last year.

LIQUIDITY AND CAPITAL RESOURCES

The ability of the Partnership to satisfy its obligations is dependent upon future performance, which will be subject to prevailing economic, financial, business and weather conditions and other factors, many of which are beyond its control. Due to the seasonality of the Partnership's retail propane business, a significant portion of the Partnership's cash flow from operations is typically generated during the winter heating season which occurs during the Partnership's second and third fiscal quarters. Typically, the Partnership generates significantly lower cash flows from operations in its first and fourth fiscal quarters as compared to the second and third quarters, because fixed costs exceed gross profit during the non-peak season. However, the second quarter of fiscal 2001 generated lower than historical cash flows from operating activities, despite recording record operating and net earnings. This lower cash from operating activities for the quarter was primarily caused by significant increases in customer receivables related to the significantly higher than historical retail prices and by increases in retail volumes, and, to a lesser extent, by increases in the cost of propane inventory. The Partnership expects to generate higher than normal cash from operating activities in the last six months of fiscal 2001 as customers remit payment of the receivables billed during the second quarter of fiscal 2001. Subject to meeting certain financial tests discussed below, the General Partner ("Ferrellgas, Inc.") believes that Ferrellgas, L.P. will have sufficient funds available to meet its obligations, to distribute to Ferrellgas Partners sufficient funds to permit Ferrellgas Partners to meet its obligations with respect to the $160,000,000 senior secured notes and to distribute to Ferrellgas Partners sufficient funds to distribute the minimum quarterly distribution on all common units for the remainder of the fiscal year.

The Partnership's credit facilities, public debt, private debt, accounts receivable securitization facility and tank leases contain several financial tests and covenants which restrict the Partnership's ability to pay distributions, incur debt and engage in certain other business transactions. In general, these tests are based on the Partnership's debt to cash flow ratio and cash flow to interest expense ratio. Ferrellgas, Inc. believes that the most restrictive of these tests currently are debt incurrence limitations within the credit facility, tank leases and accounts receivable securitization facility and limitations on the payment of distributions within the Ferrellgas Partners senior secured notes. The credit facility, tank leases and accounts receivable securitization facility limit Ferrellgas, L.P.'s ability to incur debt if Ferrellgas, L.P. exceeds prescribed ratios of either debt to cash flow or cash flow to interest expense. The Ferrellgas Partners senior secured notes restrict payments if a minimum ratio of cash flow to interest expense is not met. This restriction places limitations on the Partnership's ability to make certain restricted payments such as the payment of cash distributions to unitholders. The cash flow used to determine these financial tests generally is based upon the Partnership's most recent cash flow performance giving pro forma effect for acquisitions and divestitures made during the test period.

The Partnership's financial performance during the 2000, 1999 and 1998 fiscal years was adversely impacted by average temperatures that were reported by the National Oceanic Atmospheric Administration as the warmest in recorded history. Despite these challenges in prior fiscal years, the Partnership met all of its financial tests and covenants. These include the debt incurrence tests within the credit facility, tank leases and accounts receivable securitization facility and the Ferrellgas Partners senior secured notes restricted payment test, as well as other financial tests and covenants in the Ferrellgas Partners senior secured notes, the $350,000,000 senior notes, the $184,000,000 senior notes, the credit facility, the tank leases and the accounts receivable securitization facility.

Based upon current estimates of the Partnership's cash flow, Ferrellgas, Inc. believes that the Partnership will be able to meet all of the required financial tests and covenants for the remainder of the fiscal year. If the Partnership were to encounter unexpected downturns in business operations in the future, such as significantly warmer than normal weather or a volatile cost environment, the Partnership may not meet certain financial tests in future quarters. These factors could temporarily restrict the ability of Ferrellgas, L.P. to incur debt or Ferrellgas Partner's ability to make cash distributions to its common unitholders. Depending on the circumstances, the Partnership may consider alternatives to permit the incurrence of debt at Ferrellgas, L.P. or the continued payment by Ferrellgas Partners of the quarterly cash distribution to its common unitholders. No assurances can be given, however, that such alternatives can or will be implemented with respect to any given quarter.

Future maintenance and working capital needs of the Partnership are expected to be provided by cash generated from future operations, existing cash balances, the credit facility and the accounts receivable securitization facility. To fund expansive capital projects and future acquisitions, Ferrellgas, L.P. may borrow on the existing credit facility, Ferrellgas Partners or Ferrellgas, L.P. may issue additional debt to the extent permitted under existing debt agreements or Ferrellgas Partners may issue additional equity securities, including, among others, common units.

Toward this purpose, on February 5, 1999, Ferrellgas Partners filed a shelf registration statement with the Securities and Exchange Commission for the periodic sale of up to $300,000,000 in equity and/or debt securities. The registered securities would be available for sale by the Partnership in the future to fund acquisitions, to reduce indebtedness or to fund general corporate purposes.

Ferrellgas Partners also maintains an additional shelf registration statement with the Securities and Exchange Commission for 2,010,484 common units. These common units may be issued by Ferrellgas Partners in connection with the Partnership's acquisition of other businesses, properties or securities in business combination transactions.

Operating Activities. Cash used in operating activities was $35,586,000 for the six months ended January 31, 2001, compared to cash provided by operating activities of $9,487,000 for the six months ended January 31, 2000. This increased use of operating cash is primarily due to the increased working capital required to finance operations during the colder winter and significantly higher wholesale propane cost environment, partially offset by increased earnings. Accounts receivable, net of the sale of a pool of trade accounts receivable (see Investing Activities below), increased significantly during the first half of fiscal 2001 as compared to the prior year due to higher sales prices and higher retail volumes.

Investing Activities. During the six months ended January 31, 2001, Ferrellgas, L.P. received $100,000,000 in cash in exchange for the sale and contribution of an interest in a pool of its trade accounts receivable to its wholly-owned, special purpose subsidiary, Ferrellgas Receivables. Ferrellgas Receivables then sold its interest to a commercial paper conduit of Banc One, NA according to the terms of a 364-day agreement. In accordance with SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" this transaction is reflected on the Partnership's statements of earnings as a loss on disposal of assets and other and on the balance sheet as other assets. The proceeds of these sales are less than the face amount of the pool of accounts receivable sold by an amount that approximates the financing cost of issuing commercial paper backed by these accounts receivable. See Notes E and F in the Consolidated Financial Statements included elsewhere in this report for additional information regarding these transactions.

During the six months ended January 31, 2001, the Partnership made growth and maintenance capital expenditures of $6,054,000 consisting primarily of :

- vehicle lease buyouts,
- upgrading computer equipment and software,
- relocating and upgrading district plant facilities, and
- additions to propane storage tanks and cylinders.

The Partnership's capital requirements for repair and maintenance of property, plant and equipment are relatively low due to limited technological change and long useful lives of propane tanks and cylinders.

The Partnership leases light and medium duty trucks, tractors and trailers. The Partnership believes vehicle leasing is a cost-effective method for meeting its transportation equipment needs. The Partnership purchased $1,515,000 of vehicles whose lease terms expired in the first half of fiscal 2001. The Partnership plans to purchase additional vehicles at the end of their lease term totaling $819,000 in fiscal 2001, $203,000 in fiscal 2002 and $143,000 in fiscal 2003. The Partnership intends to renew other vehicle and tank leases that would have had buyouts of $7,057,000 in fiscal 2002, $162,169,000 in fiscal 2003, $4,981,000 in fiscal 2004 and $4,086,000 in fiscal 2005. Historically, the Partnership has been successful in renewing vehicle leases subject to buyouts. However, there is no assurance that it will be successful in the future.

The Partnership continues to consider opportunities to expand its operations through strategic acquisitions of small retail propane operations located throughout the United States. These acquisitions would be funded through internal cash flow, external borrowings or the issuance of additional Partnership interests.

Financing Activities. Ferrellgas, L.P.'s credit facility, which expires June 30, 2003, is unsecured and consists of a $117,000,000 working capital, general corporate and acquisition facility, including a letter of credit facility, and a $40,000,000 revolving working capital facility. This $40,000,000 facility is subject to an annual reduction in outstanding balances to zero for thirty consecutive days. All borrowings under the credit facility bear interest, at the borrower's option, at a rate equal to either London Interbank Offered Rate (LIBOR) plus an applicable margin varying from 1.25% to 2.25% or the bank's base rate plus an applicable margin varying from 0.25% to 1.25%. The bank's base rate at January 31, 2001 and July 31, 2000 was 9.0% and 9.5%, respectively. During the six months ended January 31, 2001, the Partnership repaid $700,000 of its credit facility.

At January 31, 2001, $29,300,000 of borrowings and $36,980,000 of letters of credit were outstanding under the Ferrellgas, L.P. credit facility. These borrowings currently carry an average interest rate of 9.86%. At January 31, 2001, Ferrellgas, L.P. had $90,720,000 available for general corporate, acquisition and working capital purposes under the credit facility and the accounts receivable facility. Based on the pricing grid contained in the credit facility, the current borrowing rate for future borrowings under the credit facility is LIBOR plus 2.25%. The Partnership believes that these facilities will be sufficient to meet its future working capital needs. However, if the Partnership were to experience an unexpected significant increase in working capital requirements, it could exceed its immediately available resources. Events that could cause increases in working capital requirements include a significant increase in the cost of propane, a significant delay in the collections of accounts receivable or increased volatility in commodity prices related to risk management activities. The Partnership would consider alternatives to provide increased working capital. No assurances can be given, however, that such alternatives could be implemented.

Effective June 2, 2000, Ferrellgas, L.P. entered into an interest rate cap agreement with Bank of America, related to variable quarterly rent payments due pursuant to two tank lease agreements. The variable quarterly rent payments are determined based upon a floating LIBOR based interest rate. The cap agreement, which expires June 30, 2003, requires Bank of America to pay Ferrellgas, L.P. at the end of each March, June, September and December the excess, if any, of the applicable three month floating LIBOR interest rate over a cap of 9.3%, applied to the unamortized amount outstanding each quarter under the two operating tank lease agreements. The total obligation under these two operating tank lease agreements as of January 31, 2001 was $158,400,000.

Effective April 27, 2000, the Partnership entered into an interest rate swap agreement with Bank of America, related to the semi-annual interest payment due on the $160,000,000 fixed rate senior secured notes due 2006. The swap agreement, which expires June 15, 2006, requires Bank of America to pay the stated fixed interest rate (annual rate 9.375%) pursuant to the $160,000,000 senior secured notes, equaling $7,500,000 every six months due on each June 15 and December 15. In exchange, the Partnership is required to make quarterly floating interest rate payments on the 15th of March, June, September and December based on an annual interest rate equal to the three month LIBOR interest rate plus 1.655% applied to the same notional amount of $160,000,000. Bank of America has a one-time opportunity to terminate this agreement without a cancellation premium in June 2001. Based on its evaluation of the current interest rate market, the Partnership believes that Bank of America will terminate this agreement in June 2001, although there is no assurance that it will do so. If Bank of America terminates the swap agreement, the Partnership will resume paying the stated fixed interest rate (annual rate 9.375%) subsequent to June 15, 2001.

On February 28, 2000, Ferrellgas, L.P. issued $184,000,000 of privately placed unsecured senior notes. The proceeds of these senior notes, which include three series with maturities ranging from year 2006 through 2009 and an average fixed interest rate of 8.8%, were used to retire $183,000,000 of Ferrellgas, L.P. bridge loan financing assumed in connection with the Thermogas acquisition.

On December 17, 1999, the Partnership purchased Thermogas from Williams Natural Gas Liquids, Inc., a subsidiary of The Williams Companies, Inc. Part of the consideration paid to Williams at closing by the Partnership was $175,000,000 in newly issued senior common units. Williams has the right to convert any outstanding senior common units into common units at a premium on February 1, 2002 or upon the occurrence of a material event. However, the Partnership intends to redeem the senior common units at par value prior to the date of conversion. No assurances can be given that the Partnership will be successful in securing the financing to redeem the senior common units.

On December 6, 1999, Ferrellgas, L.P. entered into a $25,000,000 operating tank lease involving the sale-leaseback of a portion of its customer tanks with Banc of America Leasing & Capital, LLC. This operating lease has a term that expires June 30, 2003 and may be extended for two additional one-year periods at the option of Ferrellgas, L.P., if such extension is approved by the lessor. On December 17, 1999, immediately prior to the closing of the Thermogas acquisition, Thermogas entered into a $135,000,000 operating tank lease involving a portion of its customer tanks, with Banc of America Leasing & Capital, LLC. In connection with the acquisition of Thermogas, Ferrellgas, L.P. assumed all obligations under the $135,000,000 operating tank lease, which have terms and conditions similar to the December 6, 1999, $25,000,000 operating tank lease discussed above. The Partnership intends to renew both leases for the two additional one-year periods, subject to lessor approval. Following the renewal periods, the Partnership intends to refinance these leases, however, there can be no assurance that the Partnership will be successful in obtaining this refinancing or lessor approval for the renewals. See related discussion in the Investing Activities section of "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources."

On August 4, 1998, Ferrellgas, L.P. issued the privately placed unsecured $350,000,000 senior notes. The senior notes include five series with maturities ranging from year 2005 through 2013 at an average fixed interest rate of 7.16%.

On February 16, 2001, the Partnership declared an in-kind distribution of $1.00 per senior common unit payable by the issuance of additional senior common units and a cash distribution of $0.50 per common unit, that will be paid on March 14, 2001.

Adoption of New Accounting Standards. The Financial Accounting Standards Board (FASB) recently issued Statement of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities." SFAS 133, as amended by SFAS 137 and SFAS 138, establishes accounting and reporting standards for derivative instruments and for hedging activities. All derivatives, whether designated in hedging relationships or not, are required to be recorded on the balance sheet at fair value. The Partnership's overall objective for entering into derivative contracts for the purchase of product is related to hedging, risk reduction and to anticipate market movements. Other derivatives are entered into to reduce interest rate risk associated with long term debt and lease obligations. Fair value hedges are derivative financial instruments that hedge the exposure to changes in the fair value of an asset or a liability or an identified portion thereof attributable to a particular risk. Cash flow hedges are derivative financial instruments that hedge the exposure to variability in expected future cash flows attributable to a particular risk.

The Partnership uses cash flow hedges to manage exposures to product purchase price risk and uses both fair value and cash flow hedges to manage exposure to interest rate risks.

Product purchase price risk

Fluctuations in the wholesale cost of propane subject the Partnership to purchase price risk. The Partnership purchases propane at various prices that are eventually sold to its customers, exposing the Partnership to future product price fluctuations. Also, certain forecasted transactions expose the Partnership to purchase price risk. The Partnership continually monitors and assesses its purchase price exposures and consequently utilizes product hedges to mitigate the risk of future price fluctuations. Propane is the only product hedged with the use of product hedge positions. The Partnership uses derivative products to hedge a portion of its forecasted purchases for up to one year in the future. These derivatives are designated as cash flow hedging instruments. Because these derivatives are designated as cash flow hedges, the effective portions of changes in the fair value of the derivative are recorded in OCI and are recognized in the statement of earnings when the forecasted transaction impacts earnings. Changes in the fair value of cash flow hedges due to hedge ineffectiveness are recognized in other revenues on the statement of earnings. The fair value of the derivatives related to purchase price risk are classified on the balance sheet as inventories. The Partnership also purchases and sells derivatives that are not classified as hedges to manage other risks associated with commodity prices. The changes in fair value of these derivatives are recognized as they occur in other revenue on the statement of earnings.

The Partnership also uses forward contracts, not designated as hedging instruments under SFAS 133, to help reduce the price risk related to sales made to its propane customers. These forward contracts meet the requirement to qualify as normal purchases and normal sales as defined in SFAS 133, as amended by SFAS 137 and SFAS 138, and thus are not adjusted to fair market value.

Interest rate risk

The Partnership also holds $724,153,000 in primarily fixed rate long-term debt and $158,400,000 in variable rate operating leases. Fluctuations in interest rates subject the Partnership to interest rate risk. Decreases in interest rates increase the fair value of the Partnership's fixed rate debt, while increases in interest rates subject the Partnership to the risk of increased interest expense related to its variable rate debt and operating leases.

The Partnership enters into fair value and cash flow hedges to help reduce its overall interest rate risk. Interest rate swaps are used to hedge the exposure to changes in the fair value of fixed rate debt due to changes in interest rates. The fair value of interest rate derivatives that are considered fair value or cash flow hedges are classified either as other current or long-term assets or as other current or long-term liabilities on the balance sheet. Changes in the fair value of the fixed rate debt and any related fair value hedges are recognized as they occur in interest expense on the statement of earnings. Interest rate caps are used to hedge the risk associated with rising interest rates and their affect on forecasted transactions related to variable rate debt and lease obligations. These interest rate caps are designated as cash flow hedges. Thus, the effective portions of changes in the fair value of the hedges are recorded in OCI at interim periods and are recognized as interest expense in the statement of earnings when the forecasted transaction impacts earnings. Changes in the fair value of any cash flow hedges that are considered ineffective are recognized as interest expense on the statement of earnings as they occur.

Effect of adoption of SFAS 133

The adoption of SFAS 133 resulted in an increase in other revenues of $299,000, an increase in OCI of $709,000 and an increase of $1,008,000 to inventories as of August 1, 2000. The increase in other revenues is primarily attributable to increases in the fair value of derivatives not designated as hedging instruments under SFAS 133. The increase in OCI is mostly attributable to increases in the value of cash flow hedges for the fair value of options designated as hedging instruments. The $709,000 related to these derivatives included in OCI as of August 1, 2000, will be reclassified into earnings during the twelve months ended July 31, 2001, at the time that the hedged item affects earnings.

Three and six months ended January 31, 2001

Gains and losses related to derivatives held for product price risk included in OCI are reclassified into earnings at the expiration or settlement date of the hedged item. The Partnership estimates that $541,000 of net derivative gains included OCI will be reclassified into earnings within the next three months.

Hedge ineffectiveness, determined in accordance with SFAS 133, increased interest expense $381,781 during the six months ended January 31, 2001, due to the change in the time value of the interest rate cap. No fair value hedges or cash flow hedges were derecognized or discontinued for the six months ended January 31, 2001.

Revenue Recognition

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 entitled "Revenue Recognition". The bulletin, as amended, is to be adopted, no later than the fourth fiscal quarter of fiscal years commencing after December 15, 1999, with retroactive adjustment to the first fiscal quarter of that year. Management implemented this bulletin in the first quarter of fiscal 2001 with no material affect on the Partnership's financial position, results of operations or cash flows.

Accounting for Securitization

The FASB also recently issued SFAS No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." SFAS No. 140 revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures, but it carries over most of SFAS No. 125's provisions without reconsideration. The Partnership does not believe that the implementation of SFAS No. 140 will have a material effect on its financial position, results of operations and cash flows. See Notes E and F for discussion of SFAS No. 125's effect on recent accounts receivable transactions. SFAS 125 affects the recognition and reclassification of collateral and disclosures relating to securitization transactions and collateral and will be effective for the Partnership's fiscal year ending July 31, 2001.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The market risk inherent in the Partnership's market risk sensitive instruments and positions is the potential loss arising from adverse changes in commodity prices. Additionally, the Partnership seeks to mitigate its interest rate risk exposure on variable rate debt and operating leases by interest rate cap agreements. At January 31, 2001, the Partnership had $189,300,000 in variable rate debt, after considering the effect of the swap transaction, which originated in fiscal 2000. If the swap is terminated, the Partnership's variable rate debt would immediately decrease by $160,000,000, while the fixed rate debt will increase by a corresponding amount. Thus, the swap related interest expense reduction of $1,665,000 to be recognized in fiscal 2001 is not expected to repeat in future years. At January 31, 2001, the Partnership had $158,400,000 outstanding in variable rate operating leases and an equal amount of interest rate cap agreements outstanding to hedge the related variable rate exposure. The operating leases were entered into during fiscal 2000. Thus, assuming the swap is terminated in June 2001 and a 100 basis point increase in the variable interest rate to the Partnership during fiscal 2001, the interest rate risk related to the variable rate debt, the operating tank leases and the associated interest rate cap agreements would be an increase of $1,870,000. The Partnership would also begin paying the fixed rate of 9.375% on its $160,000,000 senior secured notes.

The Partnership's risk management activities utilize certain types of energy commodity forward contracts and swaps traded on the over-the-counter financial markets and futures traded on the New York Mercantile Exchange to anticipate market movements, manage and hedge its exposure to the volatility of floating commodity prices and to protect its inventory positions. The Partnership also utilizes certain over-the-counter energy commodity options to limit overall price risk and to hedge its exposure to inventory price movements.

Market risks associated with energy commodities are monitored daily by senior management for compliance with the Partnership's risk management trading policy. This policy includes specific dollar exposure limits, limits on the term of various contracts and volume limits for various energy commodities. The Partnership also utilizes loss limits and daily review of open positions to manage exposures to changing market prices.

Market, Credit and Liquidity Risk. New York Mercantile Exchange traded futures are guaranteed by the New York Mercantile Exchange and have nominal credit risk. The Partnership is exposed to credit risk associated with forwards, swaps and option transactions in the event of nonperformance by counterparties. For each counterparty, the Partnership analyzes its financial condition prior to entering into an agreement, establishes credit limits and monitors the appropriateness of each limit. The change in market value of Exchange-traded futures contracts requires daily cash settlement in margin accounts with brokers. Forwards and most other over-the-counter instruments are generally settled at the expiration of the contract term. The Partnership attempts to balance favorable and unfavorable positions with counterparties in order to minimize the risk of collateral requirements for over-the-counter instruments.

Sensitivity Analysis. The Partnership has prepared a sensitivity analysis to estimate the exposure to market risk of its energy commodity positions. Forward contracts, futures, swaps and options were analyzed assuming a hypothetical 10% change in forward prices for the delivery month for all energy commodities. The potential loss in future earnings from these positions from a 10% adverse movement in market prices of the underlying energy commodities is estimated at $4,650,000 as of January 31, 2001. The preceding hypothetical analysis is limited because changes in prices may or may not equal 10%, thus, actual results may differ.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS
Not applicable.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS
Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES
Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS
Not applicable.

ITEM 5. OTHER INFORMATION
Not applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(A) EXHIBITS

10.1 First Amendment to the Third Amended and Restated Credit Agreement dated as of December 28, 2000, among Ferrellgas, L.P., Ferrellgas, Inc., Bank of America National Trust and Savings Association, as administrative agent, and the other financial institutions party thereto.

10.2 Omnibus Amendment Agreement No. 3, Dated As Of December 28, 2000, In Respect Of Ferrellgas, L.P. TRUST NO. 1999-A Participation Agreement Lease Intended As Security Loan Agreement Each Dated As Of December 1, 1999.

10.3 Omnibus Amendment Agreement No. 3 Dated As Of December 28, 2000 in respect of THERMOGAS TRUST NO. 1999-A Participation Agreement Lease Intended as Security Loan Agreement Each Dated As Of December 15, 1999

10.4 First Amendment to the Receivables Purchase Agreement dated as of January 17, 2001 among Ferrellgas Receivables, L.L.C., as seller, Ferrellgas, L.P., as Servicer, Jupiter Secruritization Corporation, the financial institutions from time to time party hereto, and Bank One, N.A., main office Chicago, as agent.

10.5 First Amendment to the Receivable Interest Sale Agreement dated as of January 17, 2001 between Ferrellgas, L.P., as Originator, and Ferrellgas Receivables, L.L.C., as buyer.

(B) REPORTS ON FORM 8-K

The Partnership filed one Form 8-K during the quarter ended January 31, 2001. On December 21, 2000, a Form 8-K reported that the July 31, 2000, balance sheet of Ferrellgas, Inc., the General Partner of Ferrellgas Partners, L.P, had been audited by an independent auditor.

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: March 14, 2001

By /s/ Kevin T. Kelly

Kevin T. Kelly
Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

FERRELLGAS PARTNERS FINANCE CORP.

Date: March 14, 2001

By /s/ Kevin T. Kelly

Kevin T. Kelly
Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

FIRST AMENDMENT

TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

This FIRST AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment"), dated as of December 28, 2000, is entered into by and among FERRELLGAS, L.P., a Delaware limited partnership (the "Borrower"), FERRELLGAS, INC., a Delaware corporation and the sole general partner of the Borrower (the "General Partner"), each of the financial institutions referred to as Banks in the Existing Credit Agreement referred to below (collectively, the "Banks") and BANK OF AMERICA, N.A., as administrative agent (in such capacity, the "Administrative Agent"), and as documentation agent, and amends that certain Third Amended and Restated Credit Agreement, dated as of April 18, 2000 (as the same is in effect immediately prior to the effectiveness of this Amendment, the "Existing Credit Agreement" and as the same may be amended, supplemented or modified and in effect from time to time, the "Credit Agreement"), by and among the Borrower, the General Partner, the Administrative Agent and the Banks from time to time party to the Credit Agreement. Capitalized terms used and not otherwise defined in this Amendment shall have the same meanings in this Amendment as set forth in the Credit Agreement, and the rules of interpretation set forth in Section 1.02 of the Credit Agreement shall be applicable to this Amendment.

RECITAL

The Borrower has requested that the Banks amend the Existing Credit Agreement in the respects set forth below in this Amendment, and the Banks are willing to agree to so amend the Existing Credit Agreement on the terms and subject to the conditions set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements set forth below and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

SECTION 1. Amendments. On the terms of this Amendment and subject to the satisfaction of the conditions precedent set forth below in Section 2,

(a) The definition of "Permitted Investments" in Section 1.01 of the Existing Credit Agreement is hereby amended and restated to read in its entirety as follows:

> "Permitted Investments" means (a) any Investments in Cash Equivalents; (b) any Investments in the Borrower or (subject to the provisions of Section 8.21) in a Restricted Subsidiary of the Borrower that is a Guarantor; (c) Investments by the Borrower or any Restricted Subsidiary of the Borrower in a Person in compliance with the other provisions of this Agreement, if as a result of such Investment (i) such Person becomes a Restricted Subsidiary of the Borrower and a Guarantor or (ii) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Borrower or a Restricted Subsidiary of the Borrower that is a Guarantor; (d) Investments by the Borrower or any Restricted Subsidiary in Unrestricted Subsidiaries and Joint Ventures; provided that the amount of cash or property contributed, loaned or otherwise advanced by the Borrower or such Restricted Subsidiaries in respect of such Investments may not exceed at any time an aggregate amount equal to the greater of (i) $15,000,000 and (ii) 10% of Consolidated Cash Flow for the most recently ended four fiscal quarters of the Borrower; and (e) contributions of accounts receivable made by the Borrower or any Restricted Subsidiary to SPE's in connection with Accounts Receivable Securitizations permitted by Section 8.05; provided that the aggregate amount of accounts receivable so contributed (net of cash dividends made by such SPE's to the Borrower or the Restricted Subsidiaries within one Business Day of any such contribution) shall not exceed $30,000,000 at any one time outstanding.

(b) Clause (z) of the second proviso of Section 8.05 of the Existing Credit Agreement is hereby amended and restated to read in its entirety as follows:

> (z) the aggregate amount of Indebtedness of the Borrower and its Subsidiaries through one or more SPEs in connection with Accounts Receivable Securitizations at any one time outstanding shall not exceed (i) during the period from December 28, 2000 through and including April 30, 2001, $100,000,000 and (ii) at any other time, $60,000,000.

SECTION 2. Conditions to Effectiveness. The amendments set forth in Section 1 of this Amendment shall become effective only upon the satisfaction of all of the following conditions precedent (the date of satisfaction of all such conditions being referred to as the "Amendment Effective Date"):

(a) The Administrative Agent shall have received, on behalf of the Banks, this Amendment, duly executed and delivered by the Borrower, the General Partner, the Majority Banks and the Administrative Agent.

(b) The representations and warranties set forth in this Amendment shall be true and correct as of the Amendment Effective Date.

SECTION 3. Representations and Warranties. In order to induce the Administrative Agent and the Banks to enter into this Amendment and to amend the Existing Credit Agreement in the manner provided in this Amendment, the Borrower and the General Partner represent and warrant to the Administrative Agent and each Bank as of the Amendment Effective Date as follows:

(a) Power and Authority. The Borrower and the General Partner have all requisite corporate or partnership power and authority to enter into this Amendment and to carry out the transactions contemplated by, and perform their respective obligations under, the Existing Credit Agreement as amended by this Amendment (hereafter referred to as the "Amended Credit Agreement").

(b) Authorization of Agreements. The execution and delivery of this Amendment by the Borrower and the General Partner and the performance of the Amended Credit Agreement by the Borrower and the General Partner have been duly authorized by all necessary action, and this Amendment has been duly executed and delivered by the Borrower and the General Partner.

(c) Enforceability. Each of this Amendment and the Amended Credit Agreement constitutes the legal, valid and binding obligation of the Borrower and the General Partner enforceable against the Borrower and the General Partner in accordance with its terms, except as may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights in general. The enforceability of the obligations of the Borrower and the General Partner hereunder is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) No Conflict. The execution and delivery by the Borrower and the General Partner of this Amendment and the performance by the Borrower and the General Partner of each of this Amendment and the Amended Credit Agreement do not and will not (i) contravene, in any material respect, any provision of any law, regulation, decree, ruling, judgment or order that is applicable to the Borrower or the General Partner, as the case may be, or their respective properties or other assets, (ii) result in a breach of or constitute a default under the charter, bylaws or other organizational documents of the Borrower or the General Partner, as the case may be, or any material agreement, indenture, lease or instrument binding upon the Borrower or the General Partner or their respective properties or other assets or (iii) result in the creation or imposition of any Liens on their respective properties other than as permitted under the Credit Agreement.

(e) Governmental Consents. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower or the General Partner of this Amendment.

(f) Representations and Warranties in the Credit Agreement. The Borrower and the General Partner confirm that as of the Amendment Effective Date the representations and warranties contained in Article VI of the Credit Agreement are (before and after giving effect to this Amendment) true and correct in all material respects (except to the extent any such representation and warranty is expressly stated to have been made as of a specific date, in which case it shall be true and correct as of such specific date) and that no Default has occurred and is continuing.

SECTION 4. Miscellaneous.

(a) Reference to and Effect on the Existing Credit Agreement and the other Loan Documents.

(i) Except as specifically amended by this Amendment and the documents executed and delivered in connection herewith, the Existing Credit Agreement and the other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed.

(ii) The execution and delivery of this Amendment and performance of the Amended Credit Agreement shall not, except as expressly provided herein, constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of the Banks under, the Existing Credit Agreement or any of the other Loan Documents.

(iii) Upon the conditions precedent set forth herein being satisfied, this Amendment shall be construed as one with the Existing Credit Agreement, and the Existing Credit Agreement shall, where the context requires, be read and construed throughout so as to incorporate this Amendment.

(b) Expenses. The Borrower and the General Partner acknowledge that all costs and expenses of the Administrative Agent incurred in connection with this Amendment will be paid in accordance with Section 11.04 of the Existing Credit Agreement.

(c) Headings. Section and subsection headings in this Amendment are included for convenience of reference only and shall not constitute a part of this Amendment for any other purpose or be given any substantive effect.

(d) Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Transmission by telecopier of an executed counterpart of this Amendment shall be deemed to constitute due and sufficient delivery of such counterpart.

(e) Governing Law. This Amendment shall be governed by and construed according to the laws of the State of New York.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment as of the date first above written.

BORROWER

FERRELLGAS, L.P., a Delaware limited partnership

By: Ferrellgas, Inc.
Its: General Partner

By:

Name: Kenneth A. Heinz
Title: Assistant Treasurer

GENERAL PARTNER

FERRELLGAS, INC.

By:

Name: Kenneth A. Heinz
Title: Assistant Treasurer

ADMINISTRATIVE AGENT

BANK OF AMERICA, N.A., as Administrative Agent

By:

Name:

Title:

BANKS

BANK OF AMERICA, N.A., as a Bank

By:

Name:

Title:

[SIGNATURES CONTINUED ON NEXT PAGE]

WELLS FARGO BANK (TEXAS), N.A.

By:

Name:

Title:

[SIGNATURES CONTINUED ON NEXT PAGE]

BANK ONE, NA (CHICAGO OFFICE)

By:

Name:

Title:

[SIGNATURES CONTINUED ON NEXT PAGE]

FIRSTAR BANK N.A.

By:

Name:

Title:

[SIGNATURES CONTINUED ON NEXT PAGE]

LASALLE BANK NATIONAL ASSOCIATION

By:

Name:

Title:

[SIGNATURES CONTINUED ON NEXT PAGE]

BNP PARIBAS

By:

Name:

Title:

[SIGNATURES CONTINUED ON NEXT PAGE]

BANK OF OKLAHOMA, N.A.

By:

Name:

Title:

[SIGNATURES CONTINUED ON NEXT PAGE]

THE FUJI BANK, LIMITED

By:

Name:

Title:

The undersigned hereby acknowledges and consents to the foregoing First Amendment to Third Amended and Restated Credit Agreement, reaffirms the terms of its Continuing Guaranty in favor of the Administrative Agent and acknowledges that such Continuing Guaranty remains in full force and effect in accordance with its terms.

Dated as of December 28, 2000

BLUEBUZZ.COM, INC.

By:

Name:

Title:

AMENDMENT AGREEMENT NO. 3

Dated as of December 28, 2000

in respect of

FERRELLGAS, LP TRUST NO. 1999-A

PARTICIPATION AGREEMENT

Dated as of December 1, 1999

TABLE OF CONTENTS

AMENDMENT AGREEMENT NO. 3

THIS AMENDMENT AGREEMENT NO. 3 dated as of December 28, 2000 (this "Amendment") is among FERRELLGAS, LP, a Delaware limited partnership (the "Lessee"), FERRELLGAS, INC., a Delaware corporation (the "General Partner"), FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, in its individual capacity and in its capacity as certificate trustee under the Trust Agreement referred to below (the "Certificate Trustee"), FIRST SECURITY TRUST COMPANY OF NEVADA, a Nevada banking corporation (the "Agent"), the Persons named on Schedule I hereto who are signatories hereto, as Certificate Purchasers (the "Certificate Purchasers") and the Persons named on Schedule II hereto who are signatories hereto, as Lenders (the "Lenders").

RECITALS:

A. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Participation Agreement (as hereinafter defined and as amended hereby).

B. The Lessee, the General Partner, the Certificate Trustee, the Agent, Banc of America Leasing & Capital, LLC, as the original Certificate Purchaser and the original Lender, have heretofore entered into that certain Participation Agreement dated as of December 1, 1999, as amended by that certain Omnibus Amendment Agreement dated as of February 4, 2000 ("Amendment No. 1") and that certain Omnibus Amendment Agreement No. 2 dated as of April 18, 2000 ("Amendment No. 2") (as so amended by Amendment No. 1 and Amendment No. 2, the "Participation Agreement").

C. The Lessee, the General Partner, the Certificate Trustee, the Agent, the Certificate Purchasers and the Lenders now desire to amend the Participation Agreement in the respects, but only in the respects, hereinafter set forth.

NOW, THEREFORE, the Lessee, the General Partner, the Certificate Trustee, the Agent, the Certificate Purchasers and the Lenders, in consideration of good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, do hereby agree as follows:

SECTION 1. AMENDMENT OF PARTICIPATION AGREEMENT.

Section 1.1. Amendment to Section 5.21. Clause (z) of the second proviso of Section 5.21 of the Participation Agreement shall be and is hereby amended and restated in its entirety to read as follows:

> "(z) the aggregate amount of Indebtedness of Lessee and its Subsidiaries through one or more SPEs in connection with Accounts Receivable Securitizations at any one time outstanding shall not exceed (i) during the period from December 28, 2000 through and including April 30, 2001, $100,000,000 and (ii) at any other time, $60,000,000."

Section 1.2. Amendment to Appendix I. The definition of the term "Permitted Lessee Investments" set forth in Appendix I to the Participation Agreement shall be and is hereby amended and restated in its entirety to read as follows:

> "Permitted Lessee Investments" means (a) any Investments in Cash Equivalents; (b) any Investments in Lessee or (subject to the provisions of Section 5.37) in a Restricted Subsidiary of Lessee that is a Guarantor; (c) Investments by Lessee or any Restricted Subsidiary of Lessee in a Person in compliance with the other provisions of this Agreement, if as a result of such Investment (i) such Person becomes a Restricted Subsidiary of Lessee and a Guarantor or (ii) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, Lessee or a Restricted Subsidiary of Lessee that is a Guarantor; (d) Investments by Lessee or any Restricted Subsidiary in Unrestricted Subsidiaries and Joint Ventures; provided that the amount of cash or property contributed, loaned or otherwise advanced by Lessee or such Restricted Subsidiaries in respect of such Investments may not exceed at any time an aggregate amount equal to the greater of (i) $15,000,000 and (ii) 10% of Consolidated Cash Flow for the most recently ended four fiscal quarters of Lessee and (e) contributions of accounts receivable made by Lessee or any Restricted Subsidiary to SPEs in connection with Accounts Receivable Securitizations permitted by Section 5.21; provided that the aggregate amount of accounts receivable so contributed, (net of cash dividends made by such SPEs to Lessee or the Restricted Subsidiaries within one Business Day of any such contribution) shall not exceed $30,000,000 at any time outstanding.

SECTION 2. REPRESENTATIONS OF THE LESSEE.

As of the date hereof, Lessee represents and warrants as follows:

(a) all representations and warranties set forth in the Participation

Agreement, as amended by this Amendment, are true and correct as of the date hereof and are incorporated herein by reference with the same force and effect as though herein set forth in full; and

(b) no Lease Default or Lease Event of Default exists.

SECTION 3. AUTHORIZATION AND DIRECTION.

The Certificate Purchaser, by its execution hereof, authorizes the Certificate Trustee to execute and deliver this Amendment.

SECTION 4. EFFECTIVENESS.

This Amendment shall not become effective until, and shall become effective when, each and every one of the following conditions shall have been satisfied:

(a) The Lessee, the General Partner, the Certificate Trustee, the Agent and the Required Participants shall have executed this Amendment;

(b) The reasonable fees and expenses of the Certificate Purchasers (including the fees and expenses of their special counsel) shall have been paid in accordance with Section 5 hereof; and

(c) All proceedings taken in connection with this Amendment and any documents relating thereto shall be reasonably satisfactory to Agent, Certificate Trustee and the Required Participants and their respective counsel, and each such Person shall have received copies of such documents as they may reasonably request in connection therewith, all in form and substance reasonably satisfactory to each such Person.

SECTION 5. FEES AND EXPENSES.

Lessee agrees to pay all the reasonable fees and expenses of the Certificate Purchasers in connection with the negotiation, preparation, approval, execution and delivery of this Amendment (including the fees and expenses of their special counsel).

SECTION 6. MISCELLANEOUS.

Section 6.1. Construction. This Amendment shall be construed in connection with and as part of the Participation Agreement, and except as modified and expressly amended by this Amendment, all terms, conditions and covenants contained in the Participation Agreement are hereby ratified and shall be and remain in full force and effect.

Section 6.2. References. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Amendment may refer to the Participation Agreement without making specific reference to this Amendment but nevertheless all such references shall be deemed to include this Amendment unless the context otherwise requires.

Section 6.3. Headings and Table of Contents. The headings of the Sections of this Amendment and the Table of Contents are inserted for purposes of convenience only and shall not be construed to affect the meaning or construction of any of the provisions hereof and any reference to numbered Sections, unless otherwise indicated, are to Sections of this Amendment.

Section 6.4. Counterparts. This Amendment may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one Amendment.

SECTION 6.5. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE).

IN WITNESS WHEREOF, the Lessee, the General Partner, the Certificate Trustee, the Agent, the Certificate Purchasers and the Lenders have caused this instrument to be executed, all as of the day and year first above written.

Lessee: FERRELLGAS, LP, as Lessee

By Ferrellgas, Inc., its General Partner

By:

Name: Kenneth A. Heinz
Title: Assistant Treasurer

General Partner: FERRELLGAS, INC.

By:

Name: Kenneth A. Heinz
Title: Assistant Treasurer

Certificate Trustee: FIRST SECURITY BANK, NATIONAL ASSOCIATION, in its individual capacity and as Certificate Trustee

By:
Name:
Title:

Agent: FIRST SECURITY TRUST COMPANY OF NEVADA, not in its individual capacity except as expressly stated herein, but solely as Agent

By:
Name:
Title:

Certificate Purchaser: TRANSAMERICA EQUIPMENT FINANCIAL SERVICES CORPORATION,
as Certificate Purchaser

By:
Name:
Title:

Certificate Purchaser: HELLER FINANCIAL LEASING, INC., as Certificate Purchaser

By:
Name:
Title:

Lender: BANC OF AMERICA LEASING & CAPITAL, LLC, as Lender

By:
Name:
Title:

Lender: TRANSAMERICA EQUIPMENT FINANCIAL SERVICES CORPORATION, as Lender

By:
Name:
Title:

Lender:	PARIBAS, as Lender

By:
Name:
Title:

By:
Name:
Title:

Lender: HELLER FINANCIAL LEASING, INC., as Lender

By:
Name:
Title:

Lender: DIME COMMERCIAL CORP., as Lender

By:
Name:
Title:

Lender: BANK ONE, N.A. (Chicago Office), as Lender

By:
Name:
Title:

Lender: THE FUJI BANK, LIMITED, as Lender

By:
Name:
Title:

Lender: LASALLE BANK NATIONAL ASSOCIATION, as Lender

By:
Name:
Title:

Lender: FIRSTAR BANK, N.A., as Lender

By:
Name:
Title:

Syndication Agent: BANK ONE, N.A. (Chicago Office), as Syndication Agent

By:
Name:
Title:

Documentation Agent:	BANC OF AMERICA LEASING & CAPITAL, LLC, as Documentation Agent By: Name: Title:

SCHEDULE I

[CERTIFICATE PURCHASERS]

SCHEDULE II

[LENDERS]

AMENDMENT AGREEMENT NO. 3

Dated as of December 28, 2000

in respect of

THERMOGAS TRUST NO. 1999-A

PARTICIPATION AGREEMENT

Dated as of December 15, 1999

TABLE OF CONTENTS

AMENDMENT AGREEMENT NO. 3

THIS AMENDMENT AGREEMENT NO. 3 dated as of December 28, 2000 (this "Amendment") is among FERRELLGAS, LP, a Delaware limited partnership (as successor in interest to Thermogas L.L.C., a Delaware limited liability company ("Thermogas"), pursuant to the hereinafter defined Assumption Agreement (the "Lessee"), FERRELLGAS, INC., a Delaware corporation (the "General Partner"), FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, in its individual capacity and in its capacity as certificate trustee under the Trust Agreement referred to below (the "Certificate Trustee"), FIRST SECURITY TRUST COMPANY OF NEVADA, a Nevada banking corporation (the "Agent"), the Persons named on Schedule I hereto who are signatories hereto, as Certificate Purchasers (the "Certificate Purchasers") and the Persons named on Schedule II hereto who are signatories hereto, as Lenders (the "Lenders").

RECITALS:

A. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Participation Agreement (as hereinafter defined and as amended hereby).

B. Thermogas, The Williams Companies, Inc., a Delaware corporation, the Certificate Trustee, the Agent, Banc of America Leasing & Capital, LLC, as the original Certificate Purchaser and the original Lender, have heretofore entered into that certain Participation Agreement dated as of December 15, 1999, as amended by that certain Omnibus Amendment Agreement dated as of February 4, 2000 ("Amendment No. 1") and that certain Omnibus Amendment Agreement No. 2 dated as of April 18, 2000 ("Amendment No. 2") (as so amended by Amendment No. 1 and Amendment No. 2, the "Participation Agreement").

C. Pursuant to that certain Assumption Agreement dated as of December 15, 1999 (the "Assumption Agreement"), the Lessee has assumed all of the obligations of Thermogas under the Operative Documents.

D. The Lessee, the General Partner, the Certificate Trustee, the Agent, the Certificate Purchasers and the Lenders now desire to amend the Participation Agreement in the respects, but only in the respects, hereinafter set forth.

NOW, THEREFORE, the Lessee, the General Partner, the Certificate Trustee, the Agent, the Certificate Purchasers and the Lenders, in consideration of good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, do hereby agree as follows:

SECTION 1. AMENDMENT OF PARTICIPATION AGREEMENT.

Section 1.1. Amendment to Section 5.21. Clause (z) of the second proviso of Section 5.21 of the Participation Agreement shall be and is hereby amended and restated in its entirety to read as follows:

> "(z) the aggregate amount of Indebtedness of Lessee and its Subsidiaries through one or more SPEs in connection with Accounts Receivable Securitizations at any one time outstanding shall not exceed (i) during the period from December 28, 2000 through and including April 30, 2001, $100,000,000 and (ii) at any other time, $60,000,000."

Section 1.2. Amendment to Appendix I. The definition of the term "Permitted Lessee Investments" set forth in Appendix I to the Participation Agreement shall be and is hereby amended and restated in its entirety to read as follows:

> "Permitted Lessee Investments" means (a) any Investments in Cash Equivalents; (b) any Investments in Lessee or (subject to the provisions of Section 5.37) in a Restricted Subsidiary of Lessee that is a Guarantor; (c) Investments by Lessee or any Restricted Subsidiary of Lessee in a Person in compliance with the other provisions of this Agreement, if as a result of such Investment (i) such Person becomes a Restricted Subsidiary of Lessee and a Guarantor or (ii) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, Lessee or a Restricted Subsidiary of Lessee that is a Guarantor; (d) Investments by Lessee or any Restricted Subsidiary in Unrestricted Subsidiaries and Joint Ventures; provided that the amount of cash or property contributed, loaned or otherwise advanced by Lessee or such Restricted Subsidiaries in respect of such Investments may not exceed at any time an aggregate amount equal to the greater of (i) $15,000,000 and (ii) 10% of Consolidated Cash Flow for the most recently ended four fiscal quarters of Lessee and (e) contributions of accounts receivable made by Lessee or any Restricted Subsidiary to SPEs in connection with Accounts Receivable Securitizations permitted by Section 5.21; provided that the aggregate amount of accounts receivable so contributed, (net of cash dividends made by such SPEs to Lessee or the Restricted Subsidiaries within one Business Day of any such contribution) shall not exceed $30,000,000 at any time outstanding.

SECTION 2. REPRESENTATIONS OF THE LESSEE.

As of the date hereof, Lessee represents and warrants as follows:

(a) all representations and warranties set forth in the Participation Agreement, as amended by this Amendment, are true and correct as of the date hereof and are incorporated herein by reference with the same force and effect as though herein set forth in full; and

(b) no Lease Default or Lease Event of Default exists.

SECTION 3. AUTHORIZATION AND DIRECTION.

The Certificate Purchaser, by its execution hereof, authorizes the Certificate Trustee to execute and deliver this Amendment.

SECTION 4. EFFECTIVENESS.

This Amendment shall not become effective until, and shall become effective when, each and every one of the following conditions shall have been satisfied:

(a) The Lessee, the General Partner, the Certificate Trustee, the Agent and the Required Participants shall have executed this Amendment;

(b) The reasonable fees and expenses of the Certificate Purchasers (including the fees and expenses of their special counsel) shall have been paid in accordance with Section 5 hereof; and

(c) All proceedings taken in connection with this Amendment and any documents relating thereto shall be reasonably satisfactory to Agent, Certificate Trustee and the Required Participants and their respective counsel, and each such Person shall have received copies of such documents as they may reasonably request in connection therewith, all in form and substance reasonably satisfactory to each such Person.

SECTION 5. FEES AND EXPENSES.

Lessee agrees to pay all the reasonable fees and expenses of the Certificate Purchasers in connection with the negotiation, preparation, approval, execution and delivery of this Amendment (including the fees and expenses of their special counsel).

SECTION 6. MISCELLANEOUS.

Section 6.1. Construction. This Amendment shall be construed in connection with and as part of the Participation Agreement, and except as modified and expressly amended by this Amendment, all terms, conditions and covenants contained in the Participation Agreement are hereby ratified and shall be and remain in full force and effect.

Section 6.2. References. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Amendment may refer to the Participation Agreement without making specific reference to this Amendment but nevertheless all such references shall be deemed to include this Amendment unless the context otherwise requires.

Section 6.3. Headings and Table of Contents. The headings of the Sections of this Amendment and the Table of Contents are inserted for purposes of convenience only and shall not be construed to affect the meaning or construction of any of the provisions hereof and any reference to numbered Sections, unless otherwise indicated, are to Sections of this Amendment.

Section 6.4. Counterparts. This Amendment may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one Amendment.

SECTION 6.5. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE).

IN WITNESS WHEREOF, the Lessee, the General Partner, the Certificate Trustee, the Agent, the Certificate Purchasers and the Lenders have caused this instrument to be executed, all as of the day and year first above written.

Lessee: FERRELLGAS, LP, as Lessee

By Ferrellgas, Inc., its General Partner

By:

Name: Kenneth A. Heinz
Title: Assistant Treasurer

General Partner: FERRELLGAS, INC.

By:

Name: Kenneth A. Heinz
Title: Assistant Treasurer

Certificate Trustee: FIRST SECURITY BANK, NATIONAL ASSOCIATION, in its individual capacity and as Certificate Trustee

By:
Name:
Title:

Agent: FIRST SECURITY TRUST COMPANY OF NEVADA, not in its individual capacity except as expressly stated herein, but solely as Agent

By:
Name:
Title:

Certificate Purchaser: TRANSAMERICA EQUIPMENT FINANCIAL SERVICES CORPORATION,
as Certificate Purchaser

By:
Name:
Title:

Certificate Purchaser: HELLER FINANCIAL LEASING, INC., as Certificate Purchaser

By:
Name:
Title:

Lender: BANC OF AMERICA LEASING & CAPITAL, LLC, as Lender

By:
Name:
Title:

Lender: TRANSAMERICA EQUIPMENT FINANCIAL SERVICES CORPORATION, as Lender

By:
Name:
Title:

Lender: PARIBAS, as Lender

By:
Name:
Title:

By:
Name:
Title:

Lender: HELLER FINANCIAL LEASING, INC., as Lender

By:
Name:
Title:

Lender: DIME COMMERCIAL CORP., as Lender

By:
Name:
Title:

Lender: BANK ONE, N.A. (Chicago Office), as Lender

By:
Name:
Title:

Lender: THE FUJI BANK, LIMITED, as Lender

By:
Name:
Title:

Lender: LASALLE BANK NATIONAL ASSOCIATION, as Lender

By:
Name:
Title:

Lender: FIRSTAR BANK, N.A., as Lender

By:
Name:
Title:

Syndication Agent: BANK ONE, N.A. (Chicago Office), as Syndication Agent

By:
Name:
Title:

Documentation Agent: BANC OF AMERICA LEASING & CAPITAL, LLC, as Documentation Agent

By:
Name:
Title:

SCHEDULE I

[CERTIFICATE PURCHASERS]

SCHEDULE II

[LENDERS]

AMENDMENT NO. 1 TO RECEIVABLES PURCHASE AGREEMENT

THIS AMENDMENT NO. 1 TO RECEIVABLES PURCHASE AGREEMENT, dated as of January 17, 2001 (this "AMENDMENT"), is entered into by Ferrellgas Receivables, LLC, a Delaware limited liability company ("SELLER"), Ferrellgas, L.P., a Delaware limited partnership, as "SERVICER," Jupiter Securitization Corporation ("CONDUIT"), and Bank One, NA (Main Office Chicago), individually as a Financial Institution and as Agent for the Purchasers (the "EXISTING AGREEMENT"). The Existing Agreement, as amended hereby, is hereinafter referred to as the "AGREEMENT." UNLESS DEFINED ELSEWHERE HEREIN, CAPITALIZED TERMS USED IN THIS AMENDMENT SHALL HAVE THE MEANINGS ASSIGNED TO SUCH TERMS IN EXHIBIT I TO THE EXISTING AGREEMENT.

W I T N E S S E T H :

WHEREAS, the parties hereto desire to amend the Existing Agreement as hereinafter set forth;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual agreements herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendments.

1.1. Section 9.1 is hereby amended to insert the following new subsection (k) at the end thereof:

(k) As of the last day of any Measurement Period, the average of the three Measurement Periods then most recently ended for the Outstanding Balance of all Receivables included in the Purchaser Interests (regardless of whether they are Eligible Receivables on the date of determination) as to which any payment, or part thereof, remains unpaid for 91 days or more from the original due date for such payment shall exceed 22% of the Outstanding Balance of all Receivables.

1.2. The definition of "PURCHASE LIMIT" is hereby amended and restated in its entirety to read as follows:

"PURCHASE LIMIT" means $60,000,000; PROVIDED, HOWEVER, that during the period from and including January 17, 2001 to and including April 30, 2001, the Purchase Limit shall mean $100,000,000.

1.3. Schedule A of the Existing Agreement is hereby amended to insert after "$61,200,000" where it appears, the following:

"; PROVIDED, HOWEVER, that during the period from and including January 17, 2001 to and including the later to occur of (a) April 30, 2001, and (b) the date on which the Aggregate Capital is reduced to $60,000,000 or less, Bank One's Commitment shall be $102,000,000."

2. Representations and Warranties. In order to induce the other parties hereto to enter into this Amendment, each of the Buyer and the Originator hereby represents and warrants to each of the other parties hereto as follows:

(a) The execution and delivery by such party of this Amendment, and the performance of its obligations under the Agreement as amended hereby, are within such party's organizational powers and authority and have been duly authorized by all necessary organizational action on its part;

(b) This Amendment has been duly executed and delivered by such party, and the Agreement, as amended hereby, constitutes such party's legal, valid and binding obligation, enforceable against such party in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), and

(c) As of the date hereof, no event has occurred and is continuing that will constitute a Termination Event or a Potential Termination Event.

3. Conditions Precedent. This Amendment shall become effective as of the date first above written upon execution by the Originator, the Buyer and the Agent of counterparts hereof and delivery of such executed counterparts to the Agent.

4. Miscellaneous.

(a) CHOICE OF LAW. 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.

(b) Counterparts. 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.

(c) Ratification of Agreement. Except as expressly amended hereby, the Agreement remains unaltered and in full force and effect and is hereby ratified and confirmed.

Signature pages follow

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

FERRELLGAS, L.P.

BY: FERRELLGAS, INC., its General Partner

By:

Name: Kevin T. Kelly
Title: Chief Financial Officer

FERRELLGAS RECEIVABLES, LLC

By:

Name: Kevin T. Kelly
Title: Chief Financial Officer

BANK ONE, NA [MAIN OFFICE CHICAGO],
INDIVIDUALLY AND AS AGENT

By:

Name: Leo V. Loughead
Title: Authorized Signatory

JUPITER SECURITIZATION CORPORATION

By:

Name: Leo V. Loughead
Title: Authorized Signatory

AMENDMENT NO. 1 TO RECEIVABLE INTEREST SALE AGREEMENT

THIS AMENDMENT NO. 1 TO RECEIVABLE INTEREST SALE AGREEMENT, dated as of January 17, 2001 (this "AMENDMENT"), is entered into by Ferrellgas, L.P., a Delaware limited partnership ("ORIGINATOR"), and Ferrellgas Receivables, LLC, a Delaware limited liability company ("BUYER"), and pertains to the Receivables Interest Sale Agreement dated as of September 26, 2000 between Originator and Buyer (the "EXISTING AGREEMENT"). The Existing Agreement, as amended hereby, is hereinafter referred to as the "AGREEMENT." UNLESS DEFINED ELSEWHERE HEREIN, CAPITALIZED TERMS USED IN THIS AMENDMENT SHALL HAVE THE MEANINGS ASSIGNED TO SUCH TERMS IN EXHIBIT I TO THE EXISTING AGREEMENT.

W I T N E S S E T H :

WHEREAS, the parties hereto desire to amend the Existing Agreement as hereinafter set forth; and

WHEREAS, the Agent, on behalf of the Purchasers, is willing to consent to such Amendment;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual agreements herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendment. Clause (iii) of the definition of "ELIGIBLE RECEIVABLE" set forth in Exhibit I to the Existing Agreement is hereby amended and restated in its entirety to read as f follows:

(iii) which is not, on any date of determination, a Defaulted Receivable or a Charged-Off Receivable; PROVIDED, HOWEVER, that if such date of determination occurs on or after January 17, 2001 and on or before April 30, 2001, in addition to the foregoing, not more than 25% of all Receivables which would otherwise constitute "Eligible Receivables" may consist of Receivables as to which any payment, or part thereof, remains unpaid for 31 or more days from the original invoice date for such payment.

2. Representations and Warranties. In order to induce the other parties hereto to enter into this Amendment, each of the Buyer and the Originator hereby represents and warrants to each of the other parties hereto as follows:

(a) The execution and delivery by such party of this Amendment, and the performance of its obligations under the Agreement as amended hereby, are within such party's organizational powers and authority and have been duly authorized by all necessary organizational action on its part;

(b) This Amendment has been duly executed and delivered by such party, and the Agreement, as amended hereby, constitutes such party's legal, valid and binding obligation, enforceable against such party in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), and

(c) As of the date hereof, no event has occurred and is continuing that will constitute a Termination Event or a Potential Termination Event.

3. Conditions Precedent. This Amendment shall become effective as of the date first above written upon execution by the Originator, the Buyer and the Agent of counterparts hereof and delivery of such executed counterparts to the Agent.

4. Miscellaneous.

(a) CHOICE OF LAW. THIS AMENDMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF TEXAS.

(b) Counterparts. 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.

(c) Ratification of Agreement. Except as expressly amended hereby, the Agreement remains unaltered and in full force and effect and is hereby ratified and confirmed.

Signature pages follow

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

FERRELLGAS, L.P.

BY: FERRELLGAS, INC., its General Partner

By:

Name: Kevin T. Kelly
Title: Chief Financial Officer

FERRELLGAS RECEIVABLES, LLC

By:

Name: Kevin T. Kelly
Title: Chief Financial Officer

BY ITS SIGNATURE BELOW, THE AGENT, ON BEHALF OF THE PURCHASERS, HEREBY CONSENTS TO THE FOREGOING AMENDMENT AS OF THE DATE FIRST ABOVE WRITTEN:

BANK ONE, NA [MAIN OFFICE CHICAGO], AS AGENT

By:

Name:
Title: