UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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, 2002

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 February 28, 2002, the registrants had units or shares outstanding as follows:

Ferrellgas Partners, L.P.	36,072,703	Common Units
	2,782,211	Senior 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

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, 2002	July 31, 2001
	(unaudited)	
Current Assets:		
Cash and cash equivalents	$ 26,402	$ 25,386
Accounts and notes receivable, net	123,851	56,772
Inventories	51,528	65,284
Prepaid expenses and other current assets	9,889	10,504
Total Current Assets	211,670	157,946
Property, plant and equipment, net	497,416	491,194
Goodwill	124,190	124,190
Intangible assets, net	103,572	108,526
Other assets, net	10,609	14,303
Total Assets	$ 947,457	$ 896,159

LIABILITIES AND PARTNERS' CAPITAL	January 31, 2002	July 31, 2001
Current Liabilities:		
Accounts payable	$ 70,789	$ 58,274
Other current liabilities	70,588	77,610
Short-term borrowings	8,135	-
Total Current Liabilities	149,512	135,884
Long-term debt	725,223	704,782
Other liabilities	14,273	15,472
Contingencies and commitments	-	-
Minority interest	2,217	2,034
Partners' Capital:		
Senior unitholder (2,801,622 units outstanding at both January 2002 and July 2001, - liquidation preference $112,065 at both January 2002 and July 2001)	112,065	112,065
Common unitholders (36,063,953 and 35,908,366 units outstanding at January 2002 and July 2001, repectively)	5,173	(12,959)
General partner unitholder (364,275 and 362,711 units outstanding at January 2002 and July 2001, respectively)	(58,637)	(58,738)
Accumulated other comprehensive loss	(2,369)	(2,381)
Total Partners' Capital	56,232	37,987
Total Liabilities and Partners' Capital	$ 947,457	$ 896,159

See notes to consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

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

	For the three months ended		For the six months ended	
	January 31, 2002	January 31, 2001	January 31, 2002	January 31, 2001
Revenues:				
Gas liquids and related product sales	$ 331,129	$ 615,458	$ 555,414	$ 880,016
Other	24,609	26,359	45,567	50,262
Total revenues	355,738	641,817	600,981	930,278
Cost of product sold (exclusive of depreciation, shown separately below)	176,591	407,667	326,538	603,987
Gross profit	179,147	234,150	274,443	326,291
Operating expense	70,373	90,345	137,500	155,488
Depreciation and amortization expense	10,765	13,947	22,219	27,978
General and administrative expense	6,632	6,910	13,457	11,627
Equipment lease expense	6,086	8,661	12,631	16,768
Employee stock ownership plan compensation charge	1,274	1,125	2,583	2,194
Loss on disposal of assets and other	431	1,983	1,278	3,154
Operating income	83,586	111,179	84,775	109,082
Interest expense	(15,208)	(16,106)	(30,322)	(32,274)
Interest income	545	882	871	1,439
Earnings before minority interest	68,923	95,955	55,324	78,247
Minority interest	735	1,007	638	864
Net earnings	68,188	94,948	54,686	77,383
Distribution to senior unitholder	2,802	4,769	5,604	9,422
Net earnings available to general partner	654	902	491	680
Net earnings available to common unitholders	$ 64,732	$ 89,277	$ 48,591	$ 67,281
Basic earnings per common unit:				
Net earnings available to common unitholders	$ 1.80	$ 2.85	$ 1.35	$ 2.15
Diluted earnings per common unit:				
Net earnings available to common unitholders	$ 1.79	$ 2.85	$ 1.35	$ 2.15

See notes to consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

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

	Number of units							
	Senior unitholder	Common unitholders	General partner unitholder	Senior unitholder	Common unitholders	General partner unitholder	Accumulated other compre-hensive loss	Total partners' capital
August 1, 2001	2,801.6	35,908.4	362.7	$ 112,065	$ (12,959)	$ (58,738)	$ (2,381)	$137,987
Contribution in connection with ESOP compensation charge	-	-	-	-	2,531	26	-	2,557
Common unit cash distributions	-	-	-	-	(35,969)	(363)	-	(36,332)
Senior unit cash and accrued distributions	-	-	-	-	(5,519)	(141)	-	(5,660)
Common unit options exercised	-	38.1	0.4	-	640	9	-	649
Common units issued in connection with acquisitions	-	117.5	1.2	-	2,310	23	-	2,333
Comprehensive income:								
Net earnings	-	-	-	-	54,139	547	-	54,686
Other comprehensive income:								
Risk management fair value adjustment	-	-	-	-	-	-	12	12
Comprehensive income								54,698
January 31, 2002	2,801.6	36,064.0	364.3	$ 112,065	$ 5,173	$ (58,637)	$ (2,369)	$ 56,232

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

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

	For the six months ended	
	January 31, 2002	January 31, 2001
Cash Flows From Operating Activities:		
Net earnings	$ 54,686	$ 77,383
Reconciliation of net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	22,219	27,978
Employee stock ownership plan compensation charge	2,583	2,194
Minority interest	638	864
Other	757	840
Changes in operating assets and liabilities, net of effects from business acquisitions:		
Accounts and notes receivable, net of securitization	(52,176)	(192,177)
Inventories	13,812	(18,163)
Prepaid expenses and other current assets	615	(3,244)
Accounts payable	15,317	61,612
Accrued interest expense	139	1,198
Other current liabilities	(10,308)	5,828
Other liabilities	436	89
Net cash provided by (used in) operating activities	48,718	(35,598)
Cash Flows From Investing Activities:		
Business acquisitions, net of cash acquired	(6,536)	(4,216)
Capital expenditures	(16,040)	(6,054)
Net activity from accounts receivable securitization	(12,000)	100,000
Other	2,088	1,070
Net cash (used in) provided by investing activities	(32,488)	90,800
Cash Flows From Financing Activities:		
Distributions	(41,992)	(31,624)
Additions to long-term debt	30,107	5,897
Reductions of long-term debt	(11,655)	(2,351)
Net additions (reductions) to short-term borrowings	8,135	(6,597)
Minority interest activity	(481)	(392)
Proceeds from exercise of common unit options	649	-
Cash contribution from general partner	23	-
Cash paid for debt and lease financing costs	-	(35)
Net cash used in financing activities	(15,214)	(35,102)
Increase in cash and cash equivalents	1,016	20,100
Cash and cash equivalents - beginning of period	25,386	14,838
Cash and cash equivalents - end of period	$ 26,402	$ 34,938
Cash paid for interest	$ 29,038	$ 29,521

See notes to consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2002
(unaudited)

A. Organization

Ferrellgas Partners, L.P. activities are primarily conducted through its subsidiary Ferrellgas, L.P. Ferrellgas Partners is the sole limited partner of Ferrellgas, L.P. with an approximate 99% limited partner interest. Ferrellgas Partners and Ferrellgas L.P. are together referred to as the Partnership. The general partner of both Ferrellgas Partners and Ferrellgas, L.P. is Ferrellgas, Inc. which owns a 2% general partner interest in the combined Partnership.

The consolidated financial statements of Ferrellgas Partners and Subsidiaries reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the interim periods presented. All adjustments to the consolidated financial statements were of a normal, recurring nature, as well as the accounting change to adopt Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangibles Assets." The information included in this Quarterly Report on 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, 2001.

B. Accounting estimates

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. Reclassifications

Certain amounts, including Goodwill (see Note F), included in the first quarter of fiscal 2001 consolidated financial statements have been reclassified to conform to the first quarter of fiscal 2002 presentation. In fiscal 2001 and after the filing of the Quarterly Report on Form 10-Q for the quarterly period ended January 31, 2001, the Partnership applied the provisions of Emerging Issues Task Force (EITF Issue) No. 99-19 "Reporting Revenue Gross as a Principal versus Net as an Agent" which affects the presentation of certain revenue and cost of product sold items.

D. Nature of operations

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, 2002 and 2001 are not necessarily indicative of the results to be expected for a full year.

E. Supplemental Balance Sheet Information:

Inventories consist of:

(in thousands)	January 31, 2002	July 31, 2001
Liquefied propane gas and related products	$32,368	$45,966
Appliances, parts and supplies	19,160	19,318
	$51,528	$65,284

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, 2002, in addition to the inventory on hand, the Partnership had committed to make net delivery of approximately 20,457,000 gallons at a fixed price.

Property, plant and equipment, net consist of:

(in thousands)	January 31, 2002	July 31, 2001
Property, plant and equipment	$791,192	$774,128
Less: accumulated depreciation	293,776	282,934
	$497,416	$491,194

F. Goodwill and Other Intangible Assets - Adoption of SFAS No. 142:

Statement of Financial Accounting Standard (SFAS) No. 142 modified the financial accounting and reporting for acquired goodwill and other intangible assets, including the requirement that goodwill and some intangible assets no longer be amortized. The Partnership adopted SFAS No. 142 beginning in the first quarter of fiscal 2002. This adoption resulted in a reclassification to goodwill of both assembled workforce and other assets with remaining book value of $10,019,000. The remaining intangible assets are subject to amortization. Although there will be no cash flow effect, the Partnership believes its amortization expense will decrease by $10,600,000 in fiscal 2002, compared to the amortization that would have been recorded had the new accounting standard not been adopted. See additional discussion about the decrease in amortization expense in Management Discussion and Analysis of Financial Condition and Results of Operations. This new standard also required the Partnership to test goodwill for impairment at the time the standard was adopted and also on an annual basis. The results of the initial impairment test of goodwill performed at the time the standard was adopted did not have a material effect on the Partnership's financial position, results of operations or cash flows. The following disclosures are required by SFAS No. 142.

Intangible assets, net consist of:

	January 31, 2002		July 31, 2001	
(in thousands)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer lists	$208,024	$(120,832)	$207,667	$(114,679)
Non-compete agreem	62,893	(46,513)	60,222	(44,684)
Total	$270,917	$(167,345)	$267,889	$(159,363)

(in thousands)
Aggregate Amortization Expense:

	2002	2001
For the six months ended January 31	$ 7,982	$7,385

Estimated Amortization Expense:

For the six months ended July 31, 2002	$ 5,709
For the year ended July 31, 2002	13,691
For the year ended July 31, 2003	11,111
For the year ended July 31, 2004	10,067
For the year ended July 31, 2005	9,488
For the year ended July 31, 2006	8,968

	For the six months ended	
(in thousands)	January 31, 2002	January 31, 2001
Reported net earnings	$54,686	$77,383
Add back: Goodwill amortization	-	5,630
Adjusted net earnings	$54,686	$83,013
Basic and diluted earnings per common unit:		
Reported net earnings available to common unitholders	$1.35	$2.15
Goodwill amortization	-	0.18
Adjusted net earnings available to common unitholders	$1.35	$2.33

G. Contingencies

The Partnership is currently threatened with or named as a defendant in various lawsuits arising in the ordinary course of business 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. Distributions

On December 14, 2001, the Partnership paid cash distributions of $1.00 and $0.50 per senior and common unit, respectively, for the quarter ended October 31, 2001. On February 18, 2002, the Partnership declared its second fiscal quarter cash distribution of $1.00 and $0.50 per senior and common unit, respectively, that was paid March 14, 2002.

I. Earnings Per Common Unit

Below is a calculation of the basic and diluted earnings per unit as displayed on the consolidated statements of earnings. For the purpose of computing diluted earnings per unit, the senior units were excluded. The senior 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. In order to compute the basic and diluted earnings per common unit, the distributions on senior units are subtracted from net earnings to compute net earnings available to common unitholders.

(in thousands, except per unit data)

	Three months ended January 31 2002	Three months ended January 31 2001	Six months ended January 31 2002	Six months ended January 31 2001
Net earnings available to common unitholders	$64,732	$89,277	$48,591	$67,284
Weighted average common units outstanding	36,022.7	31,307.1	35,970.9	31,307.1
Basic earnings per common unit	$ 1.80	$ 2.85	$ 1.35	$ 2.15
Net earnings available to common unitholders	$64,732	$89,277	$48,591	$67,284
Weighted average common units outstanding	36,022.7	31,307.1	35,970.9	31,307.1
Dilutive securities	64.3	-	32.9	-
Weighted average common units outstanding + dilutive securities	36,087.0	31,307.1	36,003.8	31,307.1
Diluted earnings per common unit	$ 1.79	$ 2.85	$ 1.35	$ 2.15

J. Adoption of New Accounting Standards

The Financial Accounting Standards Board recently issued SFAS No. 143 "Accounting for Asset Retirement Obligations" and SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets."

SFAS No. 143 requires the recognition of a liability if a company has a legal or contractual financial obligation in connection with the retirement of a tangible long-lived asset. The Partnership will implement SFAS No. 143 beginning in the fiscal year ending July 31, 2003, and expects to record a one-time charge to earnings during the first quarter of fiscal 2003, as a cumulative change in accounting principle, of between $2,000,000 and $3,000,000. The Partnership believes the implementation will not have a material ongoing effect on its financial position, results of operations and cash flows.

SFAS No. 144 modifies the financial accounting and reporting for long-lived assets to be disposed of by sale and it broadens the presentation of discontinued operations to include more disposal transactions. The Partnership will implement SFAS No. 144 beginning in the fiscal year ending July 31, 2003, and believes the implementation will not have a material effect on its financial position, results of operations and cash flows.

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

BALANCE SHEETS

ASSETS	January 31, 2002	July 31, 2001
	(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	1,757	1,662
Accumulated deficit	(1,757)	(1,662)
Total Stockholder's Equity	$1,000	$1,000

STATEMENTS OF EARNINGS
(unaudited)

	Three Months Ended		Six Months Ended	
	January 31, 2002	January 31, 2001	January 31, 2002	January 31, 2001
General and administrative expense	$ 50	$ 50	$ 95	$ 141
Net loss	$(50)	$(50)	$(95)	$(141)

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, 2002	January 31, 2001
Cash Flows From Operating Activities:		
Net loss	$(95)	$ (141)
Cash used in operating activities	(95)	(141)
Cash Flows From Financing Activities:		
Capital contribution	95	141
Cash provided by financing activities	95	141
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, 2002
(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 historical financial condition and results of operations of Ferrellgas Partners and its subsidiaries and should be read in conjunction with the historical consolidated financial statements and accompanying notes thereto included elsewhere in this Quarterly Report on Form 10-Q.

On January 22, 2002, the Securities and Exchange Commission issued an interpretive release (SEC Release Nos. 33-8056; 34-45321), on various types of disclosures. The Partnership has provided the disclosures recommended by this interpretive release as follows:

- liquidity and capital resources, including off-balance sheet arrangements; see discussion in "Liquidity and Capital Resources - Investing Activities",
- certain trading activities; see discussion regarding the fair value of the Partnership's risk management trading contracts in "Liquidity and Capital Resources - Disclosures about Risk Management Activities Accounted for at Fair Value", and
- transactions with related and certain other parties; see discussion regarding the nature of these transactions in "Certain Relationships and Related Transactions" within the Partnership's Annual Report Form 10-K filed with the Commission on October 25, 2001.

Forward-looking statements

Statements included in this report include forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. These forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. They use words such as "anticipate," "believe," "intend," "plan," "projection," "forecast," "strategy," "position," "continue," "estimate," "expect," "may," "will," or the negative of those terms or other variations of them or by comparable terminology. In particular, statements, express or implied, concerning future operating results, or the ability to generate sales, income or cash flow are forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. The Partnership's future results may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results are beyond the Partnership's ability to control or predict. These statements include, but are not limited to, the following:

- whether Ferrellgas, L.P. will have sufficient funds 1) 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 to its $160,000,000 senior secured notes and 2) assuming all quarterly financial tests required by various financing instruments are met, to pay the required distribution on its senior units and the minimum quarterly distribution of $0.50 per common unit,
- whether or not the Partnership will continue to meet all of the quarterly financial tests required by various financing instruments, and
- whether the fiscal 2002 decrease in gas liquid sales, gross profit, and equipment lease and depreciation expense as compared to fiscal 2001 will continue during the remainder of fiscal 2002.

Readers of this report should not put undue reliance on any forward-looking statements. 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 risks, which are more fully described in the Partnership's Securities Act filings:

- the retail propane industry is a mature one,
- the effect of weather conditions on demand for propane,
- increases in propane prices may cause higher levels of conservation by the Partnership's customers,

- price, availability and inventory risk of propane supplies, including risk management activities,

- the timing of collections of the Partnership's accounts receivable and increases in product costs and demand may decrease its working capital availability,

- 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, including the litigation risks which may not be covered by insurance,

- the Partnership may not be successful in making acquisitions,

- changes in interest rates, including the refinancing of long-term financing at favorable interest rates,

- governmental legislation and regulations,

- energy efficiency and technology trends may affect demand for propane,

- the condition of the capital markets in the United States,

- the political and economic stability of the oil producing nations,

- the Partnership may sell additional limited partner interests, thus diluting existing interests of unitholders,

- the distribution priority to the Partnership's common units owned by the public terminates no later than December 31, 2005,

- the holder of the Partnership's senior units may have the right in the future to convert the senior units into common units,

- the holder of the Partnership's senior units may be able to sell the senior units or convert into common units with special indemnification rights available to the holder from the Partnership,

- a redemption of the senior units may be dilutive to the Partnership's common unitholders,

- the terms of the senior units limit the Partnership's use of proceeds from sales of equity and the rights of the common unitholders,

- the current holder of the senior units has a special voting exemption if the senior units convert into common units, and

- the expectation that the remaining senior units will be redeemed in the future with proceeds from an offering of equity at a price satisfactory to the Partnership.

Results of Operations

Due to the seasonality of the retail distribution of propane, results of operations for the six months ended January 31, 2002 and 2001, 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, general economic conditions in the United States, variations in the weather and fluctuations in commodity prices.

As the Partnership has grown through acquisitions, fixed costs such as personnel costs, equipment leases, depreciation and interest expense have increased. Historically, due to the seasonality of the Partnership's 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, 2002 vs. January 31, 2001

Gas liquid and related product sales. Total gas liquids and related product sales decreased 46.2% to $331,129,000, due to both a significant decrease in the average propane sales price per gallon and a significant decrease in retail propane sales volume.

The average retail and wholesale propane sales price per gallon decreased due to the effect of a significant decrease in the wholesale cost of propane. In addition, retail sales volumes decreased 27.2% to 290,394,000 gallons in the second quarter of fiscal 2002 as compared to the second quarter of fiscal 2001, primarily due to the effects of the significantly warmer than normal weather and to a lesser extent the slowing national economy. For the quarter, national temperatures as reported by the National Oceanic and Atmospheric Administration, were 16% warmer than normal as compared to 6% colder than normal in the prior year's quarter. The second quarter was the warmest November through January period in recorded history, according to the National Oceanic and Atmospheric Administration.

Other revenues. Other revenues decreased 6.6% to $24,609,000 for the second quarter compared to the same quarter last year, primarily due to lower appliance sales and service labor related to effects of the slowing economy.

Cost of product sold. Cost of product sold decreased 56.7% to $176,591,000 primarily due to the effect of a significant decline in the wholesale cost of propane during the second quarter of fiscal 2002 compared to the second quarter of fiscal 2001. The wholesale market price at one of the major supply points, Mt. Belvieu, Texas, averaged $0.31 per gallon during the second quarter of fiscal 2002 compared to an average of $0.72 per gallon in the prior year quarter. Other major supply points in the United States also experienced significant declines in propane prices. Another significant factor causing a decrease in the cost of product sold was a 27.2% decline in retail sales volumes experienced this quarter. However, cost of product sold was increased by a change in risk management trading results this quarter. Exceptional gains from risk management trading activities recognized in the second quarter of fiscal 2001 were not repeated this quarter, causing an increase to cost of sales of $19,151,000. See additional discussion regarding risk management trading activities in "Quantitative and Qualitative Disclosures about Market Risk."

Gross profit. Gross profit decreased 23.5% to $179,147,000, primarily due to the effect of the significant decrease in retail propane volumes experienced this quarter. Other factors affecting gross profit included the decrease in risk management trading gains, which was partially offset by an increase in retail margins which exceeded the strong retail margin performance realized in the prior year's quarter.

Operating expense. Operating expense decreased 22.1% to $70,373,000, primarily due to decreased compensation and variable operating expenses resulting from the decreased retail volumes delivered to customers and from reduced operating results this quarter.

General and administrative expense. General and administrative expense decreased 4.0% to $6,632,000, primarily due to decreased compensation expense resulting from the reduced operating results this quarter.

Depreciation and amortization expense. Depreciation and amortization expense decreased 22.8% to $10,765,000 primarily due to the implementation of SFAS No. 142, which eliminated routine goodwill amortization. See further discussion of the implementation of SFAS No. 142 in Note F to the consolidated financial statements.

Equipment lease expense. Equipment lease expense decreased 29.7% to $6,086,000 due to the effect of significantly lower interest rates on variable rate operating tank leases this quarter as compared to the prior year's quarter. See further discussion about these leases in the "Liquidity and Capital Resources - Investing Activities" and "Financing Activities."

Loss on disposal of assets and other. Loss on disposal of assets and other decreased $1,552,000 to $431,000 primarily due to a decrease in the loss on disposal of fixed assets and a decrease in the losses related to the transfer of accounts receivables pursuant to the accounts receivable securitization facility. See further discussion about this facility in "Liquidity and Capital Resources - Investing Activities" and "Financing Activities."

Interest expense. Interest expense decreased 5.6% to $15,208,000 primarily due to significantly lower interest rates and to a lesser extent reduced borrowings on the Partnership's credit facility. This decrease was partially offset by the effect of the termination of an interest rate swap agreement in the fourth quarter of fiscal 2001.

Six Months Ended January 31, 2002 vs. January 31, 2001

Gas liquid and related product sales. Total gas liquids and related product sales decreased 36.9% to $555,414,000, due to both a significant decrease in the average propane sales price per gallon and a significant decrease in retail propane sales volume.

The average retail and wholesale propane sales price per gallon decreased due to the effect of a significant decrease in the wholesale cost of propane. In addition, retail sales volumes decreased 19.8% to 480,305,000 gallons in the first half of fiscal 2002 as compared to the same period of fiscal 2001, primarily due to the effects of the significantly warmer than normal weather and to a lesser extent the slowing national economy. For the six month period ended January 31, 2002, temperatures as reported by the National Oceanic and Atmospheric Administration, were 14% warmer than normal as compared to 4% colder than normal in the prior year period. The first six month period of fiscal 2002 was the second warmest August through January period in recorded United States history, according to National Oceanic and Atmospheric Administration data.

Other revenues. Other revenues decreased 9.3% to $45,567,000, for the first six months compared to the same period last year, primarily due to lower appliance sales and service labor related to effects of the slowing economy.

Cost of product sold. Cost of product sold decreased 45.9% to $326,538,000 primarily due to the effect of a significant decline in the wholesale cost of propane during the first six months of fiscal 2002 compared to the same period last year. The wholesale market price at one of the major supply points, Mt. Belvieu, Texas, averaged $0.36 per gallon during the first six months of fiscal 2002 compared to an average of $0.66 per gallon for the same period in the prior year. Other major supply points in the United States also experienced significant declines in propane prices. Another factor causing a decrease in the cost of product sold was a 19.8% decline in retail sales volumes for the six-month period ended January 31, 2002. However, cost of product sold was increased by a change in risk management trading results this six-month period. Exceptional gains from risk management trading activities recognized in the first half of fiscal 2001 were not repeated for the same period this year, causing an increase to cost of sales of $21,196,000. See additional discussion regarding risk management trading activities in "Quantitative and Qualitative Disclosures about Market Risk."

Gross profit. Gross profit decreased 15.9% to $274,443,000, primarily due to the effect of a significant decrease in retail propane volumes experienced during the first half of the fiscal year. Other factors affecting gross profit included the decrease in risk management trading gains, which was partially offset by an increase in retail margin which exceeded the strong retail margin performance realized in the first six months of fiscal 2001.

Operating expense. Operating expense decreased 11.6% to $137,500,000, primarily due to decreased compensation and variable operating expenses resulting from the decreased retail volumes delivered to customers and from reduced operating results in the first six-months of fiscal 2002 as compared to the same period last year.

General and administrative expense. General and administrative expense increased 15.7% to $13,457,000, primarily due to increased expenses related to the operational improvement initiative discussed in "Liquidity and Capital Resources - Investing Activities" and higher staffing levels. The increases were partially offset by decreased compensation expense related to the reduced operating results reported in the first six-months of fiscal 2002 as compared to the same period last year.

Depreciation and amortization expense. Depreciation and amortization expense decreased 20.6% to $22,219,000 primarily due to the implementation of SFAS No. 142, which eliminated routine goodwill amortization. See further discussion of the implementation of SFAS No. 142 in Note F to the consolidated financial statements.

Equipment lease expense. Equipment lease expense decreased 24.7% to $12,631,000 due to significantly lower interest rates on variable rate operating leases as compared to the same period last year. See further discussion about these leases in "Liquidity and Capital Resources - Investing Activities" and "Financing Activities."

Loss on disposal of assets and other. Loss on disposal of assets and other decreased $1,876,000 to $1,278,000 primarily due to a decrease in the loss on disposal of fixed assets and a decrease in the losses related to the transfer of accounts receivables pursuant to the accounts receivable securitization facility. See further discussion about this facility in "Liquidity and Capital Resources - Investing Activities" and "Financing Activities."

Interest expense. Interest expense decreased 6.0% to $30,322,000 primarily due to reduced borrowings and to a lesser extent significantly lower interest rates on the Partnership's credit facility. This decrease was partially offset by the effect of the termination of an interest rate swap agreement in the fourth quarter of fiscal 2001.

Forward looking statements. The Partnership expects the declines in gas liquid sales and cost of product sold experienced in the second quarter of fiscal 2002 to continue in the third and fourth quarters of fiscal 2002 as compared to the same periods in fiscal 2001. These expected declines in gas liquid sales and cost of product sold are expected due to the effects of significantly lower wholesale propane prices experienced during fiscal 2002 as compared to last year.

Due to significantly warmer than normal weather in the second quarter of fiscal 2002, retail propane volumes and gross profit are expected to be negatively impacted in the third quarter of fiscal 2002 as compared to the third quarter in fiscal 2001. Gross profit for the third quarter is expected to be favorably impacted by continued strong retail margins compared to the same quarter last year but may be offset by exceptional gains from risk management trading activities realized in the third quarter last year that are not expected to repeat again in the third quarter of this fiscal year.

Due to the implementation of SFAS No. 142, which eliminated routine goodwill amortization, the Partnership expects a similar depreciation and amortization expense variance during the second quarter to continue the remainder of the fiscal year. In addition, the current lower interest rate environment is expected to lead to continued decreases in equipment lease expense in the third and fourth quarters of fiscal 2002 compared to the same quarters last year. Lower borrowing levels and the current lower interest rates environment is expected to lead to continued decreased interest expense in the third and fourth quarters of fiscal 2002 compared to the same quarters 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. In the three months ended January 31, 2002, the country experienced the nation's warmest November through January in recorded United States history, according to the National Oceanic and Atmospheric Administration. Moreover, the weather has been significantly warmer than normal in four of the last five winter heating seasons. Despite these challenges, the Partnership paid a full $0.50 distribution on all common units on March 14, 2002. This distribution represents the thirtieth consecutive full $0.50 distribution paid to the common unitholders dating back to October 1994.

Due to the seasonality of the retail propane distribution 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. Subject to meeting the financial tests discussed below, the Partnership's general partner, Ferrellgas, Inc., believes that Ferrellgas, L.P. will have sufficient funds available to meet its obligations, and 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. In addition, the general partner believes that Ferrellgas, L.P. will have sufficient funds available to distribute to Ferrellgas Partners sufficient cash to pay the required quarterly distribution on the senior units and the minimum quarterly distribution on all common units during fiscal 2002.

The Partnership's credit facilities, public debt, private debt, accounts receivable securitization facility and certain operating tank leases contain several financial tests and covenants restricting 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. The general partner believes that the most restrictive of these tests currently are debt incurrence limitations within the credit facility, operating tank leases and accounts receivable securitization facility and limitations on the payment of distributions within the Ferrellgas Partners' senior secured notes. The credit facility, operating 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. 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 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.

Based upon current estimates of the Partnership's cash flow, the general partner believes that the Partnership will be able to continue to meet all of the required quarterly financial tests and covenants. However, if the Partnership were to encounter unexpected downturns in business operations in the future, such as continued significantly warmer than normal weather as experienced during most of this heating season, a volatile energy commodity cost environment or continued economic downturn, the Partnership may not meet the applicable financial tests in immediate future quarters. This could have a materially adverse effect on the Partnership's operating capacity and cash flows and could restrict the ability of the Partnership to incur debt or to make cash distributions to its unitholders, even if sufficient funds were available. Depending on the circumstances, the Partnership may consider alternatives to permit the incurrence of debt or the continued payment of the quarterly cash distribution to its unitholders. No assurances can be given, however, that such alternatives can or will be implemented with respect to any given quarter.

Future capital expenditures 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 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. On June 5, 2001, the Partnership issued almost $90,000,000 worth of equity pursuant to this registration statement and currently has the ability to sell approximately $210,000,000 more in equity and/or debt.

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 provided by operating activities was $48,718,000 for the six months ended January 31, 2002, compared to cash used in operating activities of $35,598,000 for the six months ended January 31, 2001. This increase in the cash provided by operations is primarily due to the significant decrease in the retail sales prices and its effect on accounts receivable this fiscal year and, to a lesser extent, a decrease in inventory and increase in accounts payable. Due to the seasonality of the retail distribution of propane, cash from operating activities for the six months ended January 31, 2002 and 2001, are not necessarily indicative of the cash from operations expected for a full year.

Investing Activities. During the first six months of fiscal 2002, the Partnership made growth and maintenance capital expenditures of $16,040,000 consisting primarily of the following:

- purchase and development of computer software,
- upgrading district plant facilities,
- additions to propane storage tanks and cylinders, and
- vehicle lease buyouts.

The Partnership has recently completed a review of its key business processes to identify areas where it can use technology and process enhancements to improve its operations. Specifically, the Partnership has identified areas where it can reduce operating expenses and improve customer satisfaction in the near future. These areas under review include improvements to the routing and scheduling of customer deliveries, customer administration and operational workflow. During fiscal 2002, the Partnership has allocated considerable resources, including the purchase and development of software, toward these improvements and intends to continue to fund the necessary capital requirements primarily from excess cash from operations generated during its record performance in fiscal 2001. For the six months ended January 31, 2002, the Partnership made growth and maintenance capital expenditures of $6,100,000 related to this initiative. Other than this initiative, the Partnership's capital requirements for repair and maintenance of property, plant and equipment are expected to remain relatively low due to limited technological change and long useful lives of propane tanks and cylinders.

The Partnership leases computers and light and medium duty trucks, tractors and trailers. The Partnership believes vehicle leasing is a cost-effective method for meeting its transportation and technology equipment needs. The Partnership purchased $707,000 of vehicles whose lease terms expired in the first six months of fiscal 2002.

The Partnership utilizes an accounts receivable securitization facility for the purpose of providing the Partnership with additional short-term working capital funding, especially during the winter heating months. As part of this 364-day facility, the Partnership transfers an interest in a pool of its trade accounts receivable to Ferrellgas Receivables, LLC, a wholly-owned, special purpose subsidiary, which sells its interest to a commercial paper conduit of Banc One, NA. The Partnership does not provide any guarantee or similar support to the collectability of these receivables. The Partnership structured the facility using a wholly-owned, special purpose subsidiary in order to facilitate the transaction as required by Banc One, N.A. and to comply with the Partnership's various debt covenants. The Partnership remits daily to this special purpose entity funds collected on its pool of trade receivables. This unconsolidated entity, together with the accounts receivable securitization facility, provides additional working capital liquidity to the Partnership at interest rates approximately one-half of one percent lower than borrowings from the Partnership's credit facility, based on the most recent twelve month period. The level of funding available from this facility is currently limited to the lesser of $60,000,000 or qualified trade accounts receivable. At January 31, 2002, $19,000,000 was funded from this facility. During the first six months of fiscal 2002, the funding outstanding from this facility was reduced by $12,000,000. This decrease in funding resulted from reduced liquidity needs of the Partnership caused primarily by the significant decrease in the amount of account receivables outstanding and lower inventory levels caused primarily from the lower wholesale propane cost environment experienced for most of this fiscal year as compared to last year. This facility was renewed effective September 25, 2001 for a one-year commitment with Banc One, N.A. In accordance with SFAS No. 140, this transaction is reflected on the Partnership's consolidated financial statements as a sale of accounts receivable and an investment in an unconsolidated subsidiary. The Partnership intends to refinance/renew this facility in September 2002, however no assurances can be given that such refinance/renewal will be obtained or, if obtained, such refinance/renewal will be on terms equally favorable to the Partnership. See further discussion about this facility in "Liquidity and Capital Resources - Investing Activities" of the Partnership's Annual Report filed under Form 10-K with the Commission on October 25, 2001.

The Partnership continues to consider opportunities to expand its operations through strategic acquisitions of retail propane operations located throughout the United States. During the six months ended January 31, 2002, the Partnership made total acquisition capital expenditures of approximately $10,916,000 pursuant to the acquisition of two retail propane companies. This amount was funded by approximately $6,387,000 of cash payments, the issuance of $2,325,000 in common units and $2,204,000 in notes and other consideration.

Financing Activities. Ferrellgas, L.P.'s credit facility, which expires June 30, 2003, is an unsecured facility and consists of the following:

- a $117,000,000 working capital, general corporate and acquisition facility, including a letter of credit sub-facility, and
- a $40,000,000 revolving working capital facility, which 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 plus an applicable margin, based upon the Partnership's debt to cash flow ratio, varying from 1.25 percent to 2.25 percent or the bank's base rate plus an applicable margin varying from 0.25 percent to 1.25 percent. The bank's base rates at January 31, 2002 and January 31, 2001 were 5.25% and 10.25%, respectively. See "Investing Activities" for a discussion of additional cash availability related to the accounts receivable facility agreement.

At January 31, 2002, $28,000,000 of borrowings and $45,475,000 of letters of credit were outstanding under this credit facility at an average interest rate of 3.5%. Letters of credit are currently used to cover obligations primarily relating to requirements for insurance coverage and risk management activities. All but $8,135,000 of the borrowings on the credit facility were classified as long-term. Based on the pricing grid contained in the credit facility, the current borrowing rate for future borrowings under the credit facility is LIBOR plus 1.5%.

At January 31, 2002, Ferrellgas, L.P. had a total of $124,525,000 of funding available under two facilities:

- $83,525,000 available for general corporate, acquisition and working capital purposes under the credit facility, and
- $41,000,000 of funding available from the accounts receivable securitization facility.

The Partnership believes that the liquidity available from 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 borrowings or letter of credit requirements include, but are not limited to, the following:

- a significant increase in the cost of propane,
- a significant delay in the collections of accounts receivable,
- increased volatility in energy commodity prices related to risk management activities,
- increased liquidity requirements imposed by insurance providers, or
- decreased vendor credit.

If one or more of these events caused a significant use of available funding, the Partnership would consider alternatives to provide increased working capital funding. No assurances can be given, however, that such alternatives could be implemented.

On September 14, 2001, and December 14, 2001, the Partnership paid cash distributions of $1.00 and $0.50 per senior and common unit, respectively, for the quarters ended July 31, 2001 and October 31, 2001, respectively. Cash distributions increased by $10,368,000 during the six-month period primarily due to 1) cash distributions of $5,604,000 paid on the senior units versus in-kind distributions paid on these senior units in the first six months of fiscal 2001 and 2) cash distributions of $4,500,000 paid on the 4,500,000 common units issued in June 2001. On March 14, 2002, the Partnership paid its second fiscal quarter cash distribution of $1.00 and $0.50 per senior and common unit.

The Partnership has provided information summarizing its liquidity and capital resources in the following discussion and table below. In addition, the Partnership has provided similar information in previous Securities Act filings in regards to its off-balance sheet financing arrangements, which include:

- the accounts receivable securitization facility (see "Investing Activities" above),
- the operating tank leases entered into during December 1999, and
- various equipment operating leases.

In December 1999, Ferrellgas, L.P. entered into a $25,000,000 operating lease involving a portion of its customer tanks. Also in December 1999, Ferrellgas, L.P. assumed a $135,000,000 operating lease involving a portion of the Thermogas acquisition related customer tanks. Both arrangements utilize a structure referred to as a synthetic operating lease, using a special purpose entity as lessor and Ferrellgas, L.P. as lessee; thus, the assets and liabilities of the special purpose entities are not included on the Partnership's consolidated balance sheet. The Partnership made $4,839,000 of rent payments related to these leases for the most recent six-month period. Both arrangements have terms that expire June 30, 2003. Prior to the end of the lease terms, the Partnership intends to secure additional financing in order to either lease or purchase the related customer tanks. No assurances can be given that such financing will be obtained or, if obtained, such financing will be on terms equally favorable to the Partnership. See further discussion about these lease arrangements in "Liquidity and Capital Resources - Investing Activities" and in "Liquidity and Capital Resources - Financing Activities" of the Partnership's Annual Report filed under Form 10-K with the Commission on October 25, 2001.

In addition, the Partnership leases property, computers and light and medium duty trucks, tractors and trailers. These arrangements are accounted for as operating leases by the Partnership. See further discussion about these leases in "Liquidity and Capital Resources - Investing Activities" and in "Liquidity and Capital Resources - Financing Activities" of the Partnership's Annual Report filed under Form 10-K with the Commission on October 25, 2001.

The following table summarizes the Partnership's long-term debt obligations as of January 31, 2002:

(in thousands)	Principal Payments due by Pay Period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Long-term debt, including current portion of long-term debt	$727,339	$2,116	$24,782	$331,753	$368,688

The following tables summarizes the Partnership's future minimum rental commitments under non-cancelable operating lease financing agreements (including the tank and equipment operating leases discussed above) as of January 31, 2002. The summary presents the future minimum rental payments and, should the Partnership elect to do so, the buyout amounts necessary to purchase the equipment off lease at the end of the lease terms.

(in thousands)	Future Minimum Rental and Buyout Amounts				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Operating leases rental payment	$ 80,350	$29,248	$ 30,107	$14,932	$6,063
Operating leases buyouts	185,535	5,293	168,538	4,520	7,184

At January 31, 2002, the Partnership had $28,000,000 outstanding on its credit facility. All but $8,135,000 of these borrowings were classified as long-term. In addition, the Partnership had letters of credit outstanding in the amount of $45,475,000 used to cover obligations relating to requirements for insurance coverage and risk management activities. At January 31, 2002, the Partnership also had $19,000,000 funded utilizing its accounts receivable securitization facility. As of January 31, 2002, in addition to the inventory on hand, the Partnership had committed to make net delivery of approximately 20,457,000 gallons at a fixed price.

Adoption of New Accounting Standards. The Financial Accounting Standards Board recently issued SFAS No. 143 "Accounting for Asset Retirement Obligations" and SFAS No. 144 "Accounting for the Impairment or Disposal of Long-lived Assets."

SFAS No. 143 requires the recognition of a liability if a company has a legal or contractual financial obligation in connection with the retirement of a tangible long-lived asset. The Partnership will implement SFAS No. 143 beginning in the fiscal year ending July 31, 2003, and expects to record a one-time charge to earnings during the first quarter of fiscal 2003, as a cumulative change in accounting principle, of between $2,000,000 and $3,000,000. The Partnership believes the implementation will not have a material effect on the its financial position, results of operations and cash flows.

SFAS No. 144 modifies the financial accounting and reporting for long-lived assets to be disposed of by sale and it broadens the presentation of discontinued operations to include more disposal transactions. The Partnership will implement SFAS No. 144 beginning in the fiscal year ending July 31, 2003, and believes the implementation will not have a material effect on its financial position, results of operations and cash flows.

Disclosures about Risk Management Activities Accounted for at Fair Value

The following table summarizes the change in the unrealized fair value of risk management contracts for the three and six months ended January 31, 2002. This table summarizes the contracts where the Partnership remains exposed to market risk:

(in thousands)	Three Months Ended January 31, 2002	Six Months Ended January 31, 2002
Unrealized fair value of contracts outstanding at beginning of period	$ 1,887	$ 5,900
Change in unrealized fair value	(4,512)	(8,525)
Unrealized fair value of contracts outstanding at January 31, 2002	$(2,625)	$(2,625)

The following table summarizes the maturity of these risk management contracts carried at fair value for the valuation methodologies utilized by the Partnership as of January 31, 2002. This table summarizes the contracts where the Partnership remains exposed to market risk:

(in thousands)	Fair Value of Contracts at Period-End	
Source of Fair Value	Maturity less than 1 year	Maturity in excess of 1 year
Prices actively quoted	$ (345)	$ -
Prices provided by other external sources	(2,280)	-
Prices based on models and other valuation methods	-	-
Unrealized fair value of contracts outstanding at January 31, 2002	$(2,625)	$ -

See additional discussion about market, counterparty credit and liquidity risks related to the Partnership's risk management trading and other than trading activities in "Quantitative and Qualitative Disclosures about Market Risk."

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. The Partnership's risk management trading activities utilize certain types of energy commodity forward contracts, options, and swaps traded on the over-the-counter financial markets and futures traded on the New York Mercantile Exchange to manage and hedge its exposure to the volatility of floating commodity prices and to protect its inventory positions. The Partnership's risk management other than trading activities also utilize certain over-the-counter energy commodity forward contracts to limit overall price risk and options to hedge its exposure to inventory price movements. The Partnership includes the results from its risk management other than trading activities in its discussion and analysis of retail margin.

Market risks associated with energy commodities are monitored daily by senior management for compliance with the Partnership's trading and other than trading risk management policies. These policies include 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. In order to minimize the liquidity risk of cash, margin or collateral requirements of counterparties for over-the-counter instruments, the Partnership attempts to balance maturities and positions with individual counterparties. Historically, the Partnership's risk management activities have not experienced significant credit related losses in any year or with any individual counterparty.

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 used in the Partnership risk management trading activities were analyzed assuming a hypothetical 10% adverse change in prices for the delivery month for all energy commodities. The potential loss in future earnings from these positions from a 10% adverse movement in market prices of the underlying energy commodities is estimated at $4,562,000. Options used in the Partnership risk management other than trading activities would not have any additional potential loss after assuming a hypothetical 10% adverse change in price as of January 2002. The preceding hypothetical analysis is limited because changes in prices may or may not equal 10%, thus actual results may differ.

Additionally, the Partnership seeks to mitigate its variable rate interest rate risk exposure on operating leases by entering into interest rate cap agreements. At January 31, 2002, the Partnership had $28,000,000 of variable rate debt, $156,800,000 outstanding in variable rate operating leases and an equal amount of interest rate cap agreements outstanding to hedge the related variable rate exposure. Thus, assuming a one percent increase in the variable interest rate to the Partnership, the interest rate risk related to the variable rate debt, the operating leases and the associated interest rate cap agreements would be a decrease to earnings of $1,711,000.

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 Form of Indemnity

(b) Reports on Form 8-K

The Partnership furnished one Form 8-K and filed one Form 8-K during the quarter ended January 31, 2002.

Date of Report	Items Reported	Financial Statements Filed
Furnished November 20, 2001	9	None
Filed December 12, 2001	5, 7(c)	Audited balance sheets of Ferrellgas, Inc. as of July 31, 2001 and 2000

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 15, 2002

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 15, 2002

By /s/ Kevin T. Kelly

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

DIRECTOR/OFFICER
INDEMNIFICATION AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of ________, 199__, by and between Ferrellgas, Inc., a Delaware corporation ("Ferrellgas"), Ferrellgas Partners, L.P., and Ferrellgas, L.P. (collectively, jointly and severally, the "Company"), and the person whose name appears on the signature page attached hereto ("Indemnitee").

WHEREAS, qualified persons are reluctant to serve privately or publicly-held corporations as directors or officers or in other capacities, unless they are provided with adequate protection against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of such corporations;

WHEREAS, the uncertainties related to obtaining adequate insurance and indemnification have increased the difficulty of attracting and retaining such persons;

WHEREAS, it is reasonable, prudent and necessary for the Company to obligate itself contractually to indemnify such persons to the fullest extent permitted by law, so that such persons will serve or continue to serve the Company and/or its subsidiaries free from undue concern that they will not be adequately indemnified;

WHEREAS, the Company and the Indemnitee recognize that the legal risks and potential liabilities, and the threat thereof, associated with lawsuits filed against persons serving the Company and/or its subsidiaries, and the resultant substantial time, expense and anxiety spent and endured in defending lawsuits bears no reasonable relationship to the compensation received by such persons, and thus poses a significant deterrent and increased reluctance on the part of experienced and capable individuals to serve the Company and/or its subsidiaries;

WHEREAS, the Certificate of Incorporation, Limited Partnership Agreement or Bylaws of the Companies, and the General Corporation Law of the State of Delaware ("Delaware Law") provide for the elimination of personal liability on the part of directors and officers for monetary damages resulting from certain actions taken in such capacity and permit indemnification of directors, officers, agents and employees and specifically provide that they are not exclusive, and thereby contemplate that contracts may be entered into between the Company and persons providing services to it; and

WHEREAS, Indemnitee is willing to serve, continue to serve, and to take on additional service for or on behalf of the Company on the condition that he/she be indemnified according to the terms of this Agreement.

NOW, THEREFORE, in consideration of the premises and promises contained herein, the parties agree as follows:

SECTION 1 . Services by Indemnitee.

In addition to serving as an officer and/or director of Ferrellgas on behalf of Ferrellgas in its own name and as general partner of Ferrellgas Partners, L.P. and Ferrellgas, L.P., Indemnitee agrees, at the Company's request or for its benefit to serve, as a director, officer, employee, agent or fiduciary (including trustee) of certain other corporations and entities, including without limitation, the Ferrell Companies, Inc. Employee Stock Ownership Plan. Nothing contained herein shall entitle or require Indemnitee to continue in Indemnitee's present position or any future position with any of the Companies.

SECTION 2 . Term of Agreement.

This Agreement shall continue until and terminate upon the later of (a) fifteen years after the date that Indemnitee ceases to hold a Corporate Status or (b) 120 days after the final termination of all pending Proceedings in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by Indemnitee pursuant to Section 8 of this Agreement.

SECTION 3 . Indemnification.

3.1. General. The Company hereby irrevocably, absolutely and unconditionally agrees to hold harmless and indemnify Indemnitee against all Liabilities and advance to Indemnitee all Expenses to the fullest extent permitted by Delaware Law, or by any amendment thereof (but in the case of any such amendment only to the extent such amendment permits the Company to provide broader indemnification than provided prior to such amendment), or by other statutory provisions authorizing or permitting such indemnification applicable from time to time hereafter.

3.2. Proceedings Other Than Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 3.2 if, by reason of Indemnitee's Corporate Status, Indemnitee is, or is threatened to be, made a party to any threatened, pending or completed Proceeding, other than a Proceeding by or in the right of the Company. Under this Section 3.2, Indemnitee shall be indemnified against all Liabilities incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal Proceeding, had no reasonable cause to believe the conduct was unlawful.

3.3. Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 3.3, if by reason of Indemnitee's Corporate Status, Indemnitee is, or is threatened to be, made a party to any threatened, pending or completed Proceeding brought by or in the right of the Company to procure a judgment in its favor. Subject to the last sentence of this Section 3.3, Indemnitee shall be indemnified against all Liabilities incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. No indemnification of Liabilities shall be made in respect of any claim, issue or matter in such Proceeding as to which Indemnitee shall have been adjudged to be liable to the Company unless and only to the extent that a court of competent jurisdiction in the State of Delaware, or the court in which such Proceeding was brought, determines such indemnification is proper.

3.4. Indemnification for Expenses as a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness in any Proceeding, he shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

3.5. Partial Indemnity. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Liabilities but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. Moreover, notwithstanding any other provision of this Agreement to the extent that Indemnitee has been successful on the merits or otherwise in defense of any Proceeding or in defense of any claim, issue or matter therein, including dismissal without prejudice, Indemnitee shall be indemnified against all Expenses incurred in connection therewith.

SECTION 4 . Advancement of Expenses.

The Company shall advance all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding within fifteen (15) days after the receipt by Ferrellgas of a statement from Indemnitee requesting such advance from time to time, whether prior to or after final disposition of such Proceeding. Each such statement shall reasonably evidence the Expenses incurred by Indemnitee. Indemnitee hereby undertakes to repay any Expenses advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified against such Expenses.

SECTION 5 . Specific Limitations on Indemnity.

Indemnitee shall not be entitled to indemnification under this Agreement:

(a) In respect to remuneration paid to or advantage gained by Indemnitee, if it shall be determined by final judgment or other final adjudication that Indemnitee was not legally entitled to such remuneration or advantage;

(b) On account of Indemnitee's conduct which is finally adjudged to have been knowingly fraudulent, deliberately dishonest, willful misconduct or outside the scope of Indemnitee's position or responsibility with the Company; or

(c) In an action by the Company against Indemnitee for the breach, violation or failure to comply by Indemnitee with any term, condition or provision set forth in the Employee Agreement and/or Option Grantee Agreement to which such Indemnitee is a party.

SECTION 6 . Procedure for Determination of Entitlement to Indemnification.

6.1. Initial Request. To obtain indemnification under this Agreement in connection with any Proceeding and for the duration thereof, Indemnitee shall submit to Ferrellgas a written request including such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Secretary of Ferrellgas shall, promptly upon receipt of any request for indemnification, advise the Board of Directors of Ferrellgas in writing that Indemnitee has requested indemnification, and the Ferrellgas Board shall in turn advise Ferrellgas, L.P. and Ferrellgas Partners, L.P.

6.2. Method of Determination. Upon written request by Indemnitee for indemnification pursuant to Section 6.1 and if required by applicable law, a determination with respect to Indemnitee's entitlement thereto shall be made: (a) by Independent Counsel, in a written opinion to the Board of Directors of Ferrellgas, a copy of which shall be delivered to Indemnitee; (b) by the Board of Directors of Ferrellgas by a majority vote of a quorum consisting of Disinterested Directors, if applicable,; or (c) by the stockholders of Ferrellgas as provided in Section 7.2. If it is determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination.

6.3. Selection, Payment and Discharge of Independent Counsel. If required, Independent Counsel shall be selected by the Board of Directors of Ferrellgas by a majority vote of a quorum consisting of Disinterested Directors, if obtainable; and Ferrellgas shall give written notice to Indemnitee advising Indemnitee of the identity of Independent Counsel so selected; or (b) if such a vote is not obtainable, Independent Counsel shall be selected by Indemnitee, and Indemnitee shall give written notice to Ferrellgas advising it of the identity of Independent Counsel so selected. In either event Indemnitee or Ferrellgas, as the case may be, within seven (7) days after such written notice of selection shall have been given, may deliver to Ferrellgas or to Indemnitee, as the case may be, a written objection to such selection. Such objection may be asserted only on the ground that Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in this Agreement and the objection shall set forth with particularity the factual basis of such assertion. If such written objection is made, Independent Counsel so selected may not serve as Independent Counsel, unless and until a court has determined that such objection is without merit. If within twenty (20) days after submission by Indemnitee of a written request for indemnification pursuant to Section 6.1, no Independent Counsel shall have been selected and not objected to, either Ferrellgas or Indemnitee may petition a court of competent jurisdiction in the State of Delaware, or another court of competent jurisdiction, for resolution of any objection which shall have been made by Ferrellgas or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by such court or by such other person as such court shall designate, and the person with respect to whom an objection is so resolved or the person so appointed shall act as Independent Counsel under Section 6.2. The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with its actions pursuant to this Agreement, and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section 6.3, regardless of the manner in which such Independent Counsel was selected or appointed. Upon the due commencement date of any judicial proceeding or arbitration pursuant to Section 8.1, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

6.4. Cooperation. Both the Company and Indemnitee shall cooperate with the person, persons or entity making the determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee or the Company, as the case may be, and reasonably necessary to such determination. Any reasonable costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification).

SECTION 7 . Presumptions and Effects of Certain Proceedings.

7.1. Burden of Proof. In making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 6.1, and the Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption.

7.2. Failure to Determine Entitlement. If the person, persons or entity empowered or selected under Section 6 to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith require(s) such additional time for the obtaining or evaluating of documentation or information relating thereto; and provided, further, that the foregoing provisions of this Section 7.2 shall not apply if the determination of entitlement to indemnification is to be made by the stockholders of Ferrellgas pursuant to Section 6.2 and if (a) within fifteen (15) days after receipt by the Company of the request for such determination, the Board of Directors of Ferrellgas has resolved to submit such determination to the stockholders of Ferrellgas for their consideration at an annual meeting thereof to be held within seventy-five (75) days after such receipt and such determination is made thereat, or (b) a special meeting of the stockholders of Ferrellgas is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called, and such determination is made thereat.

7.3. Effect of Other Proceedings. The termination of any Proceeding or of any claim, issue or matter therein, by judgment order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right to Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that the conduct was unlawful.

SECTION 8 . Remedies of Indemnitee.

8.1. Adjudication. In the event that (a) a determination is made pursuant to Section 6 that Indemnitee is not entitled to indemnification under this Agreement, (b) advancement of Expenses is not timely made pursuant to Section 4, (c) payment of indemnification is not made pursuant to Section 3 within ten (10) days after receipt by the Company of a written request therefor, or (d) payment of indemnification is not made within ten (10) days after a determination has been made the Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Sections 6 or 7 of this Agreement, Indemnitee shall be entitled to an adjudication, in any court of competent jurisdiction selected by Indemnitee within or without the State of Delaware, of Indemnitee's entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at his or her option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the rules of the American Arbitration Association. Indemnitee shall commence any action under this Section 8.1 within 180 days following the date on which Indemnitee first has the right to commence such action hereunder.

8.2. De Novo Review. In the event that a determination shall have been made pursuant to Section 6 that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to Section 8.1 shall be conducted in all respects as a de novo trial or arbitration on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any such judicial proceeding or arbitration, the Company shall have the burden of proving that Indemnitee is not entitled to indemnification or the advancement of Expenses.

8.3. Company Bound. If a determination shall have been made or deemed to have been made pursuant to Sections 6 or 7 that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration absent (a) a misstatement of a material fact or an omission of a material fact necessary to make Indemnitee's statement not materially misleading by Indemnitee, in connection with the request for indemnification or the furnishing of information or (b) a prohibition of such indemnification under applicable law. The Company shall be precluded from asserting in any such judicial proceeding or arbitration that the procedures and presumptions of this Agreement are not valid, binding, and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all provisions of this Agreement.

8.4. Expenses of Adjudication. In the event that Indemnitee seeks an adjudication or an award to enforce his or her rights under this Agreement or to recover damages for breach of this Agreement, Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company against any and all expenses (of the type described in the definition of Expenses) actually and reasonably incurred by Indemnitee in such adjudication or arbitration, but only if Indemnitee prevails therein. If it shall be determined in such adjudication or arbitration that Indemnitee is entitled to receive part, but not all, of the indemnification or advancement of Expenses sought, Indemnitee shall be entitled to recover such expenses from the Company on a pro rata basis. If it shall be determined in such adjudication or arbitration, that Indemnitee is not entitled to receive any indemnification or advancement of Expenses sought, Indemnitee shall bear his own Expenses and shall release the Company for its Expenses.

SECTION 9 . Non-Exclusivity; Subrogation.

9.1. Non-Exclusivity. The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the certificate of incorporation or bylaws of any corporation, any other agreement, a vote of stockholders a resolution of directors, or otherwise.

9.2. Subrogation. In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required to take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to embrace such rights.

9.3. No Duplicative Payment. The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent the Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement, or otherwise.

SECTION 10 . Insurance.

The Company hereby covenants and agrees that during the term hereof the Company shall use its best efforts to obtain and maintain in full force and effect directors' and officers' liability insurance ("D&O Insurance") in reasonable amounts from established and reputable insurers. Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's directors. Notwithstanding the provisions of this Section 10, the Company shall have no obligation to obtain or maintain D&O Insurance if the Company determines in good faith that such insurance is not reasonably available, the premium costs for such insurance are disproportionate to the amount of coverage provided, the coverage provided by such insurance is limited by exclusion so as to provide an insufficient benefit, or Indemnitee is covered by similar insurance maintained by an affiliate of the Company. If, at the time of the receipt of the notice of the commencement of a Proceeding, the Company has D&O Insurance in effect which could provide coverage therefore of if it had prior D&O Insurance which could provide coverage therefor, the Company shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the applicable policy or policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay on behalf of the Indemnitee all amounts payable as a result of such Proceeding in accordance with the terms of such policy or policies.

SECTION 11 . Company May Assume Defense.

In the event the Company shall be obligated to pay the Expenses of any Proceeding against Indemnitee, the Company, if appropriate, shall be entitled to assume the defense of such Proceeding, with counsel reasonably acceptable to the Indemnitee, upon the delivery to Indemnitee of written notice of its election to do so. After delivery of such notice, the Company shall not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same Proceeding; provided, however, that (a) Indemnitee shall have the right to employ counsel in any such Proceeding at Indemnitee's expense and (b) if (i) the employment of counsel by Indemnitee and the payment of such counsel's fees and expenses has been previously authorized by the Company in writing, (ii) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of any such defense and has provided Company written notice setting forth the existence and nature of such conflict of interest, or (iii) the Company shall not, in fact, have employed counsel to assume the defense of such Proceeding, the fees and expenses of Indemnitee's counsel shall be at the expense of the Company.

SECTION 12 . Definitions.

For purposes of this Agreement:

(a) "Corporate Status" means that the position of a person as a director, officer, employee, agent or fiduciary (including trustee) of any of the Companies or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise at the request of any of the Companies shall include any position which imposes duties on, or involves services by, such person with respect to an employee benefit plan, its participants or beneficiaries.

(b) "Disinterested Director" means a director of Ferrellgas, Inc. who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(c) "Expenses" means all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types of customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, or being or preparing to be a witness in a Proceeding.

(d) "Independent Counsel" means a law firm, or a member of a law firm, that is recognized as experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent either (i) the Company or Indemnitee in any matter material to either such party or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. The term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(e) "Liabilities" means any judgments, fines, penalties, or similar payments or amounts paid or incurred by Indemnitee in connection with any Proceeding, amounts paid or incurred by Indemnitee or on Indemnitee's behalf in settlement of any Proceeding (including any excise taxes assessed upon Indemnitee with respect to any employee benefit plan), and all Expenses.

(f) "Proceeding" means any action, suit, arbitration, alternate dispute resolution mechanism, investigation, administrative hearing, or any other proceeding, pending or threatened, whether civil administrative or investigative, except one initiated by the Indemnitee, unless the Board of Directors of Ferrellgas, Inc. consents thereto.

SECTION 13 . Notices.

All notices, requests, demands, and other communications hereunder shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom such notice or other communication shall have been directed or (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to Indemnitee, to the address set forth on the signature page.

(b) If to any Company, to:

Ferrellgas, Inc.
One Liberty Plaza
Liberty, Missouri 64068
Attention: Chief Financial Officer

or to such other address as may have been furnished to the other party. Promptly after receipt by the Indemnitee of notice of the commencement of or the threat of commencement of any Proceeding, the Indemnitee shall notify the Company of the commencement or the threat of commencement thereof.

SECTION 14 . General Provisions.

14.1. Successors and Assigns. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and his or her heirs, executors, and administrators. The Company shall require and cause any successor that owns substantially all of the business or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

14.2. No Adequate Remedy. The parties acknowledge that it is impossible to measure in money the damages which will accrue to either party by reason of a failure to perform any of the obligations under this Agreement. Therefore, if either party shall institute any action or proceeding to enforce the provisions hereof, the party against whom such action or proceeding is brought hereby waives the claim or defense that the party bringing such action has an adequate remedy at law, and the party against whom the action is brought shall not urge in any action or proceeding the claim or defense that the other party has an adequate remedy at law.

14.3. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware.

14.4. Severability. If any provision or provisions of this Agreement shall be held to be invalid or unenforceable for any reason whatsoever: (a) the validity, legality, and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the remaining provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision or provisions held invalid or unenforceable.

14.5. Modification and Waiver. No supplement modification, or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No amendment, alteration, rescission, or replacement of this Agreement or any provision hereof shall be effective as to Indemnitee with respect to any action taken or omitted by Indemnitee before such amendment, alteration, rescission or replacement. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver. The party shall not be deemed to have waived a right or remedy provided in or relating to this Agreement unless the waiver is in writing and duly executed by the party.

14.6. Entire Agreement. This Agreement, as to its subject matter, exclusively and completely states the rights and duties of the parties, sets forth their entire understanding, and merges all prior and contemporaneous representations, promises, proposals, discussions, and understandings by or between the parties. The parties agree that this Agreement does not in any way alter, change or supersede the terms, conditions and obligations of the parties set forth in the Employee Agreement and/or Option Grantee Agreement to which the Company or Indemnitee may be a party.

14.7. Joint and Several. The obligations of Ferrellgas, Inc., Ferrellgas Partners, L.P. and Ferrellgas, L.P. hereunder shall be joint and several.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

FERRELLGAS, INC.

By:

Title:

FERRELLGAS, L.P.

By: Ferrellgas, Inc., its General Partner

By:

Title:

FERRELLGAS PARTNERS, L.P.

By: Ferrellgas, Inc., its General Partner

By:

Title:

INDEMNITEE:

Name:

Address:

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