SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Earliest Event Reported: December 17, 1999

Date of Report: December 29, 1999

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

(Exact name of registrants as specified in their charters)

Delaware	1-111331	43-1698480
Delaware	333-06693	43-1742520
(States or other jurisdictions of incorporation or organization)	Commission file numbers	(I.R.S. Employer Identification Nos.)

One Liberty Plaza, Liberty, Missouri 64068

(Address of principal executive office, including zip code)

(816) 792-1600

(Registrant's telephone number, including area code)

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

On December 17, 1999, Ferrellgas Partners, L.P. completed the acquisition of all of the member interests in Thermogas L.L.C. from Williams Natural Gas Liquids, Inc., a subsidiary of The Williams Companies, Inc. Thermogas was the nation's fifth largest propane retailer with 180 retail outlets in 18 states, annual sales of approximately 300 million gallons, and more than 330,000 residential, industrial/commercial and agricultural customers. Ferrellgas Partners intends to utilize the Thermogas assets in its existing business, making Ferrellgas Partners the nation's largest retail propane marketer with sales approaching 1 billion gallons and more than 1 million customers in 45 states.

Immediately prior to the closing, Thermogas entered into a $183 million loan and a $135 million operating tank lease financing with Bank of America, N.A. as Administrative Agent. Upon the funding of the loan, Thermogas distributed approximately $123.7 million of the proceeds to Williams Natural Gas Liquids. The remaining proceeds from the loan remained in Thermogas. The proceeds from the operating tank lease of approximately $133.8 million, net of related financing costs, were distributed to Williams Natural Gas Liquids.

After the funding of both the loan and the operating tank lease, Ferrellgas Partners purchased all of the member interests in Thermogas from Williams Natural Gas Liquids in consideration for the issuance of senior common units representing limited partner interests of Ferrellgas Partners with a face value of $175 million. In connection with the issuance of the senior common units and as allowed by the Ferrellgas Partners partnership agreement, the general partner of Ferrellgas Partners amended and restated the agreement of limited partnership of Ferrellgas Partners to provide for the designations, preferences, optional and other rights, powers and duties of the senior common units and to delete provisions no longer operative or applicable.

The senior common units entitle the holder to annual distributions from Ferrellgas Partners equivalent to 10 percent of face value. Distributions are payable quarterly in kind through issuance of further senior common units until February 1, 2002, after which distributions are payable in cash. Distributions

are also payable in cash upon the occurrence of a Material Event, as defined in the Amended and Restated Partnership Agreement of Ferrellgas Partners. The senior common units are redeemable by Ferrellgas Partners at any time in whole or in part upon payment in cash of the face value of the senior common units and the amount of any accrued but unpaid distributions.

Williams has the right to convert any outstanding senior common units into common units at the end of two years or upon the occurrence of a Material Event. Ferrellgas Partners agreed that within 120 days after the closing, it would submit to its common unitholders a proposal to approve this common unit conversion feature and to approve an exemption under Ferrellgas Partners' partnership agreement to enable Williams to vote the common units, if such conversion were to occur. Ferrell Companies, Inc., which holds a majority of Ferrellgas Partners' common units, agreed to vote in favor of that proposal. Ferrellgas Partners has also granted Williams demand registration rights at the end of two years or upon the occurrence of a Material Event with respect to the any outstanding senior common units (or common units into which they may be convertible).

Upon the acquisition of Thermogas by Ferrellgas Partners, Ferrellgas Partners contributed its interest in Thermogas to Ferrellgas, L.P., its operating subsidiary. Ferrellgas, L.P. then assumed all of Thermogas' obligations under the loan and the operating tank lease. After the contribution and assumption, Thermogas was merged with and into Ferrellgas, L.P. and the separate existence of Thermogas ceased. Ferrellgas, L.P. succeeded to all of the rights and obligations of Thermogas and will conduct all of Thermogas' former business and operations. After the merger, the remaining funds from the loan held by Thermogas were used by Ferrellgas, L.P. to pay down existing debt and to fund transaction related costs.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial statements of businesses acquired.

It is impracticable to provide Thermogas' historical financial statements for the year ended December 31, 1997, 1998 and the nine month period ended September 30, 1999, as required by this Item within the time this Current Report on Form 8-K is required to be filed. Such historical financial statements will be filed as soon as practicable, but not more than 60 days after this Current Report on Form 8-K is required to be filed.

(b) Pro forma financial information.

It is impracticable to provide the pro forma financial statements required by this Item within the time this Current Report on Form 8-K is required to be filed. Such pro forma financial statements will be filed as soon as practicable, but not more than 60 days after this Current Report on Form 8-K is required to be filed.

(c) Exhibits.

The Exhibits listed in the Index to Exhibits are filed as part of this Current Report on Form 8-K.

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: December 29, 1999

By /s/ Kevin T. Kelly

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

FERRELLGAS PARTNERS FINANCE CORP.

Date: December 29, 1999

By /s/ Kevin T. Kelly

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

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
2.1	Purchase Agreement by and among Ferrellgas Partners, L.P., Ferrellgas L.P., and Williams Natural Gas Liquids, Inc., dated as of November 7, 1999. (Incorporated by reference to Exhibit 99.1 to Registrant's Current Report on Form 8-K filed November 12, 1999).
2.2	Amendment No. 1 to Purchase Agreement by and among Ferrellgas Partners, L.P., Ferrellgas L.P., and Williams Natural Gas Liquids, Inc., dated as of December 17, 1999.
2.3	Representations Agreement dated as of December 17, 1999 by and among Ferrellgas Partners, L.P., Ferrellgas, Inc., Ferrellgas, L.P. and Williams Natural Gas Liquids, Inc.
3.1	Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P. dated as of December 17, 1999.
4.1	Covenant to Vote dated as of December 17, 1999, executed by Ferrell Companies, Inc.
4.2	Registration Rights Agreement dated as of December 17, 1999 by and between Ferrellgas Partners, L.P. and Williams Natural Gas Liquids, Inc.
10.1	Lease Intended as Security dated as of December 15, 1999, between Thermogas L.L.C. as Lessee and First Security Bank, National Association, solely as Certificate Trustee, as Lessor.
10.2	Participation Agreement dated as of December 15, 1999, among Thermogas L.L.C., as Lessee, The Williams Companies, Inc., First Security Bank, National Association, solely as Certificate Trustee, First Security Trust Company of Nevada, solely as Agent, and the purchasers named therein.
10.3	Assumption Agreement dated as of December 17, 1999 executed by Ferrellgas, L.P. and Ferrellgas, Inc., for the benefit of the First Security Trust Company of Nevada as Agent, First Security Bank, National Association solely as Certificate Trustee and the purchasers and lenders named therein.
10.4	Credit Agreement, dated as of December 17, 1999, among Thermogas L.L.C., the Financial Institutions party thereto, and Bank of America, N.A., as Administrative Agent.

10.5	Assumption Agreement dated as of December 17, 1999 by and among Thermogas, L.L.C., Ferrellgas, L.P., Ferrellgas, Inc., and Bank of America, N.A. as Administrative Agent.
99.1	Text of press release issued by Ferrellgas Partners, L.P. on December 17, 1999.

FIRST AMENDMENT TO PURCHASE AGREEMENT

THIS FIRST AMENDMENT TO PURCHASE AGREEMENT (this "Amendment") is made and entered into as of the 17th day of December, 1999, by and among Ferrellgas Partners, L.P., a Delaware limited partnership ("Purchaser"), Ferrellgas, L.P., a Delaware limited partnership ("Subsidiary OLP"), and Williams Natural Gas Liquids, Inc., a Delaware corporation ("Seller").

W I T N E S S E T H:

WHEREAS, Purchaser, Subsidiary OLP and Seller have entered into that certain Purchase Agreement dated as of November 7, 1999 (the "Purchase Agreement"); and

WHEREAS, Purchaser, Subsidiary OLP and Seller desire to amend the Purchase Agreement as set forth in this Amendment;

WHEREAS, pursuant to Section 9.3 of the Purchase Agreement, the Purchase Agreement may be amended in writing by the parties thereto;

NOW, THEREFORE, in consideration of the premises and the respective representations, warranties, covenants, agreements and conditions contained herein, the parties hereto agree as follows:

ARTICLE

1 AMENDMENTS TO THE PURCHASE AGREEMENT 1.1 SECTION Amendment to the Preamble to the Purchase Agreement .

The Preamble to the Purchase Agreement is hereby amended by deleting the parenthetical "("Agreement")" in its entirety and inserting in lieu thereof the parenthetical "(as amended, the "Agreement")".

1.1 SECTION Amendment to Article IV of the Purchase Agreement .

Article IV of the Purchase Agreement is hereby amended by adding the following section:

"SECTION 4.13 Audit.

At Purchaser's request, Seller has engaged Ernst & Young L.L.P. to perform an audit of the Company's financial records for the nine months ended September 30, 1999, and for the years ended December 31, 1998 and December 31, 1997, and prepare financial statements whose format will comply with the requirements of the Securities and Exchange Commission. Purchaser agrees to pay the cost of the audit, including audit fees and expenses, up to $300,000; provided, however, that if Purchaser requests Ernst & Young L.L.P. to deviate in any substantial manner from the scope of the audit as set forth in Annex A hereto, Purchaser shall bear any incremental costs, even if the cost of the audit exceeds $300,000. The cost of such audit, including audit fees and expenses but excluding any incremental costs of the audit resulting from any deviation in the scope of the audit as set forth in Annex A hereto, above $300,000 will be borne by Seller. In connection with the Company's audit, Seller agrees to use its reasonable best efforts to execute a Management Representation Letter to be delivered to Ernst & Young L.L.P."

1.1 SECTION Amendment to Section 5.1(e) of the Purchase Agreement .

Section 5.1(e) of the Purchase Agreement is hereby amended by deleting the number "$120,230,000" in the second line thereof and inserting in lieu thereof the number "$118,426,550".

1.1 SECTION Amendment to Section 5.1(f) of the Purchase Agreement .

Section 5.1(f) of the Purchase Agreement is hereby amended and restated to read as follows:

"(f) Purchaser shall have received a certificate from an authorized officer of Seller, dated the Closing Date, to the effect that the conditions set forth in Sections 5.1(c), (d), (e) and (h) have been satisfied by Seller; and"

1.1 SECTION Amendment to Section 5.2(e) of the Purchase Agreement .

Section 5.2(e) of the Purchase Agreement shall be amended and restated to read as follows:

"(e) Seller shall have received a certificate from an authorized officer of the General Partner with respect to Purchaser, dated the Closing Date, to the effect that the conditions set forth in Sections 5.2(c), (d), and (j) have been satisfied by Purchaser."

1.1 SECTION Amendment to Section 7.2(a)(ii) of the Purchase Agreement .

Section 7.2(a)(ii) of the Purchase Agreement shall be amended and restated to read as follows:

"(ii) a breach of any representation or warranty contained in Article II of this Agreement or in Section 5 of the Representations Agreement (the "Representations Agreement") dated as of December 17, 1999, by and among Seller, Purchaser, Subsidiary OLP and the General Partner,"

1.1 SECTION Amendment to Section 7.2(a)(iii) of the Purchase Agreement .

Section 7.2(a)(iii) of the Purchase Agreement shall be amended and restated to read as follows:

"(iii) a breach of any agreement or covenant of Seller set forth in this Agreement or in the Representations Agreement,"

1.1 SECTION Amendment to Section 7.2(a) of the Purchase Agreement .

The last sentence in Section 7.2(a) of the Purchase Agreement shall be amended and restated to read as follows:

"Purchaser agrees that, except as provided in Section 7.5, the indemnification provided in this Section 7.2 is the exclusive remedy for money damages for a breach by Seller of any representation or warranty contained in Article II of this Agreement or in Section 5 of the Representations Agreement, any covenant contained in Article IV of this Agreement and Section 5 of the Representations Agreement and with respect to any of the transactions contemplated in this Agreement or in the Representations Agreement."

1.1 SECTION Amendment to Section 7.2(b) of the Purchase Agreement .

The preamble of Section 7.2(b) of the Purchase Agreement shall be amended and restated to read as follows:

"(b) Seller's obligations to indemnify Purchaser Indemnitees pursuant to clause (ii) of Section 7.2(a) hereof with respect to a breach of a representation or warranty contained in this Agreement and in the Representations Agreement are subject to the following limitations:"

1.1 SECTION Amendment to Section 7.2(b)(i) of the Purchase Agreement .

The first clause of Section 7.2(b)(i) of the Purchase Agreement shall be amended and restated to read as follows:

"(i) Except with respect to a breach of the representations and warranties set forth in Sections 2.2, 2.4, 2.8, 2.12 and 2.20 of this Agreement, Sections 5(d)(i), 5(d)(iv), 5(d)(v) and 5(d)(vii) of the Representations Agreement and any claim based on fraud."

1.1 SECTION Amendment to Section 7.3(a)(ii) of the Purchase Agreement .

Section 7.3(a)(ii) of the Purchase Agreement shall be amended and restated to read as follows:

"(ii) a breach of any representation or warranty contained in Article III of this Agreement or Section 1 of the Representations Agreement,"

1.1 SECTION Amendment to Section 7.3(a)(iv) of the Purchase Agreement .

Section 7.3(a)(iv) of the Purchase Agreement shall be amended and restated to read as follows:

"(ii) a breach of any agreement or covenant of Purchaser in this Agreement or in the Representations Agreement."

1.1 SECTION Amendment to Section 7.3(a) of the Purchase Agreement .

The last sentence of Section 7.3(a) of the Purchase Agreement shall be amended and restated to read as follows:

"Seller agrees that the indemnification provided in this Section 7.3 is the exclusive remedy for money damages for a breach by Purchaser, the Subsidiary OLP or the General Partner of any representation or warranty contained in Article III of this Agreement and Section 1 of the Representations Agreement, any covenant contained in Article IV of this Agreement and Section 3 of the Representations Agreement and with respect to any transactions contemplated in this Agreement and in the Representations Agreement."

1.1 SECTION Amendment to the Preamble of Section 7.3(b) of the Purchase Agreement .

The preamble of Section 7.3(b) of the Purchase Agreement shall be amended and restated to read as follows:

"(b) Purchaser's obligations to indemnify Seller Indemnitees pursuant to clause (ii) of Section 7.3(a) hereof with respect to a breach of a representation or warranty contained in this Agreement or in the Representations Agreement are subject to the following limitations:"

1.1 SECTION Amendment to Section 7.3(b)(i) of the Purchase Agreement .

The first clause of Section 7.3(b)(i) of the Purchase Agreement shall be amended and restated to read as follows:

"(i) Except with respect to a breach of the representations and warranties set forth in Section 3.9 of this Agreement, Sections 1(c), 1(j) and 1(m) of the Representations Agreement and any claim based on fraud,"

1.1 SECTION Amendment to Section 9.3 of the Purchase Agreement .

The first sentence of Section 9.3 of the Purchase Agreement shall be amended and restated to read as follows:

"This Agreement and the Representations Agreement dated as of the Closing Date constitute the entire agreement among the parties hereto pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties, and there are no warranties, representations or other agreements among the parties in connection with the subject matter hereof except as set forth specifically herein or contemplated by this Agreement or the Representations Agreement."

1.1 SECTION Amendment to Exhibit A to the Purchase Agreement .

The first bullet point under the section of Exhibit A to the Purchase Agreement entitled "Other Features- Material Event" shall be amended and restated as follows:

"o if the closing price for Common Units (on the New York Stock Exchange) is below $7.50, as appropriately adjusted for unit splits, combinations, etc., for 10 consecutive trading days;"

ARTICLE

1 GENERAL PROVISIONS

1.1 SECTION Full Force and Effect .

Except as expressly amended hereby, the Purchase Agreement shall continue in full force and effect in accordance with the provisions thereof on the date hereof.

1.1 SECTION Other Provisions .

Article IX of the Purchase Agreement shall apply to this Amendment and be incorporated herein with the same force and effect as if its provisions were reprinted as part of this Amendment.

EXECUTED as of the date first written above.

NYC:71920.3
WILLIAMS NATURAL GAS LIQUIDS, INC.

By:
Name:
Title:

FERRELLGAS PARTNERS, L.P.
By: Ferrellgas Inc., its general partner

By:
Name:
Title:

FERRELLGAS, L.P.
By: Ferrellgas, Inc., its general partner

By:
Name:
Title:

REPRESENTATIONS AGREEMENT

Dated as of December 17, 1999

by and among

FERRELLGAS PARTNERS, L.P.,

FERRELLGAS, INC.,

FERRELLGAS, L.P.,

and

WILLIAMS NATURAL GAS LIQUIDS, INC.

RELATING TO

4,375,000

SENIOR CONVERTIBLE UNITS

REPRESENTING LIMITED PARTNER INTERESTS

of

FERRELLGAS PARTNERS, L.P.

TABLE OF CONTENTS

REPRESENTATIONS AGREEMENT

This Representations Agreement ("Representations Agreement") is made and entered into as of December 17, 1999, by and among Ferrellgas Partners, L.P., a Delaware limited partnership (the "Purchaser"), Ferrellgas, L.P., a Delaware limited partnership (the "Subsidiary OLP"), Ferrellgas, Inc., a Delaware corporation (the "General Partner"), and Williams Natural Gas Liquids, Inc., a Delaware corporation (the "Seller").

The Purchaser, the Subsidiary OLP and the Seller have entered into a Purchase Agreement dated as of November 7, 1999, as amended by the First Amendment to the Purchase Agreement dated as of December 17, 1999, by and among the Purchaser, the Subsidiary OLP and the Seller (as amended, the "Thermogas Purchase Agreement"), that provides for the Purchaser's acquisition (the "Acquisition") of the Seller's equity interest in Thermogas L.L.C., a Delaware limited liability company (the "Company") (formerly, Thermogas Company, a Delaware corporation). Pursuant to Section 1.2 of the Thermogas Purchase Agreement, the Purchaser agreed, as partial consideration for the Acquisition, to issue and sell to the Seller an aggregate of 4,375,000 of the Purchaser's senior convertible units representing limited partner interests, $40.00 liquidation preference per unit (the "Senior Units").

The parties hereto believe it is in their respective best interests to make certain representations and warranties and agree to certain covenants in connection with the issuance, sale and delivery of the Senior Units in accordance with the terms of the Thermogas Purchase Agreement, specifically the delivery by the Purchaser as set forth in Section 1.7(b)(i) thereof.

The offer and sale of the Senior Units by Purchaser pursuant to the terms of the Thermogas Purchase Agreement has not been registered under the Securities Act of 1933, as amended (together with the rules and regulations of the Securities and Exchange Commission (the "Commission") promulgated thereunder, the "Securities Act"), in reliance on an exemption therefrom.

The execution of this Representations Agreement shall be concurrent with the consummation of the Acquisition. Concurrent with the execution of this Representations Agreement, the Seller and the Purchaser shall enter into a Registration Rights Agreement (the "Registration Rights Agreement" and together with this Representations Agreement and the Thermogas Purchase Agreement, the "Operative Agreements") pursuant to which the Purchaser will agree, among other things and subject to the terms thereof, to file one or more registration statements with the Commission registering under the Securities Act the sale of the Senior Units and the common units of the Purchaser (the "Common Units") issuable upon conversion of the Senior Units. The transactions contemplated by the Operative Agreements to the extent such transactions are contemplated to be completed as of the date hereof are collectively referred to herein as the "Transactions."

NOW, THEREFORE, in consideration of the mutual representations, warranties and covenants set forth herein, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. SECTION Representations and Warranties .

Each of the Purchaser, the Subsidiary OLP and the General Partner represents and warrants to, and agrees with, the Seller that:

(a) The capitalization of the Purchaser is as set forth in the Purchaser's Annual Report on Form 10-K filed by the Purchaser with the Commission on October 28, 1999 (the "Form 10-K"); the audited consolidated balance sheet of the Purchaser included in the Form 10-K presents fairly the financial position of the Purchaser as of the date indicated; the audited historical consolidated financial statements of the Purchaser included in the Form 10-K present fairly the consolidated financial position of the Purchaser and the subsidiaries of the Purchaser set forth in Exhibit A hereto (the "Subsidiaries") as of the dates indicated and their results of operations and cash flows for the periods specified; the supplemental schedules included in the Form 10-K, when considered in relation to the audited consolidated financial statements of the Purchaser, present fairly the information shown therein; such audited consolidated financial statements and supplemental schedules included in the Form 10-K have been prepared in conformity with generally accepted accounting principles applied on a substantially consistent basis, except to the extent disclosed therein; the other financial and statistical information and data included in the Form 10-K are accurately presented and prepared on a basis consistent with such financial statements and the books and records of the Purchaser and the General Partner;

(b) All of the Purchaser's outstanding Common Units and incentive distribution rights (the "Incentive Distribution Rights") have been duly authorized and

validly issued, are fully paid and non-assessable (except as such non-assessability may be affected by the Delaware Revised Uniform Limited Partnership Act (the "Delaware Act")) and are free of any preemptive or similar rights; there are no subordinated units of the Purchaser ("Subordinated Units") issued; other than the Common Units and the Incentive Distribution Rights, on the date hereof, the Senior Units are the only limited partner interests of the Purchaser issued;

(c) The Senior Units, and the limited partner interests represented thereby, and any additional Senior Units issued as distributions in respect of the Senior Units in accordance with the terms of the Purchaser Partnership Agreement (as defined below) (the "Distribution Units"), and the limited partner interests represented thereby, have been duly authorized (including due authorization under the Agreement of Limited Partnership of the Purchaser (as it may be amended or restated at or prior to the date hereof, the "Purchaser Partnership Agreement")) and, when issued and delivered to the Seller in accordance with the terms of the Thermogas Purchase Agreement and the Purchaser Partnership Agreement will be validly issued, fully paid and nonassessable (except as such nonassessability may be affected by the Delaware Act) and free of any preemptive or similar rights; the Common Units issuable upon conversion of the Senior Units pursuant to the terms of the Purchaser Partnership Agreement, and the limited partner interests represented thereby, have been duly authorized (including due authorization under the Purchaser Partnership Agreement) and when issued and delivered to the Seller upon such conversion, will be validly issued, fully paid and nonassessable (except as such nonassessability may be affected by the Delaware Act) and free of any preemptive or similar rights;

(d) The Subsidiary OLP has been duly formed and is validly existing as a limited partnership under the Delaware Act, with full partnership power and authority to own or lease the properties it owns or leases and conduct the business it conducts, as described in the Form 10-K, and has been duly qualified or registered as a foreign limited partnership for the transaction of business under the laws of each jurisdiction in which the character of the properties and assets now owned or held by it or the nature of the business now conducted by it requires it to be so licensed or qualified;

(e) The General Partner has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own or lease its properties, to conduct its business and to act as general partner of the Purchaser and of the Subsidiary OLP, in each case as described in the Form 10-K, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each jurisdiction in which the character of the properties and assets now owned or held by it or the nature of the business now conducted by it (as described in the Form 10-K) requires it to be so licensed or qualified;

(f) There are no preemptive rights or other rights to subscribe for or to purchase, nor any restriction upon the voting or transfer of, any limited partner interest in the Purchaser or the Subsidiary OLP pursuant to either the Purchaser Partnership Agreement or the Agreement of Limited Partnership of the Subsidiary OLP (as it may be amended or restated at or prior to the date hereof, the "Subsidiary OLP Agreement," and, together with the Purchaser Partnership Agreement, the "Partnership Agreements") or any agreement or other instrument to which the Purchaser or the Subsidiary OLP is a party or by which either of them may be bound (other than pursuant to the Operative Agreements, pursuant to the Amended and Restated Ferrellgas, Inc. Unit Option Plan listed as Exhibit 10.2 to the Form 10-K, as limited by the pledge and debt documents identified in the exhibit list to the Form 10-K or the restriction on voting by any Person or Group (as defined in the Purchaser Partnership Agreement) (other than the Purchaser or its affiliates) who owns beneficially 20% or more of all Common Units as set forth in the definition of "Outstanding" set forth in Article II of the Purchaser Partnership Agreement);

(g) All of the issued and outstanding shares of capital stock of, or other ownership interests in, each of the Subsidiaries or the General Partner have been duly and validly authorized and issued, and all of the shares of capital stock of, or other ownership interests in, each of the Subsidiaries are owned, directly or through other Subsidiaries, by the Purchaser, the Subsidiary OLP or the General Partner, as the case may be; all such shares of capital stock are fully paid and nonassessable (except as such non-assessability may be affected by the Delaware Act), and are owned free and clear of all liens, security interests, mortgages, pledges, encumbrances, equities or claims (each a "Lien"), other than Liens pursuant to the Pledge and Security Agreement dated as of April 16, 1996, made by the Purchaser and the General Partner in favor of American Bank National Association, as collateral agent;

(h) The Purchaser, the Subsidiary OLP and the General Partner each have the requisite partnership and corporate power and authority, as applicable, to execute, deliver and perform their respective obligations under the Partnership Agreements, this Representations Agreement and the Registration Rights Agreement, as applicable; this Representations Agreement has been duly authorized, executed and delivered by each of the Purchaser, the Subsidiary OLP and the General Partner and is a valid and legally binding agreement of the Purchaser, the Subsidiary OLP and the General Partner, enforceable against the Purchaser, the Subsidiary OLP and the General Partner in accordance with its terms subject to (i) bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights (ii) the

remedy of specific performance and injunctive and other forms of equitable relief and (iii) to the discretion of the court before which any proceeding thereof may be brought (collectively, the "Enforceability Exceptions"); the Purchaser Partnership Agreement has been duly authorized, executed and delivered by the General Partner and is a valid and legally binding agreement of the General Partner, enforceable against the General Partner in accordance with its terms, subject to the Enforceability Exceptions; the Subsidiary OLP Agreement has been duly authorized, executed and delivered by the General Partner and the Purchaser and is a valid and legally binding agreement of the General Partner and the Purchaser, enforceable against the General Partner and the Purchaser in accordance with its terms, subject to the Enforceability Exceptions; the Registration Rights Agreement has been duly authorized, executed and delivered by the Purchaser and is a valid and legally binding agreement of the Purchaser enforceable against the Purchaser in accordance with its terms, subject to the Enforceability Exceptions and except as any rights to indemnity and contribution thereunder may be limited by federal and state securities laws and public policy considerations;

(i) The issuance and sale of the Senior Units, the Common Units issuable upon conversion of the Senior Units and the Distribution Units by the Purchaser, and the execution and delivery of this Representations Agreement and the Registration Rights Agreement do not, and the fulfillment and compliance with the terms and conditions hereof and thereof and the consummation of the Transactions will not (i) conflict with any of, or require the consent of any person or entity under, the terms, conditions or provisions of the Partnership Agreements or the charter or bylaws of the General Partner, (ii) violate any provision of, or require any consent, authorization or approval under, any law or administrative regulation or any judicial, administrative or arbitration order, award, judgment, writ, injunction or decree applicable to the Purchaser, the Subsidiary OLP or the General Partner, (iii) conflict with, result in a breach of, constitute a default under (whether with notice or the lapse of time or both) or accelerate or permit the acceleration of the performance required by, or require any consent, authorization or approval under, any indenture, mortgage, loan or any material agreement, contract, commitment or instrument to which the Purchaser, the Subsidiary OLP or the General Partner is a party or by which the Purchaser, the Subsidiary OLP or the General Partner is bound or to which any asset of the Purchaser, the Subsidiary OLP or the General Partner is subject, or (iv) result in the creation of any Lien on the assets or properties of the Purchaser, the Subsidiary OLP or the General Partner under any such indenture, mortgage, loan, agreement, contract or instrument; and no consent, approval, authorization or other order of or registration or filing with, any court, regulatory body, administrative agency or other governmental body, agency or official is required for the issuance and sale of the Senior Units by the Purchaser to the Seller or the consummation by the Purchaser, the Subsidiary OLP or the General Partner, as the case may be, of the Transactions, except such consents, approvals, authorizations, orders, registrations or qualifications (i) as have been obtained prior to the date hereof, (ii) as may be required in connection with the registration under the Securities Act pursuant to the Registration Rights Agreement of the Senior Units or the Common Units issuable upon conversion of the Senior Units and the compliance with securities or Blue Sky laws of various jurisdictions or (iii) as may be required in connection with obtaining the unitholder approval for the conversion feature of the Senior Units and the issuance of Common Units upon conversion of the Senior Units as contemplated in the Purchaser Partnership Agreement (the "Unitholder Approval");

(j) None of the Purchaser, the General Partner or any of the Subsidiaries is in breach or violation of the provisions of its agreement of limited partnership or of its charter or bylaws, as the case may be;

(k) Except as set forth in the Form 10-K, none of the Purchaser, the General Partner or any of the Subsidiaries has (i) violated any law or regulation applicable to its business relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws"), (ii) lacks any permits, licenses or other approvals required of them under applicable Environmental Laws to own, lease and operate their respective properties and to conduct their business as currently conducted; is violating any terms and conditions of any such permit, license or approval, or (iii) has permitted to occur any event that allows, or after notice or lapse of time would allow, revocation, termination of any such permit, license or approval or results in any other impairment of their rights thereunder;

(l) Except as set forth in the Form 10-K, none of the Purchaser, the General Partner or any of the Subsidiaries has violated any federal, state or local law relating to discrimination in the hiring, promotion or pay of employees pursuant to any applicable wage or hour laws, nor any provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") or the rules and regulations promulgated thereunder; except as set forth in the Form 10-K, there is (i) no unfair labor practice charge or complaint against the business of the Purchaser, the General Partner or any of the Subsidiaries pending (for which notice has been provided) or, to the knowledge of the Purchaser, the Subsidiary OLP or the General Partner, threatened before the National Labor Relations Board, (ii) no labor strike, dispute, slowdown, stoppage or lockout actually pending (for which notice has been provided) against the Purchaser, the General Partner or any of the Subsidiaries or, to the knowledge of the Purchaser, the Subsidiary OLP or the General Partner, threatened against or affecting the business of the Purchaser, the General Partner or any of the Subsidiaries and (iii) neither the

Purchaser, the Subsidiary OLP nor the General Partner has received notice of the intent of any federal or state governmental authority responsible for the enforcement of labor or employment laws to conduct an investigation with respect to or relating to their respective business and no such investigation is in progress;

(m) Except as set forth in the Form 10-K, all tax returns required to be filed by the Purchaser, the General Partner or any of the Subsidiaries in any jurisdiction have been filed, other than those filings being contested in good faith, and all taxes, including withholding taxes, penalties and interest, assessments, fees and other charges due or claimed to be due from such entities have been paid, other than those being contested in good faith and for which adequate reserves have been provided or those currently payable without penalty or interest;

(n) Neither the Purchaser, the General Partner nor any of the Subsidiaries is (i) an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended (the "Investment Company Act") or (ii) a "holding company" or a "subsidiary company" of a holding company, or an "affiliate" thereof within the meaning of the Public Utility Holding Company Act of 1935, as amended;

(o) Neither the Purchaser, the Subsidiary OLP nor the General Partner or any of their respective Affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act), directly or through any agent, (i) sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of any "security" (as defined in the Securities Act) which is or would reasonably be expected to be integrated with the sale of the Senior Units or the Common Units issuable upon conversion of the Senior Units in a manner that would require registration under the Securities Act of the Senior Units or the Common Units issuable upon conversion of the Senior Units or (ii) engaged in any form of general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) in connection with the offering of the Senior Units or the Common Units issuable upon conversion of the Senior Units or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act. Assuming the accuracy of the representations and warranties of the Seller in Section 5 hereof, it is not necessary in connection with the offer, sale and delivery of the Senior Units and the Common Units issuable upon conversion of the Senior Units to Seller in the manner contemplated in this Representations Agreement, the Thermogas Purchase Agreement or the Purchaser Partnership Agreement, as applicable, to register any of the Senior Units and the Common Units issuable upon conversion of the Senior Units under the Securities Act; and

(p) No securities of the Purchaser are of the same class (within the meaning of Rule 144A under the Securities Act) as the Senior Units and listed on a national securities exchange registered under Section 6 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or quoted in a U.S. automated inter-dealer quotation system.

2. SECTION Delivery of the Units .

In connection with the delivery of the Equity Consideration (as defined in the Thermogas Purchase Agreement) pursuant to Section 1.7(b)(i) of the Thermogas Purchase Agreement, the Purchaser has delivered on the date hereof a certificate or certificates in definitive form representing the Senior Units to be issued pursuant thereto, in the form attached as Exhibit B to the Purchaser Partnership Agreement, registered in the name of the Seller.

1. SECTION Certain Covenants .

Each of the Purchaser, the Subsidiary OLP and the General Partner covenants and agrees with the Seller:

(a) For so long as the Senior Units remain outstanding, to furnish to the holders of Senior Units any reports delivered by the Purchaser to its holders of Common Units simultaneously with the delivery thereof to such holders;

(b) To pay or cause to be paid the following:

(c) (i) the fees, disbursements and expenses of the Purchaser's counsel and accountants in connection with the issuance of the Senior Units hereunder; (ii) the cost of preparing certificates representing the Senior Units, the Common Units issuable upon conversion of the Senior Units and the Distribution Units; and (iii) the cost and charges of any transfer agent; and

(d) Neither the Purchaser, the Subsidiary OLP nor the General Partner nor any of their Affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act), will sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any "security" (as defined in the Securities Act) which would reasonably be expected to be integrated with the sale of the Senior Units, the Common Units issuable upon conversion of the Senior Units or the Distribution Units in a manner which would require the registration under the Securities Act of the Senior Units, the Common Units issuable upon conversion of the Senior Units or the Distribution Units.

2. SECTION Opinion of Purchaser's Counsel .

Bracewell & Patterson LLP, special counsel for the Purchaser, the General Partner and the Subsidiary OLP, shall have furnished to the Seller its written opinion or opinions, dated the date hereof, in form and substance satisfactory to the Seller, to the effect that:

(a) Each of the Purchaser and the Subsidiary OLP is validly existing as a limited partnership under the Delaware Act;

(b) The General Partner is duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware;

(c) The Senior Units and Distribution Units, and limited partner interests represented thereby, have been duly authorized (including due authorization under the Purchaser Partnership Agreement) and, when issued and delivered to the Seller in accordance with the terms of the Thermogas Purchase Agreement and based on the representations and warranties in this Representations Agreement, in the case of the Senior Units, and in accordance with the Purchaser Partnership Agreement, in the case of the Distribution Units, will be validly issued, fully paid and nonassessable (except as such nonassessability may be affected by the Delaware Act) and free of any preemptive or similar rights; the Common Units issuable upon conversion of the Senior Units pursuant to the terms of the Purchaser Partnership Agreement, and limited partner interests represented thereby, have been duly authorized (including due authorization under the Purchaser Partnership Agreement) and, when issued and delivered to the Seller upon such conversion in accordance with the terms of the Purchaser Partnership Agreement, will be validly issued, fully paid and nonassessable (except as such nonassessability may be affected by the Delaware Act) and free of any preemptive or similar rights; to the knowledge of such counsel, there are no Subordinated Units outstanding; to the knowledge of such counsel, other than the Common Units and the Incentive Distribution Rights, the Senior Units are the only limited partner interests of the Purchaser outstanding;

(d) To the knowledge of such counsel, there are no preemptive rights or other rights to subscribe for or to purchase, nor any restriction upon the voting or transfer of, any limited partner interests in the Purchaser or the Subsidiary OLP pursuant to the Partnership Agreements or any agreement or other instrument to which the Purchaser or the Subsidiary OLP is a party or by which either of them is bound (other than pursuant to the Operative Agreements, pursuant to the Amended and Restated Ferrellgas, Inc. Unit Option Plan listed as Exhibit 10.2 to the Form 10-K, as limited by the pledge and debt documents identified in the exhibit list to the Form 10-K or the restriction on voting by any Person or Group (as defined in the Purchaser Partnership Agreement) (other than the Purchaser or its affiliates) who owns beneficially 20% or more of all Common Units as set forth in the definition of "Outstanding" set forth in Article II of the Purchaser Partnership Agreement);

(e) The Purchaser, the Subsidiary OLP and the General Partner each have the requisite partnership and corporate power and authority, as applicable, to execute, deliver and perform their respective obligations under the Purchaser Partnership Agreement, this Representations Agreement and the Registration Rights Agreement; the Purchaser Partnership Agreement, this Representations Agreement and the Registration Rights Agreement have been duly authorized, executed and delivered by the General Partner, the Purchaser and the Subsidiary OLP, as the case may be; each of this Representations Agreement and the Registration Rights Agreement constitutes a valid and legally binding agreement of the General Partner, the Purchaser and the Subsidiary OLP, as the case may be, enforceable against the General Partner, the Purchaser and the Subsidiary OLP, as the case may be, in accordance with their respective terms, subject to the Enforceability Exceptions and, with respect to the Registration Rights Agreement only, except as any rights to indemnity and contribution thereunder may be limited by federal and state securities laws and public policy considerations; and the Purchaser Partnership Agreement constitutes a valid and legally binding agreement of the General Partner, enforceable against the General Partner in accordance with its terms, subject to the Enforceability

Exceptions;

(f) Neither the issuance, sale or delivery by the Purchaser of the Senior Units or the Common Units issuable upon conversion of the Senior Units (assuming receipt of the Unitholder Approval) or the Distribution Units nor the execution, delivery or performance by the Purchaser, the Subsidiary OLP and the General Partner, as the case may be, of the Operative Agreements nor the consummation by the Purchaser, the Subsidiary OLP and the General Partner, as the case may be, of the Transactions violates, conflicts with or constitutes a breach of, or default under, any of the provisions of the Partnership Agreements or the General Partner's charter or bylaws, as applicable;

(g) Neither the Purchaser, the Subsidiary OLP nor the General Partner is (i) an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act or (ii) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" thereof within the meaning of the Public Utility Holding Company Act of 1935, as amended;

(h) Each of the Purchaser, the Subsidiary OLP and the General Partner is duly qualified or registered as a foreign limited partnership or a foreign corporation, as applicable, and is in good standing under the laws of each of the jurisdictions set forth in Annex I hereto; and to the knowledge of such counsel, such jurisdictions are the only jurisdictions in which each of the Purchaser, the Subsidiary OLP or the General Partner owns or leases property, or conducts any business, so as to require qualification or registration to conduct business as a foreign limited partnership or foreign corporation, as applicable, and in which the failure so to qualify or register would (i) have a Material Adverse Effect, or (ii) subject the holders of Senior Units or Common Units to any material liability or disability. "Material Adverse Effect" means any material adverse change in, or effect on the business, assets, financial condition or results of operations of the Purchaser and its Subsidiaries, taken as a whole; provided that any such effect resulting from (i) any change in economic conditions generally or in the industries in which the Purchaser or its Subsidiaries operate, (ii) any resignation, retirement or termination of employees and effects thereof, or (iii) any actions to be taken in connection with the consummation of the Transactions or pursuant to the Operative Documents shall not be considered when determining whether a Material Adverse Effect has occurred;

(i) Neither the issuance, sale or delivery by the Purchaser of the Senior Units nor the Common Units issuable upon conversion of the Senior Units (assuming receipt of the Unitholder Approval) or the Distribution Units nor the execution, delivery or performance by the Purchaser, the Subsidiary OLP and the General Partner, as the case may be, of the Operative Agreements nor the consummation by the Purchaser, the Subsidiary OLP and the General Partner, as the case may be, of the other Transactions, conflicts with or results in a breach or violation of any of the terms or provisions of, or constitutes a default or causes an acceleration of any obligation under, or results in the imposition or creation of (or the obligation to create or impose) a Lien with respect to, any document listed on the exhibit index to the Form 10-K, excluding in each case any conflict, breach, violation, default or acceleration which, individually or in the aggregate, would not have a Material Adverse Effect; nor will the issuance and sale of the Senior Units by the Purchaser and the execution, delivery and performance by the Purchaser, the Subsidiary OLP and the General Partner, as the case may be, of the Operative Agreements or the consummation by any of them of the other Transactions violate the Delaware General Corporation Law, the Delaware Act or, to the knowledge of such counsel and assuming the truth of the representations and warranties of all parties in the Operative Agreements, any federal law of the United States or any rules or regulations adopted by a governmental agency thereof applicable to the Purchaser, the General Partner or any of the Subsidiaries, excluding in each case any violation which, individually or in the aggregate, would not have a Material Adverse Effect;

(j) No consent, approval, authorization or other order of, or registration or filing with, any court, regulatory body, administrative agency or other governmental body, agency or official of the United States or the State of Delaware having jurisdiction over the Purchaser, the General Partner or any of the Subsidiaries or any of their properties is required for the issuance and sale by the Purchaser of the Senior Units, the Common Units issuable upon conversion of the Senior Units or the Distribution Units or for the consummation by the Purchaser, the Subsidiary OLP or the General Partner of the other Transactions or the Operative Agreements, except in each case (i) which, if not obtained, would not, individually or in the aggregate, have a Material Adverse Effect (ii) as may be required in connection with the registration under the Securities Act pursuant to the Registration Rights Agreement of the Senior Units or the Common Units issuable upon conversion of the Senior Units and the compliance with securities or Blue Sky laws of various jurisdictions, (iii) as have been, prior to the date hereof obtained, (iv) as may be required in connection with the exemption from registration of the issuance of the Senior Units pursuant to the terms of the applicable Operative Agreements, or (v) as may be required in connection with obtaining the Unitholder Approval;

(k) No securities of the Purchaser are of the same class (within the meaning of Rule 144A under the Securities Act) as the Senior Units and listed on a national securities exchange under Section 6 of the Exchange Act, or quoted in a U.S. automated inter-dealer quotation system; and

(l) Assuming the truth of the representations and warranties of the Seller, the Purchaser, the Subsidiary OLP and the General Partner in the Representations Agreement and Thermogas Purchase Agreement, the proposed issuance of the Senior Units to Seller under the circumstances contemplated by the Thermogas Purchase Agreement may be effected without registration of the sale of the Senior Units under the Securities Act.

In rendering such opinion, such counsel may (i) rely in respect of matters of fact upon certificates of the Purchaser and the Subsidiary OLP and of officers and employees of the General Partner and upon information obtained from public officials and upon opinions of other counsel issued in connection with the Transactions, and may assume that the signatures on all documents examined by such counsel are genuine, (ii) state that their opinion is limited to federal laws, the Delaware Act and the Delaware General Corporation Law and (iii) state that their opinion is furnished as special counsel for the Purchaser, the Subsidiary OLP and the General Partner and is solely for the benefit of the Seller.

1. SECTION Restrictions on Transfer; Representations and Warranties and Covenants of the Seller .

(a) From and after the date hereof, neither the Senior Units, the Distribution Units nor the Common Units issued upon conversion of the Senior Units (collectively, the "Securities") shall be transferable except upon the conditions specified in this Section 5(a) and in Sections 5(b) and 5(c), which conditions are intended to ensure compliance with the provisions of the Securities Act in respect of the transfer of any such Securities or any interest therein. The Seller shall require (in form and substance reasonably satisfactory to Purchaser) any proposed transferee of any Securities (or any interest therein) to be acquired from the Seller to agree to take and hold such Securities (or any interest therein) subject to the provisions and upon the conditions specified in this Section 5(a) and in Sections 5(b) and 5(c). Any transfer of the Securities or any interest therein otherwise than in accordance with the terms of this Representations Agreement shall be null and void.

(b) Each Security shall (unless otherwise permitted by the provisions of Section 5(c)) include a legend in substantially the following form:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED OR SOLD, UNLESS IT HAS BEEN REGISTERED UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE AND THEN ONLY IN COMPLIANCE WITH THE RESTRICTIONS ON TRANSFER SET FORTH IN THE REPRESENTATIONS AGREEMENT DATED AS OF DECEMBER 17, 1999, A COPY OF WHICH MAY BE OBTAINED FROM THE PARTNERSHIP AT ITS PRINCIPAL EXECUTIVE OFFICE.

(i) Five business days prior to any proposed transfer (other than transfers of Securities (i) registered under the Securities Act or (ii) to be made in reliance on Rule 144A under the Securities Act) of any Securities, the holder thereof shall give written notice to the Purchaser of such holder's intention to effect such transfer, setting forth the manner and circumstances of the proposed transfer, and shall be accompanied by (i) an opinion of counsel reasonably satisfactory to the Purchaser addressed to the Purchaser to the effect that the proposed transfer of such Securities may be effected without registration under the Securities Act, (ii) such representation letters in form and substance reasonably satisfactory to the Purchaser to ensure compliance with the provisions of the Securities Act and (iii) such letters in form and substance reasonably satisfactory to the Purchaser from each such transferee stating such transferee's agreement to be bound by the terms of this Representations Agreement. Such proposed transfer may be effected only if the Purchaser shall have received such satisfactory notice of transfer, opinion of counsel, representation letters and other letters referred to in the immediately preceding sentence, whereupon the holder of such Securities shall be entitled to transfer such Securities in accordance with the terms of the notice delivered by the holder to the Purchaser. Each certificate evidencing the Securities transferred as above provided shall bear the legend set forth in Section 5(b), except that such certificate shall not bear such legend if the opinion of counsel referred to above is to the further effect that neither such legend nor the restrictions on transfer in Sections 5(a) through 5(c) are required in order to ensure compliance with the provisions of the Securities Act.

(ii) Five business days prior to any proposed transfer of any Securities to be made in reliance on Rule 144A, the holder thereof shall give written notice to the Purchaser of such holder's intention to effect such transfer, setting forth the manner and circumstances of the proposed transfer and certifying that such transfer will be made (A) in full compliance with Rule 144A and (B) to a transferee that (I) such holder reasonably believes to be a "qualified institutional buyer" within the meaning of Rule 144A and (II) is aware that such transfer will be made in reliance on Rule 144A. Such proposed transfer may be effected only if the Purchaser shall have received such notice of transfer and an agreement from such transferee agreeing to be bound by the terms of this Representations Agreement reasonably satisfactory to Purchaser, whereupon the holder of such Securities may transfer them in accordance with the terms of the notice delivered by the holder to the Purchaser. Each certificate evidencing the Securities transferred as above provided shall bear the legend set forth in Section 5(b).

(b) The Seller represents and warrants to the Purchaser that:

(i) the Seller is an accredited investor within the meaning of Rule 501(a) under the Securities Act and the Securities to be acquired by it pursuant to the Operative Agreements are being acquired for its own account and not with a view toward, or for sale in connection with, any distribution thereof except in compliance with applicable United States federal and state securities laws;

(ii) Seller has the requisite corporate power and authority, to execute, deliver and perform its obligations under the Operative Agreements, as applicable;

(iii) this Representations Agreement has been duly authorized, executed and delivered by the Seller;

(iv) Seller is aware that no federal or state governmental authority has made any finding or determination as to the fairness of an investment in the Securities, nor any recommendation or endorsement with respect thereto; Seller acknowledges that the sale of the Senior Units has not been registered under the Securities Act in reliance on an exemption therefrom;

(v) the execution and delivery of this Representations Agreement does not, and the fulfillment and compliance with the terms and conditions hereof will not (A) conflict with any of, or require the consent of any person or entity under, the terms, conditions or provisions of the charter or bylaws of the Seller or the limited liability company agreement of the Company, (B) violate any provision of, or require any consent, authorization or approval under, any law or administrative regulation or any judicial, administrative or arbitration order, award, judgment, writ, injunction or decree applicable to the Seller or the Company, (C) conflict with, result in a breach of, constitute a default under (whether with notice or the lapse of time or both) or accelerate or permit the acceleration of the performance required by, or require any consent, authorization or approval under, any indenture, mortgage, lien or any material agreement, contract, commitment or instrument to which the Seller or the Company is a party or by which the Seller or the Company is bound or to which any asset of the Company is subject, or (D) result in the creation of any lien, charge or encumbrance on the assets or properties of the Company under any such indenture, mortgage, lien, agreement, contract or instrument, excluding from the foregoing clauses (B), (C), and (D) such conflicts, violations, breaches, defaults,

accelerations, liens, charges or encumbrances which become applicable as a result of the business or activities in which the Purchaser is engaged or proposes to be engaged or as a result of any acts or omissions by, or the status of or any facts pertaining to, Purchaser;

(vi) this Representations Agreement constitutes a valid and binding agreement of the Seller, enforceable in accordance with its terms, subject to the Enforceability Exceptions; and

(vii) the Seller has such knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Securities and the Seller is capable of bearing the economic risks of such investment.

(c) the Seller covenants and agrees with the Purchaser that it will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, the Senior Units without the prior written consent of the Purchaser before the earlier of (i) February 1, 2002, or (ii) the occurrence of a Material Event (as defined in the Purchaser Partnership Agreement). Notwithstanding the foregoing, nothing herein shall prohibit the Seller from (i) transferring the Senior Units to any of its affiliates, so long as such affiliates agree in writing to be bound by the provisions of this Representations Agreement, or (ii) offering, selling, contracting to sell, pledging or otherwise disposing, directly or indirectly, the Common Units issued upon conversion of the Senior Units.

2. SECTION Survival and Indemnification .

All representations and warranties made in this Representations Agreement shall survive the date hereof until one year after the date hereof. Notwithstanding the foregoing, the representations and warranties contained in Section 1(m) shall survive until 60 days after the expiration of the applicable statute of limitations and the representations and warranties contained in Section 1(c), 1(j), 5(d)(i), 5(d)(iv), 5(d)(v) and 5(d)(vii) shall survive indefinitely. The applicable period of survival with respect to the survival of the representations and warranties in this Representations Agreement is sometimes referred to herein and in the Thermogas Purchase Agreement as the "Indemnity Period." The parties hereto intend to shorten the statute of limitations and agree that no claims or causes of action may be brought against the Seller, the Purchaser, the Subsidiary OLP, the General Partner or any of their directors, officers, employees, affiliates, controlling persons, agents or representatives based upon, directly or indirectly, any of the representations or warranties contained in this Representations Agreement after the Indemnity Period. This Section 6(a) shall not limit any covenant or agreement of the parties which contemplates performance after the date hereof. The parties hereto agree that the indemnification provided in Article VII of the Thermogas Purchase Agreement is the exclusive remedy for money damages for a breach by any party of any representation or warranty contained in Section 1 and Section 5 of this Representations Agreement, any covenant contained in Section 3 and Section 5 of this Representations Agreement and with respect to the transactions contemplated by this Representations Agreement.

1. SECTION Allocation .

For purposes of Section 704(c) of the Internal Revenue Code of 1984, as amended, the Seller, the Purchaser and the Subsidiary OLP covenant to use their good faith reasonable best efforts to agree to the value of each of the assets of the Company, the depreciation lives of each of the assets of the Company and the depreciation method to be used with respect to each of the assets of the Company, in a manner consistent with the Purchaser's past practices with respect to similar assets, within 90 days after the date hereof.

1. SECTION Notices .

Any notice, request, instruction, correspondence or other document to be given hereunder by any party to any other (herein collectively called "Notice") shall be in writing and delivered in person or by courier service requiring acknowledgment of receipt of delivery or mailed by certified mail, postage prepaid and return receipt requested, or by telecopier, as follows:

If to the Seller:

Williams National Gas Liquids, Inc.
One Williams Center, Suite 3000
Tulsa, Oklahoma 74172
Attention: Don Wellendorf
Telecopy: (918) 573-3864

with a copy to:

The Williams Companies, Inc.
One Williams Center, Suite 4100
Tulsa, Oklahoma 74172
Attention: Lonny Townsend
Telecopy: (800) 479-6690

Andrews & Kurth L.L.P.
805 Third Avenue

New York, New York 10022
Attention: Michael Swidler
Telecopy: (212) 850-2929

and if to any of the Purchaser, the General Partner and the Subsidiary OLP to:

Ferrellgas Partners, L.P./Ferrellgas, L.P.
c/o Ferrellgas, Inc.
One Liberty Plaza
Liberty, Missouri 64068
Attention: James M. Hake
Telecopy: (816) 792-7985

with a copy to:

Bracewell & Patterson LLP
South Tower Pennzoil Place
711 Louisiana Street, Suite 2900
Houston, Texas 77002
Attention: David L. Ronn
Telecopy: (713)222-3208

Bryan Cave LLP
3500 One Kansas City Place
1200 Main Street
Kansas City, MO 64105
Attention: Morris K. Withers
Telecopy: (816)374-3300

Notice given by personal delivery, courier service or mail shall be effective upon actual receipt. Notice given by telecopier shall be confirmed by appropriate answer back and shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. All Notices by telecopier shall be confirmed promptly after transmission in writing by certified mail or personal delivery. Any party may change any address to which Notice is to be given to it by giving Notice as provided above of such change of address.

1. SECTION Governing Law .

The provisions of this Representations Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York and the federal laws of the United States. Each party hereto hereby irrevocably and unconditionally (a) consents and submits to the exclusive jurisdiction of the courts of the State of New York and of the United States of America located in the State of New York (each a "New York Court") for any actions, suits or proceedings arising out of or relating to this Representations Agreement or the transactions contemplated hereby, (b) agrees that any such action, suit or proceedings may be brought or maintained only in a New York Court and in no other forum, (c) agrees that service of any process, summons, notice or document by U.S. registered or certified mail to such party at the address specified in Section 8 shall be effective service of process in any such action, suit or proceeding in any New York Court, and (d) irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of or related to this Representations Agreement or the transactions contemplated hereby in any New York Court located in New York, New York, and further irrevocably and unconditionally waives and agrees not to plead a claim in any such court that any such action, suit or proceeding has been brought in an inconvenient forum.

1. SECTION Entire Agreement; Amendment and Waivers .

This Representations Agreement and the Thermogas Purchase Agreement constitute the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties, and there are no warranties, representations or other agreements among the parties in connection with the subject matter hereof except as set forth specifically herein or contemplated hereby. All exhibits, annexes, certificate and other instruments or documents referred to herein are hereby specifically made a part of this Representations Agreement. Any reference in this Representations Agreement to an Exhibit or Annex shall be deemed to be a reference to an Exhibit or Annex to this Representations Agreement unless the context expressly indicates otherwise. The failure of a party to exercise any right or remedy shall not be deemed or constitute a waiver of such right or remedy in the future. No waiver of any of the provisions of this Representations Agreement shall be deemed or shall constitute a waiver of any other provision hereof (regardless of whether similar), nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided.

1. SECTION Binding Effect and Assignment .

This Representations Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns; but neither this Representations Agreement nor any of the rights,

benefits or obligations hereunder shall be assigned, by operation of law or otherwise, by any party hereto without the prior written consent of either Purchaser or Seller, as applicable, other than as set forth herein. Nothing in this Representations Agreement, express or implied, is intended to confer upon any person or entity other than the parties hereto and their respective permitted successors and assigns, any rights, benefits or obligations hereunder.

1. SECTION Severability .

If any provision of this Representations Agreement is rendered or declared illegal or unenforceable by reason of any existing or subsequently enacted legislation or by decree of a court of last resort, the parties hereto shall promptly meet and negotiate substitute provisions for those rendered or declared illegal or unenforceable, but all of the remaining provisions of this Representations Agreement shall remain in full force and effect.

1. SECTION Parties in Interest .

This Representations Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Representations Agreement, express or implied, is intended to or shall confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

1. SECTION Headings; Survival of Covenants .

The headings of the sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Representations Agreement. To the extent covenants hereunder are intended to be performed following the date hereof, such covenants shall survive.

1. SECTION Execution .

This Representations Agreement may be executed in multiple counterparts each of which shall be deemed an original and all of which shall constitute one instrument.

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

FERRELLGAS PARTNERS, L.P.

By: Ferrellgas, Inc.,
its General Partner

By:
Name:
Title:

FERRELLGAS, INC.

By:
Name:
Title:

FERRELLGAS L.P.

By: Ferrellgas, Inc.,
its General Partner

By:
Name:
Title:

WILLIAMS NATURAL GAS LIQUIDS, INC.

By:
Name:
Title:

SUBSIDIARIES

Ferrellgas, L.P., a Delaware limited partnership

Ferrellgas Partners Finance Corp., a Delaware corporation

JURISDICTIONS IN WHICH THE PURCHASER, THE SUBSIDIARY OLP AND THE GENERAL PARTNER ARE QUALIFIED

AMENDED AND RESTATED

AGREEMENT

OF

LIMITED PARTNERSHIP

OF

FERRELLGAS PARTNERS, L.P.

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.Limited Partner.
.Liquidation Date.
.Liquidator.
.Maintenance Capital Expenditures.
.Material Event.
.Merger Agreement.
.Minimum Quarterly Distribution.
.National Securities Exchange.
.Net Agreed Value.
.Net Income.
.Net Loss.
.Net Termination Gain.
.Net Termination Loss.
.Non-citizen Assignee.
.Nonrecourse Built-in Gain.
.Nonrecourse Deductions.
.Nonrecourse Liability.
.Notice of Election to Purchase.
.Operating Partnership.
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.Opinion of Counsel.
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.Original Agreement.
.Outstanding.
.Overallotment Option.
.Partners.
.Partner Nonrecourse Debt.
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.Partnership.
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.Partnership Minimum Gain.
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.Person.
.Pro Rata.
.Purchase Date.
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.Recapture Income.
.Record Date.
.Record Holder.
.Redeemable Units.
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.Residual Gain or Residual Loss.
.Restricted Activities.
.Second Liquidation Target Amount.
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.Senior Unit.
.Senior Unit Conversion Option.
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.Subordinated Unit.
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AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP OF

FERRELLGAS PARTNERS, L.P.

THIS AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF FERRELLGAS PARTNERS, L.P., dated as of December 17, 1999, is entered into by and among Ferrellgas, Inc., a Delaware corporation, as the General Partner, the Persons who are Limited Partners in the Partnership as of the date hereof and those Persons who become Partners in the Partnership or parties hereto as provided herein. In consideration of the covenants, conditions and agreements contained herein, the parties hereto hereby agree as follows:

RECITALS:

WHEREAS, the General Partner and the Organizational Limited Partner organized the Partnership as a Delaware limited partnership pursuant to an Agreement of Limited Partnership dated as of July 5, 1994 (the .Original Agreement.);

WHEREAS, the Partnership, the Operating Partnership and Williams Natural Gas Liquids, Inc., a Delaware corporation, have entered into a Purchase Agreement dated November 7, 1999, relating to the sale of Thermogas, L.L.C. to the Partnership in consideration, in part, for the issuance of Senior Units, as defined below; and

WHEREAS, in order to effect the transactions contemplated by the WNGL Purchase Agreement and other matters, it is necessary to amend this Agreement as provided herein; and

WHEREAS, Section 4.3 of the Original Agreement provides that the General Partner may cause the Partnership to issue additional equity interests with such designations, preferences and relative, participating, optional or other special rights, powers and duties as fixed by the General Partner in its sole discretion; and

WHEREAS, Section 15.1 of the Original Agreement provides that the General Partner may amend the Original Agreement without the consent of any Limited Partner to reflect an amendment that, in the sole discretion of the General Partner, is necessary or desirable in connection with the authorization for issuance of any class or series of Partnership Securities pursuant to Section 4.3;

NOW, THEREFORE, the Original Agreement is hereby amended and, as so amended, is restated in its entirety as follows:

1 ARTICLE ORGANIZATIONAL MATTERSARTICLE 2 3
ORGANIZATIONAL MATTERS

1.1 Section Formation and Continuation .
1.2
(a) The General Partner and the Organizational Limited Partner previously formed the Partnership as a limited partnership pursuant to the provisions of the Delaware Act. The General Partner hereby amends and restates the Original Agreement in its entirety to continue the Partnership as a limited partnership pursuant to the provisions of the Delaware Act and to set forth the rights and obligations of the Partners and certain matters related thereto. This amendment and restatement shall become effective on the date of this Agreement. Except as expressly provided to the contrary in this Agreement, the rights and obligations of the Partners and the administration, dissolution and termination of the Partnership shall be governed by the Delaware Act. All Partnership Interests shall constitute personal property of the owner thereof for all purposes.

(b) In connection with the formation of the Partnership, Ferrellgas was admitted as a general partner of the Partnership, and the Organizational Limited Partner was admitted as a limited partner of the Partnership. As of the Initial Closing Date, the interest in the Partnership of the Organizational Limited Partner was terminated and the Organizational Limited Partner withdrew as a limited partner of the Partnership.

1.3 Section Name . The name of the Partnership is .Ferrellgas Partners, L.P.. The Partnership's business may be conducted under any other name or names deemed necessary or appropriate by the General Partner, including, without limitation, the name of the General Partner. The words .Limited Partnership,. .L.P.,. .Ltd.. or similar words or letters shall be included in the Partnership's name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner in its sole discretion may change the name of the Partnership at any time and from time to time and shall notify the Limited Partners of such change in the next regular communication to the Limited Partners.

1.1 Section Registered Office; Principal Office . Unless and until changed by the General Partner, the registered office of the Partnership in the State of Delaware shall be located at The Corporation Trust Center, 1209 Orange Street,

New Castle County, Wilmington, Delaware 19801, and the registered agent for service of process on the Partnership in the State of Delaware at such registered office shall be The Corporation Trust Company. The principal office of the Partnership shall be located at, and the address of the General Partner shall be, One Liberty Plaza, Liberty, Missouri 64068, or such other place as the General Partner may from time to time designate by notice to the Limited Partners. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner deems necessary or appropriate.

1.1 Section Power of Attorney .

1.2
(a) Each Limited Partner and each Assignee hereby constitutes and appoints each of the General Partner and, if a Liquidator shall have been selected pursuant to Section 14.3, the Liquidator severally (and any successor to either thereof by merger, transfer, assignment, election or otherwise) and each of their authorized officers and attorneys-in-fact, with full power of substitution, as his true and lawful agent and attorney-in-fact, with full power and authority in his name, place and stead, to:

(i) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (A) all certificates, documents and other instruments (including, without limitation, this Agreement and the Certificate of Limited Partnership and all amendments or restatements thereof) that the General Partner or the Liquidator deems necessary or appropriate to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware and in all other jurisdictions in which the Partnership may conduct business or own property; (B) all certificates, documents and other instruments that the General Partner or the Liquidator deems necessary or appropriate to reflect, in accordance with its terms, any amendment, change, modification or restatement of this Agreement; (C) all certificates, documents and other instruments (including, without limitation, conveyances and a certificate of cancellation) that the General Partner or the Liquidator deems necessary or appropriate to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement; (D) all certificates, documents and other instruments relating to the admission, withdrawal, removal or substitution of any Partner pursuant to, or other events described in, Article XI, XII, XIII or XIV or the Capital Contribution of any Partner; (E) all certificates, documents and other instruments relating to the determination of the rights, preferences and privileges of any class or series of Units or other Partnership Securities issued pursuant to Section 4.2; and (F) all certificates, documents and other instruments (including, without limitation, agreements and a certificate of merger) relating to a merger or consolidation of the Partnership pursuant to Article XVI; and

(ii) execute, swear to, acknowledge, deliver, file and record all ballots, consents, approvals, waivers, certificates, documents and other instruments necessary or appropriate, in the sole discretion of the General Partner or the Liquidator, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action that is made or given by the Partners hereunder or is consistent with the terms of this Agreement or is necessary or appropriate, in the sole discretion of the General Partner or the Liquidator, to effectuate the terms or intent of this Agreement; provided, that when required by Section 15.3 or any other provision of this Agreement that establishes a percentage of the Limited Partners or of the Limited Partners of any class or series required to take any action, the General Partner or the Liquidator may exercise the power of attorney made in this Section 1.4(a)(ii) only after the necessary vote, consent or approval of the Limited Partners or of the Limited Partners of such class or series, as applicable.

Nothing contained in this Section 1.4(a) shall be construed as authorizing the General Partner to amend this Agreement except in accordance with Article XV or as may be otherwise expressly provided for in this Agreement.

(a) The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive and not be affected by the subsequent death, incompetency, disability, incapacity, dissolution, bankruptcy or termination of any Limited Partner or Assignee and the transfer of all or any portion of such Limited Partner's or Assignee's Partnership Interest and shall extend to such Limited Partner's or Assignee's heirs, successors, assigns and personal representatives. Each such Limited Partner or Assignee hereby agrees to be bound by any representation made by the General Partner or the Liquidator acting in good faith pursuant to such power of attorney; and each such Limited Partner or Assignee hereby waives any and all defenses that may be available to contest, negate or disaffirm the action of the General Partner or the Liquidator taken in good faith under such power of attorney. Each Limited Partner or Assignee shall execute and deliver to the General Partner or the Liquidator, within 15 days after receipt of the General Partner's or the Liquidator's request therefor, such further designation, powers of attorney and other instruments as the General Partner or the Liquidator deems necessary to

effectuate this Agreement and the purposes of the Partnership.

1.2 Section Term . The Partnership commenced upon the filing of the Certificate of Limited Partnership in accordance with the Delaware Act and shall continue in existence until the close of Partnership business on July 31, 2084, or until the earlier dissolution of the Partnership in accordance with the provisions of Article XIV.

1.1 Section Possible Restrictions on Transfer . Notwithstanding anything to the contrary contained in this Agreement, in the event of (a) the enactment (or imminent enactment) of any legislation, (b) the publication of any temporary or final regulation by the Treasury Department, (c) any ruling by the Internal Revenue Service or (d) any judicial decision, that, in any such case, in the Opinion of Counsel, would result in the taxation of the Partnership as an association taxable as a corporation or would otherwise result in the Partnership's being taxed as an entity for federal income tax purposes, then, the General Partner may impose such restrictions on the transfer of Units or Partnership Interests as may be required, in the Opinion of Counsel, to prevent the Partnership from being taxed as an association taxable as a corporation or otherwise as an entity for federal income tax purposes, including, without limitation, making such amendments to this Agreement as the General Partner in its sole discretion may determine to be necessary or appropriate to impose such restrictions, provided, that any such amendment to this Agreement that would result in the delisting or suspension of trading of any class of Units on any National Securities Exchange on which such class of Units is then traded must be approved by the holders of at least two-thirds of the Outstanding Units of such class (excluding the vote in respect of Units held by the General Partner and its Affiliates).

1 ARTICLE DEFINITIONSARTICLE 2 3 DEFINITIONS
4

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

.Acquisition. means any transaction in which the Partnership or the Operating Partnership acquires (through an asset acquisition, merger, stock acquisition or other form of investment) control over all or a portion of the assets, properties or business of another Person for the purpose of increasing the operating capacity of the Partnership and the Operating Partnership, taken as a whole, from the operating capacity of the Partnership and the Operating Partnership, taken as a whole, existing immediately prior to such transaction.

.Additional Limited Partner. means a Person admitted to the Partnership as a Limited Partner pursuant to Section 12.4 and who is shown as such on the books and records of the Partnership.

.Additional Senior Units. has the meaning assigned to such term in Section 5.4.

.Adjusted Capital Account. means the Capital Account maintained for each Partner as of the end of each fiscal year of the Partnership, (a) increased by any amounts that such Partner is obligated to restore under the standards set by Treasury Regulation Section 1.704-1(b)(2)(ii)(c) (or is deemed obligated to restore under Treasury Regulation Sections 1.704-2(g) and 1.704-2(i)(5)) and (b) decreased by (i) the amount of all losses and deductions that, as of the end of such fiscal year, are reasonably expected to be allocated to such Partner in subsequent years under Sections 704(e)(2) and 706(d) of the Code and Treasury Regulation Section 1.751-1(b)(2)(ii), and (ii) the amount of all distributions that, as of the end of such fiscal year, are reasonably expected to be made to such Partner in subsequent years in accordance with the terms of this Agreement or otherwise to the extent they exceed offsetting increases to such Partner's Capital Account that are reasonably expected to occur during (or prior to) the year in which such distributions are reasonably expected to be made (other than increases as a result of a minimum gain chargeback pursuant to Section 5.1(d)(i) or 5.1(d)(ii)). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith. The .Adjusted Capital Account. in respect of a Common Unit or any other specified interest in the Partnership shall be the amount which such Adjusted Capital Account would be if such Common Unit or other interest in the Partnership were the only interest in the Partnership held by a Limited Partner.

.Adjusted Property. means any property the Carrying Value of which has been adjusted pursuant to Section 4.5(d)(i) or 4.5(d)(ii). Once an Adjusted Property is deemed distributed by, and recontributed to, the Partnership for federal income tax purposes upon a termination thereof pursuant to Section 708 of the Code, such property shall thereafter constitute a Contributed Property until the Carrying Value of such property is subsequently adjusted pursuant to Section 4.5(d)(i) or 4.5(d)(ii).

.Affiliate. means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by or is

under common control with, the Person in question. As used herein, the term .control. means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

.Agreed Allocation. means any allocation, other than a Required Allocation, of an item of income, gain, loss or deduction pursuant to the provisions of Section 5.1, including, without limitation, a Curative Allocation (if appropriate to the context in which the term .Agreed Allocation.
is used).

.Agreed Value. of any Contributed Property means the fair market value of such property or other consideration at the time of contribution as determined by the General Partner using such reasonable method of valuation as it may adopt. The General Partner shall, in its sole discretion, use such method as it deems reasonable and appropriate to allocate the aggregate Agreed Value of Contributed Properties contributed to the Partnership in a single or integrated transaction among each separate property on a basis proportional to the fair market value of each Contributed Property.

.Agreement. means this Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P., as it may be amended, supplemented or restated from time to time.

.Assignee. means a Non-citizen Assignee or a Person to whom one or more Units have been transferred in a manner permitted under this Agreement and who has executed and delivered a Transfer Application as required by this Agreement, but who has not become a Substituted Limited Partner.

.Associate. means, when used to indicate a relationship with any Person, (i) any corporation or organization of which such Person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting stock or other voting interest of such corporation or organization; (ii) any trust or other estate in which such Person has at least a 20% beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity; and (iii) any relative or spouse of such Person, or any relative of such spouse, who has the same residence as such Person.

.Audit Committee. means a committee of the Board of Directors of the General Partner composed entirely of two or more directors who are neither officers nor employees of the General Partner or any of its Affiliates.

.Available Cash. means, with respect to any Quarter and without duplication:

(a) the sum of:

(i) all cash receipts of the Partnership during such Quarter from all sources (including, without limitation, distributions of cash received from the Operating Partnership and cash proceeds from Interim Capital Transactions, but excluding cash proceeds from Termination Capital Transactions), plus, in the case of the Quarter ending October 31, 1994, the cash balance of the Partnership as of the close of business on the Initial Closing Date; and

(ii) any reduction with respect to such Quarter in a cash reserve previously established pursuant to clause (b)(ii) below (either by reversal or utilization) from the level of such reserve at the end of the prior Quarter;

(b) less the sum of:

(i) all cash disbursements of the Partnership during such Quarter, including, without limitation, disbursements for operating expenses, taxes, if any, debt service (including, without limitation, the payment of principal, premium and interest), redemption of Partnership Interests, capital expenditures, contributions, if any, to the Operating Partnership and cash distributions to Partners (but only to the extent that such cash distributions to Partners exceed Available Cash for the immediately preceding Quarter); and

(ii) any cash reserves established with respect to such Quarter, and any increase with respect to such Quarter in a cash reserve previously established pursuant to this clause (b)(ii) from the level of such reserve at the end of the prior Quarter, in such amounts as the General Partner determines in its reasonable discretion to be necessary or appropriate (A) to provide for the proper conduct of the business of the Partnership or the Operating Partnership (including, without

limitation, reserves for future capital expenditures), (B) to provide funds for distributions with respect to Units and any general partner interests in the Partnership in respect of any one or more of the next four Quarters provided, however, that for so long as any Senior Units are Outstanding, the General Partner may not establish cash reserves for distributions pursuant to Section 5.4(b), (c), (d), (e) or (f) unless the General Partner has determined that in its judgment the establishment of such reserves will not prevent the Partnership from making distributions pursuant to Section 5.4(a) with respect to the four Quarters next following the date on which such cash reserves are to be so established or (C) because the distribution of such amounts would be prohibited by applicable law or by any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which the Partnership or the Operating Partnership is a party or by which any of them is bound or its assets are subject; provided, however, that for purposes of determining Available Cash for the Quarter ending October 31, 1994, such Quarter shall be deemed to have commenced on the Initial Closing Date.

Notwithstanding the foregoing, .Available Cash. with respect to any Quarter shall not include any cash receipts or reductions in reserves or take into account any disbursements made or reserves established in each case after the Liquidation Date. Taxes paid by the Partnership on behalf of, or amounts withheld with respect to, all or less than all of the Partners shall not be considered cash disbursements of the Partnership that reduce Available Cash, but the payment or withholding thereof shall be deemed to be a distribution of Available Cash to the Partners other than the Limited Partners holding Senior Units. Alternatively, in the discretion of the General Partner, such taxes (if pertaining to all Partners) may be considered to be cash disbursements of the Partnership which reduce Available Cash, but the payment or withholding thereof shall not be deemed to be a distribution of Available Cash to such Partners. Notwithstanding the foregoing, the payment of taxes by the Partnership on behalf of Limited Partners holding Senior Units will not satisfy the obligation of the Partnership to pay the Senior Unit Distribution.

.Book-Tax Disparity. means with respect to any item of Contributed Property or Adjusted Property, as of the date of any determination, the difference between the Carrying Value of such Contributed Property or Adjusted Property and the adjusted basis thereof for federal income tax purposes as of such date. A Partner's share of the Partnership's Book-Tax Disparities in all of its Contributed Property and Adjusted Property will be reflected by the difference between such Partner's Capital Account balance as maintained pursuant to Section 4.5 and the hypothetical balance of such Partner's Capital Account computed as if it had been maintained strictly in accordance with federal income tax accounting principles.

.Business Day. means Monday through Friday of each week, except that a legal holiday recognized as such by the government of the United States or the states of New York or Missouri shall not be regarded as a Business Day.

.Capital Account. means the capital account maintained for a Partner pursuant to Section 4.5.

.Capital Additions and Improvements. means (a) additions or improvements to the capital assets owned by the Partnership or the Operating Partnership or (b) the acquisition of existing or the construction of new capital assets (including, without limitation, retail distribution outlets, propane tanks, pipeline systems, storage facilities and related assets), made to increase the operating capacity of the Partnership and the Operating Partnership, taken as a whole, from the operating capacity of the Partnership and the Operating Partnership, taken as a whole, existing immediately prior to such addition, improvement, acquisition or construction.

.Capital Contribution. means any cash, cash equivalents or the Net Agreed Value of Contributed Property that a Partner contributes to the Partnership pursuant to the Contribution Agreement or Sections 4.1, 4.2, 4.3, 13.3(c) or 14.8.

.Capital Interests. means, with respect to any corporation, any and all shares, participations, rights or other equivalent interests in the capital of the corporation, and with respect to any partnership, any and all partnership interests (whether general or limited) and any other interests or participations that confer on a Person the right to receive a share of the profits and losses of, or distributions of assets of, such partnership.

.Carrying Value. means (a) with respect to a Contributed Property, the Agreed Value of such property reduced (but not below zero) by all depreciation, amortization and cost recovery deductions

charged to the Partners' and Assignees' Capital Accounts in respect of such Contributed Property, and (b) with respect to any other Partnership property, the adjusted basis of such property for federal income tax purposes, all as of the time of determination. The Carrying Value of any property shall be adjusted from time to time in accordance with Sections 4.5(d)(i) and 4.5(d)(ii) and to reflect changes, additions or other adjustments to the Carrying Value for dispositions and acquisitions of Partnership properties, as deemed appropriate by the General Partner.

.Cash from Interim Capital Transactions. means, at any date, such amounts of Available Cash as are deemed to be Cash from Interim Capital Transactions pursuant to Section 5.3.

.Cash from Operations. means, at the close of any Quarter on a cumulative basis and without duplication,

(a) the sum of all cash receipts of the Partnership and the Operating Partnership during the period since the Initial Closing Date through such date (including, without limitation, the cash balance of the Partnership as of the close of business on the Initial Closing Date, plus an initial balance of $25 million, excluding any cash proceeds from any Interim Capital Transactions (except to the extent specified in Section 5.3) and Termination Capital Transactions),

(b) less the sum of:

(i) all cash operating expenditures of the Partnership and the Operating Partnership during such period, including, without limitation, taxes, if any, and amounts owed to the General Partner as reimbursement pursuant to Section 6.4,

(ii) all cash debt service payments of the Partnership and the Operating Partnership during such period (other than payments or prepayments of principal and premium (A) required by reason of loan agreements (including, without limitation, covenants and default provisions therein) or by lenders, in each case in connection with sales or other dispositions of assets or (B) made in connection with refinancings or refundings of indebtedness with the proceeds from new indebtedness or from the sale of equity interests, provided, that any payment or prepayment of principal and premium, whether or not then due, shall be deemed, at the election and in the discretion of the General Partner, to be refunded or refinanced by any indebtedness incurred or to be incurred by the Partnership or the Operating Partnership simultaneously with or within 180 days prior to or after such payment or prepayment to the extent of the principal amount of such indebtedness so incurred),

(iii) all cash capital expenditures of the Partnership and the Operating Partnership during such period, including, without limitation, cash capital expenditures made in respect of Maintenance Capital Expenditures, but excluding (A) cash capital expenditures made in respect of Acquisitions and Capital Additions and Improvements and (B) cash expenditures made in payment of transaction expenses relating to Interim Capital Transactions,

(iv) any cash reserves of the Partnership or the Operating Partnership outstanding as of such date that the General Partner deems in its reasonable discretion to be necessary or appropriate to provide for the future cash payment of items of the type referred to in clauses (i) through (iii) of this sentence, and

(v) any cash reserves of the Partnership or the Operating Partnership outstanding as of such date that the General Partner deems in its reasonable discretion to be necessary or appropriate to provide funds for distributions with respect to Units and any general partner interests in the Partnership in respect of any one or more of the next four Quarters,

all as determined on a consolidated basis and after taking into account the General Partner's interest therein attributable to its general partner interest in the Operating Partnership. Where cash capital expenditures are made in part in respect of Acquisitions or Capital Additions and Improvements and in part for other purposes, the General Partner's good faith allocation thereof between the portion made for

Acquisitions or Capital Additions and Improvements and the portion made for other purposes shall be conclusive. Taxes paid by the Partnership on behalf of, or amounts withheld with respect to, all or less than all of the Partners shall not be considered cash operating expenditures of the Partnership that reduce Cash from Operations, but the payment or withholding thereof shall be deemed to be a distribution of Available Cash to such Partners. Alternatively, in the discretion of the General Partner, such taxes (if pertaining to all Partners) may be considered to be cash operating expenditures of the Partnership which reduce Cash from Operations, but the payment or withholding thereof shall not be deemed to be a distribution of Available Cash to such Partners.

.Cause. means a court of competent jurisdiction has entered a final, non-appealable judgment finding the General Partner liable for actual fraud, gross negligence or willful or wanton misconduct in its capacity as general partner of the Partnership.

.Certificate. means a certificate (a) substantially in the form of Exhibit A to this Agreement with respect to the Common Units, (b) substantially in the form of Exhibit B to this Agreement with respect to the Senior Units, (c) issued in global or book-entry form in accordance with the rules and regulations of the Depository, or (d) in such other form as may be adopted by the General Partner in its sole discretion, issued by the Partnership evidencing ownership of one or more Common Units or Senior Units, as the case may be, or a certificate, in such form as may be adopted by the General Partner in its sole discretion, issued by the Partnership evidencing ownership of one or more other Units.

.Certificate of Limited Partnership. means the Certificate of Limited Partnership filed with the Secretary of State of the State of Delaware as referenced in Section 6.2, as such Certificate of Limited Partnership may be amended, supplemented or restated from time to time.

.Change of Control. means (a) the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Partnership or the Operating Partnership to any Person or group (as such term is used in Section 13(d)(3) of the Exchange Act) other than James E. Ferrell, the Related Parties and any Person of which James E. Ferrell and the Related Parties beneficially own in the aggregate 51% or more of the outstanding voting stock (or if such Person is a partnership, 51% or more of the general partner interests), (b) the liquidation or dissolution of the Partnership, the Operating Partnership or the General Partner, (c) the occurrence of any transaction, the result of which is that James E. Ferrell and the Related Parties beneficially own in the aggregate, directly or indirectly, less than 51% of the outstanding voting stock entitled to vote for the election of directors of the General Partner and (d) the occurrence of any transaction, the result of which is that the General Partner is no longer the sole general partner of the Partnership or the Operating Partnership.

.Citizenship Certification. means a properly completed certificate in such form as may be specified by the General Partner by which an Assignee or a Limited Partner certifies that he (and if he is a nominee holding for the account of another Person, that to the best of his knowledge such other Person) is an Eligible Citizen.

.Closing Price. for any day means the last sale price on such day, regular way, or in case no such sale takes place on such day, the average of the closing bid and asked prices on such day, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal National Securities Exchange on which the Units of such class are listed or admitted to trading or, if the Units of such class are not listed or admitted to trading on any National Securities Exchange, the last quoted price on such day or, if not so quoted, the average of the high bid and low asked prices on such day in the over the counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or such other system then in use, or if on any such day the Units of such class are not quoted by any such organization, the average of the closing bid and asked prices on such day as furnished by a professional market maker making a market in the Units of such class selected by the Board of Directors of the General Partner, or if on any such day no market maker is making a market in the Units of such class, the fair value of such Units on such day as determined reasonably and in good faith by the Board of Directors of the General Partner.

.Code. means the Internal Revenue Code of 1986, as amended and in effect from time to time, as interpreted by the applicable regulations thereunder. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

.Combined Interest. has the meaning assigned to such term in Section 13.3(a).

.Commission. means the Securities and Exchange Commission.

.Common Unit. means a Unit representing a fractional part of the Partnership Interests of all Limited Partners and Assignees and having the rights and obligations specified with respect to Common Units in this Agreement.

.Contributed Property. means each property or other asset, in such form as may be permitted by the Delaware Act, but excluding cash, contributed to the Partnership (or deemed contributed to the Partnership on termination and reconstitution thereof pursuant to Section 708 of the Code). Once the Carrying Value of a Contributed Property is adjusted pursuant to Section 4.5(d), such property shall no longer constitute a Contributed Property, but shall be deemed an Adjusted Property.

.Contribution Agreement. means that certain Contribution, Conveyance and Assumption Agreement, dated as of the Initial Closing Date, between Ferrellgas, the Partnership and the Operating Partnership, together with the additional conveyance documents and instruments contemplated or referenced thereunder.

.Curative Allocation. means any allocation of an item of income, gain, deduction, loss or credit pursuant to the provisions of Section 5.1(d)(xi).

.Current Market Price. as of any date of any class of Units listed or admitted to trading on any National Securities Exchange means the average of the daily Closing Prices per Unit of such class for the 20 consecutive Trading Days immediately prior to such date.

.Delaware Act. means the Delaware Revised Uniform Limited Partnership Act, 6 Del C. ss. 17-101, et seq., as amended, supplemented or restated from time to time, and any successor to such statute.

.Departing Partner. means a former General Partner from and after the effective date of any withdrawal or removal of such former General Partner pursuant to Section 13.1 or 13.2.

.Depositary. means with respect to any Units issued in global or book-entry form, The Depository Trust Company and its successors and permitted assigns.

.Economic Risk of Loss. has the meaning set forth in Treasury Regulation Section 1.752-2(a). .Eligible Citizen. means a Person qualified to own interests in real property in jurisdictions in which the Partnership or the Operating Partnership does business or proposes to do business from time to time, and whose status as a Limited Partner or Assignee does not or would not subject the Partnership or the Operating Partnership to a substantial risk of cancellation or forfeiture of any of its properties or any interest therein.

.Event of Withdrawal. has the meaning assigned to such term in Section 13.1(a).

.FCI ESOT. means the employee stock ownership trust related to the employee stock ownership plan of Ferrell organized under Section 4975(e)(7) of the Code.

.Ferrell. means Ferrell Companies, Inc., a Kansas corporation.

.Ferrellgas. means Ferrellgas, Inc., a Delaware corporation and a wholly owned subsidiary of Ferrell.

.First Liquidation Target Amount. has the meaning assigned to such term in Section 5.1(c)(i)(D).

.First Target Distribution. means $0.55 per Unit (or, with respect to the period commencing on the Initial Closing Date and ending on October 31, 1994, the product of $0.55 multiplied by a fraction of which the numerator is the number of days in such period and of which the denominator is 92), subject to adjustment in accordance with Sections 5.6(b) and (c) and Section 9.6.

.General Partner. means Ferrellgas, and its successors as general partner of the Partnership.

.Group. means a Person that with or through any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent given to such Person in response to a proxy or consent solicitation made to 10 or more Persons) or disposing of any Partnership Securities with any other Person that beneficially owns, or whose Affiliates or Associates beneficially own, directly or indirectly, Partnership Interests.

.Holder. has the meaning assigned to such term in Section 6.13(a).

.IDR. means a Partnership Interest issued to Ferrellgas in connection with the transfer of its assets to the Partnership pursuant to Section 4.2, which Partnership Interest shall confer upon the holder

thereof only the rights and obligations specifically provided in this Agreement with respect to IDRs (and no other rights otherwise available to holders of a Partnership Interest).

.Incentive Distribution. means any amount of cash distributed to the Special Limited Partners, pursuant to Section 5.4(d), (e) or (f). .Indemnified Persons. has the meaning assigned to such term in Section 6.13(c).

.Indemnitee. means the General Partner, any Departing Partner, any Person who is or was an Affiliate of the General Partner or any Departing Partner, any Person who is or was an officer, director, employee, partner, agent or trustee of the General Partner or any Departing Partner or any such Affiliate, or any Person who is or was serving at the request of the General Partner or any Departing Partner or any such Affiliate as a director, officer, employee, partner, agent or trustee of another Person.

.Initial Closing Date. means July 5, 1994.

.Initial Limited Partners. means Ferrellgas (with respect to the Common Units it owns) and the Underwriters.

.Initial Offering. means the initial offering and sale of Common Units to the public, as described in the Registration Statement.

.Initial Unit Price. means (a) with respect to the Common Units, $21.00 or (b) with respect to any other class or series of Units, the price per Unit at which such class or series of Units is initially sold by the Partnership, as determined by the General Partner, in each case adjusted as the General Partner determines to be appropriate to give effect to any distribution, subdivision or combination of Units.

.Interim Capital Transactions. means (a) borrowings, refinancings or refundings of indebtedness and sales of debt securities (other than for working capital purposes and other than for items purchased on open account in the ordinary course of business) by the Partnership or the Operating Partnership, (b) sales of equity interests (including Common Units sold to the Underwriters pursuant to the exercise of the Overallotment Option) by the Partnership or the Operating Partnership and (c) sales or other voluntary or involuntary dispositions of any assets of the Partnership or the Operating Partnership (other than (x) sales or other dispositions of inventory in the ordinary course of business, (y) sales or other dispositions of other current assets including, without limitation, receivables and accounts and (z) sales or other dispositions of assets as a part of normal retirements or replacements), in each case prior to the commencement of the dissolution and liquidation of the Partnership.

.Issue Price. means the price at which a Unit is purchased from the Partnership, less any sales commission or underwriting discount charged to the Partnership.

.Limited Partner. means, unless the context otherwise requires, (a) each Initial Limited Partner, each Substituted Limited Partner, each Additional Limited Partner and any Departing Partner upon the change of its status from General Partner to Limited Partner pursuant to Section 13.3, subject to the provisions of Section 5.7, (b) solely for the purposes of Section 1.4 and Articles VI and VII, each Special Limited Partner and (c) solely for purposes of Articles IV, V and VI and Sections 14.3 and 14.4, each Assignee.

.Liquidation Date. means (a) in the case of an event giving rise to the dissolution of the Partnership of the type described in clauses (a) and (b) of the first sentence of Section 14.2, the date on which the applicable time period during which the holders of Outstanding Units have the right to elect to reconstitute the Partnership and continue its business has expired without such an election being made, and (b) in the case of any other event giving rise to the dissolution of the Partnership, the date on which such event occurs.

.Liquidator. means the General Partner or other Person approved pursuant to Section 14.3 who performs the functions described therein.

.Maintenance Capital Expenditures. means cash capital expenditures made to maintain, up to the level thereof that existed at the time of such expenditure, the operating capacity of the capital assets of the Partnership and the Operating Partnership, taken as a whole, as such assets existed at the time of such expenditure and shall, therefore, not include cash capital expenditures made in respect of Acquisitions and Capital Additions and Improvements. Where cash capital expenditures are made in part to maintain the operating capacity level referred to in the immediately preceding sentence and in part for other purposes, the General Partner's good faith allocation thereof between the portion used to maintain such operating capacity level and the portion used for other purposes shall be conclusive.

.Material Event. means the occurrence of any of the following events: (a) the Closing Price for Common Units is below $7.50 (as adjusted to reflect any distribution, combination or subdivision of Common Units made in accordance with Section 4.10) for ten consecutive Trading Days; (b) a Change of Control; (c) the Partnership or the Operating Partnership is treated as an association taxable as a corporation for federal income tax purposes or is otherwise subject to taxation as an entity for federal income tax purposes; (d) the default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness by the Partnership or by the Operating Partnership (or the payment of which is guaranteed by the Partnership or the Operating Partnership), whether such indebtedness or guarantee exists as of the date of this Agreement or is created or incurred thereafter, if in each case, such default shall not have been cured within the grace period provided for in the mortgage, indenture or instrument governing such indebtedness and the principal amount of any such indebtedness, together with the principal amount of any other such indebtedness under which there has been a default, aggregates $10 million or more; (e) the Partnership issues any Partnership Interests for cash prior to February 1, 2002 and the aggregate proceeds of such issuances above $50 million are not used to redeem the Senior Units; or (f) the Partnership fails to obtain the approval of the holders of at least a majority of the Outstanding Common Units for the Senior Unit Conversion Option within 180 days after the WNGL Closing Date.

.Merger Agreement. has the meaning assigned to such term in Section 16.1.

.Minimum Quarterly Distribution. means $0.50 per Common Unit per Quarter (or, with respect to the period commencing on the Initial Closing Date and ending on October 31, 1994, the product of $0.55 multiplied by a fraction of which the numerator is the number of days in such period and of which the denominator is 92), subject to adjustment in accordance with Sections 5.6(b) and (c) and Section 9.6.

.National Securities Exchange. means an exchange registered with the Securities and Exchange Commission under Section 6(a) of the Securities Exchange Act of 1934, as amended, supplemented or restated from time to time, and any successor to such statute.

.Net Agreed Value. means, (a) in the case of any Contributed Property, the Agreed Value of such property reduced by any liabilities either assumed by the Partnership upon such contribution or to which such property is subject when contributed, and (b) in the case of any property distributed to a Partner or Assignee by the Partnership, the Partnership's Carrying Value of such property (as adjusted pursuant to Section 4.5(d)(ii)) at the time such property is distributed, reduced by any indebtedness either assumed by such Partner or Assignee upon such distribution or to which such property is subject at the time of distribution, in either case, as determined under Section 752 of the Code.

.Net Income. means, for any taxable period, the excess, if any, of the Partnership's items of income and gain (other than those items attributable to dispositions constituting Termination Capital Transactions) for such taxable period over the Partnership's items of loss and deduction (other than those items attributable to dispositions constituting Termination Capital Transactions) for such taxable period. The items included in the calculation of Net Income shall be determined in accordance with Section 4.5(b) and shall not include any items specially allocated under Section 5.1(d). Once an item of income, gain, loss or deduction that has been included in the initial computation of Net Income is subjected to a Required Allocation or a Curative Allocation, Net Income or Net Loss, whichever the case may be, shall be recomputed without regard to such item.

.Net Loss. means, for any taxable period, the excess, if any, of the Partnership's items of loss and deduction (other than those items attributable to dispositions constituting Termination Capital Transactions) for such taxable period over the Partnership's items of income and gain (other than those items attributable to dispositions constituting Termination Capital Transactions) for such taxable period. The items included in the calculation of Net Loss shall be determined in accordance with Section 4.5(b) and shall not include any items specially allocated under Section 5.1(d). Once an item of income, gain, loss or deduction that has been included in the initial computation of Net Loss is subjected to a Required Allocation or a Curative Allocation, Net Income, or Net Loss, whichever the case may be, shall be recomputed without regard to such item.

.Net Termination Gain. means, for any taxable period, the sum, if positive, of all items of income, gain, loss or deduction recognized by the Partnership (including, without limitation, such amounts recognized through the Operating Partnership) from Termination Capital Transactions occurring in such taxable period. The items included in the determination of Net Termination Gain shall be determined in

accordance with Section 4.5(b) and shall not include any items of income, gain or loss specially allocated under Section 5.1(d). Once an item of income, gain or loss that has been included in the initial computation of Net Termination Gain is subjected to a Required Allocation or a Curative Allocation, Net Termination Gain or Net Termination Loss, whichever the case may be, shall be recomputed without regard to such item.

.Net Termination Loss. means, for any taxable period, the sum, if negative, of all items of income, gain, loss or deduction recognized by the Partnership (including, without limitation, such amounts recognized through the Operating Partnership) from Termination Capital Transactions occurring in such taxable period. The items included in the determination of Net Termination Loss shall be determined in accordance with Section 4.5(b) and shall not include any items of income, gain or loss specially allocated under Section 5.1(d). Once an item of gain or loss that has been included in the initial computation of Net Termination Loss is subjected to a Required Allocation or a Curative Allocation, Net Termination Gain or Net Termination Loss, whichever the case may be, shall be recomputed without regard to such item.

.Non-citizen Assignee. means a Person who the General Partner has determined in its sole discretion does not constitute an Eligible Citizen and as to whose Partnership Interest the General Partner has become the Substituted Limited Partner, pursuant to Section 11.5.

.Nonrecourse Built-in Gain. means with respect to any Contributed Properties or Adjusted Properties that are subject to a mortgage or pledge securing a Nonrecourse Liability, the amount of any taxable gain that would be allocated to the Partners pursuant to Sections 5.2(b)(i)(A), 5.2(b)(ii)(A) or 5.2(b)(iii) if such properties were disposed of in a taxable transaction in full satisfaction of such liabilities and for no other consideration.

.Nonrecourse Deductions. means any and all items of loss, deduction or expenditures (described in Section 705(a)(2)(B) of the Code) that, in accordance with the principles of Treasury Regulation Section 1.704-2(b), are attributable to a Nonrecourse Liability.

.Nonrecourse Liability. has the meaning set forth in Treasury Regulation Section 1.752-1(a)(2).

.Notice of Election to Purchase. has the meaning assigned to such term in Section 17.1(b).

.Operating Partnership. means Ferrellgas, L.P., a Delaware limited partnership.

.Operating Partnership Agreement. means the Agreement of Limited Partnership of the Operating Partnership, as it may be amended, supplemented or restated from time to time.

.Opinion of Counsel. means a written opinion of counsel (who may be regular counsel to Ferrellgas, any Affiliate of Ferrellgas, the Partnership or the General Partner) acceptable to the General Partner.

.Organizational Limited Partner. means Danley K. Sheldon, in his capacity as the organizational limited partner of the Partnership.

.Original Agreement. has the meaning assigned to such term in the Recitals hereto.

.Outstanding. means, with respect to the Units or other Partnership Securities, all Units or other Partnership Securities that are issued by the Partnership and reflected as outstanding on the Partnership's books and records as of the date of determination; provided that, if at any time any Person or Group (other than Ferrellgas and its Affiliates) own beneficially 20% or more of all Common Units, such Common Units so owned shall not be voted on any matter and shall not be considered to be Outstanding when sending notices of a meeting of Limited Partners (unless otherwise required by law), calculating required votes, determining the presence of a quorum or for other similar purposes under this Agreement, except that such Common Units shall be considered to be Outstanding for purposes of Section 13.1(b)(iv) (such Common Units shall not, however, be treated as a separate class of Partnership Securities for purposes of this Agreement).

.Overallotment Option. means the overallotment option granted to the Underwriters by the Partnership pursuant to the Underwriting Agreement.

.Partners. means the General Partner, the Limited Partners and the Special Limited Partners.

.Partner Nonrecourse Debt. has the meaning set forth in Treasury Regulation Section 1.704-2(b)(4).

.Partner Nonrecourse Debt Minimum Gain. has the meaning set forth in Treasury Regulation Section 1.704-2(i)(2).

.Partner Nonrecourse Deductions. means any and all items of loss, deduction or expenditure (including, without limitation, any expenditure described in Section 705(a)(2)(B) of the Code) that, in accordance with the principles of Treasury Regulation Section 1.704-2(i), are attributable to a Partner Nonrecourse Debt.

.Partnership. means Ferrellgas Partners, L.P., a Delaware limited partnership established by the Certificate of Limited Partnership, and any successors thereto.

.Partnership Interest. means an interest in the Partnership, which shall include general partner interests, Senior Units, Common Units, IDRs or other Partnership Securities, or a combination thereof or interest therein, as the case may be.

.Partnership Minimum Gain. means that amount determined in accordance with the principles of Treasury Regulation Section 1.704-2(d).

.Partnership Securities. has the meaning assigned to such term in Section 4.3(a).

.Per Unit Capital Amount. means, as of any date of determination, the Capital Account, stated on a per Unit basis, underlying any Unit held by a Person other than the General Partner or any Affiliate of the General Partner who holds Units.

.Percentage Interest. means as of the date of such determination (a) as to the General Partner, 1%, (b) as to any Limited Partner or Assignee holding Common Units, the product of (i) 99% multiplied by (ii) the quotient of the number of Common Units held by such Limited Partner or Assignee divided by the total number of all Common Units then Outstanding; provided, however, that following any issuance of additional Partnership Securities by the Partnership in accordance with Section 4.3, proper adjustment shall be made to the Percentage Interest represented by each Common Unit to reflect such issuance, and (c) as to the holders of additional Partnership Securities issued by the Partnership in accordance with Section 4.3, the percentage established as a part of such issuance. The Senior Units have not been allocated a Percentage Interest.

.Person. means an individual or a corporation, partnership, trust, unincorporated organization, association or other entity.

.Pro Rata. means (a) when modifying Units or other Partnership Interests, apportioned equally among all Outstanding Units or other Partnership Interests, (b) when modifying Common Units, apportioned equally among all Outstanding Common Units, (c) when modifying Senior Units, apportioned equally among all Outstanding Senior Units, and (d) when modifying Partners and Assignees, apportioned among all Partners and Assignees in accordance with their respective Percentage Interest.

.Purchase Date. means the date determined by the General Partner as the date for purchase of all Outstanding Units (other than Units owned by the General Partner and its Affiliates) pursuant to Article XVII.

.Quarter. means, unless the context requires otherwise, a three month period of time ending on October 31, January 31, April 30, or July 31; provided, however, that the General Partner, in its sole discretion, may amend such period as it deems necessary or appropriate in connection with a change in the fiscal year of the Partnership.

.Recapture Income. means any gain recognized by the Partnership (computed without regard to any adjustment required by Sections 734 or 743 of the Code) upon the disposition of any property or asset of the Partnership, which gain is characterized as ordinary income because it represents the recapture of deductions previously taken with respect to such property or asset.

.Record Date. means the date established by the General Partner for determining (a) the identity of the Record Holder entitled to notice of, or to vote at, any meeting of Limited Partners or entitled to vote by ballot or give approval of Partnership action in writing without a meeting or entitled to exercise rights in respect of any lawful action of Limited Partners or (b) the identity of Record Holders entitled to receive any report or distribution.

.Record Holder. means the Person in whose name a Unit is registered on the books of the Transfer Agent as of the opening of business on a particular Business Day, or with respect to a holder of a general partner interest or an IDR, the Person in whose name such general partner interest or IDR is registered on the books of the General Partner as of the opening of business on such Business Day.

.Redeemable Units. means any Units for which a redemption notice has been given, and has not been withdrawn, under Section 11.6.

.Registration Statement. means the Registration Statement on Form S-1 (Registration No. 33-53383), as it has been or as it may be amended or supplemented from time to time, filed by the Partnership with the Commission under the Securities Act to register the offering and sale of the Common Units in the Initial Offering.

.Related Party. means (a) the spouse or any lineal descendant of James E. Ferrell, (b) any trust for his benefit or for the benefit of his spouse or any such lineal descendants, (c) any corporation, partnership or other entity in which James E. Ferrell and/or such other Persons referred to in the foregoing clauses (a) and (b) are the direct record and beneficial owners of all of the voting and nonvoting securities, (d) the FCI ESOT and (e) any participant in the FCI ESOT whose ESOT account has been allocated shares of Ferrell.

.Required Allocations. means any allocation (or limitation imposed on any allocation) of an item of income, gain, deduction or loss pursuant to (a) Section 5.1(b)(ii) or (b) Sections 5.1(d)(i), 5.1(d)(ii), 5.1(d)(iv), 5.1(d)(v), 5.1(d)(vi), 5.1(d)(vii) and 5.1(d)(ix), such allocations (or limitations thereon) being directly or indirectly required by the Treasury Regulations promulgated under Section 704(b) of the Code.

.Residual Gain or Residual Loss. means any item of gain or loss, as the case may be, of the Partnership recognized for federal income tax purposes resulting from a sale, exchange or other disposition of a Contributed Property or Adjusted Property, to the extent such item of gain or loss is not allocated pursuant to Sections 5.2(b)(i)(A) or 5.2(b)(ii)(A), respectively, to eliminate Book-Tax Disparities.

.Restricted Activities. means the retail sale of propane to end users within the continental United States in the manner engaged in by Ferrellgas immediately prior to the Closing Date.

.Second Liquidation Target Amount. has the meaning assigned to such term in Section 5.1(c)(i)(E).

.Second Target Distribution. means $0.63 per Unit (or, with respect to the period commencing on the Initial Closing Date and ending on October 31, 1994, the product of $0.55 multiplied by a fraction of which the numerator is the number of days in such period and of which the denominator is 92), subject to adjustment in accordance with Sections 5.6(b) and (c) and Section 9.6.

.Securities Act. means the Securities Act of 1933, as amended, supplemented or restated from time to time and any successor to such statute.

.Senior Unit. means a Unit representing a fractional part of the Partnership Interests of all Limited Partners and Assignees having the rights and obligations specified with respect to Senior Units in this Agreement. The term .Senior Unit. includes all Additional Senior Units.

.Senior Unit Conversion Option. means the proposal submitted to the holders of Outstanding Common Units on the Record Date for their approval to provide for the conversion of the Senior Units into Common Units as provided in Section 5.7.

.Senior Unit Liquidation Preference. means $40.00 per Senior Unit, subject to adjustment in accordance with Section 5.6(a).

.Senior Unit Distribution. means distributions that are required to be paid on the Senior Units (including Additional Senior Units) at a quarterly rate equal to the sum of (a) $1.00 per Senior Unit per Quarter (or part thereof or, with respect to the period commencing with the WNGL Closing Date and ending on January 31, 2000, the product of $1.00 multiplied by a fraction of which the numerator is the number of days in such period and of which the denominator is 92), plus (b) an additional $0.50 per Senior Unit per Quarter (or part thereof) if the Partnership fails, within 45 days following the end of any Quarter, to pay in full the Senior Unit Distribution with respect to such Quarter, plus (c) an additional $0.50 per Senior Unit per Quarter (or part thereof) if the Partnership fails to pay in full the Senior Unit Redemption Price on or prior to the Senior Unit Redemption Date, plus (d) an additional $0.50 per Senior Unit per Quarter (or part thereof) if the Partnership fails to obtain the approval of the holders of at least the majority of the Outstanding Common Units for the Senior Unit Conversion Option within 120 days following the WNGL Closing Date, in each case accumulating from and including the date of such failure or default in clauses (a) through (d) until the date such failure or default has been cured by the Partnership (which in the case of clause (d) may not be effected without the approval of the holders of at least the majority of the Outstanding Common Units). Each of the amounts set forth in clauses (a) through (d) are subject to adjustment in

accordance with Section 5.6(a).

All Senior Unit Distributions shall be cumulative, whether or not declared and whether or not there is sufficient Available Cash for the payment thereof, on a daily basis from the WNGL Closing Date and shall be payable quarterly in arrears on each distribution payment date pursuant to Section 5.3(a), commencing on the first distribution payment date after the WNGL Closing Date. Any unpaid or undistributed Senior Unit Distributions will compound on a quarterly basis at a rate equal to the then applicable distribution rate, calculated in accordance with the first sentence of this definition. If any Senior Unit Distributions are payable through the issuance of Additional Senior Units pursuant to Section 5.4 and are so paid by such issuance, such Senior Unit Distributions shall be deemed paid in full. Any Additional Senior Units that are required to be issued and distributed, but which are not issued and distributed as required, will be entitled to the Senior Unit Distribution as if they were issued and distributed as required.

.Senior Unit Redemption Date. means the date the Partnership shall pay the Senior Unit Redemption Price to the holders of Senior Units pursuant to Section 17.2(b).

.Senior Unit Redemption Notice. means a written notice from the Partnership to the holder or holders of Senior Units setting forth:

(a) the Senior Unit Redemption Price;

(b) whether all or less than all of the Outstanding Senior Units are to be redeemed and the total number of Senior Units being redeemed;

(c) the Senior Unit Redemption Date;

(d) that the holder is to surrender to the Partnership, in the manner, at the place or places and at the price designated, his certificate or certificates representing the Senior Units to be redeemed; and

(e) that distributions on the Senior Units to be redeemed shall cease to accumulate on such Senior Unit Redemption Date unless the Partnership defaults in the payment of the redemption price.

.Senior Unit Redemption Price. means, with respect to each Senior Unit called for redemption in accordance with the Senior Unit Redemption Notice pursuant to Section 17.2(b), an amount in cash equal to the Senior Unit Liquidation Preference, plus an amount equal to any accumulated and unpaid Senior Unit Distributions on such Senior Units to the Senior Unit Redemption Date.

.Special Approval. means approval by the Audit Committee.

.Special Limited Partner. means each holder of an IDR.

.Special Limited Partners Book Capital. means, as of any date of determination, the amount equal to the sum of the balances of the Capital Accounts of all the Special Limited Partners, determined pursuant to Section 4.5 (prior to any adjustment pursuant to Section 4.5(d) arising upon the present event requiring a valuation of the Partnership's assets).

.Subordinated Unit. means a Unit representing a fractional part of the Partnership Interests of all Limited Partners and Assignees and having the rights and obligations specified with respect to Subordinated Units in the Original Agreement. Each Outstanding Subordinated Unit converted into a Common Unit on a one-for-one basis as of August 1, 1999.

.Subordination Period. means the period which commenced on the Initial Closing Date and ended on August 1, 1999.

.Subsidiary. means, with respect to any Person, (i) a corporation of which more than 50% of the voting power of shares of Capital Interests entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing body of such corporation is owned, directly or indirectly, by such Person, by one or more Subsidiaries of such Person, or a combination thereof, (ii) a partnership (whether general or limited) in which such Person or a Subsidiary of such Person is, at the date of determination, a general or limited partner of such partnership, but only if more than 50% of the Capital Interests of such partnership (considering all of the Capital Interests of the partnership as a single class) is owned or controlled, directly or indirectly, by such Person, by one or more Subsidiaries of such Person, or a combination thereof, or (iii) any other Person (other than a corporation or a partnership) in which such Person, directly or indirectly, at the date of determination, has (x)

at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

.Substituted Limited Partner. means a Person who is admitted as a Limited Partner to the Partnership pursuant to Section 12.2 in place of and with all the rights of a Limited Partner and who is shown as a Limited Partner on the books and records of the Partnership.

.Surviving Business Entity. has the meaning assigned to such term in Section 16.2(b).

.Termination Capital Transactions. means any sale, transfer or other disposition of property of the Partnership or the Operating Partnership occurring upon or incident to the liquidation and winding up of the Partnership and the Operating Partnership pursuant to Article XIV.

.Thermogas. means Thermogas L.L.C., a Delaware limited liability company (previously Thermogas Company, a Delaware corporation).

.Third Target Distribution. means $0.82 per Unit (or, with respect to the period commencing on the Initial Closing Date and ending on October 31, 1994, the product of $0.55 multiplied by a fraction of which the numerator is the number of days in such period and of which the denominator is 92), subject to adjustment in accordance with Sections 5.6(b) and (c) and Section 9.6.

.Trading Day. means a day on which the principal National Securities Exchange on which the Units of any class are listed or admitted to trading is open for the transaction of business or, if Units of a class are not listed or admitted to trading on any National Securities Exchange, a day on which banking institutions in New York City generally are open.

.Transaction. has the meaning assigned to such term in Section 5.7(g).

.Transfer. has the meaning assigned to such term in Section 11.1(a).

.Transfer Agent. means such bank, trust company or other Person (including, without limitation, the General Partner or one of its Affiliates) as shall be appointed from time to time by the Partnership to act as registrar and transfer agent for the Units.

.Transfer Application. means an application and agreement for transfer of Units in the form set forth on the back of a Certificate or in a form substantially to the same effect in a separate instrument.

.Underwriter. means each Person named as an underwriter in Schedule I to the Underwriting Agreement who purchased Common Units pursuant thereto.

.Underwriting Agreement. means the Underwriting Agreement dated June 27, 1994, among the Underwriters, the Partnership, the General Partner and Ferrell providing for the purchase of Common Units by such Underwriters.

.Unit. means a Partnership Interest of a Limited Partner or Assignee in the Partnership representing a fractional part of the Partnership Interests of all Limited Partners and Assignees and shall include, without limitation, Senior Units and Common Units; provided, that each Senior Unit at any time Outstanding shall represent the same fractional part of the Partnership Interests of all Limited Partners and Assignees holding Senior Units as each other Senior Unit and each Common Unit at any time Outstanding shall represent the same fractional part of the Partnership Interests of all Limited Partners and Assignees holding Common Units as each other Common Unit.

.Unpaid MQD. has the meaning assigned to such term in Section 5.1(c)(i)(B).

.Unrealized Gain. attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (a) the fair market value of such property as of such date (as determined under Section 4.5(d)) over (b) the Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 4.5(d) as of such date).

.Unrealized Loss. attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (a) the Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 4.5(d) as of such date) over (b) the fair market value of such property as of such date (as determined under Section 4.5(d)).

.Unrecovered Initial Unit Price. means, at any time, with respect to a class or series of Units (other than Senior Units), the price per Unit at which such class or series of Units was initially offered to the public for sale by the underwriters in respect of such offering, as determined by the General Partner, less the sum of all

distributions theretofore made in respect of a Unit of such class or series that was sold in the initial offering of Units of said class or series constituting Cash from Interim Capital Transactions and any distributions of cash (or the Net Agreed Value of any distributions in kind) in connection with the dissolution and liquidation of the Partnership theretofore made in respect of a Unit of such class or series that was sold in the initial offering of Units of such class or series, adjusted as the General Partner determines to be appropriate to give effect to any distribution, subdivision or combination of Units.

.Withdrawal Opinion of Counsel. has the meaning assigned to such term in Section 13.1(b).

.WNGL. means Williams Natural Gas Liquids, Inc., a Delaware corporation

.WNGL Closing Date. means the closing date of the transactions contemplated by the WNGL Purchase Agreement.

.WNGL Purchase Agreement. means that certain Purchase Agreement, dated as of November 7, 1999, by and among the Partnership, the Operating Partnership and WNGL.

.WNGL Registration Rights Agreement. means that certain Registration Rights Agreement, dated the WNGL Closing Date between the Partnership and WNGL.

1 ARTICLE PURPOSEARTICLE 2 3 PURPOSE

1.1 Section Purpose and Business . The purpose and nature of the business to be conducted by the Partnership shall be (a) to serve as a limited partner in the Operating Partnership and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership as a limited partner in the Operating Partnership pursuant to the Operating Partnership Agreement or otherwise, (b) to engage directly in, or to enter into or form any corporation, partnership, joint venture, limited liability company or other arrangement to engage in, any business activity that the Operating Partnership is permitted to engage in by the Operating Partnership Agreement and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership pursuant to the agreements relating to such business activity, (c) to engage directly in, or to enter into or form any corporation, partnership, joint venture, limited liability company or other arrangement to engage in, any business activity that is approved by the General Partner and which lawfully may be conducted by a limited partnership organized pursuant to the Delaware Act and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership pursuant to the agreements relating to such business activity, and (d) to do anything necessary or appropriate to the foregoing, including, without limitation, the making of capital contributions or loans to the Operating Partnership. The General Partner has no obligation or duty to the Partnership, the Limited Partners, the Special Limited Partners or the Assignees to propose or approve, and in its sole discretion may decline to propose or approve, the conduct by the Partnership of any business.

1.1 Section Powers . The Partnership shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described in Section 3.1 and for the protection and benefit of the Partnership.

1 ARTICLE CAPITAL CONTRIBUTIONSARTICLE 2 3 CAPITAL CONTRIBUTIONS

1.1 Section Initial Contributions . In connection with the formation of the Partnership under the Delaware Act, the General Partner made an initial Capital Contribution to the Partnership and was admitted as the general partner of the Partnership, and the Organizational Limited Partner made a Capital Contribution to the Partnership and was admitted as a limited partner of the Partnership.

1.1 Section Contributions by the General Partner and the Initial Limited Partners; Contributions on the WNGL Closing Date .

(a) On the Initial Closing Date, the General Partner contributed and delivered to the Partnership, as a Capital Contribution, a limited partner interest in the Operating Partnership which, together with the Partnership Interest (as defined in the Operating Partnership Agreement) previously held by the Partnership, represented a 98.9899% Percentage Interest (as defined in the Operating Partnership Agreement) in the Operating Partnership, in exchange for (i) the continuation of its Partnership Interest as general partner in the Partnership, subject to all of the rights, privileges and duties of the General Partner under this Agreement, (ii) 1,000,000 Common Units and 16,593,721 Subordinated Units and (iii) the IDRs.

(b) On the Initial Closing Date, each Underwriter contributed and delivered to the Partnership cash in an amount equal to the Issue Price per Common Unit, multiplied by the number of Common Units specified in the Underwriting Agreement to be purchased by such Underwriter. In exchange for such Capital Contribution by the Underwriters, the Partnership issued Common Units to each Underwriter on whose behalf such Capital Contribution was made in an amount equal to the quotient obtained by dividing (x) the cash contribution to the Partnership by or on behalf of such Underwriter by (y) the Issue Price per Common Unit.

Immediately after these contributions, the Initial Capital Contribution of the General Partner and the Organizational Limited Partner were refunded, the interest of the Organizational Limited Partner was terminated and the Organizational Limited Partner ceased to be a Limited Partner.

(c) To the extent that the Underwriters' Overallotment Option was exercised, each Underwriter contributed and delivered to the Partnership cash in an amount equal to the Issue Price per Common Unit multiplied by the number of Common Units purchased by such Underwriter pursuant to the Overallotment Option. In exchange for such Capital Contribution, the Partnership issued Common Units to each Underwriter on whose behalf such Capital Contribution was made in an amount equal to the quotient obtained by dividing (x) the cash contribution to the Partnership by or on behalf of such Underwriter by (y) the Issue Price per Common Unit.

(d) On the WNGL Closing Date, pursuant to the WNGL Purchase Agreement, WNGL contributed all of its interests in Thermogas to the Partnership in exchange for 4,375,000 Senior Units.

1.2 Section Issuances of Additional Units and Other Securities

1.3

(a) Subject to Section 4.3(c), the General Partner is hereby authorized to cause the Partnership to issue, in addition to the Partnership Interests and Units issued pursuant to Sections 4.1 and 4.2, such additional Units, or classes or series thereof, or options, rights, warrants or appreciation rights relating thereto, or any other type of equity security that the Partnership may lawfully issue, any unsecured or secured debt obligations of the Partnership convertible into any class or series of equity securities of the Partnership (collectively, .Partnership Securities.), for any Partnership purpose, at any time or from time to time, to the Partners or to other Persons for such consideration and on such terms and conditions as shall be established by the General Partner in its sole discretion, all without the approval of any Limited Partners. The General Partner shall have sole discretion, subject to the guidelines set forth in this Section 4.3 and the requirements of the Delaware Act, in determining the consideration and terms and conditions with respect to any future issuance of Partnership Securities.

(b) Additional Partnership Securities to be issued by the Partnership pursuant to this Section 4.3 shall be issuable from time to time in one or more classes, or one or more series of any of such classes, with such designations, preferences and relative, participating, optional or other special rights, powers and duties, including, without limitation, rights, powers and duties senior to existing classes and series of Partnership Securities (except as provided in Section 4.3(c)), all as shall be fixed by the General Partner in the exercise of its sole discretion, subject to Delaware law and Section 4.3(c), including, without limitation, (i) the allocations of items of Partnership income, gain, loss, deduction and credit to each such class or series of Partnership Securities; (ii) the right of each such class or series of Partnership Securities to share in Partnership distributions; (iii) the rights of each such class or series of Partnership Securities upon dissolution and liquidation of the Partnership; (iv) whether such class or series of additional Partnership Securities is redeemable by the Partnership and, if so, the price at which, and the terms and conditions upon which, such class or series of additional Partnership Securities may be redeemed by the Partnership; (v) whether such class or series of additional Partnership Securities is issued with the privilege of conversion and, if so, the rate at which, and the terms and conditions upon which, such class or series of Partnership Securities may be converted into any other class or series of Partnership Securities or other property; (vi) the terms and conditions upon which each such class or series of Partnership Securities will be issued, evidenced by certificates and assigned or transferred; and (vii) the right, if any, of each such class or series of Partnership Securities to vote on Partnership matters, including, without limitation, matters relating to the relative rights, preferences and privileges of each such class or series.

(c) Notwithstanding the terms of Sections 4.3(a) and 4.3(b), the issuance by the Partnership of any Partnership Securities pursuant to this Section 4.3 shall be subject to the following restrictions and limitations:

(i) Except for the issuance of Additional Senior Units pursuant to Section 5.4, for so long as any Senior Units are Outstanding, the Partnership shall not create, authorize or issue additional Partnership Securities (or securities convertible into Partnership Securities) having distribution rights or liquidation rights ranking prior or senior to, or on a parity with, the Senior Units, without the prior approval of the holders of at least a majority of the Outstanding Senior Units; and

(ii) Upon the issuance of any Partnership Interests by the Partnership or the making of any other Capital Contributions to the Partnership, the General Partner shall be required to make additional Capital Contributions to the Partnership in an amount equal to a percentage of the additional Capital Contribution then made by a Person other than the General Partner equal to one percent divided by ninety-nine percent.

(d) The General Partner is hereby authorized and directed to take all actions that it deems necessary or appropriate in connection with each issuance of Units, IDRs or other Partnership Securities pursuant to Section 4.3(a) and to amend this Agreement in any manner that it deems necessary or appropriate to provide for each such issuance, to admit Additional Limited Partners in connection therewith and to specify the relative rights, powers and duties of the holders of the Units, IDRs or other Partnership Securities being so issued.

(e) The General Partner shall do all things necessary to comply with the Delaware Act and is authorized and directed to do all things it deems to be necessary or advisable in connection with any future issuance of Partnership Securities, including, without limitation, compliance with any statute, rule, regulation or guideline of any federal, state or other governmental agency or any National Securities Exchange on which the Units or other Partnership Securities are listed for trading.

1.4 Section Limited Preemptive Rights . Except as provided in this Section 4.4, no Person shall have any preemptive, preferential or other similar right with respect to (a) additional Capital Contributions; (b) issuance or sale of any class or series of Units, IDRs or other Partnership Securities, whether unissued, held in the treasury or hereafter created; (c) issuance of any obligations, evidences of indebtedness or other securities of the Partnership convertible into or exchangeable for, or carrying or accompanied by any rights to receive, purchase or subscribe to, any such Units, IDRs or other Partnership Securities; (d) issuance of any right of subscription to or right to receive, or any warrant or option for the purchase of, any such Units, IDRs or other Partnership Securities; or (e) issuance or sale of any other securities that may be issued or sold by the Partnership. The General Partner shall have the right, which it may from time to time assign in whole or in part to any of its Affiliates, to purchase Units, IDRs or other Partnership Securities from the Partnership whenever, and on the same terms that, the Partnership issues Units, IDRs or other Partnership Securities to Persons other than the General Partner and its Affiliates, to the extent necessary to maintain the Percentage Interests of the General Partner and its Affiliates equal to that which existed immediately prior to the issuance of such Units, IDRs or other Partnership Securities.

1.1 Section Capital Accounts .
1.2
(a) The Partnership shall maintain for each Partner (or a beneficial owner of a Partnership Interest held by a nominee in any case in which the nominee has furnished the identity of such owner to the Partnership in accordance with Section 6031(c) of the Code or any other method acceptable to the General Partner in its sole discretion) owning a Partnership Interest a separate Capital Account with respect to such Partnership Interest in accordance with the rules of Treasury Regulation Section 1.704-1(b)(2)(iv). Such Capital Account shall be increased by (i) the amount of all Capital Contributions made to the Partnership with respect to such Partnership Interest pursuant to this Agreement and (ii) all items of Partnership income and gain (including, without limitation, income and gain exempt from tax) computed in accordance with Section 4.5(b) and allocated with respect to such Partnership Interest pursuant to Section 5.1, and decreased by (x) the amount of cash or Net Agreed Value of all actual and deemed distributions of cash or property made with respect to such Partnership Interest pursuant to this Agreement and (y) all items of Partnership deduction and loss computed in accordance with Section 4.5(b) and allocated with respect to such Partnership Interest pursuant to Section 5.1.

(b) For purposes of computing the amount of any item of income, gain, loss or deduction to be reflected in the Partners' Capital Accounts, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for federal income tax purposes (including, without limitation, any method of depreciation, cost recovery or amortization used for that purpose), provided, that:

(i) Solely for purposes of this Section 4.5, the Partnership shall be treated as owning directly its proportionate share (as determined by the General Partner based upon the provisions of the Operating Partnership Agreements) of all property owned by the Operating Partnership.

(ii) All fees and other expenses incurred by the Partnership to promote the sale of (or to sell) a Partnership Interest that can neither be deducted nor amortized under Section 709 of the Code, if any, shall, for purposes of Capital Account maintenance, be treated as an item of deduction at the time such fees and other expenses are incurred and shall be allocated among the Partners pursuant to Section 5.1.

(iii) Except as otherwise provided in Treasury Regulation Section 1.704-1(b)(2)(iv)(m), the computation of all items of income, gain, loss and deduction shall be made without regard to any election under Section 754 of the Code which may be made by the Partnership and, as to those items described in Section 705(a)(1)(B) or 705(a)(2)(B) of the Code, without regard to the fact that such items are not includable in gross income or are neither currently deductible nor capitalized for federal income tax purposes.

(iv) Any income, gain or loss attributable to the taxable disposition

of any Partnership property shall be determined as if the adjusted basis of such property as of such date of disposition were equal in amount to the Partnership's Carrying Value with respect to such property as of such date.

(v) In accordance with the requirements of Section 704(b) of the Code, any deductions for depreciation, cost recovery or amortization attributable to any Contributed Property shall be determined as if the adjusted basis of such property on the date it was acquired by the Partnership were equal to the Agreed Value of such property. Upon an adjustment pursuant to Section 4.5(d) to the Carrying Value of any Partnership property subject to depreciation, cost recovery or amortization, any further deductions for such depreciation, cost recovery or amortization attributable to such property shall be determined (A) as if the adjusted basis of such property were equal to the Carrying Value of such property immediately following such adjustment and (B) using a rate of depreciation, cost recovery or amortization derived from the same method and useful life (or, if applicable, the remaining useful life) as is applied for federal income tax purposes; provided, however, that, if the asset has a zero adjusted basis for federal income tax purposes, depreciation, cost recovery or amortization deductions shall be determined using any reasonable method that the General Partner may adopt.

(vi) If the Partnership's adjusted basis in a depreciable or cost recovery property is reduced for federal income tax purposes pursuant to Section 48(q)(1) or 48(q)(3) of the Code, the amount of such reduction shall, solely for purposes hereof, be deemed to be an additional depreciation or cost recovery deduction in the year such property is placed in service and shall be allocated among the Partners pursuant to Section 5.1. Any restoration of such basis pursuant to Section 48(q)(2) of the Code shall, to the extent possible, be allocated in the same manner to the Partners to whom such deemed deduction was allocated.

(c) A transferee of a Partnership Interest shall succeed to a pro rata portion of the Capital Account of the transferor relating to the Partnership Interest so transferred.

(d)

(e) Consistent with the provisions of Treasury Regulation Section 1.704-1(b)(2)(iv)(f), on an issuance of additional Units for cash or Contributed Property, the conversion of Senior Units into Common Units pursuant to Section 5.7, or the conversion of the General Partner's Partnership Interest to Common Units pursuant to Section 13.3(b), the Capital Account of all Partners and the Carrying Value of each Partnership property immediately prior to such issuance shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as if such Unrealized Gain or Unrealized Loss had been recognized on an actual sale of each such property immediately prior to such issuance and had been allocated to the Partners at such time pursuant to Sections 5.1(a) and 5.1(b). In determining such Unrealized Gain or Unrealized Loss, the aggregate cash amount and fair market value of all Partnership assets (including, without limitation, cash or cash equivalents) immediately prior to the issuance of additional Units shall be determined by the General Partner using such reasonable method of valuation as it may adopt; provided, however, the General Partner, in arriving at such valuation, must take fully into account the fair market value of the Partnership Interests of all Partners at such time. The General Partner shall allocate such aggregate value among the assets of the Partnership (in such manner as it determines in its sole discretion to be reasonable) to arrive at a fair market value for individual properties.

(i) In accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(f), immediately prior to any actual or deemed distribution to a Partner of any Partnership property (other than a distribution of cash that is not in redemption or retirement of a Partnership Interest), the Capital Accounts of all Partners and the Carrying Value of all Partnership property shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as if such Unrealized Gain or Unrealized Loss had been recognized in a sale of such property immediately prior to such distribution for an amount equal to its fair market value, and had been allocated to the Partners, at such time, pursuant to Section 5.1. Any Unrealized Gain or Unrealized Loss attributable to such property shall be allocated in the same manner as Net Termination Gain or Net Termination Loss pursuant to Section 5.1(c); provided, however, that, in making any such allocation, Net Termination Gain or Net Termination Loss actually realized shall be allocated first. In determining such Unrealized Gain or Unrealized Loss the aggregate cash amount and fair market value of all Partnership assets (including, without limitation, cash or cash equivalents) immediately prior to a distribution shall be determined and allocated by the Liquidator using such reasonable method of valuation as it may adopt.

1.3 Section Interest . No interest shall be paid by the Partnership on Capital Contributions or on balances in Partners' Capital Accounts.

1.1 Section No Withdrawal . No Partner shall be entitled to withdraw any part of its Capital Contributions or its Capital Account or to receive any distribution from the Partnership, except as provided in Section 4.1, and Articles V, VII, XIII and XIV.

1.1 Section Loans from Partners . Loans by a Partner to the Partnership shall not constitute Capital Contributions. If any Partner shall advance funds to the Partnership in excess of the amounts required hereunder to be contributed by it to the capital of the Partnership, the making of such excess advances shall not result in any increase in the amount of the Capital Account of such Partner. The amount of any such excess advances shall be a debt obligation of the Partnership to such Partner and shall be payable or collectible only out of the Partnership assets in accordance with the terms and conditions upon which such advances are made.

1.1 Section No Fractional Units . Except for fractional Senior Units issued pursuant to Section 5.4 and Section 4.10(d), no fractional Units shall be issued by the Partnership.

1.1 Section Splits and Combinations .

1.2
(a) Subject to Section 4.3(c) and 4.10(d), the General Partner may make a Pro Rata distribution of Units or other Partnership Securities to all Record Holders or may effect a subdivision or combination of Units or other Partnership Securities; provided, however, that, after any such distribution, subdivision or combination, each Partner shall have the same Percentage Interest in the Partnership as before such distribution, subdivision or combination.

(b) Whenever such a distribution, subdivision or combination of Units or other Partnership Securities is declared, the General Partner shall select a Record Date as of which the distribution, subdivision or combination shall be effective and shall send notice of the distribution, subdivision or combination at least 20 days prior to such Record Date to each Record Holder as of the date not less than 10 days prior to the date of such notice. The General Partner also may

cause a firm of independent public accountants selected by it to calculate the number of Units to be held by each Record Holder after giving effect to such distribution, subdivision or combination. The General Partner shall be entitled to rely on any certificate provided by such firm as conclusive evidence of the accuracy of such calculation.

(c) Promptly following any such distribution, subdivision or combination, the General Partner may cause Certificates to be issued to the Record Holders of Units as of the applicable Record Date representing the new number of Units held by such Record Holders, or the General Partner may adopt such other procedures as it may deem appropriate to reflect such distribution, subdivision or combination; provided, however, if any such distribution, subdivision or combination results in a smaller total number of Units Outstanding, the General Partner shall require, as a condition to the delivery to a Record Holder of such new Certificate, the surrender of any Certificate held by such Record Holder immediately prior to such Record Date.

(d) Except with respect to Senior Units, the Partnership shall not issue fractional Units upon any distribution, subdivision or combination of Units. If a distribution, subdivision or combination of Common Units would result in the issuance of fractional Common Units but for the provisions of Section 4.9 and this Section 4.10(d), each fractional Common Unit shall be rounded to the nearest whole Common Unit (and a 0.5 Common Unit shall be rounded to the next higher Common Unit).

2 ARTICLE ALLOCATIONS AND DISTRIBUTIONSARTICLE 3 4
ALLOCATIONS AND DISTRIBUTIONS

1.1 Section Allocations for Capital Account Purposes . For purposes of maintaining the Capital Accounts and in determining the rights of the Partners among themselves, the Partnership's items of income, gain, loss and deduction (computed in accordance with Section 4.5(b)) shall be allocated among the Partners in each taxable year (or portion thereof) as provided hereinbelow.

(a) Net Income. After giving effect to the special allocations set forth in Section 5.1(d), Net Income for each taxable period and all items of income, gain, loss and deduction taken into account in computing Net Income for such taxable period shall be allocated as follows:

(i) First, 100% to the Limited Partners holding Senior Units, Pro Rata, until the aggregate Net Income allocated to the Limited Partners holding Senior Units pursuant to this Section 5.1(a)(i) for the current and all previous taxable years is equal to the aggregate Net Losses allocated to the Limited Partners holding Senior Units pursuant to Section 5.1(b)(iii) for all previous taxable years;

(ii) Second, 100% to the General Partner until the aggregate Net Income allocated to the General Partner pursuant to this Section 5.1(a)(ii) for the current taxable year and all previous taxable years is equal to the aggregate Net Losses allocated to the General Partner pursuant to Section 5.1(b)(iv) for all previous taxable years;

(iii) Third, 1% to the General Partner and 99% to the Limited Partners holding Common Units, Pro Rata, until the aggregate Net Income allocated to such Partners pursuant to this Section 5.1(a)(iii) for the current taxable year and all previous taxable years is equal to the aggregate Net Losses allocated to such Partners pursuant to Section 5.1(b)(ii) for all previous taxable years; and

(iv) Fourth, the balance, if any, 1% to the General Partner and 99% to the Limited Partners holding Common Units, Pro Rata.

(b) Net Losses. After giving effect to the special allocations set forth in Section 5.1(d), Net Losses for each taxable period and all items of income, gain, loss and deduction taken into account in computing Net Losses for such taxable period shall be allocated as follows:

(i) First, 1% to the General Partner and 99% to the Limited Partners holding Common Units, Pro Rata, until the aggregate Net Losses allocated to such Partners pursuant to this Section 5.1(b)(i) for the current taxable year and all previous taxable years is equal to the aggregate Net Income allocated to such Partners pursuant to Section 5.1(a)(iv) for all previous taxable years;

(ii) Second, 1% to the General Partner and 99% to the Limited Partners holding Common Units, Pro Rata; provided, that Net Losses shall not be allocated to such Partners pursuant to this Section 5.1(b)(ii) to the extent that such allocation would cause any Limited Partner holding Common Units to have a deficit balance in its Adjusted Capital Account at the end of such taxable year (or increase any existing deficit balance in its Adjusted Capital Account);

(iii) Third, 1% to the General Partner and 99% to the Limited Partners holding Senior Units, Pro Rata; provided, that Net Losses shall not be allocated to such Partners pursuant to this Section 5.1(b)(iii) to the extent such allocation would cause any Limited Partner holding Senior Units to have a deficit balance in its Adjusted Capital Account at the

end of such taxable year (or increase any existing deficit balance in its Adjusted Capital Account); and

(iv) Fourth, the balance, if any, 100% to the General Partner.

(c) Net Termination Gains and Losses. After giving effect to the special allocations set forth in Section 5.1(d), all items of income gain, loss and deduction taken into account in computing Net Termination Gain or Net Termination Loss for such taxable period shall be allocated in the same manner as such Net Termination Gain or Net Termination Loss is allocated hereunder. All allocations under this Section 5.1(c) shall be made after Capital Account balances have been adjusted by all other allocations provided under this Section 5.1 and after all distributions of Available Cash provided under Section 5.4 have been made with respect to the taxable period ending on the date of the Partnership's liquidation pursuant to Section 14.3.

(i) If a Net Termination Gain is recognized (or deemed recognized pursuant to Section 4.5(d)) from Termination Capital Transactions, such Net Termination Gain shall be allocated among the General Partner, the Limited Partners and the Special Limited Partners in the following manner (and the Adjusted Capital Accounts of the Partners shall be increased by the amount so allocated in each of the following subclauses, in the order listed, before an allocation is made pursuant to the next succeeding subclause):

(A) First, to each Partner having a deficit balance in its Adjusted Capital Account, in the proportion that such deficit balance bears to the total deficit balances in the Adjusted Capital Accounts of all Partners, until each such Partner has been allocated Net Termination Gain equal to any such deficit balance in its Adjusted Capital Account;

(B) Second, 99% to the Limited Partners holding Senior Units, Pro Rata, and 1% to the General Partner until the Adjusted Capital Account in respect of each Senior Unit then Outstanding is equal to the sum of (i) the Senior Unit Liquidation Preference (or fraction thereof) plus (ii) any accumulated and unpaid Senior Unit Distributions.

(C) Third, 99% to the Limited Partners holding Common Units, Pro Rata, and 1% to the General Partner until the Adjusted Capital Account in respect of each Common Unit then Outstanding is equal to the sum of (1) its Unrecovered Initial Unit Price plus (2) the Minimum Quarterly Distribution for the Quarter during which such Net Termination Gain is recognized, reduced by any distribution pursuant to Section 5.4(b) hereof and Sections 5.4(a)(i) or 5.4(b)(i) of the Original Agreement with respect to such Common Unit for such Quarter (the amount determined pursuant to this clause (2) is hereinafter defined as the .Unpaid MQD.);

(D) Fourth, 99% to the Limited Partners holding Common Units, Pro Rata, and 1% to the General Partner until the Adjusted Capital Account in respect of each Common Unit then Outstanding is equal to the sum of (1) its Unrecovered Initial Unit Price, plus (2) the Unpaid MQD, if any, for such Common Unit with respect to the Quarter during which such Net Termination Gain is recognized, plus (3) the excess of (aa) the First Target Distribution less the Minimum Quarterly Distribution for each Quarter of the Partnership's existence over (bb) the amount of any distributions of Cash from Operations that was distributed pursuant to Section 5.4(c) hereof and Sections 5.4(a)(iv) or 5.4 (b)(ii) of the Original Agreement (the sum of (1) plus (2) plus (3) is hereinafter defined as the .First Liquidation Target Amount.);

(E) Fifth, 85.8673% to the Limited Partners holding Common Units, Pro Rata, and 13.1327% to the Special Limited Partners, Pro Rata, and 1% to the General Partner until the Adjusted Capital Account in respect of each Common Unit then Outstanding is equal to the sum of (1) the First Liquidation Target Amount, plus (2) the excess of (aa) the Second Target Distribution less the First Target Distribution for each Quarter of the Partnership's existence over (bb) the amount of any distributions of Cash from Operations that was distributed pursuant to Section 5.4(d) hereof and Sections 5.4(a)(v) or 5.4(b)(iii) of the Original Agreement (the sum of (1) plus (2) is hereinafter defined as the .Second Liquidation Target Amount.);

(F) Sixth, 75.7653% to the Limited Partners holding Common Units, Pro Rata, and 23.2347% to the Special Limited Partners, Pro Rata, and 1% to the General Partner until the Adjusted Capital Account in respect of each Common Unit then Outstanding is equal to the sum of (1) the Second Liquidation Target Amount, plus (2) the excess of (aa) the Third Target Distribution less the Second Target Distribution for each

Quarter of the Partnership's existence over (bb) the amount of any distributions of Cash from Operations that was distributed pursuant to Section 5.4(e) hereof and Sections 5.4(a)(vi) or 5.4(b)(iv) of the Original Agreement; and

(G) Finally, any remaining amount 50.5102% to the Limited Partners holding Common Units, Pro Rata, and 48.4898% to the Special Limited Partners, Pro Rata, and 1% to the General Partner.

(ii) If a Net Termination Loss is recognized (or deemed recognized pursuant to Section 4.5(d)) from Termination Capital Transactions, such Net Termination Loss shall be allocated to the Partners in the following manner:

(A) First, 99% to the Limited Partners holding Common Units, Pro Rata, and 1% to the General Partner, until the Adjusted Capital Account in respect of each Common Unit then Outstanding has been reduced to zero; and

(B) Second, 99% to the Limited Partners holding Senior Units, Pro Rata, and 1% to the General Partner, until the Adjusted Capital Account in respect of each Senior Unit then Outstanding has been reduced to zero.

(C) Third, the balance, if any, 100% to the General Partner.

(d) Special Allocations. Notwithstanding any other provision of this Section 5.1, the following special allocations shall be made for such taxable period:

(i) Partnership Minimum Gain Chargeback. Notwithstanding any other provision of this Section 5.1, if there is a net decrease in Partnership Minimum Gain during any Partnership taxable period, each Partner shall be allocated items of Partnership income and gain for such period (and, if necessary, subsequent periods) in the manner and amounts provided in Treasury Regulation Sections 1.704-2(f)(6), 1.704-2(g)(2) and 1.704-2(j)(2)(i), or any successor provision. For purposes of this Section 5.1(d), each Partner's Adjusted Capital Account balance shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 5.1(d) with respect to such taxable period (other than an allocation pursuant to Sections 5.1(d)(vi) and 5.1(d)(vii)). This Section 5.1(d)(i) is intended to comply with the Partnership Minimum Gain chargeback requirement in Treasury Regulation Section 1.704-2(f) and shall be interpreted consistently therewith.

(ii) Chargeback of Partner Nonrecourse Debt Minimum Gain. Notwithstanding the other provisions of this Section 5.1 (other than Section 5.1(d)(i)), except as provided in Treasury Regulation Section 1.704-2(i)(4), if there is a net decrease in Partner Nonrecourse Debt Minimum Gain during any Partnership taxable period, any Partner with a share of Partner Nonrecourse Debt Minimum Gain at the beginning of such taxable period shall be allocated items of Partnership income and gain for such period (and, if necessary, subsequent periods) in the manner and amounts provided in Treasury Regulation Sections 1.704-2(i)(4) and 1.704-2(j)(2)(ii), or any successor provisions. For purposes of this Section 5.1(d), each Partner's Adjusted Capital Account balance shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 5.1(d), other than Section 5.1(d)(i) and other than an allocation pursuant to Sections 5.1(d)(vi) and 5.1(d)(vii), with respect to such taxable period. This Section 5.1(d)(ii) is intended to comply with the chargeback of items of income and gain requirement in Treasury Regulation Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(iii) Priority Allocations. First, if the amount of cash or the Net Agreed Value of any property distributed (except cash or property distributed pursuant to Section 14.3 or 14.4) to any Limited Partner holding Common Units with respect to a taxable year is greater (on a per Unit basis) than the amount of cash or the Net Agreed Value of property distributed to the other Limited Partners holding Common Units (on a per Unit basis), then (1) each Limited Partner holding Common Units receiving such greater cash or property distribution shall be allocated gross income in an amount equal to the product of (aa) the amount by which the distribution (on a per Unit basis) to such Limited Partners holding Common Units exceeds the distribution (on a per Unit basis) to the Limited Partner holding Common Units receiving the smallest distribution and (bb) the number of Units owned by the Limited Partners holding Common Units receiving the greater distribution; and (2) the General Partner shall be allocated gross income in an aggregate amount equal to 1/99 of the sum of the amounts allocated in clause (1) above. Second, gross income for the taxable period shall be allocated 100% to the Limited Partners holding Senior Units, Pro Rata, until the aggregate amount of such items allocated to the Limited Partners holding Senior Units, Pro Rata, under this paragraph (iii) for the

current taxable period and all previous taxable periods is equal to the cumulative amount of cash distributed to the Limited Partners holding Senior Units, Pro Rata, pursuant to Sections 5.4(a) and 5.5(a) for the current and all previous taxable periods. All or a portion of the remaining items of Partnership gross income or gain for the taxable period, if any, shall be allocated 100% to the Special Limited Partners, Pro Rata, until the aggregate amount of such items allocated to the Special Limited Partners, Pro Rata, under this paragraph (iii) for the current taxable period and all previous taxable periods is equal to the cumulative amount of cash distributed to the Special Limited Partners, Pro Rata, from the Closing Date through the end of such taxable period.

(iv) Qualified Income Offset. In the event any Partner unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulation Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), items of Partnership income and gain shall be specifically allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations promulgated under Section 704(b) of the Code, the deficit balance, if any, in its Adjusted Capital Account created by such adjustments, allocations or distributions as quickly as possible unless such deficit balance is otherwise eliminated pursuant to Section 5.1(d)(i) or (ii).

(v) Gross Income Allocations. In the event any Partner has a deficit balance in its Adjusted Capital Account at the end of any Partnership taxable period, such Partner shall be specially allocated items of Partnership gross income and gain in the amount of such excess as quickly as possible; provided, that an allocation pursuant to this Section 5.1(d)(v) shall be made only if and to the extent that such Partner would have a deficit balance in its Adjusted Capital Account after all other allocations provided for in this Section 5.1 have been tentatively made as if this Section 5.1(d)(v) were not in this Agreement.

(vi) Nonrecourse Deductions. Nonrecourse Deductions for any taxable period shall be allocated to the Partners in accordance with their respective Percentage Interests. If the General Partner determines in its good faith discretion that the Partnership's Nonrecourse Deductions must be allocated in a different ratio to satisfy the safe harbor requirements of the Treasury Regulations promulgated under Section 704(b) of the Code, the General Partner is authorized, upon notice to the Limited Partners, to revise the prescribed ratio to the numerically closest ratio that does satisfy such requirements.

(vii) Partner Nonrecourse Deductions. Partner Nonrecourse Deductions for any taxable period shall be allocated 100% to the Partner that bears the Economic Risk of Loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulation Section 1.704-2(i). If more than one Partner bears the Economic Risk of Loss with respect to a Partner Nonrecourse Debt, such Partner Nonrecourse Deductions attributable thereto shall be allocated between or among such Partners in accordance with the ratios in which they share such Economic Risk of Loss.

(viii) Nonrecourse Liabilities. For purposes of Treasury Regulation Section 1.752-3(a)(3), the Partners agree that Nonrecourse Liabilities of the Partnership in excess of the sum of (A) the amount of Partnership Minimum Gain and (B) the total amount of Nonrecourse Built-in Gain shall be allocated among the Partners in accordance with their respective Percentage Interests.

(ix) Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(b) of the Code is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such item of gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Treasury regulations.

(i) Economic Uniformity.

(A) Immediately prior to a sale, exchange or other disposition of all or any portion of the Senior Units, the holders disposing of Senior Units may elect that the Partnership allocate items of Partnership gross income or gain 100% to the Limited Partners disposing of Senior Units until the Limited Partners disposing of Senior Units have been allocated an amount of gross income or gain which causes the Capital Accounts maintained with respect to each of the Senior Units to be equal. Immediately prior to the conversion of all or any

portion of the Senior Units into Common Units, the Limited Partners converting such Senior Units may elect that the Partnership allocate items of Partnership gross income or gain until the Limited Partners converting such Senior Units have been allocated an amount of gross income or gain which causes the Capital Account maintained with respect to each of the Senior Units to be converted to be equal to the product of (x) the number of Common Units into which the Senior Units will be converted and (y) the Per Unit Capital Account for a Common Unit.

(B) If at the time of the sale, exchange or other disposition of Senior Units, the Senior Units are publicly traded or will become publicly traded as a result of the sale, exchange or disposition, the General Partner may cause the Partnership to allocate items of gross income or gain 100% to the Limited Partners disposing of Senior Units until the Limited Partners disposing of Senior Units have been allocated an amount of gross income or gain which causes the Capital Accounts maintained with respect to each of the Senior Units that will be publicly traded after the disposition to be equal. Immediately prior to the sale, exchange or other disposition in the public marketplace of Common Units into which Senior Units have been converted, the General Partner may cause the Partnership to allocate items of gross income or gain 100% to the Limited Partners disposing of such Common Units until the Limited Partners disposing of such Common Units have been allocated an amount of gross income or gain which causes the Capital Account maintained with respect to all Common Units that are publicly traded after the disposition to be equal.

(C) At the election of the General Partner with respect to any taxable period ending upon, or after, the termination of the Subordination Period, all or a portion of the remaining items of Partnership gross income or gain for such taxable period, if any, shall be allocated 100% to each Partner holding Subordinated Units in the proportion of the number of Subordinated Units held by such Partner to the total number of Subordinated Units then Outstanding, until each such Partner has been allocated an amount of gross income or gain which increases the Capital Account maintained with respect to such Subordinated Units to an amount equal to the product of (x) the number of Subordinated Units held by such Partner and (y) the Per Unit Capital Amount for a Common Unit. The purpose of this allocation is to establish uniformity between the Capital Accounts underlying Subordinated Units and the Capital Accounts underlying Common Units held by Persons other than the General Partner and its Affiliates immediately prior to the conversion of such Subordinated Units into Common Units.

(ii) Curative Allocation.

(A) Notwithstanding any other provision of this Section 5.1, other than the Required Allocations, the Required Allocations shall be taken into account in making the Agreed Allocations so that, to the extent possible, the net amount of items of income, gain, loss and deduction allocated to each Partner pursuant to the Required Allocations and the Agreed Allocations, together, shall be equal to the net amount of such items that would have been allocated to each such Partner under the Agreed Allocations had the Required Allocations and the related Curative Allocation not otherwise been provided in this Section 5.1. Notwithstanding the preceding sentence, Required Allocations relating to (1) Nonrecourse Deductions shall not be taken into account except to the extent that there has been a decrease in Partnership Minimum Gain and (2) Partner Nonrecourse Deductions shall not be taken into account except to the extent that there has been a decrease in Partner Nonrecourse Debt Minimum Gain. Allocations pursuant to this Section 5.1(d)(xi)(A) shall only be made with respect to Required Allocations to the extent the General Partner reasonably determines that such allocations will otherwise be inconsistent with the economic agreement among the Partners. Further, allocations pursuant to this Section 5.1(d)(xi)(A) shall be deferred with respect to allocations pursuant to clauses (1) and (2) hereof to the extent the General Partner reasonably determines that such allocations are likely to be offset by subsequent Required Allocations.

(B) The General Partner shall have reasonable discretion, with respect to each taxable period, to (1) apply the provisions of Section 5.1(d)(xi)(A) in whatever order is most likely to minimize the economic distortions that might otherwise result from the Required Allocations, and (2) divide all allocations pursuant to Section 5.1(d)(xi)(A) among the Partners in a manner that is likely to minimize such economic distortions.

(iii) Retirement of Assumed Indebtedness. All losses or deductions attributable to premiums, consent fees, or other expenditures incurred by the Partnership to retire indebtedness assumed from the General Partner pursuant to the Contribution Agreement shall be allocated to the General Partner.

1.2 Section Allocations for Tax Purposes .

1.3
(a) Except as otherwise provided herein, for federal income tax purposes, each item of income, gain, loss and deduction shall be allocated among the Partners in the same manner as its correlative item of .book. income, gain, loss or deduction is allocated pursuant to Section 5.1.

(b) In an attempt to eliminate Book-Tax Disparities attributable to a Contributed Property or Adjusted Property, items of income, gain, loss, depreciation, amortization and cost recovery deductions shall be allocated for federal income tax purposes among the Partners as follows:

(i) (A) In the case of a Contributed Property, such items attributable thereto shall be allocated among the Partners in the manner provided under Section 704(c) of the Code that takes into account the variation between the Agreed Value of such property and its adjusted basis at the time of contribution; and (B) except as otherwise provided in Section 5.2(b)(iii), any item of Residual Gain or Residual Loss attributable to a Contributed Property shall be allocated among the Partners in the same manner as its correlative item of .book. gain or loss is allocated pursuant to Section 5.1.

(ii) (A) In the case of an Adjusted Property, such items shall (1) first, be allocated among the Partners in a manner consistent with the principles of Section 704(c) of the Code to take into account the Unrealized Gain or Unrealized Loss attributable to such property and the allocations thereof pursuant to Section 4.5(d)(i) or (ii), and (2) second, in the event such property was originally a Contributed Property, be allocated among the Partners in a manner consistent with Section 5.2(b)(i)(A); and (B) except as otherwise provided in Section 5.2(b)(iii), any item of Residual Gain or Residual Loss attributable to an Adjusted Property shall be allocated among the Partners in the same manner as its correlative item of .book. gain or loss is allocated pursuant to Section 5.1.

(iii) The General Partner shall apply (a) the principles of Temporary Regulation Section 1.704-3T to eliminate Book-Tax Disparities with respect to the Book-Tax Disparities existing on the date of adoption of Treasury Regulation Section 1.704-3(d) (the .Remedial Regulations.) and (b) the Remedial Regulations with respect to any Book-Tax Disparity created thereafter.

(c) For the proper administration of the Partnership and for the preservation of uniformity of the Units (or any class or classes thereof), the General Partner shall have sole discretion to (i) adopt such conventions as it deems appropriate in determining the amount of depreciation, amortization and cost recovery deductions; (ii) make special allocations for federal income tax purposes of income (including, without limitation, gross income) or deductions; and (iii) amend the provisions of this Agreement as appropriate (x) to reflect the proposal or promulgation of Treasury Regulations under Section 704(b) or Section 704(c) of the Code or (y) otherwise to preserve or achieve uniformity of the Units (or any class or classes thereof). The General Partner may adopt such conventions, make such allocations and make such amendments to this Agreement as provided in this Section 5.2(c) only if such conventions, allocations or amendments would not have a material adverse effect on the Partners, the holders of any class or classes of Units issued and Outstanding or the Partnership, and if such allocations are consistent with the principles of Section 704 of the Code.

(d) The General Partner in its sole discretion may determine to depreciate or amortize the portion of an adjustment under Section 743(b) of the Code attributable to unrealized appreciation in any Adjusted Property (to the extent of the unamortized Book-Tax Disparity) using a predetermined rate derived from the depreciation or amortization method and useful life applied to the Partnership's common basis of such property, despite the inconsistency of such approach with Treasury Regulation Section 1.167(c)-1(a)(6) and Proposed Treasury Regulation 1.197-2(g)(3) or any successor regulations thereto. If the General Partner determines that such reporting position cannot reasonably be taken, the General Partner may adopt depreciation and amortization conventions under which all purchasers acquiring Units in the same month would receive depreciation and amortization deductions, based upon the same applicable rate as if they had purchased a direct interest in the Partnership's property. If the General Partner chooses not to utilize such aggregate method, the General Partner may use any other reasonable depreciation and amortization conventions to preserve the uniformity of the intrinsic tax characteristics of any Units that would not have a material adverse effect on the Limited Partners or the Record Holders of any class or classes of Units.

(e) Any gain allocated to the Partners upon the sale or other taxable disposition of any Partnership asset shall, to the extent possible, after taking

into account other required allocations of gain pursuant to this Section 5.2, be characterized as Recapture Income in the same proportions and to the same extent as such Partners (or their predecessors in interest) have been allocated any deductions directly or indirectly giving rise to the treatment of such gains as Recapture Income.

(f) All items of income, gain, loss, deduction and credit recognized by the Partnership for federal income tax purposes and allocated to the Partners in accordance with the provisions hereof shall be determined without regard to any election under Section 754 of the Code which may be made by the Partnership; provided, however, that such allocations, once made, shall be adjusted as necessary or appropriate to take into account those adjustments permitted or required by Sections 734 and 743 of the Code.

(g) Each item of Partnership income, gain, loss and deduction attributable to a transferred Partnership Interest of the General Partner or to transferred Units shall, for federal income tax purposes, be determined on an annual basis and prorated on a monthly basis and shall be allocated to the Partners as of the opening of the New York Stock Exchange on the first Business Day of each month; provided, however, that gain or loss on a sale or other disposition of any assets of the Partnership other than in the ordinary course of business shall be allocated to the Partners as of the opening of the New York Stock Exchange on the first Business Day of the month in which such gain or loss is recognized for federal income tax purposes. The General Partner may revise, alter or otherwise modify such methods of allocation as it determines necessary, to the extent permitted or required by Section 706 of the Code and the regulations or rulings promulgated thereunder.

(h) Allocations that would otherwise be made to a Limited Partner under the provisions of this Article V shall instead be made to the beneficial owner of Units held by a nominee in any case in which the nominee has furnished the identity of such owner to the Partnership in accordance with Section 6031(c) of the Code or any other method acceptable to the General Partner in its sole discretion.

1.4 Section Requirement and Characterization of Distributions

1.5
(a) Within 45 days following the end of (i) the period beginning on the Initial Closing Date and ending on October 31, 1994 and (ii) each Quarter commencing with the Quarter beginning on November 1, 1994, an amount equal to 100% of Available Cash with respect to such Quarter shall be distributed in accordance with this Article V by the Partnership to the Partners, as of the Record Date selected by the General Partner in its reasonable discretion. All amounts of Available Cash distributed by the Partnership on any date from any source shall be deemed to be Cash from Operations until the sum of all amounts of Available Cash theretofore distributed by the Partnership to the Partners pursuant to Section 5.4 equals the aggregate amount of all Cash from Operations generated by the Partnership since the Initial Closing Date through the close of the immediately preceding Quarter. Any remaining amounts of Available Cash distributed by the Partnership on such date shall, except as otherwise provided in Section 5.5, be deemed to be Cash from Interim Capital Transactions.

(b) Notwithstanding the definitions of Available Cash and Cash from Operations contained herein, disbursements (including, without limitation, contributions to the Operating Partnership or disbursements on behalf of the Operating Partnership) made or cash reserves established, increased or reduced after the end of any Quarter but on or before the date on which the Partnership makes its distribution of Available Cash in respect of such Quarter as required by Section 5.3(a) shall be deemed to have been made, established, increased or reduced for purposes of determining Available Cash and Cash from Operations, within such Quarter if the General Partner so determines. Notwithstanding the foregoing, in the event of the dissolution and liquidation of the Partnership, all proceeds of such liquidation shall be applied and distributed in accordance with, and subject to the terms and conditions of, Sections 14.3 and 14.4.

1.6 Section Distributions of Cash from Operations and Additional Senior Units . Subject to Section 17-607 of the Delaware Act, Available Cash with respect to any Quarter that is deemed to be Cash from Operations pursuant to the provisions of Section 5.3 or 5.5 shall be distributed as follows, except as otherwise required by Section 4.3(b) in respect of additional Partnership Securities issued pursuant thereto:

(a) First, 99% to the Limited Partners holding Senior Units, Pro Rata, and 1% to the General Partner, until there has been distributed in respect of each Senior Unit then Outstanding an amount equal to the Senior Unit Distribution and any accumulated and unpaid Senior Unit Distributions through the last day of the preceding Quarter;

(b) Second, 99% to the Limited Partners holding Common Units, Pro Rata, and 1% to the General Partner until there has been distributed in respect of each Common Unit then Outstanding an amount equal to the Minimum Quarterly Distribution;

(c) Third, 99% to the Limited Partners holding Common Units, Pro Rata, and 1% to the General Partner until there has been distributed in respect of each Common Unit then Outstanding an amount equal to the excess of the First Target

Distribution over the Minimum Quarterly Distribution;

(d) Fourth, 85.8673% to the Limited Partners holding Common Units, Pro Rata, 13.1327% to the Special Limited Partners, Pro Rata, and 1% to the General Partner until there has been distributed in respect of each Common Unit then Outstanding an amount equal to the excess of the Second Target Distribution over the First Target Distribution;

(e) Fifth, 75.7653% to the Limited Partners holding Common Units, Pro Rata, 23.2347% to the Special Limited Partners, Pro Rata, and 1% to the General Partner until there has been distributed in respect of each Common Unit then Outstanding an amount equal to the excess of the Third Target Distribution over the Second Target Distribution; and

(f) Thereafter, 50.5102% to the Limited Partners holding Common Units, Pro Rata, 48.4898% to the Special Limited Partners, Pro Rata, and 1% to the General Partner;

provided, however, that (1) notwithstanding the amount of Available Cash that is deemed to be Cash from Operations with respect to such Quarter, Senior Unit Distributions accruing prior to the earlier to occur of (x) February 1, 2002 and (y) the first occurrence of a Material Event shall be paid by the issuance of additional Senior Units having an aggregate Senior Unit Liquidation Preference equal to the amount of such Senior Unit Distributions (.Additional Senior Units.), which may include fractional Senior Units or the cash equivalent thereof based on the Senior Unit Liquidation Preference;

(2) if (A) the Senior Unit Distribution has been reduced to zero pursuant to the second sentence of Section 5.6(a), (B) all of the Senior Units have been converted pursuant to Section 5.7(b) or (C) all of the Senior Units have been redeemed pursuant to Section 17.2, then subsection (a) of this Section 5.4 shall terminate and have no further force or effect; and,

(3) if the Minimum Quarterly Distribution, the First Target Distribution, the Second Target Distribution and the Third Target Distribution have been reduced to zero pursuant to the second sentence of Section 5.6(b), then subsections (b), (c), (d) and (e) of this Section 5.4 shall terminate and have no further force or effect.

1.1 Section Distributions of Cash from Interim Capital Transactions . Subject to Section 17-607 of the Delaware Act, Available Cash that constitutes Cash from Interim Capital Transactions shall be distributed, unless the provisions of Section 5.3 require otherwise, as follows:

(a) First, 99% to the Limited Partners holding Senior Units, Pro Rata, and 1% to the General Partner until there has been distributed in respect of each Senior Unit then Outstanding an amount equal to any accumulated and unpaid Senior Unit Distribution through such date;

(b) Second, 99% to the Limited Partners holding Senior Units, Pro Rata, and 1% to the General Partner until a hypothetical holder of a Senior Unit acquired on the WNGL Closing Date has received with respect to such Senior Unit, during the period since the WNGL Closing Date through such date, distributions of Available Cash that are deemed to be Cash from Interim Capital Transactions in an aggregate amount equal to the Senior Unit Liquidation Preference;

(c) Third, 99% to the Limited Partners holding Common Units, Pro Rata, and 1% to the General Partner until a hypothetical holder of a Common Unit acquired on the Initial Closing Date has received with respect to such Common Unit, during the period since the Initial Closing Date through such date, distributions of Available Cash that are deemed to be Cash from Interim Capital Transactions in an aggregate amount equal to the Initial Unit Price; and

(d) Thereafter, all Available Cash shall be distributed as if it were Cash from Operations and shall be distributed in accordance with Section 5.4.

1.2 Section Adjustment of Senior Unit Liquidation Preference, Senior Unit Distribution, Minimum Quarterly Distribution and Target Distribution Levels .

(a) The Senior Unit Liquidation Preference and the Senior Unit Distribution shall be proportionately adjusted in the event of any distribution, combination or subdivision (whether effected by a distribution payable in Senior Units or otherwise) of Senior Units in accordance with Section 4.10. In the event of a distribution of Available Cash to the Limited Partners holding Senior Units pursuant to Section 5.5(b), the Senior Unit Liquidation Preference shall be reduced by the amount of that distribution to the Limited Partners holding Senior Units, Pro Rata. In the event of a distribution of Available Cash to the Limited Partners holding Senior Units pursuant to Section 5.5(b), the Senior Unit Distribution shall be adjusted proportionately downward to equal the product obtained by multiplying the otherwise applicable Senior Unit Distribution by a fraction of which the numerator is the Senior Unit Liquidation Preference immediately after giving effect to such distribution and of which the denominator is the Senior Unit Liquidation Preference immediately prior to giving effect to such distribution.

(b) The Minimum Quarterly Distribution, First Target Distribution, Second Target Distribution and Third Target Distribution shall be proportionately adjusted in

the event of any distribution, combination or subdivision (whether effected by a distribution payable in Units or otherwise) of Units or other Partnership Securities in accordance with Section 4.10. If a distribution of Available Cash is made that is deemed to be Cash from Interim Capital Transactions, the Minimum Quarterly Distribution, First Target Distribution, Second Target Distribution and Third Target Distribution shall be adjusted proportionately downward to equal the product obtained by multiplying the otherwise applicable Minimum Quarterly Distribution, First Target Distribution, Second Target Distribution and Third Target Distribution, as the case may be, by a fraction of which the numerator is the Unrecovered Initial Unit Price of the Common Units immediately after giving effect to such distribution and of which the denominator is the Unrecovered Initial Unit Price of the Common Units immediately prior to giving effect to such distribution.

(c) The Minimum Quarterly Distribution, First Target Distribution, Second Target Distribution and Third Target Distribution shall also be subject to adjustment pursuant to Section 9.6.

1.2 Section Special Provisions Relating to the Senior Units .

1.3
(a) Immediately upon the conversion of Senior Units into Common Units as provided in Section 5.7(b), the holder of a Senior Unit so converted shall possess all of the rights and obligations of a Limited Partner holding Common Units hereunder, including, without limitation, the right to vote as a Limited Partner holding Common Units, the right to participate in allocations of income, gain, loss and deduction and distributions of cash made with respect to Common Units pursuant to this Article V. (b) If the holders of the Common Units approve the Senior Unit Conversion Option, each holder of Senior Units shall have the right, at its option, subject to the terms of this Section 5.7, to convert any or all of such holders' Senior Units into Common Units at any time during the time period commencing upon the earlier to occur of:

(i) February 1, 2002, upon not less than 90 days prior written notice to the Partnership (which notice may be given prior to February 1, 2002) in accordance with Section 5.7(d), or

(ii) a Material Event, upon not less than 30 days prior written notice to the Partnership in accordance with Section 5.7(d); provided, however, that prior to the expiration of such 30-day period, the holders of the Senior Units may revoke their election to convert Senior Units into Common Units at any time during the pendency of a Material Event by written notice to the Partnership. If the holders of the Senior Units revoke their election to convert Senior Units into Common Units and the Partnership has cured the Material Event and a subsequent Material Event occurs, the holders of the Senior Units may elect to convert their Senior Units into Common Units upon not less than 10 days prior written notice to the Partnership;

and ending on the date upon which the holders of the Senior Units give the Partnership notice of their election to exercise their registration rights with respect to the Senior Units pursuant to the WNGL Registration Rights Agreement.

(i) If the holders of the Senior Units elect to convert any or all of their Senior Units into Common Units, such number of Senior Units shall be converted into such number of fully paid and nonassessable (subject to Section 17-607 of the Delaware Act) Common Units as is equal, subject to Section 5.7(g), to the product of the number of Senior Units being so converted, multiplied by the quotient of (A) 125% of the sum of (1) the Senior Unit Liquidation Preference plus (2) any accumulated and unpaid Senior Unit Distributions to and including the date of conversion, divided by (B) the Current Market Price of the Common Units as of the date of conversion.

(b) The holders of the Senior Units shall exercise the right to convert by the delivery of written notice, at the Partnership's principal place of business, during the applicable time period specified in (b) above, that the holder elects to convert all or a portion of the Senior Units represented by such Certificates and, subject to Section 5.7(i), specifying the name or names (with address) in which Certificates representing Common Units are to be issued. Upon the expiration of the applicable time period specified in (b) above, each converting holder of Senior Units shall be deemed to be the holder of record of the number of Common Units issuable upon conversion in accordance with (c) above, notwithstanding that the Certificates representing such Common Units shall not then actually be delivered to such Person. Upon notice from the Partnership, each holder of Senior Units so converted shall promptly surrender to the Partnership or the Transfer Agent, Certificates representing the Senior Units so converted, in proper transfer form. On the date of conversion, all rights with respect to the Senior Units so converted will terminate except for the right of holders to receive Certificates for the number of Common Units into which such Senior Units have been converted. If the date for the conversion of Senior Units into Common Units shall not be a Business Day, then such conversion shall occur on the next Business Day. Each Senior Unit shall be canceled by the General Partner upon its conversion.

(c) During the period beginning on the first of the twenty (20) Trading Days immediately prior to the date of conversion through and including the date of conversion, the Partnership shall not take any action that will affect the Common Units, including, without limitation, the following:

> (i) (A) make a redemption payment or make a distribution payable in Common Units on any class of Partnership Interest (which, for purposes of this Section 5.7(e) shall include, without limitation, any distributions in the form of options, warrants or other rights to acquire Partnership Interests) of the Partnership (other than the issuance of Common Units in connection with the payment in redemption for, of distributions on or the conversion of Senior Units); (B) subdivide the outstanding Common Units into a larger number of Common Units; (C) combine the outstanding Common Units into a smaller number of Common Units; (D) issue any of its Partnership Securities in a reclassification of the Common Units; or (E) set a Record Date with respect to any of the events described in (A) through (D);
>
> (ii) issue to all holders of its Common Units rights, options or warrants entitling the holders thereof to subscribe for or purchase Common Units (or securities convertible into or exchangeable for Common Units) other than issuances of such rights, options or warrants if the holder of Senior Units would be entitled to receive such rights, options or warrants upon conversion at any time of Senior Units;
>
> (iii) (A) other than distributions consistent with past practice, make a Pro Rata distribution to all holders of Common Units consisting exclusively of cash (excluding any cash distributed upon a merger or consolidation to which paragraph (g) below applies), or (B) make a distribution to all holders of its Common Units consisting of evidences of indebtedness, its Partnership Interests other than Common Units or assets (including securities, but excluding those rights, options, warrants and distributions referred to in paragraphs (e)(i) or (e)(ii) above); or
>
> (iv) issue or sell Common Units or securities convertible into or exchangeable for Common Units, or any options, warrants or other rights to acquire Common Units.

(d) No fractional Common Units shall be issued upon the conversion of any Senior Units. If more than one Senior Unit shall be surrendered for conversion at one time by the same holder, the number of full Common Units issuable upon conversion thereof shall be computed on the basis of the aggregate Senior Unit Liquidation Preference of the Senior Units so surrendered. If the conversion of any Senior Units results in a fraction, an amount equal to such fraction multiplied by the Current Market Price of the Common Units as of the date of conversion shall be paid to such holder in cash by the Partnership.

(a)

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(i) In the event of any capital reorganization or reclassification or other change of outstanding Common Units, consolidation or merger of the Partnership with or into another Person in accordance with Section 16.1(b) (other than a consolidation or merger in which the Partnership is the Surviving Business Entity and which does not result in any reclassification or change of outstanding Common Units) or sale or other disposition to another Person of all or substantially all of the assets of the Partnership, computed on a consolidated basis in accordance with Section 16.1(b) (any of the foregoing, a .Transaction.), lawful provision shall be made such that the Senior Units will be convertible only into the kind and amount of stock or other securities (of the Partnership or another issuer) or property or cash receivable upon such Transaction by a holder of the number of Common Units into which such Senior Units could have been converted immediately prior to such Transaction. The provisions of this Section 5.7(g) and any equivalent thereof in any governing document of the Surviving Business Entity similarly shall apply to successive Transactions.

(e) The Partnership shall not enter into any agreement that would prohibit the issuance of the number of Common Units as will from time to time be sufficient to permit the conversion of all outstanding Senior Units.

(f) The issuance or delivery of certificates for Common Units upon the conversion of Senior Units shall be made without charge to the converting holder of Senior Units for such certificates or for any tax in respect of the issuance or delivery of such certificates or the securities represented thereby, and such certificates shall be issued or delivered in the respective names of, or in such names as may be directed by, the holders of the Senior Units converted; provided, however, that the Partnership shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any such certificate in a name other than that of the holder of the Senior Units converted, and the Partnership shall not be required to issue or deliver such certificate unless or until the Person or Persons requesting the issuance or delivery thereof shall have paid to the Partnership the amount of such tax or shall have established to the reasonable satisfaction of the Partnership that such tax has been paid.

(g) The Partnership covenants that all Common Units which may be delivered upon conversion of Senior Units will be newly issued Common Units, will have been duly authorized and validly issued and will be fully paid and non-assessable (except as such non-assessability may be affected by Section 17-607 of the Delaware Act).

(h) The Common Units issued by the Partnership upon conversion of the Senior Units shall have, as a substantive manner in the hands of a subsequent holder, like intrinsic economic and federal income tax characteristics in all material respects, to the intrinsic economic and federal income tax characteristics of a Common Unit then Outstanding.

1.2 Section Special Provisions Relating to the Special Limited Partners . Notwithstanding anything to the contrary set forth in this Agreement, the Special Limited Partners (a) shall (i) possess the rights and obligations provided in this Agreement with respect to a Limited Partner pursuant to Articles VI and VII and (ii) have a Capital Account as a Partner pursuant to Section 4.5 and all other provisions related thereto and (b) shall not (i) be entitled to vote on any matters requiring the approval or vote of the holders of Outstanding Units, (ii) be entitled to any distributions other than to Partners pursuant to Sections 5.4(d), (e) and (f), 14.3 and 14.4 or (iii) be allocated items of income, gain, loss or deduction other than as specified in this Article V.

1.1 Section Special Provision Relating to Common Units that were Subordinated Units Prior to the Expiration of the Subordination Period . Common Units issued by the Partnership upon the conversion of the Subordinated Units at the expiration of the Subordination Period shall remain subject to Section 5.1(d)(x)(C).

1 ARTICLE MANAGEMENT AND OPERATION OF BUSINESSARTICLE 2 3 MANAGEMENT AND OPERATION OF BUSINESS

1.1 Section Management .
1.2
(a) The General Partner shall conduct, direct and manage all activities of the Partnership. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership shall be exclusively vested in the General Partner, and no Limited Partner or Assignee shall have any management power over the business and affairs of the Partnership. In addition to the powers now or hereafter granted a general partner of a limited partnership under applicable law or which are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to Section 6.3, shall have full power and authority to do all things and on such terms as it, in its sole discretion, may deem necessary or appropriate to conduct the business of the Partnership, to exercise all powers

set forth in Section 3.2 and to effectuate the purposes set forth in Section 3.1, including, without limitation, (i) the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness and the incurring of any other obligations; (ii) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership; (iii) the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any or all of the assets of the Partnership or the merger or other combination of the Partnership with or into another Person (the matters described in this clause (iii) being subject, however, to any prior approval that may be required by Section 6.3); (iv) the use of the assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with the terms of this Agreement, including, without limitation, the financing of the conduct of the operations of the Partnership or the Operating Partnership, the lending of funds to other Persons (including, without limitation, the Operating Partnership, the General Partner and Affiliates of the General Partner) and the repayment of obligations of the Partnership and the Operating Partnership and the making of capital contributions to the Operating Partnership; (v) the negotiation, execution and performance of any contracts, conveyances or other instruments (including, without limitation, instruments that limit the liability of the Partnership under contractual arrangements to all or particular assets of the Partnership, with the other party to the contract to have no recourse against the General Partner or its assets other than its interest in the Partnership, even if same results in the terms of the transaction being less favorable to the Partnership than would otherwise be the case); (vi) the distribution of Partnership cash; (vii) the selection and dismissal of employees and agents (including, without limitation, employees having titles such as .president,. .vice president,. .secretary. and .treasurer.) and agents, outside attorneys, accountants, consultants and contractors and the determination of their compensation and other terms of employment or hiring; (viii) the maintenance of such insurance for the benefit of the Partnership, the Operating Partnership and the Partners (including, without limitation, the assets of the Operating Partnership and the Partnership) as it deems necessary or appropriate; (ix) the formation of, or acquisition of an interest in, and the contribution of property and the making of loans to, any further limited or general partnerships, joint ventures, corporations or other relationships (including, without limitation, the acquisition of interests in, and the contributions of property to, the Operating Partnership from time to time); (x) the control of any matters affecting the rights and obligations of the Partnership, including, without limitation, the bringing and defending of actions at law or in equity and otherwise engaging in the conduct of litigation and the incurring of legal expense and the settlement of claims and litigation; (xi) the indemnification of any Person against liabilities and contingencies to the extent permitted by law; (xii) the entering into of listing agreements with The New York Stock Exchange, Inc. and any other securities exchange and the delisting of some or all of the Units from, or requesting that trading be suspended on, any such exchange (subject to any prior approval that may be required under Section 1.6); (xiii) the purchase, sale or other acquisition or disposition of Units; and (xiv) the undertaking of any action in connection with the Partnership's participation in the Operating Partnership as the limited partner (including, without limitation, contributions or loans of funds by the Partnership to the Operating Partnership).

(b) Notwithstanding any other provision of this Agreement, the Operating Partnership Agreement, the Delaware Act or any applicable law, rule or regulation, each of the Partners and Assignees and each other Person who may acquire an interest in Units hereby (i) approves, ratifies and confirms the execution, delivery and performance by the parties thereto of the Operating Partnership Agreement, the Underwriting Agreement, the Contribution Agreement, the agreements and other documents filed as exhibits to the Registration Statement, and the other agreements described in or filed as a part of the Registration Statement, and the engaging by any Affiliate of the General Partner in business and activities (other than Restricted Activities) that are in direct competition with the business and activities of the Partnership and the Operating Partnership; (ii) agrees that the General Partner (on its own or through any officer of the Partnership) is authorized to execute, deliver and perform the agreements referred to in clause (i) of this sentence and the other agreements, acts, transactions and matters described in or contemplated by the Registration Statement on behalf of the Partnership without any further act, approval or vote of the Partners or the Assignees or the other Persons who may acquire an interest in Units; and (iii) agrees that the execution, delivery or performance by the General Partner, the Partnership, the Operating Partnership or any Affiliate of any of them, of this Agreement or any agreement authorized or permitted under this Agreement (including, without limitation, the exercise by the General Partner or any Affiliate of the General Partner of the rights accorded pursuant to Article XVII), or the engaging by any Affiliate of the General Partner in any business and activities (other than Restricted Activities) that are in direct competition with the business and activities of the Partnership and the Operating Partnership, shall not constitute a breach by the General Partner of any duty that the General Partner may owe the Partnership or the Limited Partners or the Assignees or any other Persons under this Agreement (or any other agreements) or of any duty stated or implied by law or equity. The term .Affiliate. when used in this Section 6.1(b) with respect to the General Partner shall not include the Partnership or any Subsidiary of the Partnership.

1.3 Section Certificate of Limited Partnership . The General Partner has caused the Certificate of Limited Partnership to be filed with the Secretary of State of the State of Delaware as required by the Delaware Act and shall use all reasonable efforts to cause to be filed such other certificates or documents as may be determined by the General Partner in its sole discretion to be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware or any other state in which the Partnership may elect to do business or own property. To the extent that such action is determined by the General Partner in its sole discretion to be reasonable and necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate of Limited Partnership and do all things to maintain the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) under the laws of the State of Delaware or of any other state in which the Partnership may elect to do business or own property. Subject to the terms of Section 7.5(a), the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate of Limited Partnership, any qualification document or any amendment thereto to any Limited Partner or Assignee.

1.1 Section Restrictions on General Partner's Authority .

1.2
(a) The General Partner may not, without written approval of the specific act by all of the Outstanding Common Units or by other written instrument executed and delivered by all of the Outstanding Common Units subsequent to the date of this Agreement, take any action in contravention of this Agreement, including, without limitation, (i) any act that would make it impossible to carry on the ordinary business of the Partnership, except as otherwise provided in this Agreement; (ii) possess Partnership property, or assign any rights in specific Partnership property, for other than a Partnership purpose; (iii) admit a Person as a Partner, except as otherwise provided in this Agreement; (iv) amend this Agreement in any manner, except as otherwise provided in this Agreement; or (v) transfer its interest as general partner of the Partnership, except as otherwise provided in this Agreement.

(b) Except as provided in Articles XIV and XVI, the General Partner may not sell, exchange or otherwise dispose of all or substantially all of the Partnership's assets in a single transaction or a series of related transactions or approve on behalf of the Partnership the sale, exchange or other disposition of all or substantially all of the assets of the Operating Partnership, without the approval of the holders of at least a majority of the Outstanding Common Units; provided, however, that this provision shall not preclude or limit the General Partner's ability to mortgage, pledge, hypothecate or grant a security interest in all or substantially all of the Partnership's assets and shall not apply to any forced sale of any or all of the Partnership's assets pursuant to the foreclosure of, or other realization upon, any such encumbrance. Without the approval of the holders of at least two-thirds of the Outstanding Common Units, the General Partner shall not, on behalf of the Partnership, (i) consent to any amendment to the Operating Partnership Agreement or, except as expressly permitted by Section 6.9(d), take any action permitted to be taken by a partner of the Operating Partnership, in either case, that would have a material adverse effect on the Partnership as a partner of the Operating Partnership or (ii) except as permitted under Sections 11.2, 13.1 and 13.2 elect or cause the Partnership to elect a successor general partner of the Operating Partnership.

(c) Unless approved by the affirmative vote of the holders of at least two-thirds of the Outstanding Common Units (excluding for purposes of such determination Common Units owned by the General Partner and its Affiliates), the General Partner shall not take any action or refuse to take any reasonable action the effect of which, if taken or not taken, as the case may be, would be to cause the Partnership or the Operating Partnership to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes; provided that this Section 6.3(c) shall not be construed to apply to amendments to this Agreement (which are governed by Article XV) or mergers or consolidations of the Partnership with any Person (which are governed by Article XVI).

(d) At all times while serving as the general partner of the Partnership, the General Partner shall not (except as provided below) make any dividend or distribution on, or repurchase any shares of, its stock or take any other action within its control unless it shall first receive an Opinion of Counsel that the effect of such dividend, distribution, repurchase or other action would not reduce its net worth below an amount such that the Partnership will be treated as an association taxable as a corporation for federal income tax purposes; provided, however, to the extent the General Partner receives distributions of cash from the Partnership, the Operating Partnership or any other partnership of which the Partnership is, directly or indirectly, a partner, the General Partner shall not use such cash to make any dividend or distribution on, or repurchase any shares of, its stock or take any other action within its control if the effect of such dividend, distribution, repurchase or other action would be to reduce its net worth below an amount necessary to receive an Opinion of Counsel that the Partnership will be treated as a partnership for federal income tax purposes.

1.3 Section Reimbursement of the General Partner .

1.4
(a) Except as provided in this Section 6.4 and elsewhere in this Agreement or in the Operating Partnership Agreement, the General Partner shall not be compensated for its services as general partner of the Partnership or the Operating Partnership.

(b) The General Partner shall be reimbursed on a monthly basis, or such other basis as the General Partner may determine in its sole discretion, for (i) all direct and indirect expenses it incurs or payments it makes on behalf of the Partnership (including, without limitation, salary, bonus, incentive compensation and other amounts paid to any Person to perform services for the Partnership or for the General Partner in the discharge of its duties to the Partnership), and (ii) all other necessary or appropriate expenses allocable to the Partnership or otherwise reasonably incurred by the General Partner in connection with operating the Partnership's business (including, without limitation, expenses allocated to the General Partner by its Affiliates). The General Partner shall determine the fees and expenses that are allocable to the Partnership in any reasonable manner determined by the General Partner in its sole discretion. Reimbursements pursuant to this Section 6.4 shall be in addition to any reimbursement to the General Partner as a result of indemnification pursuant to Section 6.7.

(c) Subject to Section 4.3(c), the General Partner in its sole discretion and without the approval of the Limited Partners (who shall have no right to vote in respect thereof) may propose and adopt on behalf of the Partnership, employee benefit and incentive plans (including, without limitation, plans involving the issuance of Units), or issue Partnership Securities pursuant to any employee benefit or incentive plan maintained or sponsored by the General Partner or one of its Affiliates, in each case for the benefit of employees of the General Partner, the Partnership, the Operating Partnership or any Affiliate of any of them in respect of services performed, directly or indirectly, for the benefit of the Partnership or the Operating Partnership. The Partnership agrees to issue and sell to the General Partner any Units or other Partnership Securities that the General Partner is obligated to provide to any employees pursuant to any such benefit or incentive plans. Expenses incurred by the General Partner in connection with any such plans (including the net cost to the General Partner of Units purchased by the General Partner from the Partnership to fulfill options or awards under such plans) shall be reimbursed in accordance with Section 6.4(b). Any and all obligations of the General Partner under any employee benefit or incentive plans adopted by the General Partner as permitted by this Section 6.4(c) shall constitute obligations of the General Partner hereunder and shall be assumed by any successor General Partner approved pursuant to Section 13.1 or 13.2 or the transferee of or successor to all of the General Partner's Partnership Interest as a general partner in the Partnership pursuant to Section 11.2.

1.5 Section Outside Activities .
1.6
(a) After the Closing Date, the General Partner, for so long as it is the general partner of the Partnership, (i) agrees that its sole business will be to act as a general partner of the Partnership, the Operating Partnership and any other partnership of which the Partnership or the Operating Partnership is, directly or indirectly, a partner and to undertake activities that are ancillary or related thereto (including being a limited partner in the Partnership), (ii) shall not enter into or conduct any business or incur any debts or liabilities except in connection with or incidental to (A) its performance of the activities required or authorized by this Agreement or the Operating Partnership Agreement or described in or contemplated by the Registration Statement and (B) the acquisition, ownership or disposition of Partnership Interests in the Partnership or partnership interests in the Operating Partnership or any other partnership of which the Partnership or the Operating Partnership is, directly or indirectly, a partner, except that, notwithstanding the foregoing, employees of the General Partner may perform services for Ferrell and its Affiliates, and (iii) shall not and shall cause its Affiliates not to engage in any Restricted Activity.

(b) Except as described in Section 6.5(a), no Indemnitee shall be expressly or implicitly restricted or proscribed pursuant to this Agreement, the Operating Partnership Agreement or the partnership relationship established hereby or thereby from engaging in other activities for profit, whether in the businesses engaged in by the Partnership or the Operating Partnership or anticipated to be engaged in by the Partnership, the Operating Partnership or otherwise, including, without limitation, in the case of any Affiliates of the General Partner those businesses and activities (other than Restricted Activities) in direct competition with the business and activities of the Partnership or the Operating Partnership or otherwise described in or contemplated by the Registration Statement. Without limitation of and subject to the foregoing each Indemnitee (other than the General Partner) shall have the right to engage in businesses of every type and description and to engage in and possess an interest in other business ventures of any and every type or description, independently or with others, including, without limitation, in the case of any Affiliates of the General Partner business interests and activities (other than Restricted Activities) in direct competition with the business and activities of the Partnership or the Operating Partnership, and none of the same shall constitute a breach of this Agreement or any duty to the Partnership, the Operating Partnership or any Partner or Assignee. Neither the Partnership, the Operating Partnership, any Limited Partner nor any other Person shall have any

rights by virtue of this Agreement, the Operating Partnership Agreement or the partnership relationship established hereby or thereby in any business ventures of any Indemnitee (subject, in the case of the General Partner, to compliance with Section 6.5(c)) and such Indemnitees shall have no obligation to offer any interest in any such business ventures to the Partnership, the Operating Partnership, any Limited Partner or any other Person. The General Partner and any other Persons affiliated with the General Partner may acquire Units or other Partnership Securities in addition to those acquired by any of such Persons on the Closing Date, and, except as otherwise provided in this Agreement, shall be entitled to exercise all rights of an Assignee or Limited Partner, as applicable, relating to such Units or Partnership Securities, as the case may be.

(c) Subject to the terms of Sections 6.5(a) and (b) but otherwise notwithstanding anything to the contrary in this Agreement, (i) the competitive activities of any Indemnitees (other than the General Partner) are hereby approved by the Partnership and all Partners and (ii) it shall be deemed not to be a breach of the General Partner's fiduciary duty or any other obligation of any type whatsoever of the General Partner for the General Partner to permit an Affiliate of the General Partner to engage, or for any such Affiliate to engage, in business interests and activities (other than Restricted Activities) in preference to or to the exclusion of the Partnership.

(d) The term .Affiliates. when used in this Section 6.5 with respect to the General Partner shall not include the Partnership or any Subsidiary of the Partnership.

1.7 Section Loans to and from the General Partner; Contracts with Affiliates .
1.8 (a) The General Partner or any Affiliate thereof may lend to the Partnership or the Operating Partnership, and the Partnership and the Operating Partnership may borrow, funds needed or desired by the Partnership and the Operating Partnership for such periods of time as the General Partner may determine and (ii) the General Partner or any Affiliate thereof may borrow from the Partnership or the Operating Partnership, and the Partnership and the Operating Partnership may lend to the General Partner or such Affiliate, excess funds of the Partnership and the Operating Partnership for such periods of time and in such amounts as the General Partner may determine; provided, however, that in either such case the lending party may not charge the borrowing party interest at a rate greater than the rate that would be charged the borrowing party (without reference to the lending party's financial abilities or guarantees), by unrelated lenders on comparable loans. The borrowing party shall reimburse the lending party for any costs (other than any additional interest costs) incurred by the lending party in connection with the borrowing of such funds. For purposes of this Section 6.6(a) and Section 6.6(b), the term .Partnership. shall include any Affiliate of the Partnership that is controlled by the Partnership and the term .Operating Partnership. shall include any Affiliate of the Operating Partnership that is controlled by the Operating Partnership.

(b) The Partnership may lend or contribute to the Operating Partnership, and the Operating Partnership may borrow, funds on terms and conditions established in the sole discretion of the General Partner; provided, however, that the Partnership may not charge the Operating Partnership interest at a rate greater than the rate that would be charged to the Operating Partnership (without reference to the General Partner's financial abilities or guarantees), by unrelated lenders on comparable loans. The foregoing authority shall be exercised by the General Partner in its sole discretion and shall not create any right or benefit in favor of the Operating Partnership or any other Person.

(c) The General Partner may itself, or may enter into an agreement with any of its Affiliates to, render services to the Partnership or to the General Partner in the discharge of its duties as general partner of the Partnership. Any services rendered to the Partnership by the General Partner or any of its Affiliates shall be on terms that are fair and reasonable to the Partnership; provided, however, that the requirements of this Section 6.6(c) shall be deemed satisfied as to (i) any transaction approved by Special Approval, (ii) any transaction, the terms of which are no less favorable to the Partnership than those generally being provided to or available from unrelated third parties or (iii) any transaction that, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Partnership), is equitable to the Partnership. The provisions of Section 6.4 shall apply to the rendering of services described in this Section 6.6(c).

(d) The Partnership may transfer assets to joint ventures, other partnerships, corporations, limited liability companies or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions as are consistent with this Agreement and applicable law.

(e) Neither the General Partner nor any of its Affiliates shall sell, transfer or convey any property to, or purchase any property from, the Partnership, directly or indirectly, except pursuant to transactions that are fair and reasonable to the Partnership; provided, however, that the requirements of this Section 6.6(e) shall be deemed to be satisfied as to (i) the transactions effected pursuant to Sections 4.1, 4.2 and 4.3, the Contribution Agreement and any other transactions described in or contemplated by the Registration Statement, (ii) any transaction approved by Special Approval, (iii) any transaction, the terms of which are no less favorable to the Partnership than

those generally being provided to or available from unrelated third parties, or (iv) any transaction that, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Partnership), is equitable to the Partnership.

(f) The General Partner and its Affiliates will have no obligation to permit the Partnership or the Operating Partnership to use any facilities or assets of the General Partner and its Affiliates, except as may be provided in contracts entered into from time to time specifically dealing with such use, nor shall there be any obligation on the part of the General Partner or its Affiliates to enter into such contracts.

(g) Without limitation of Sections 6.6(a) through 6.6(f), and notwithstanding anything to the contrary in this Agreement, the existence of the conflicts of interest described in the Registration Statement are hereby approved by all Partners.

1.9 Section Indemnification .
1.10
(a) To the fullest extent permitted by law but subject to the limitations expressly provided in this Agreement, the General Partner, any Departing Partner and any Person who is or was an officer or director of the General Partner or any Departing Partner and all other Indemnitees shall be indemnified and held harmless by the Partnership from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including, without limitation, legal fees and expenses), judgments, fines, penalties, interest, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status as (i) the General Partner, a Departing Partner or any of their Affiliates, (ii) an officer, director, employee, partner, agent or trustee of the Partnership, the General Partner, any Departing Partner or any of their Affiliates or (iii) a Person serving at the request of the Partnership in another entity in a similar capacity, provided, that in each case the Indemnitee acted in good faith and in a manner which such Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Partnership and, with respect to any criminal proceeding, had no reasonable cause to believe its conduct was unlawful; provided, further, no indemnification pursuant to this Section 6.7 shall be available to the General Partner with respect to its obligations incurred pursuant to the Underwriting Agreement or the Contribution Agreement (other than obligations incurred by the General Partner on behalf of the Partnership or the Operating Partnership). The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that the Indemnitee acted in a manner contrary to that specified above. Any indemnification pursuant to this Section 6.7 shall be made only out of the assets of the Partnership, it being agreed that the General Partner shall not be personally liable for such indemnification and shall have no obligation to contribute or loan any monies or property to the Partnership to enable it to effectuate such indemnification.

(b) To the fullest extent permitted by law, expenses (including, without limitation, legal fees and expenses) incurred by an Indemnitee who is indemnified pursuant to Section 6.7(a) in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Partnership prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Partnership of an undertaking by or on behalf of the Indemnitee to repay such amount if it shall be determined that the Indemnitee is not entitled to be indemnified as authorized in this Section 6.7.

(c) The indemnification provided by this Section 6.7 shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, pursuant to any vote of the holders of Outstanding Units, as a matter of law or otherwise, both as to actions in the Indemnitee's capacity as (i) the General Partner, a Departing Partner or an Affiliate thereof, (ii) an officer, director, employee, partner, agent or trustee of the Partnership, the General Partner, any Departing Partner or an Affiliate thereof or (iii) a Person serving at the request of the Partnership in another entity in a similar capacity, and as to actions in any other capacity (including, without limitation, any capacity under the Underwriting Agreement), and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee.

(d) The Partnership may purchase and maintain (or reimburse the General Partner or its Affiliates for the cost of) insurance, on behalf of the General Partner and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expense that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(e) For purposes of this Section 6.7, the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect

to an employee benefit plan pursuant to applicable law shall constitute .fines. within the meaning of Section 6.7(a); and action taken or omitted by it with respect to an employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is in, or not opposed to, the best interests of the Partnership.

(f) In no event may an Indemnitee subject the Limited Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in part under this Section 6.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 6.7 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

(i) No amendment, modification or repeal of this Section 6.7 or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitee to be indemnified by the Partnership, nor the obligation of the Partnership to indemnify any such Indemnitee under and in accordance with the provisions of this Section 6.7 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

1.11 Section Liability of Indemnitees .

1.12
(a) Notwithstanding anything to the contrary set forth in this Agreement, no Indemnitee shall be liable for monetary damages to the Partnership, the Limited Partners, the Assignees or any other Persons who have acquired interests in the Units, for losses sustained or liabilities incurred as a result of any act or omission if such Indemnitee acted in good faith.

(b) Subject to its obligations and duties as General Partner set forth in Section 6.1(a), the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents, and the General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by the General Partner in good faith.

(c) Any amendment, modification or repeal of this Section 6.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the liability to the Partnership and the Limited Partners of the General Partner, its directors, officers and employees under this Section 6.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

1.13 Section Resolution of Conflicts of Interest .

1.14
(a) Unless otherwise expressly provided in this Agreement or the Operating Partnership Agreement, whenever a potential conflict of interest exists or arises between the General Partner or any of its Affiliates, on the one hand, and the Partnership, the Operating Partnership, any Partner or any Assignee, on the other, any resolution or course of action in respect of such conflict of interest shall be permitted and deemed approved by all Partners, and shall not constitute a breach of this Agreement, of the Operating Partnership Agreement, of any agreement contemplated herein or therein, or of any duty stated or implied by law or equity, if the resolution or course of action is, or by operation of this Agreement is deemed to be, fair and reasonable to the Partnership. The General Partner shall be authorized but not required in connection with its resolution of such conflict of interest to seek Special Approval of a resolution of such conflict or course of action. Any conflict of interest and any resolution of such conflict of interest shall be conclusively deemed fair and reasonable to the Partnership if such conflict of interest or resolution is (i) approved by Special Approval, (ii) on terms no less favorable to the Partnership than those generally being provided to or available from unrelated third parties or (iii) fair to the Partnership, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Partnership). The General Partner may also adopt a resolution or course of action that has not received Special Approval. The General Partner (including the Audit Committee in connection with Special Approval) shall be authorized in connection with its determination of what is .fair and reasonable. to the Partnership and in connection with its resolution of any conflict of interest to consider (A) the relative interests of any party to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interest; (B) any customary or accepted industry practices and any customary or historical dealings with a particular Person; (C) any applicable generally accepted

accounting practices or principles; and (D) such additional factors as the General Partner (including such Audit Committee) determines in its sole discretion to be relevant, reasonable or appropriate under the circumstances. Nothing contained in this Agreement, however, is intended to nor shall it be construed to require the General Partner (including such Audit Committee) to consider the interests of any Person other than the Partnership. In the absence of bad faith by the General Partner, the resolution, action or terms so made, taken or provided by the General Partner with respect to such matter shall not constitute a breach of this Agreement or any other agreement contemplated herein or a breach of any standard of care or duty imposed herein or therein or under the Delaware Act or any other law, rule or regulation.

(b) Whenever this Agreement or any other agreement contemplated hereby provides that the General Partner or any of its Affiliates is permitted or required to make a decision (i) in its .sole discretion. or .discretion,. that it deems .necessary or appropriate. or under a grant of similar authority or latitude, the General Partner or such Affiliate shall be entitled to consider only such interests and factors as it desires and shall have no duty or obligation to give any consideration to any interest of, or factors affecting, the Partnership, the Operating Partnership, any Limited Partner or any Assignee, (ii) it may make such decision in its sole discretion (regardless of whether there is a reference to .sole discretion. or .discretion.) unless another express standard is provided for, or (iii) in .good faith. or under another express standard, the General Partner or such Affiliate shall act under such express standard and shall not be subject to any other or different standards imposed by this Agreement, the Operating Partnership Agreement, any other agreement contemplated hereby or under the Delaware Act or any other law, rule or regulation. In addition, any actions taken by the General Partner or such Affiliate consistent with the standards of .reasonable discretion. set forth in the definitions of Available Cash or Cash from Operations shall not constitute a breach of any duty of the General Partner to the Partnership or the Limited Partners. The General Partner shall have no duty, express or implied, to sell or otherwise dispose of any asset of the Operating Partnership or of the Partnership, other than in the ordinary course of business. No borrowing by the Partnership or the Operating Partnership or the approval thereof by the General Partner shall be deemed to constitute a breach of any duty of the General Partner to the Partnership or the Limited Partners by reason of the fact that the purpose or effect of such borrowing is directly or indirectly to enable Incentive Distributions.

(c) Whenever a particular transaction, arrangement or resolution of a conflict of interest is required under this Agreement to be .fair and reasonable. to any Person, the fair and reasonable nature of such transaction, arrangement or resolution shall be considered in the context of all similar or related transactions.

(d) The Limited Partners hereby authorize the General Partner, on behalf of the Partnership as a partner of the Operating Partnership, to approve of actions by the general partner of the Operating Partnership similar to those actions permitted to be taken by the General Partner pursuant to this Section 6.9.

1.15 Section Other Matters Concerning the General Partner .

1.16
(a) The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken or omitted to be taken in reliance upon the opinion (including, without limitation, an Opinion of Counsel) of such Persons as to matters that such General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

(c) The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers, a duly appointed attorney or attorneys-in-fact or the duly authorized officers of the Partnership. Each such attorney shall, to the extent provided by the General Partner in the power of attorney, have full power and authority to do and perform each and every act and duty that is permitted or required to be done by the General Partner hereunder.

(d) Any standard of care and duty imposed by this Agreement or under the Delaware Act or any applicable law, rule or regulation shall be modified, waived or limited as required to permit the General Partner to act under this Agreement or any other agreement contemplated by this Agreement and to make any decision pursuant to the authority prescribed in this Agreement so long as such action is reasonably believed by the General Partner to be in, or not inconsistent with, the best interests of the Partnership.

1.17 Section Title to Partnership Assets . Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner or Assignee, individually or collectively, shall have any ownership interest in such

Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner, one or more of its Affiliates or one or more nominees, as the General Partner may determine. The General Partner hereby declares and warrants that any Partnership assets for which record title is held in the name of the General Partner or one or more of its Affiliates or one or more nominees shall be held by the General Partner or such Affiliate or nominee for the use and benefit of the Partnership in accordance with the provisions of this Agreement; provided, however, that the General Partner shall use its reasonable efforts to cause record title to such assets (other than those assets in respect of which the General Partner determines that the expense and difficulty of conveyancing makes transfer of record title to the Partnership impracticable) to be vested in the Partnership as soon as reasonably practicable; provided that, prior to the withdrawal or removal of the General Partner or as soon thereafter as practicable, the General Partner shall use reasonable efforts to effect the transfer of record title to the Partnership and, prior to any such transfer, will provide for the use of such assets in a manner satisfactory to the Partnership. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which record title to such Partnership assets is held.

1.1 Section Purchase or Sale of Units . The General Partner may cause the Partnership to purchase or otherwise acquire Units; provided that, except

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(a) as permitted pursuant to Section 11.6 and in exchange for other Units or Partnership Securities that are junior in right of distribution and liquidation to the Senior Units, the General Partner may not cause the Partnership or any Subsidiary to directly or indirectly purchase or otherwise acquire Common Units or any other Units or Partnership Securities that are junior in right of distribution or liquidation to the Senior Units at any time during which any of the Senior Units are Outstanding. As long as Units are held by the Partnership or the Operating Partnership, such Units shall not be considered Outstanding for any purpose, except as otherwise provided herein. The General Partner or any Affiliate of the General Partner may also purchase or otherwise acquire and sell or otherwise dispose of Units for its own account, subject to the provisions of Articles XI and XII.

1.1 Section Registration Rights of Ferrellgas and its Affiliates .

1.2
(a) If (i) Ferrellgas or any Affiliate of Ferrellgas (including, without limitation, for purposes of this Section 6.13, any Person that is an Affiliate of Ferrellgas at the date hereof notwithstanding that it may later cease to be an Affiliate of Ferrellgas) holds Units or other Partnership Securities that it desires to sell and (ii) Rule 144 of the Securities Act (or any successor rule or regulation to Rule 144) or another exemption from registration is not available to enable such holder of Units (the .Holder.) to dispose of the number of Units or other securities it desires to sell at the time it desires to do so without registration under the Securities Act, then upon the request of Ferrellgas or any of its Affiliates, the Partnership shall file with the Commission as promptly as practicable after receiving such request, and use all reasonable efforts to cause to become effective and remain effective for a period of not more than six months following its effective date, a registration statement under the Securities Act registering the offering and sale of the number of Units or other securities specified by the Holder; provided, however, that the Partnership shall not be required to effect more than three registrations pursuant to this Section 6.13(a); and provided further, that if the General Partner or, if at the time a request pursuant to this Section 6.13 is submitted to the Partnership, Ferrellgas or its Affiliate requesting registration is an Affiliate of the General Partner, the Audit Committee in connection with Special Approval determines in its good faith judgment that a postponement of the requested registration for up to six months would be in the best interests of the Partnership and its Partners due to a pending transaction, investigation or other event, the filing of such registration statement or the effectiveness thereof may be deferred for up to six months, but not thereafter. In connection with any registration pursuant to the immediately preceding sentence, the Partnership shall promptly prepare and file (x) such documents as may be necessary to register or qualify the securities subject to such registration under the securities laws of such states as the Holder shall reasonably request; provided, however, that no such qualification shall be required in any jurisdiction where, as a result thereof, the Partnership would become subject to general service of process or to taxation or qualification to do business as a foreign corporation or partnership doing business in such jurisdiction, and (y) such documents as may be necessary to apply for listing or to list the securities subject to such registration on such National Securities Exchange as the Holder shall reasonably request, and do any and all other acts and things that may reasonably be necessary or advisable to enable the Holder to consummate a public sale of such Units in such states. Except as set forth in Section 6.13(c), all costs and expenses of any such registration and offering (other than the underwriting discounts and commissions) shall be paid by the Partnership, without reimbursement by the Holder.

(b) If the Partnership shall at any time propose to file a registration statement under the Securities Act for an offering of equity securities of the Partnership for cash (other than an offering relating solely to an employee benefit plan), the Partnership shall use all reasonable efforts to include such number or amount of securities held by the Holder in such registration statement as the Holder shall request. If the proposed offering pursuant to this Section 6.13(b) shall be an underwritten offering, then, in the event that the managing underwriter of such offering advises the Partnership and the Holder in writing that in its opinion the inclusion of all or some of the Holder's securities would adversely and materially affect the success of the offering, the Partnership shall include in such offering only that number or amount, if any, of securities held by the Holder which, in the opinion of the managing underwriter, will not so adversely and materially affect the offering. Except as set forth in Section 6.13(c), all costs and expenses of any such registration and offering (other than the underwriting discounts and commissions) shall be paid by the Partnership, without reimbursement by the Holder.

(c) If underwriters are engaged in connection with any registration referred to in this Section 6.13, the Partnership shall provide indemnification, representations, covenants, opinions and other assurance to the underwriters in form and substance reasonably satisfactory to such underwriters. Further, in addition to and not in limitation of the Partnership's obligation under Section 6.7, the Partnership shall, to the fullest extent permitted by law, indemnify and hold harmless the Holder, its officers, directors and each Person who

controls the Holder (within the meaning of the Securities Act) and any agent thereof (collectively, .Indemnified Persons.) against any losses, claims, demands, actions, causes of action, assessments, damages, liabilities (joint or several), costs and expenses (including, without limitation, interest, penalties and reasonable attorneys' fees and disbursements), resulting to, imposed upon, or incurred by the Indemnified Persons, directly or indirectly, under the Securities Act or otherwise (hereinafter referred to in this Section 6.13(c) as a .claim. and in the plural as .claims.), based upon, arising out of, or resulting from any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which any Units were registered under the Securities Act or any state securities or Blue Sky laws, in any preliminary prospectus (if used prior to the effective date of such registration statement), or in any summary or final prospectus or in any amendment or supplement thereto (if used during the period the Partnership is required to keep the registration statement current), or arising out of, based upon or resulting from the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading; provided, however, that the Partnership shall not be liable to any Indemnified Person to the extent that any such claim arises out of, is based upon or results from an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, such preliminary, summary or final prospectus or such amendment or supplement, in reliance upon and in conformity with written information furnished to the Partnership by or on behalf of such Indemnified Person specifically for use in the preparation thereof.

(d) The provisions of Sections 6.13(a) and 6.13(b) shall continue to be applicable with respect to Ferrellgas (and any of Ferrellgas' Affiliates) after it ceases to be a Partner of the Partnership, during a period of two years subsequent to the effective date of such cessation and for so long thereafter as is required for the Holder to sell all of the Units or other securities of the Partnership with respect to which it has requested during such two year period that a registration statement be filed; provided, however, that the Partnership shall not be required to file successive registration statements covering the same securities for which registration was demanded during such two-year period. The provisions of Section 6.13(c) shall continue in effect thereafter.

(e) Any request to register Partnership Securities pursuant to this Section 6.13 shall (i) specify the Partnership Securities intended to be offered and sold by the Person making the request, (ii) express such Person's present intent to offer such shares for distribution, (iii) describe the nature or method of the proposed offer and sale of Partnership Securities, and (iv) contain the undertaking of such Person to provide all such information and materials and take all action as may be required in order to permit the Partnership to comply with all applicable requirements in connection with the registration of such Partnership Securities.

1.3 Section Reliance by Third Parties . Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner and any officer of the Partnership authorized by the General Partner to act on behalf and in the name of the Partnership has full power and authority to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any contracts on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner or any such officer as if it were the Partnership's sole party in interest, both legally and beneficially. Each Limited Partner hereby waives any and all defenses or other remedies that may be available against such Person to contest, negate or disaffirm any action of the General Partner or any such officer in connection with any such dealing. In no event shall any Person dealing with the General Partner or any such officer or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or any such officer. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or any such officer shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (a) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (b) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership and (c) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

1 ARTICLE RIGHTS AND OBLIGATIONS OF LIMITED PARTNERSARTICLE 2 3 RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

1.1 Section Limitation of Liability . The Limited Partners and the Assignees shall have no liability under this Agreement except as expressly provided in this Agreement or the Delaware Act.

1.1 Section Management of Business . No Limited Partner or Assignee (other than the General Partner, any of its Affiliates or any officer, director, employee, partner, agent or trustee of the General Partner or any of its Affiliates, in its capacity as such, if such Person shall also be a Limited Partner or Assignee) shall participate in the operation, management or control (within the meaning of the Delaware Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or

otherwise bind the Partnership. The transaction of any such business by the General Partner, any of its Affiliates or any member, officer, director, employee, partner, agent or trustee of the General Partner or any of its Affiliates, in its capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Limited Partners or Assignees under this Agreement.

1.1 Section Outside Activities . Subject to the provisions of Section 6.5, which shall continue to be applicable to the Persons referred to therein, regardless of whether such Persons shall also be Limited Partners or Assignees, any Limited Partner or Assignee shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including, without limitation, business interests and activities in direct competition with the Partnership or the Operating Partnership. Neither the Partnership nor any of the other Partners or Assignees shall have any rights by virtue of this Agreement in any business ventures of any Limited Partner or Assignee.

1.1 Section Return of Capital . No Limited Partner or Assignee shall be entitled to the withdrawal or return of its Capital Contribution, except to the extent, if any, that distributions made pursuant to this Agreement or upon termination of the Partnership may be considered as such by law and then only to the extent provided for in this Agreement. Except to the extent provided by Article V or as otherwise expressly provided in this Agreement, no Limited Partner or Assignee shall have priority over any other Limited Partner or Assignee either as to the return of Capital Contributions or as to profits, losses or distributions. Any such return shall be a compromise to which all Partners and Assignees agree within the meaning of ss. 17-502(b) of the Delaware Act.

1.1 Section Rights of Limited Partners Relating to the Partnership .

1.2
(a) In addition to other rights provided by this Agreement or by applicable law, and except as limited by Section 7.5(b), each Limited Partner shall have the right, for a purpose reasonably related to such Limited Partner's interest as a limited partner in the Partnership, upon reasonable demand and at such Limited Partner's own expense:

(i) to obtain true and full information regarding the status of the business and financial condition of the Partnership;

(ii) promptly after becoming available, to obtain a copy of the Partnership's federal, state and local tax returns for each year;

(iii) to have furnished to him, upon notification to the General Partner, a current list of the name and last known business, residence or mailing address of each Partner;

(iv) to have furnished to him, upon notification to the General Partner, a copy of this Agreement and the Certificate of Limited Partnership and all amendments thereto, together with a copy of the executed copies of all powers of attorney pursuant to which this Agreement, the Certificate of Limited Partnership and all amendments thereto have been executed;

(v) to obtain true and full information regarding the amount of cash and a description and statement of the Agreed Value of any other Capital Contribution by each Partner and which each Partner has agreed to contribute in the future, and the date on which each became a Partner; and

(vi) to obtain such other information regarding the affairs of the Partnership as is just and reasonable.

(b) Notwithstanding any other provision of this Agreement, the General Partner may keep confidential from the Limited Partners and Assignees, for such period of time as the General Partner deems reasonable, any information that the General Partner reasonably believes to be in the nature of trade secrets or other information the disclosure of which the General Partner in good faith believes is not in the best interests of the Partnership or the Operating Partnership or could damage the Partnership or the Operating Partnership or that the Partnership or the Operating Partnership are required by law or by agreements with third parties to keep confidential (other than agreements with Affiliates the primary purpose of which is to circumvent the obligations set forth in this Section 7.5).

2 ARTICLE BOOKS, RECORDS, ACCOUNTING AND REPORTSARTICLE 3 4 BOOKS, RECORDS, ACCOUNTING AND REPORTS

1.1 Section Records and Accounting . The General Partner shall keep or cause to be kept at the principal office of the Partnership appropriate books and records with respect to the Partnership's business, including, without limitation, all books and records necessary to provide to the Limited Partners any information, lists and copies of documents required to be provided pursuant to Section 7.5(a). Any books and records maintained by or on behalf of the Partnership in the regular course of its business, including, without limitation, the record of the Record Holders and Assignees of Units or other Partnership Securities, books

of account and records of Partnership proceedings, may be kept on, or be in the form of, computer disks, hard drives, punch cards, magnetic tape, photographs, micrographics or any other information storage device, provided, that the books and records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for both tax and financial reporting purposes, on an accrual basis in accordance with generally accepted accounting principles.

1.1 Section Fiscal Year . The fiscal year of the Partnership shall be August 1 to July 31.

1.1 Section Reports .
1.2
(a) As soon as practicable, but in no event later than 120 days after the close of each fiscal year of the Partnership, the General Partner shall cause to be mailed to each Record Holder of a Unit as of a date selected by the General Partner in its sole discretion, an annual report containing financial statements of the Partnership for such fiscal year of the Partnership, presented in accordance with generally accepted accounting principles, including a balance sheet and statements of operations, Partners' equity and cash flows, such statements to be audited by a firm of independent public accountants selected by the General Partner.

(b) As soon as practicable, but in no event later than 90 days after the close of each Quarter except the last Quarter of each year, the General Partner shall cause to be mailed to each Record Holder of a Unit, as of a date selected by the General Partner in its sole discretion, a report containing unaudited financial statements of the Partnership and such other information as may be required by applicable law, regulation or rule of any National Securities Exchange on which the Units are listed for trading, or as the General Partner determines to be necessary or appropriate.

2 ARTICLE TAX MATTERSARTICLE 3 4 TAX MATTERS

1.1 Section Preparation of Tax Returns . The General Partner shall arrange for the preparation and timely filing of all returns of Partnership income, gains, deductions, losses and other items required of the Partnership for federal and state income tax purposes and shall use all reasonable efforts to furnish, within 90 days of the close of each calendar year, the tax information reasonably required by holders of Outstanding Units for federal and state income tax reporting purposes. The classification, realization and recognition of income, gain, losses and deductions and other items shall be on the accrual method of accounting for federal income tax purposes. The taxable year of the Partnership shall be August 1 to July 31.

1.1 Section Tax Elections . Except as otherwise provided herein, the General Partner shall, in its sole discretion, determine whether to make any available election pursuant to the Code; provided, however, that the General Partner shall make the election under Section 754 of the Code in accordance with applicable regulations thereunder. The General Partner shall have the right to seek to revoke any such election (including, without limitation, the election under Section 754 of the Code) upon the General Partner's determination in its sole discretion that such revocation is in the best interests of the Limited Partners and Assignees. For purposes of computing the adjustments under Section 743(b) of the Code, the General Partner shall be authorized (but not required) to adopt a convention whereby the price paid by a transferee of Units will be deemed to be the lowest quoted closing price of the Units on any National Securities Exchange on which such Units are traded during the calendar month in which such transfer is deemed to occur pursuant to Section 5.2(g) without regard to the actual price paid by such transferee.

1.1 Section Tax Controversies . Subject to the provisions hereof, the General Partner is designated the Tax Matters Partner (as defined in Section 6231 of the Code), and is authorized and required to represent the Partnership (at the Partnership's expense) in connection with all examinations of the Partnership's affairs by tax authorities, including, without limitation, resulting administrative and judicial proceedings, and to expend Partnership funds for professional services and costs associated therewith. Each Partner and Assignee agrees to cooperate with the General Partner and to do or refrain from doing any or all things reasonably required by the General Partner to conduct such proceedings.

1.1 Section Organizational Expenses . The Partnership shall elect to deduct expenses, if any, incurred by it in organizing the Partnership ratably over a 60-month period as provided in Section 709 of the Code.

1.1 Section Withholding . Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that it determines in its sole discretion to be necessary or appropriate to cause the Partnership and the Operating Partnership to comply with any withholding requirements established under the Code or any other federal, state or local law including, without limitation, pursuant to Sections 1441, 1442, 1445 and 1446 of the Code. To the extent that the Partnership is required to withhold and pay over to any taxing authority any amount resulting from the allocation or distribution of income to any Partner or Assignee (including, without limitation, by reason of Section 1446 of the Code), the amount withheld shall be treated as a distribution of

cash pursuant to Section 5.3 in the amount of such withholding from such Partner.

1.1 Section Entity-Level Taxation . If legislation is enacted or the interpretation of existing language is modified which causes the Partnership or the Operating Partnership to be treated as an association taxable as a corporation or otherwise subjects the Partnership or the Operating Partnership to entity-level taxation for federal income tax purposes, the Minimum Quarterly Distribution, First Target Distribution, Second Target Distribution or Third Target Distribution, as the case may be, shall be equal to the product obtained by multiplying (a) the amount thereof by (b) 1 minus the sum of (i) the highest marginal federal corporate (or other entity, as applicable) income tax rate of the Partnership for the taxable year of the Partnership in which such Quarter occurs (expressed as a percentage) plus (ii) the effective overall state and local income tax rate (expressed as a percentage) applicable to the Partnership for the calendar year next preceding the calendar year in which such Quarter occurs (after taking into account the benefit of any deduction allowable for federal income tax purposes with respect to the payment of state and local income taxes), but only to the extent of the increase in such rates resulting from such legislation or interpretation. Such effective overall state and local income tax rate shall be determined for the taxable year next preceding the first taxable year during which the Partnership or the Operating Partnership is taxable for federal income tax purposes as an association taxable as a corporation or is otherwise subject to entity-level taxation by determining such rate as if the Partnership or the Operating Partnership had been subject to such state and local taxes during such preceding taxable year.

1.1 Section Entity-Level Arrearage Collections . If the Partnership is required by applicable law to pay any federal, state or local income tax on behalf of, or withhold such amount with respect to, any Partner or Assignee or any former Partner or Assignee in respect of Common Units held by such Person (a) the General Partner shall cause the Partnership to pay such tax on behalf of such Partner or Assignee or former Partner or Assignee from the funds of the Partnership; (b) any amount so paid on behalf of, or withheld with respect to, any such Partner or Assignee shall constitute a distribution out of Available Cash to such Partner or Assignee pursuant to Section 5.3; provided, however, in the discretion of the General Partner, such taxes (if pertaining to all such Partners) may be considered to be cash disbursements of the Partnership which reduce Available Cash, but the payment or withholding thereof shall not be deemed to be a distribution of Available Cash to such Partners; and (c) to the extent any such Partner or Assignee (but not a former Partner or Assignee) is not then entitled to such distribution under this Agreement, the General Partner shall be authorized, without the approval of any Partner or Assignee, to amend this Agreement insofar as is necessary to maintain the uniformity of intrinsic tax characteristics as to all Common Units and to make subsequent adjustments to distributions in a manner which, in the reasonable judgment of the General Partner, will make as little alteration as practicable in the priority and amount of distributions otherwise applicable under this Agreement, and will not otherwise alter the distributions to which Partners and Assignees are entitled under this Agreement. If the Partnership is permitted (but not required) by applicable law to pay any such tax on behalf of, or withhold such amount with respect to, any Partner or Assignee or former Partner or Assignee with respect to Common Units held by such Person, the General Partner shall be authorized (but not required) upon the affirmative vote of the holders of at least a majority of the Outstanding Senior Units, if any, to cause the Partnership to pay such tax from the funds of the Partnership and to take any action consistent with this Section 9.7. The General Partner shall be authorized (but not required) to take all necessary or appropriate actions to collect all or any portion of a deficiency in the payment of any such tax that relates to prior periods and that is attributable to Persons who were Limited Partners or Assignees with respect to Common Units held by such Person when such deficiencies arose, from such Persons. The payment of taxes by the Partnership on behalf of Limited Partners holding Senior Units will not satisfy the obligation of the Partnership to pay the Senior Unit Distribution.

1.1 Section Opinions of Counsel . Notwithstanding any other provision of this Agreement, if the Partnership or the Operating Partnership is treated as an association taxable as a corporation at any time or is otherwise taxable for federal income tax purposes as an entity at any time and, pursuant to the provisions of this Agreement, an Opinion of Counsel would otherwise be required to the effect that an action will not cause the Partnership or the Operating Partnership to become so treated as an association taxable as a corporation or otherwise taxable as an entity for federal income tax purposes, such requirement for an Opinion of Counsel shall be deemed automatically waived.

1 ARTICLE CERTIFICATESARTICLE 2 3 CERTIFICATES

1.1 Section Certificates . Upon the Partnership's issuance of Common Units or Senior Units to any Person, the Partnership shall issue one or more Certificates in the name of such Person evidencing the number of such Units being so issued. Certificates shall be executed on behalf of the Partnership by the General Partner. No Common Unit Certificate shall be valid for any purpose until it has been countersigned by the Transfer Agent; provided, however, that if the General Partner elects to issue Units in global or book-entry form, the Certificates shall be valid upon receipt of a certificate from the Transfer Agent certifying that such Units have been duly registered in accordance with the directions of the Partnership. The Partners holding Certificates evidencing Senior Units may

exchange such Certificates for Certificates evidencing Common Units on or after the date on which such Senior Units are converted into Common Units pursuant to the terms of Section 5.7(d).

1.1 Section Registration, Registration of Transfer and Exchange .

1.2
(a) The General Partner shall cause to be kept on behalf of the Partnership a register in which, subject to such reasonable regulations as it may prescribe and subject to the provisions of Section 10.2(b), the General Partner will provide for the registration and transfer of Units. The Transfer Agent is hereby appointed registrar and transfer agent for the purpose of registering Common Units and transfers of such Common Units as herein provided. The Partnership shall not recognize transfers of Certificates representing Units unless same are effected in the manner described in this Section 10.2. Upon surrender for registration of transfer of any Units evidenced by a Certificate, and subject to the provisions of Section 10.2(b), the General Partner on behalf of the Partnership shall execute, and in the case of Common Units, the Transfer Agent shall countersign, and deliver (or, in the case of Units issued in global or book-entry form, register in accordance with the rules and regulations of the Depositary), in the name of the holder or the designated transferee or transferees, as required pursuant to the holder's instructions, one or more new Certificates evidencing the same aggregate number of Units as was evidenced by the Certificate so surrendered.

(b) Except as otherwise provided in Section 11.5, the Partnership shall not recognize any transfer of Units until the Certificates evidencing such Units are surrendered for registration of transfer and such Certificates are accompanied by a Transfer Application duly executed by the transferee (or the transferee's attorney-in-fact duly authorized in writing). No charge shall be imposed by the Partnership for such transfer, provided, that as a condition to the issuance of any new Certificate under this Section 10.2, the General Partner may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed with respect thereto.

1.3 Section Mutilated, Destroyed, Lost or Stolen Certificates .

1.4
(a) If any mutilated Certificate is surrendered to the Transfer Agent, the General Partner on behalf of the Partnership shall execute, and upon its request the Transfer Agent shall countersign and deliver in exchange therefor, a new Certificate evidencing the same number of Units as the Certificate so surrendered.

(b) The General Partner on behalf of the Partnership shall execute, and upon its request, in the case of Common Units, the Transfer Agent shall countersign and deliver (or, in the case of Units issued in global or book-entry form, register in accordance with the rules and regulations of the Depositary) a new Certificate in place of any Certificate previously issued if the Record Holder of the Certificate:

(i) makes proof by affidavit, in form and substance satisfactory to the General Partner, that a previously issued Certificate has been lost, destroyed or stolen;

(ii) requests the issuance of a new Certificate before the Partnership has notice that the Certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim;

(iii) if requested by the General Partner, delivers to the Partnership a bond, in form and substance satisfactory to the General Partner, with surety or sureties and with fixed or open penalty as the General Partner may reasonably direct, in its sole discretion, to indemnify the Partnership, the General Partner and the Transfer Agent against any claim that may be made on account of the alleged loss, destruction or theft of the Certificate; and

(iv) satisfies any other reasonable requirements imposed by the General Partner.

If a Limited Partner or Assignee fails to notify the Partnership within a reasonable time after he has notice of the loss, destruction or theft of a Certificate, and a transfer of the Units represented by the Certificate is registered before the Partnership, the General Partner or the Transfer Agent receives such notification, the Limited Partner or Assignee shall be precluded from making any claim against the Partnership, the General Partner or the Transfer Agent for such transfer or for a new Certificate.

(a) As a condition to the issuance of any new Certificate under this Section 10.3, the General Partner may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including, without limitation, the fees and expenses of the Transfer Agent) reasonably connected therewith.

1.2 Section Record Holder . In accordance with Section 10.2(b), the Partnership shall be entitled to recognize the Record Holder as the Limited Partner or Assignee with respect to any Units and, accordingly, shall not be bound to

recognize any equitable or other claim to or interest in such Units on the part of any other Person, whether or not the Partnership shall have actual or other notice thereof, except as otherwise provided by law or any applicable rule, regulation, guideline or requirement of any National Securities Exchange on which the Units are listed for trading. Without limiting the foregoing, when a Person (such as a broker, dealer, bank, trust company or clearing corporation or an agent of any of the foregoing) is acting as nominee, agent or in some other representative capacity for another Person in acquiring and/or holding Units, as between the Partnership on the one hand, and such other Persons, on the other, such representative Person (a) shall be the Limited Partner or Assignee (as the case may be) of record and beneficially, (b) must execute and deliver a Transfer Application and (c) shall be bound by this Agreement and shall have the rights and obligations of a Limited Partner or Assignee (as the case may be) hereunder and as provided for herein.

1 ARTICLE TRANSFER OF INTERESTSARTICLE 2 3 TRANSFER OF INTERESTS

1.1 Section Transfer .
1.2
(a) The term .transfer,. when used in this Article XI with respect to a Partnership Interest, shall be deemed to refer to a transaction by which the General Partner assigns its Partnership Interest as a general partner in the Partnership to another Person, by which the holder of a Unit assigns such Unit to another Person who is or becomes an Assignee or by which a Special Limited Partner holding an IDR assigns such IDR to another Person, and includes a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise.

(b) No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article XI. Any transfer or purported transfer of a Partnership Interest not made in accordance with this Article XI shall be null and void.

(c) Nothing contained in this Article XI shall be construed to prevent a disposition by the parent entity of the General Partner of any or all of the issued and outstanding capital stock of the General Partner.

(d) Nothing contained in this Article XI, or elsewhere in this Partnership Agreement, shall preclude the settlement of any transactions involving Common Units entered into through the facilities of the New York Stock Exchange.

1.3 Section Transfer of a General Partner's Partnership Interest . Except for a transfer by the General Partner of all, but not less than all, of its Partnership Interest as a general partner in the Partnership to (a) an Affiliate of the General Partner or (b) another Person in connection with the merger or consolidation of the General Partner with or into another Person or the transfer by the General Partner of all or substantially all of its assets to another Person, the transfer by the General Partner of all or any part of its Partnership Interest as a general partner in the Partnership to a Person prior to July 31, 2004 shall be subject to the prior approval of at least a majority of the Outstanding Common Units (excluding for purposes of such determination Units owned by the General Partner and its Affiliates). Notwithstanding anything herein to the contrary, no transfer by the General Partner of all or any part of its Partnership Interest as a general partner in the Partnership to another Person shall be permitted unless (i) the transferee agrees to assume the rights and duties of the General Partner under this Agreement and the Operating Partnership Agreement and to be bound by the provisions of this Agreement and the Operating Partnership Agreement, (ii) the Partnership receives an Opinion of Counsel that such transfer would not result in the loss of limited liability of any Limited Partner or of any limited partner of the Operating Partnership or cause the Partnership or any of the Operating Partnership to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes and (iii) such transferee also agrees to purchase all (or the appropriate portion thereof, if applicable) of the partnership interest of the General Partner as the general partner of the Operating Partnership. In the case of a transfer pursuant to and in compliance with this Section 11.2, the transferee or successor (as the case may be) shall, subject to compliance with the terms of Section 12.3, be admitted to the Partnership as a General Partner immediately prior to the transfer of the Partnership Interest, and the business of the Partnership shall continue without dissolution.

1.1 Section Transfer of Units .
1.2
(a) Units may be transferred only in the manner described in Section 10.2. The transfer of any Units and the admission of any new Partner shall not constitute an amendment to this Agreement.

(b) Until admitted as a Substituted Limited Partner pursuant to Article XII, the Record Holder of a Unit shall be an Assignee in respect of such Unit. Limited Partners may include custodians, nominees, or any other individual or entity in its own or any representative capacity.

(c) Each distribution in respect of Units shall be paid by the Partnership, directly or through the Transfer Agent or through any other Person or agent, only to the Record Holders thereof as of the Record Date set for the

distribution. Such payment shall constitute full payment and satisfaction of the Partnership's liability in respect of such payment, regardless of any claim of any Person who may have an interest in such payment by reason of an assignment or otherwise.

(d) A transferee who has completed and delivered a Transfer Application shall be deemed to have (i) requested admission as a Substituted Limited Partner, (ii) agreed to comply with and be bound by and to have executed this Agreement, (iii) represented and warranted that such transferee has the right, power and authority and, if an individual, the capacity to enter into this Agreement, (iv) granted the powers of attorney set forth in this Agreement and (v) given the consents and approvals and made the waivers contained in this Agreement.

1.3 Section Restrictions on Transfers . Notwithstanding the other provisions of this Article XI, no transfer of any Unit or interest therein of any Limited Partner, Special Limited Partner or Assignee shall be made if such transfer would (a) violate the then applicable federal or state securities laws or rules and regulations of the Securities and Exchange Commission, any state securities commission or any other governmental authorities with jurisdiction over such transfer, (b) result in the taxation of the Partnership or the Operating Partnership as an association taxable as a corporation or otherwise subject the Partnership or the Operating Partnership to entity-level taxation for federal income tax purposes or (c) affect the Partnership's or the Operating Partnership's existence or qualification as a limited partnership under the Delaware Act.

1.1 Section Citizenship Certificates; Non-citizen Assignees .

1.2
(a) If the Partnership or the Operating Partnership is or becomes subject to any federal, state or local law or regulation that, in the reasonable determination of the General Partner, creates a substantial risk of cancellation or forfeiture of any property in which the Partnership or the Operating Partnership has an interest based on the nationality, citizenship or other related status of a Limited Partner or Assignee, the General Partner may request any Limited Partner or Assignee to furnish to the General Partner, within 30 days after receipt of such request, an executed Citizenship Certification or such other information concerning his nationality, citizenship or other related status (or, if the Limited Partner or Assignee is a nominee holding for the account of another Person, the nationality, citizenship or other related status of such Person) as the General Partner may request. If a Limited Partner or Assignee fails to furnish to the General Partner within the aforementioned 30-day period such Citizenship Certification or other requested information or if upon receipt of such Citizenship Certification or other requested information the General Partner determines, with the advice of counsel, that a Limited Partner or Assignee is not an Eligible Citizen, the Units owned by such Limited Partner or Assignee shall be subject to redemption in accordance with the provisions of Section 11.6. In addition, the General Partner may require that the status of any such Limited Partner or Assignee be changed to that of a Non-citizen Assignee, and, thereupon, the General Partner shall be substituted for such Non-citizen Assignee as the Limited Partner in respect of his Units.

(b) The General Partner shall, in exercising voting rights in respect of Units held by it on behalf of Non-citizen Assignees, distribute the votes in the same ratios as the votes of Limited Partners in respect of Units other than those of Non-citizen Assignees are cast, either for, against or abstaining as to the matter.

(c) Upon dissolution of the Partnership, a Non-citizen Assignee shall have no right to receive a distribution in kind pursuant to Section 14.4 but shall be entitled to the cash equivalent thereof, and the General Partner shall provide cash in exchange for an assignment of the Non-citizen Assignee's share of the distribution in kind. Such payment and assignment shall be treated for Partnership purposes as a purchase by the General Partner from the Non-citizen Assignee of his Partnership Interest (representing his right to receive his share of such distribution in kind).

(d) At any time after he can and does certify that he has become an Eligible Citizen, a Non-citizen Assignee may, upon application to the General Partner, request admission as a Substituted Limited Partner with respect to any Units of such Non-citizen Assignee not redeemed pursuant to Section 11.6, and upon his admission pursuant to Section 12.2 the General Partner shall cease to be deemed to be the Limited Partner in respect of the Non-citizen Assignee's Units.

1.3 Section Redemption of Interests .

1.4
(a) If at any time a Limited Partner or Assignee fails to furnish a Citizenship Certification or other information requested within the 30-day period specified in Section 11.5(a), or if upon receipt of such Citizenship Certification or other information the General Partner determines, with the advice of counsel, that a Limited Partner or Assignee is not an Eligible Citizen, the Partnership may, unless the Limited Partner or Assignee establishes to the satisfaction of the General Partner that such Limited Partner or Assignee is an Eligible Citizen or has transferred his Units to a Person who furnishes a Citizenship Certification to the General Partner prior to the date fixed for redemption as provided below, redeem the Partnership Interest of such Limited Partner or

Assignee as follows:

(i) The General Partner shall, not later than the 30th day before the date fixed for redemption, give notice of redemption to the Limited Partner or Assignee, at his last address designated on the records of the Partnership or the Transfer Agent, by registered or certified mail, postage prepaid. The notice shall be deemed to have been given when so mailed. The notice shall specify the Redeemable Units, the date fixed for redemption, the place of payment, that payment of the redemption price will be made upon surrender of the Certificate evidencing the Redeemable Units and that on and after the date fixed for redemption no further allocations or distributions to which the Limited Partner or Assignee would otherwise be entitled in respect of the Redeemable Units will accrue or be made.

(ii) The aggregate redemption price for Redeemable Units shall be an amount equal to the Current Market Price (the date of determination of which shall be the date fixed for redemption) of Units of the class to be so redeemed multiplied by the number of Units of each such class included among the Redeemable Units. The redemption price shall be paid, in the sole discretion of the General Partner, in cash or by delivery of a promissory note of the Partnership in the principal amount of the redemption price, bearing interest at the rate of 10% annually and payable in three equal annual installments of principal together with accrued interest, commencing one year after the redemption date.

(iii) Upon surrender by or on behalf of the Limited Partner or Assignee, at the place specified in the notice of redemption, of the Certificate evidencing the Redeemable Units, duly endorsed in blank or accompanied by an assignment duly executed in blank, the Limited Partner or Assignee or his duly authorized representative shall be entitled to receive the payment therefor.

(iv) After the redemption date, Redeemable Units shall no longer constitute issued and Outstanding Units.

(b) The provisions of this Section 11.6 shall also be applicable to Units held by a Limited Partner or Assignee as nominee of a Person determined to be other than an Eligible Citizen.

(c) Nothing in this Section 11.6 shall prevent the recipient of a notice of redemption from transferring his Units before the redemption date if such transfer is otherwise permitted under this Agreement. Upon receipt of notice of such a transfer, the General Partner shall withdraw the notice of redemption, provided, the transferee of such Units certifies in the Transfer Application that he is an Eligible Citizen. If the transferee fails to make such certification, such redemption shall be effected from the transferee on the original redemption date.

1.5 Section Transfer of IDRs . A Special Limited Partner holding IDRs may transfer any or all of the IDRs held by such Special Limited Partner. The General Partner shall have the authority (but shall not be required) to adopt such reasonable restrictions on the transfer of IDRs, consistent with the restrictions on transfer of Units provided for in this Agreement, and requirements for registering the transfer of IDRs as the General Partner, in its sole discretion, shall determine are necessary or appropriate including, without limitation, if the General Partner shall so determine, in its sole discretion, the right of the Partnership to redeem IDRs upon terms and conditions similar to those applicable to Units.

1 ARTICLE ADMISSION OF PARTNERSARTICLE 2 3 ADMISSION OF PARTNERS

1.1 Section Admission of Initial Limited Partners . On the Initial Closing Date, the General Partner was admitted to the Partnership as a Limited Partner in respect of the Common Units and Subordinated Units issued to it and as a Special Limited Partner in respect of the IDRs issued to it, and the Underwriters were admitted to the Partnership as Initial Limited Partners.

1.1 Section Admission of Substituted Limited Partners . By transfer of a Unit in accordance with Article XI, the transferor shall be deemed to have given the transferee the right to seek admission as a Substituted Limited Partner subject to the conditions of, and in the manner permitted under, this Agreement. A transferor of a Certificate shall, however, only have the authority to convey to a purchaser or other transferee who does not execute and deliver a Transfer Application (a) the right to negotiate such Certificate to a purchaser or other transferee and (b) the right to transfer the right to request admission as a Substituted Limited Partner to such purchaser or other transferee in respect of the transferred Units. Each transferee of a Unit (including, without limitation, any nominee holder or an agent acquiring such Unit for the account of another Person) who executes and delivers a Transfer Application shall, by virtue of such execution and delivery, be an Assignee and be deemed to have applied to become a Substituted Limited Partner with respect to the Units so transferred to such Person. Such Assignee shall become a Substituted Limited Partner (x) at such time as the General Partner consents thereto, which consent may be given or withheld in the General Partner's sole discretion, and (y) when any such

admission is shown on the books and records of the Partnership. If such consent is withheld, such transferee shall be an Assignee. An Assignee shall have an interest in the Partnership equivalent to that of a Limited Partner with respect to allocations and distributions, including, without limitation, liquidating distributions, of the Partnership. With respect to voting rights attributable to Units that are held by Assignees, the General Partner shall be deemed to be the Limited Partner with respect thereto and shall, in exercising the voting rights in respect of such Units on any matter, vote such Units at the written direction of the Assignee who is the Record Holder of such Units. If no such written direction is received, such Units will not be voted. An Assignee shall have no other rights of a Limited Partner.

1.1 Section Admission of Successor General Partner . A successor General Partner approved pursuant to Section 13.1 or 13.2 or the transferee of or successor to all of the General Partner's Partnership Interest as a general partner in the Partnership pursuant to Section 11.2 who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective immediately prior to the withdrawal or removal of the General Partner pursuant to Section 13.1 or 13.2 or the transfer of the General Partner's Partnership Interest as a general partner in the Partnership pursuant to Section 11.2; provided, however, that no such successor shall be admitted to the Partnership until compliance with the terms of Section 11.2 has occurred and such successor has executed and delivered such other documents or instruments as may be required to effect such admission. Any such successor shall, subject to the terms hereof, carry on the business of the Partnership and Operating Partnership without dissolution.

1.1 Section Admission of Additional Limited Partners .

1.2
(a) A Person (other than the General Partner, an Initial Limited Partner or a Substituted Limited Partner) who makes a Capital Contribution to the Partnership in accordance with this Agreement shall be admitted to the Partnership as an Additional Limited Partner only upon furnishing to the General Partner (i) evidence of acceptance in form satisfactory to the General Partner of all of the terms and conditions of this Agreement, including, without limitation, the power of attorney granted in Section 1.4, and (ii) such other documents or instruments as may be required in the discretion of the General Partner to effect such Person's admission as an Additional Limited Partner.

(b) Notwithstanding anything to the contrary in this Section 12.4, no Person shall be admitted as an Additional Limited Partner without the consent of the General Partner, which consent may be given or withheld in the General Partner's sole discretion. The admission of any Person as an Additional Limited Partner shall become effective on the date upon which the name of such Person is recorded as such in the books and records of the Partnership, following the consent of the General Partner to such admission.

(c) Upon the issuance by the Partnership of Senior Units to WNGL pursuant to the WNGL Purchase Agreement and the execution and delivery in writing evidencing WNGL's acceptance of all of the terms and conditions of this Agreement, including, without limitation, the power of attorney granted in Section 1.4, the General Partner shall admit WNGL to the Partnership as an Additional Limited Partner on the WNGL Closing Date.

1.3 Section Amendment of Agreement and Certificate of Limited Partnership . To effect the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Delaware Act to amend the records of the Partnership to reflect such admission and, if necessary, to prepare as soon as practical an amendment of this Agreement and, if required by law, to prepare and file an amendment to the Certificate of Limited Partnership and may for this purpose, among others, exercise the power of attorney granted pursuant to Section 1.4.

1 ARTICLE WITHDRAWAL OR REMOVAL OF PARTNERSARTICLE 2 3
WITHDRAWAL OR REMOVAL OF PARTNERS

1.1 Section Withdrawal of the General Partner .

1.2
(a) The General Partner shall be deemed to have withdrawn from the Partnership upon the occurrence of any one of the following events (each such event herein referred to as an .Event of Withdrawal.);

(i) the General Partner voluntarily withdraws from the Partnership by giving written notice to the other Partners (and it shall be deemed that the General Partner has withdrawn pursuant to this Section 13.1(a)(i) if the General Partner voluntarily withdraws as general partner of the Operating Partnership);

(ii) the General Partner transfers all of its rights as General Partner pursuant to Section 11.2;

(iii) the General Partner is removed pursuant to Section 13.2;

(iv) the General Partner (A) makes a general assignment for the benefit

of creditors; (B) files a voluntary bankruptcy petition; (C) files a petition or answer seeking for itself a reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any law; (D) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the General Partner in a proceeding of the type described in clauses (A)-(C) of this Section 13.1(a)(iv); or (E) seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of the General Partner or of all or any substantial part of its properties;

(v) a final and non-appealable judgment is entered by a court with appropriate jurisdiction ruling that the General Partner is bankrupt or insolvent, or a final and non-appealable order for relief is entered by a court with appropriate jurisdiction against the General Partner, in each case under any federal or state bankruptcy or insolvency laws as now or hereafter in effect; or

(vi) a certificate of dissolution or its equivalent is filed for the General Partner, or 90 days expire after the date of notice to the General Partner of revocation of its charter without a reinstatement of its charter, under the laws of its state of incorporation.

If an Event of Withdrawal specified in Section 13.1(a)(iv), (v) or (vi) occurs, the withdrawing General Partner shall give notice to the Limited Partners within 30 days after such occurrence. The Partners hereby agree that only the Events of Withdrawal described in this Section 13.1 shall result in the withdrawal of the General Partner from the Partnership.

(a) Withdrawal of the General Partner from the Partnership upon the occurrence of an Event of Withdrawal shall not constitute a breach of this Agreement under the following circumstances: (i) at any time during the period beginning on the Closing Date and ending at 12:00 midnight, Central Standard Time, on July 31, 2004, the General Partner voluntarily withdraws by giving at least 90 days' advance notice of its intention to withdraw to the Limited Partners, provided, that prior to the effective date of such withdrawal the withdrawal is approved by the holders of at least two-thirds of the Outstanding Common Units (excluding for purposes of such determination Common Units owned by the General Partner and its Affiliates) and the General Partner delivers to the Partnership an Opinion of Counsel (.Withdrawal Opinion of Counsel.) that such withdrawal (following the selection of the successor General Partner) would not result in the loss of the limited liability of any Limited Partner or of the limited partner of the Operating Partnership or cause the Partnership or the Operating Partnership to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes; (ii) at any time after 12:00 midnight, Central Standard Time, on July 31, 2004, the General Partner voluntarily withdraws by giving at least 90 days' advance notice to the Limited Partners, such withdrawal to take effect on the date specified in such notice; (iii) at any time that the General Partner ceases to be a General Partner pursuant to Section 13.1(a)(ii) or is removed pursuant to Section 13.2; or (iv) notwithstanding clause (i) of this sentence, at any time that the General Partner voluntarily withdraws by giving at least 90 days' advance notice of its intention to withdraw to the Limited Partners, such withdrawal to take effect on the date specified in the notice, if at the time such notice is given one Person and its Affiliates (other than the General Partner and its Affiliates) own beneficially or of record or control at least 50% of the Outstanding Common Units. The withdrawal of the General Partner from the Partnership upon the occurrence of an Event of Withdrawal shall also constitute the withdrawal of the General Partner as general partner of the Operating Partnership. If the General Partner gives a notice of withdrawal pursuant to Section 13.1(a)(i), holders of at least a majority of the Outstanding Common Units (excluding for purposes of such determination Common Units owned by the General Partner and its Affiliates) may, prior to the effective date of such withdrawal, elect a successor General Partner. If, prior to the effective date of the General Partner's withdrawal, a successor is selected by the Limited Partners as provided herein, the Partnership, as the limited partner of the Operating Partnership, shall cause such Person to become the successor general partner of the Operating Partnership, as provided in the Operating Partnership Agreement. If, prior to the effective date of the General Partner's withdrawal, a successor is not selected by the Limited Partners as provided herein or the Partnership does not receive a Withdrawal Opinion of Counsel, the Partnership shall be dissolved in accordance with Section 14.1. Any successor General Partner elected in accordance with the terms of this Section 13.1 shall be subject to the provisions of Section 12.3.

1.2 Section Removal of the General Partner . The General Partner may be removed if such removal is approved by Limited Partners holding at least two-thirds of the Outstanding Common Units. Any such action by such Limited Partners for removal of the General Partner must also provide for the election of a successor General Partner by Limited Partners holding at least a majority of the Outstanding Common Units. Such removal shall be effective immediately following the admission of a successor General Partner pursuant to Article XII. The removal of the General Partner shall also automatically constitute the removal of the General Partner as general partner of the Operating Partnership, as provided in the Operating Partnership Agreement. If a Person is elected as a successor General Partner in accordance with the terms of this Section 13.2, the Partnership, as the limited partner of the Operating Partnership, shall cause

such Person to become the successor general partner of the Operating Partnership, as provided in the Operating Partnership Agreement. The right of the Limited Partners holding Outstanding Common Units to remove the General Partner shall not exist or be exercised unless the Partnership has received an opinion opining as to the matters covered by a Withdrawal Opinion of Counsel. Any successor General Partner elected in accordance with the terms of this Section 13.2 shall be subject to the provisions of Section 12.3.

1.1 Section Interest of Departing Partner and Successor General Partner . 1.2 (a) In the event of (i) withdrawal of the General Partner under circumstances where such withdrawal does not violate this Agreement or (ii) removal of the General Partner by the holders of Common Units under circumstances where Cause does not exist, if a successor General Partner is elected in accordance with the terms of Section 13.1 or 13.2, the Departing Partner shall have the option exercisable prior to the effective date of the departure of such Departing Partner to require its successor to purchase its Partnership Interest as a general partner in the Partnership and its partnership interest as the general partner in the Operating Partnership (collectively, the .Combined Interest.) in exchange for an amount in cash equal to the fair market value of such Combined Interest, such amount to be determined and payable as of the effective date of its departure. If the General Partner is removed by the Limited Partners under circumstances where Cause exists or if the General Partner withdraws under circumstances where such withdrawal violates this Agreement or the Operating Partnership Agreement, and if a successor General Partner is elected in accordance with the terms of Section 13.1 or 13.2, such successor shall have the option, exercisable prior to the effective date of the departure of such Departing Partner, to purchase the Combined Interest of the Departing Partner for such fair market value of such Combined Interest. In either event, the Departing Partner shall be entitled to receive all reimbursements due such Departing Partner pursuant to Section 6.4, including, without limitation, any employee-related liabilities (including, without limitation, severance liabilities), incurred in connection with the termination of any employees employed by the General Partner for the benefit of the Partnership or the Operating Partnership. Subject to Section 13.3(b), the Departing Partner shall, as of the effective date of its departure, cease to share in any allocations or distributions with respect to its Partnership Interest as a general partner in the Partnership and Partnership income, gain, loss, deduction and credit will be prorated and allocated as set forth in Section 5.2(g).

For purposes of this Section 13.3(a), the fair market value of the Departing Partner's Combined Interest shall be determined by agreement between the Departing Partner and its successor or, failing agreement within 30 days after the effective date of such Departing Partner's departure, by an independent investment banking firm or other independent expert selected by the Departing Partner and its successor, which, in turn, may rely on other experts and the determination of which shall be conclusive as to such matter. If such parties cannot agree upon one independent investment banking firm or other independent expert within 45 days after the effective date of such departure, then the Departing Partner shall designate an independent investment banking firm or other independent expert, the Departing Partner's successor shall designate an independent investment banking firm or other independent expert, and such firms or experts shall mutually select a third independent investment banking firm or independent expert, which shall determine the fair market value of the Combined Interest. In making its determination, such independent investment banking firm or other independent expert shall consider the then current trading price of Units on any National Securities Exchange on which Units are then listed, the value of the Partnership's assets, the rights and obligations of the General Partner and other factors it may deem relevant.

(a) If the Combined Interest is not purchased in the manner set forth in Section 13.3(a), the Departing Partner shall become a Limited Partner and the Combined Interest shall be converted into Common Units pursuant to a valuation made by an investment banking firm or other independent expert selected pursuant to Section 13.3(a), without reduction in such Partnership Interest (but subject to proportionate dilution by reason of the admission of its successor). Any successor General Partner shall indemnify the Departing Partner as to all debts and liabilities of the Partnership arising on or after the date on which the Departing Partner becomes a Limited Partner. For purposes of this Agreement, conversion of the General Partner's Combined Interest to Common Units will be characterized as if the General Partner contributed its Combined Interest to the Partnership in exchange for the newly issued Common Units.

(b) If a successor General Partner is elected in accordance with the terms of Section 13.1 or 13.2 and the option described in Section 13.3(a) is not exercised by the party entitled to do so, the successor General Partner shall, at the effective date of its admission to the Partnership, contribute to the capital of the Partnership cash in an amount such that its Capital Account, after giving effect to such contribution and any adjustments made to the Capital Accounts of all Partners pursuant to Section 4.4(d)(i), shall be equal to that percentage of the Capital Accounts of all Partners that is equal to its Percentage Interest as the General Partner. In such event, such successor General Partner shall, subject to the following sentence, be entitled to such Percentage Interest of all Partnership allocations and distributions and any other allocations and distributions to which the Departing Partner was entitled. In addition, such successor General Partner shall cause this Agreement to be amended to reflect that, from and after the date of such successor General Partner's admission, the successor General Partner's interest in all Partnership

distributions and allocations shall be 1%, and that of the Limited Partners shall be 99%, with the priority of such distributions among Limited Partners remaining unchanged.

1.2 Section Withdrawal of Limited Partners . No Limited Partner shall have any right to withdraw from the Partnership; provided, however, that when a transferee of a Limited Partner's Units becomes a Record Holder, such transferring Limited Partner shall cease to be a Limited Partner with respect to the Units so transferred.

1 ARTICLE DISSOLUTION AND LIQUIDATIONARTICLE 2 3
DISSOLUTION AND LIQUIDATION

1.1 Section Dissolution . The Partnership shall not be dissolved by the admission of Substituted Limited Partners or Additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the removal or withdrawal of the General Partner, if a successor General Partner is elected pursuant to Section 13.1 or 13.2, the Partnership shall not be dissolved and such successor General Partner shall continue the business of the Partnership. The Partnership shall dissolve, and (subject to Section 14.2) its affairs should be wound up, upon:

(a) the expiration of its term as provided in Section 1.5;

(b) an Event of Withdrawal of the General Partner as provided in Section 13.1(a) (other than Section 13.1(a)(ii)), unless a successor is elected and an Opinion of Counsel is received as provided in Section 13.1(b) or 13.2 and such successor is admitted to the Partnership pursuant to Section 12.3;

(c) an election to dissolve the Partnership by the General Partner that is approved by (i) the holders of at least a majority of the Outstanding Units other than the Senior Units and (ii) the holders of at least a majority of the Outstanding Senior Units (and all holders of Units hereby expressly consent that such approval may be effected upon written consent of said applicable percentage of the Outstanding Units);

(d) entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Delaware Act; or

(e) the sale of all or substantially all of the assets and properties of the Partnership and the Operating Partnership taken as a whole.

1.2 Section Continuation of the Business of the Partnership after Dissolution . Upon (a) dissolution of the Partnership following an Event of Withdrawal caused by the withdrawal or removal of the General Partner as provided in Section 13.1(a)(i) or (iii) and the failure of the Partners to select a successor to such Departing Partner pursuant to Section 13.1 or 13.2, then within 90 days thereafter or (b) dissolution of the Partnership upon an event constituting an Event of Withdrawal as defined in Section 13.1(a)(iv), (v) or (vi), then within 180 days thereafter, a majority of the Outstanding Common Units may elect to reconstitute the Partnership and continue its business on the same terms and conditions set forth in this Agreement by forming a new limited partnership on terms identical to those set forth in this Agreement and having as the successor general partner a Person approved by a majority of the Outstanding Common Units. Upon any such election by a majority of the Outstanding Common Units, all Partners shall be bound thereby and shall be deemed to have approved thereof. Unless such an election is made within the applicable time period as set forth above, the Partnership shall conduct only activities necessary to wind up its affairs. If such an election is so made, then:

(i) the reconstituted Partnership shall continue until the end of the term set forth in Section 1.5 unless earlier dissolved in accordance with this Article XIV;

(ii) if the successor General Partner is not the former General Partner, then the interest of the former General Partner shall be treated thenceforth as the interest of a Limited Partner and converted into Common Units in the manner provided in Section 13.3(b); and

(iii) all necessary steps shall be taken to cancel this Agreement and the Certificate of Limited Partnership and to enter into and, as necessary, to file a new partnership agreement and certificate of limited partnership, and the successor general partner may for this purpose exercise the powers of attorney granted the General Partner pursuant to Section 1.4; provided, that the right of a majority of Outstanding Common Units to approve a successor General Partner and to reconstitute and to continue the business of the Partnership shall not exist and may not be exercised unless the Partnership has received an Opinion of Counsel that (x) the exercise of the right would not result in the loss of limited liability of any Limited Partner and (y) neither the Partnership, the reconstituted limited partnership nor the Operating Partnership would be treated as an association taxable as a corporation or otherwise be taxable as an entity for federal income tax purposes upon the exercise of such right to continue.

1.3 Section Liquidation . Upon dissolution of the Partnership, unless the Partnership is continued under an election to reconstitute and continue the

Partnership pursuant to Section 14.2, the General Partner, or in the event the General Partner has been dissolved or removed, become bankrupt as set forth in Section 13.1 or withdrawn from the Partnership, a liquidator or liquidating committee approved by the holders of at least a majority of the Outstanding Common Units, shall be the Liquidator. The Liquidator (if other than the General Partner) shall be entitled to receive such compensation for its services as may be approved by the holders of at least a majority of the Outstanding Common Units. The Liquidator shall agree not to resign at any time without 15 days' prior notice and (if other than the General Partner) may be removed at any time, with or without cause, by notice of removal approved by a majority of the Outstanding Units. Upon dissolution, removal or resignation of the Liquidator, a successor and substitute Liquidator (who shall have and succeed to all rights, powers and duties of the original Liquidator) shall within 30 days thereafter be approved by the holders of at least a majority of the Outstanding Common Units. The right to approve a successor or substitute Liquidator in the manner provided herein shall be deemed to refer also to any such successor or substitute Liquidator approved in the manner herein provided. Except as expressly provided in this Article XIV, the Liquidator approved in the manner provided herein shall have and may exercise, without further authorization or consent of any of the parties hereto, all of the powers conferred upon the General Partner under the terms of this Agreement (but subject to all of the applicable limitations, contractual and otherwise, upon the exercise of such powers, other than the limitation on sale set forth in Section 6.3(b)) to the extent necessary or desirable in the good faith judgment of the Liquidator to carry out the duties and functions of the Liquidator hereunder for and during such period of time as shall be reasonably required in the good faith judgment of the Liquidator to complete the winding up and liquidation of the Partnership as provided for herein. The Liquidator shall liquidate the assets of the Partnership, and apply and distribute the proceeds of such liquidation in the following order of priority, unless otherwise required by mandatory provisions of applicable law:

(a) the payment to creditors of the Partnership, including, without limitation, Partners who are creditors, in the order of priority provided by law; and the creation of a reserve of cash or other assets of the Partnership for contingent liabilities in an amount, if any, determined by the Liquidator to be appropriate for such purposes; and

(b) to all Partners in accordance with, and to the extent of, the positive balances in their respective Capital Accounts, as determined after taking into account all Capital Account adjustments (other than those made by reason of this clause) for the taxable year of the Partnership during which the liquidation of the Partnership occurs (with the date of such occurrence being determined pursuant to Treasury Regulation Section 1.704-1(b)(2)(ii)(g)); and such distribution shall be made by the end of such taxable year (or, if later, within 90 days after said date of such occurrence).

1.2 Section Distributions in Kind . Notwithstanding the provisions of Section 14.3, which require the liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if prior to or upon dissolution of the Partnership the Liquidator determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Partners, the Liquidator may, in its absolute discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (including, without limitation, those to Partners as creditors) and or distribute to the Partners or to specific classes of Partners, in lieu of cash, as tenants in common and in accordance with the provisions of Section 14.3, undivided interests in such Partnership assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made only if, in the good faith judgment of the Liquidator, such distributions in kind are in the best interest of the Limited Partners, and shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operation of such properties at such time. The Liquidator shall determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.

1.1 Section Cancellation of Certificate of Limited Partnership . Upon the completion of the distribution of Partnership cash and property as provided in Sections 14.3 and 14.4 in connection with the liquidation of the Partnership, the Partnership shall be terminated and the Certificate of Limited Partnership and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware shall be cancelled and such other actions as may be necessary to terminate the Partnership shall be taken.

1.1 Section Reasonable Time for Winding Up . A reasonable time shall be allowed for the orderly winding up of business and affairs of the Partnership and the liquidation of its assets pursuant to Section 14.3 in order to minimize any losses otherwise attendant upon such winding up, and the provisions of this Agreement shall remain in effect between the Partners during the period of liquidation.

1.1 Section Return of Capital Contributions . The General Partner shall not be personally liable for, and shall have no obligation to contribute or loan any monies or property to the Partnership to enable it to effectuate, the return of the Capital Contributions of the Limited Partners, or any portion thereof, it being expressly understood that any such return shall be made solely from Partnership assets.

1.1 Section Capital Account Restoration . No Limited Partner shall have any obligation to restore any negative balance in its Capital Account upon liquidation of the Partnership. The General Partner shall be obligated to restore any negative balance in its Capital Account upon liquidation of its interest in the Partnership by the end of the taxable year of the Partnership during which such liquidation occurs, or, if later, within 90 days after the date of such liquidation.

1.1 Section Waiver of Partition . To the maximum extent permitted by law, each Partner hereby waives any right to partition of the Partnership property.

1 ARTICLE AMENDMENT OF PARTNERSHIP AGREEMENT; MEETINGS; RECORD DATEARTICLE 2 3 AMENDMENT OF PARTNERSHIP AGREEMENT; MEETINGS; RECORD DATE

1.1 Section Amendment to be Adopted Solely by General Partner . Each Limited Partner agrees that the General Partner (pursuant to its powers of attorney from the Limited Partners, Special Limited Partners and Assignees), without the approval of any Limited Partner or Assignee, may amend any provision of this Agreement, and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect:

(a) a change in the name of the Partnership, the location of the principal place of business of the Partnership, the registered agent of the Partnership or the registered office of the Partnership;

(b) admission, substitution, withdrawal or removal of Partners in accordance with this Agreement;

(c) a change that, in the sole discretion of the General Partner, is necessary or appropriate to qualify or continue the qualification of the Partnership as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any state or that is necessary or advisable in the opinion of the General Partner to ensure that neither the Partnership nor the Operating Partnership will be treated as an association taxable as a corporation or otherwise taxed as an entity for federal income tax purposes;

(d) a change (i) that, in the sole discretion of the General Partner, does not adversely affect the Limited Partners in any material respect, (ii) that is necessary or desirable to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute (including, without limitation, the Delaware Act) or that is necessary or desirable to facilitate the trading of the Units (including, without limitation, the division of Outstanding Units into different classes to facilitate uniformity of tax consequences within such classes of Units) or comply with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Units are or will be listed for trading, compliance with any of which the General Partner determines in its sole discretion to be in the best interests of the Partnership and the Limited Partners or (iii) that is necessary or desirable to implement certain tax-related provisions of the Partnership Agreement, or (iv) that is required to effect the intent of the provisions of this Agreement or is otherwise contemplated by this Agreement;

(e) a change in the fiscal year or taxable year of the Partnership and any changes that, in the sole discretion of the General Partner, are necessary or appropriate as a result of a change in the fiscal year or taxable year of the Partnership including, without limitation, if the General Partner shall so determine, a change in the definition of .Quarter. and the dates on which distributions are to be made by the Partnership;

(f) an amendment that is necessary, in the Opinion of Counsel, to prevent the Partnership or the General Partner or its directors or officers from in any manner being subjected to the provisions of the Investment Company Act of 1940, as amended, the Investment Advisers Act of 1940, as amended, or .plan asset. regulations adopted under the Employee Retirement Income Security Act of 1974, as amended, whether or not substantially similar to plan asset regulations currently applied or proposed by the United States Department of Labor;

(g) subject to the terms of Section 4.3, an amendment that, in the sole discretion of the General Partner, is necessary or desirable in connection with the authorization for issuance of any class or series of Partnership Securities pursuant to Section 4.3;

(h) any amendment expressly permitted in this Agreement to be made by the General Partner acting alone;

(i) an amendment effected, necessitated or contemplated by a Merger Agreement approved in accordance with Section 16.3;

(j) an amendment that, in the sole discretion of the General Partner, is necessary or desirable to reflect, account for and deal with appropriately the formation by the Partnership of, or investment by the Partnership in, any corporation, partnership, joint venture, limited liability company or other entity other than the Operating Partnership, in connection with the conduct by

the Partnership of activities permitted by the terms of Section 3.1; or

(k) any other amendments substantially similar to the foregoing.

1.2 Section Amendment Procedures . Except as provided in Sections 15.1, 15.3 and 15.13, all amendments to this Agreement shall be made in accordance with the following requirements. Amendments to this Agreement may be proposed only by or with the consent of the General Partner. A proposed amendment shall be effective upon its approval by the holders of at least a majority of the Outstanding Common Units, unless a greater or different percentage is required under this Agreement. Each proposed amendment that requires the approval of the holders of a specified percentage of Outstanding Common Units shall be set forth in a writing that contains the text of the proposed amendment. If such an amendment is proposed, the General Partner shall seek the written approval of the requisite percentage of Outstanding Common Units or call a meeting of the holders of Common Units to consider and vote on such proposed amendment. The General Partner shall notify all Record Holders upon final adoption of any such proposed amendments.

1.1 Section Amendment Requirements .
1.2
(a) Notwithstanding the provisions of Sections 15.1 and 15.2, no provision of this Agreement that establishes a percentage of Outstanding Units required to take any action shall be amended, altered, changed, repealed or rescinded in any respect that would have the effect of reducing such voting requirement unless such amendment is approved by the written consent or the affirmative vote of holders of Outstanding Units whose aggregate Outstanding Units constitute not less than the voting requirement sought to be reduced.

(b) Notwithstanding the provisions of Sections 15.1 and 15.2, no amendment to this Agreement may (i) enlarge the obligations of any Limited Partner without its consent, (ii) enlarge the obligations of the General Partner without its consent, which may be given or withheld in its sole discretion, (iii) modify the amounts distributable, reimbursable or otherwise payable to the General Partner by the Partnership or the Operating Partnership, (iv) change Section 14.1(a) or (c), (v) restrict in any way any action by or rights of the General Partner as set forth in this Agreement or (vi) change the term of the Partnership or, except as set forth in Section 14.1(c), give any Person the right to dissolve the Partnership.

(c) Except as otherwise provided, and without limitation of the General Partner's authority to adopt amendments to this Agreement as contemplated in Section 15.1, any amendment that would have a material adverse effect on the rights or preferences of any class of Outstanding Units in relation to other classes of Units must be approved by the holders of not less than a majority of the Outstanding Units of the class affected (excluding for purposes of such determination Units owned by the General Partner and its Affiliates).

(d) Notwithstanding any other provision of this Agreement, except for amendments pursuant to Section 6.3 or 15.1 and except as otherwise provided by Section 16.3(b), no amendments shall become effective without the approval of the holders of at least 95% of the Outstanding Common Units unless the Partnership obtains an Opinion of Counsel to the effect that (a) such amendment will not cause the Partnership or the Operating Partnership to be treated as an association taxable as a corporation or otherwise taxable as an entity for federal income tax purposes and (b) such amendment will not affect the limited liability of any Limited Partner or any limited partner of the Operating Partnership under applicable law.

(e) This Section 15.3 shall only be amended with the approval of the holders of not less
than 95% of the Outstanding Common Units.

1.3 Section Meetings . All acts of Limited Partners to be taken pursuant to this Agreement shall be taken in the manner provided in this Article XV. Meetings of the Limited Partners may be called by the General Partner or by Limited Partners owning 20% or more of the Outstanding Units of the class or classes for which a meeting is proposed. Limited Partners shall call a meeting by delivering to the General Partner one or more requests in writing stating that the signing Limited Partners wish to call a meeting and indicating the general or specific purposes for which the meeting is to be called. Within 60 days after receipt of such a call from Limited Partners or within such greater time as may be reasonably necessary for the Partnership to comply with any statutes, rules, regulations, listing agreements or similar requirements governing the holding of a meeting or the solicitation of proxies for use at such a meeting, the General Partner shall send a notice of the meeting to the Limited Partners either directly or indirectly through the Transfer Agent. A meeting shall be held at a time and place determined by the General Partner on a date not more than 60 days after the mailing of notice of the meeting. Limited Partners shall not vote on matters that would cause the Limited Partners to be deemed to be taking part in the management and control of the business and affairs of the Partnership so as to jeopardize the Limited Partners' limited liability under the Delaware Act or the law of any other state in which the Partnership is qualified to do business.

1.1 Section Notice of a Meeting . Notice of a meeting called pursuant to Section 15.4 shall be given to the Record Holders in writing by mail or other means of written communication in accordance with Section 18.1. The notice shall be

deemed to have been given at the time when deposited in the mail or sent by other means of written communication.

1.1 Section Record Date . For purposes of determining the Limited Partners entitled to notice of or to vote at a meeting of the Limited Partners or to give approvals without a meeting as provided in Section 15.11, the General Partner may set a Record Date, which shall not be less than 10 nor more than 60 days before (a) the date of the meeting (unless such requirement conflicts with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Units are listed for trading, in which case the rule, regulation, guideline or requirement of such exchange shall govern) or (b) in the event that approvals are sought without a meeting, the date by which Limited Partners are requested in writing by the General Partner to give such approvals.

1.1 Section Adjournment . When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting and a new Record Date need not be fixed, if the time and place thereof are announced at the meeting at which the adjournment is taken, unless such adjournment shall be for more than 45 days. At the adjourned meeting, the Partnership may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 45 days or if a new Record Date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given in accordance with this Article XV.

1.1 Section Waiver of Notice; Approval of Meeting; Approval of Minutes . The transactions of any meeting of Limited Partners, however called and noticed, and whenever held, shall be as valid as if had at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, Limited Partners representing such quorum who were present in person or by proxy and entitled to vote, sign a written waiver of notice or an approval of the holding of the meeting or an approval of the minutes thereof. All waivers and approvals shall be filed with the Partnership records or made a part of the minutes of the meeting. Attendance of a Limited Partner at a meeting shall constitute a waiver of notice of the meeting, except when the Limited Partner does not approve, at the beginning of the meeting, of the transaction of any business because the meeting is not lawfully called or convened; and except that attendance at a meeting is not a waiver of any right to disapprove the consideration of matters required to be included in the notice of the meeting, but not so included, if the disapproval is expressly made at the meeting.

1.1 Section Quorum . The holders of two-thirds of the Outstanding Units of the class or classes for which a meeting has been called represented in person or by proxy shall constitute a quorum at a meeting of Limited Partners of such class or classes unless any such action by the Limited Partners requires approval by holders of a majority in interest of such Units, in which case the quorum shall be a majority (excluding, in either case, if such are to be excluded from the vote, Outstanding Units owned by the General Partner and its Affiliates). At any meeting of the Limited Partners duly called and held in accordance with this Agreement at which a quorum is present, the act of Limited Partners holding Outstanding Units that in the aggregate represent a majority of the Outstanding Units entitled to vote and be present in person or by proxy at such meeting shall be deemed to constitute the act of all Limited Partners, unless a greater or different percentage is required with respect to such action under the provisions of this Agreement, in which case the act of the Limited Partners holding Outstanding Units that in the aggregate represent at least such greater or different percentage shall be required. The Limited Partners present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Limited Partners to leave less than a quorum, if any action taken (other than adjournment) is approved by the required percentage of Outstanding Units specified in this Agreement. In the absence of a quorum, any meeting of Limited Partners may be adjourned from time to time by the affirmative vote of a majority of the Outstanding Units of the class or classes for which the meeting was called represented either in person or by proxy, but no other business may be transacted, except as provided in Section 15.7.

1.1 Section Conduct of Meeting . The General Partner shall have full power and authority concerning the manner of conducting any meeting of the Limited Partners or solicitation of approvals in writing, including, without limitation, the determination of Persons entitled to vote, the existence of a quorum, the satisfaction of the requirements of Section 15.4, the conduct of voting, the validity and effect of any proxies and the determination of any controversies, votes or challenges arising in connection with or during the meeting or voting. The General Partner shall designate a Person to serve as chairman of any meeting and shall further designate a Person to take the minutes of any meeting. All minutes shall be kept with the records of the Partnership maintained by the General Partner. The General Partner may make such other regulations consistent with applicable law and this Agreement as it may deem advisable concerning the conduct of any meeting of the Limited Partners or solicitation of approvals in writing, including, without limitation, regulations in regard to the appointment of proxies, the appointment and duties of inspectors of votes and approvals, the submission and examination of proxies and other evidence of the right to vote, and the revocation of approvals in writing.

1.1 Section Action Without a Meeting . Any action that may be taken at a meeting of the Limited Partners may be taken without a meeting if an approval in writing

setting forth the action so taken is signed by Limited Partners owning not less than the minimum percentage of the Outstanding Units that would be necessary to authorize or take such action at a meeting at which all the Limited Partners were present and voted. Prompt notice of the taking of action without a meeting shall be given to the Limited Partners who have not approved in writing. The General Partner may specify that any written ballot submitted to Limited Partners for the purpose of taking any action without a meeting shall be returned to the Partnership within the time period, which shall be not less than 20 days, specified by the General Partner. If a ballot returned to the Partnership does not vote all of the Units held by the Limited Partner, the Partnership shall be deemed to have failed to receive a ballot for the Units that were not voted. If approval of the taking of any action by the Limited Partners is solicited by any Person other than by or on behalf of the General Partner, the written approvals shall have no force and effect unless and until (a) they are deposited with the Partnership in care of the General Partner, (b) approvals sufficient to take the action proposed are dated as of a date not more than 90 days prior to the date sufficient approvals are deposited with the Partnership and (c) an Opinion of Counsel is delivered to the General Partner to the effect that the exercise of such right and the action proposed to be taken with respect to any particular matter (i) will not cause the Limited Partners to be deemed to be taking part in the management and control of the business and affairs of the Partnership so as to jeopardize the Limited Partners' limited liability, (ii) will not jeopardize the status of the Partnership as a partnership under applicable tax laws and regulations and (iii) is otherwise permissible under the state statutes then governing the rights, duties and liabilities of the Partnership and the Partners.

1.1 Section Voting and Other Rights .

1.2
(a) Only those Record Holders of Units on the Record Date set pursuant to Section 15.6 (and also subject to the limitations contained in the definition of .Outstanding.) shall be entitled to notice of, and to vote at, a meeting of Limited Partners or to act with respect to matters as to which the holders of the Outstanding Units have the right to vote or to act. All references in this Agreement to votes of, or other acts that may be taken by, the Outstanding Units shall be deemed to be references to the votes or acts of the Record Holders of such Outstanding Units.

(b) With respect to Units that are held for a Person's account by another Person (such as a broker, dealer, bank, trust company or clearing corporation, or an agent of any of the foregoing), in whose name such Units are registered, such broker, dealer or other agent shall, in exercising the voting rights in respect of such Units on any matter, and unless the arrangement between such Persons provides otherwise, vote such Units in favor of, and at the direction of, the Person who is the beneficial owner, and the Partnership shall be entitled to assume it is so acting without further inquiry. The provisions of this Section 15.12(b) (as well as all other provisions of this Agreement) are subject to the provisions of Section 10.4.

1.3 Section Voting Rights of Senior Units . Except as provided in Sections 4.3(c)(i), 9.7, 14.1, 15.3(c), 16.1(b), 17.1, this Section 15.13 or otherwise as required by law, the Senior Units shall have no voting rights. So long as any Senior Units remain outstanding, unless a greater percentage shall then be required by law, the Partnership shall not, without the approval of the holders of at least a majority of the Outstanding Senior Units voting separately as a class, (i) amend the Partnership Agreement so as to affect adversely the specified rights, preferences or privileges of the Senior Units, including any amendment made in order to issue additional Senior Units other than as provided for in this Agreement as in effect on the WNGL Closing Date, (ii) except as permitted pursuant to Section 6.12 and Section 11.6, purchase, redeem or otherwise acquire for value any Common Units or (iii) permit any of its Subsidiaries to issue equity interests to any Person (other than the Partnership and its Subsidiaries and an interest not to exceed a percentage equal to one percent divided by ninety-nine percent to the General Partner). The holders of at least a majority of the Outstanding Senior Units, voting separately as one class, may waive compliance with any provision of this Agreement. In exercising any voting rights provided for in this Agreement, each Outstanding Senior Unit shall be entitled to one vote.

1 ARTICLE MERGERARTICLE 2 3 MERGER

1.1 Section Authority . (a) Subject to (b) below, the Partnership may merge or consolidate with one or more corporations, business trusts or associations, real estate investment trusts, common law trusts or unincorporated businesses, including, without limitation, a general partnership or limited partnership, formed under the laws of the State of Delaware or any other state of the United States of America, pursuant to a written agreement of merger or consolidation (.Merger Agreement.) in accordance with this Article XVI;

(b) Without the approval of the holders of at least the majority of the Outstanding Senior Units, the Partnership shall not, in a single transaction or series of related transactions, consolidate with or merge with or into, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its or the Operating Partnership's (which includes the sale by the Partnership of its limited partnership interests in the Operating Partnership) assets to, another Person unless: (A) either (1) the Partnership is

the Surviving Business Entity or (2) the Person (if other than the Partnership) formed by such consolidation or into which the Partnership is merged or to which the properties and assets of the Partnership or Operating Partnership are sold, assigned, transferred, leased, conveyed or otherwise disposed of shall be an entity organized under the laws of the United States or any State thereof or the District of Columbia and shall expressly assume all of the obligations of the Partnership under this Agreement, the WNGL Purchase Agreement and the WNGL Registration Rights Agreement with respect to the Senior Units; and (B) if the Partnership is not the Surviving Business Entity, the Senior Units shall be converted into or exchanged for and shall become equity interests of such Surviving Business entity, having in respect of such Surviving Business Entity the same powers, preferences and relative, participating, optional or other special rights and the qualifications, limitations or restrictions thereon, that the Senior Units had immediately prior to such transactions.

1.1 Section Procedure for Merger or Consolidation . Merger or consolidation of the Partnership pursuant to this Article XVI requires the prior approval of the General Partner. If the General Partner shall determine, in the exercise of its sole discretion, to consent to the merger or consolidation, the General Partner shall approve the Merger Agreement, which shall set forth: (a) The names and jurisdictions of formation or organization of each of the business entities proposing to merge or consolidate;

(b) The name and jurisdictions of formation or organization of the business entity that is to survive the proposed merger or consolidation (the .Surviving Business Entity.);

(c) The terms and conditions of the proposed merger or consolidation;

(d) The manner and basis of exchanging or converting the equity securities of each constituent business entity for, or into, cash, property or general or limited partnership interests, rights, securities or obligations of the Surviving Business Entity; and (i) if any general or limited partnership interests, securities or rights of any constituent business entity are not to be exchanged or converted solely for, or into, cash, property or general or limited partnership interests, rights, securities or obligations of the Surviving Business Entity, the cash, property or general or limited partnership interests, rights, securities or obligations of any limited partnership, corporation, trust or other entity (other than the Surviving Business Entity) which the holders of such general or limited partnership interests, securities or rights are to receive in exchange for, or upon conversion of, their general or limited partnership interests, securities or rights, and (ii) in the case of securities represented by certificates, upon the surrender of such certificates, which cash, property or general or limited partnership interests, rights, securities or obligations of the Surviving Business Entity or any general or limited partnership, corporation, trust or other entity (other than the Surviving Business Entity), or evidences thereof, are to be delivered;

(e) A statement of any changes in the constituent documents or the adoption of new constituent documents (the articles or certificate of incorporation, articles of trust, declaration of trust, certificate or agreement of limited partnership or other similar charter or governing document) of the Surviving Business Entity to be effected by such merger or consolidation;

(f) The effective time of the merger, which may be the date of the filing of the certificate of merger pursuant to Section 16.4 or a later date specified in or determinable in accordance with the Merger Agreement (provided, that if the effective time of the merger is to be later than the date of the filing of the certificate of merger, the effective time shall be fixed no later than the time of the filing of the certificate of merger and stated therein); and

(g) Such other provisions with respect to the proposed merger or consolidation as are deemed necessary or appropriate by the General Partner.

1.2 Section Approval by Holders of Common Units of Merger or Consolidation . 1.3 (a) The General Partner of the Partnership, upon its approval of the Merger Agreement, shall direct that the Merger Agreement be submitted to a vote of the Limited Partners holding Common Units whether at a meeting or by written consent, in either case in accordance with the requirements of Article XV. A copy or a summary of the Merger Agreement shall be included in or enclosed with the notice of a meeting or the written consent.

(b) The Merger Agreement shall be approved upon receiving the affirmative vote or consent of the holders of at least a majority of the Outstanding Common Units unless the Merger Agreement contains any provision which, if contained in an amendment to this Agreement, the provisions of this Agreement or the Delaware Act would require the vote or consent of a greater percentage of the Outstanding Common Units or of any class of Limited Partners, in which case such greater percentage vote or consent shall be required for approval of the Merger Agreement; provided that, in the case of a merger or consolidation in which the surviving entity is a corporation or other entity intended to be treated as an association taxable as a corporation or otherwise taxable as an entity for federal income tax purposes, if in the opinion of the General Partner it is necessary to effect, in contemplation of such merger or consolidation, an amendment that would otherwise require a vote pursuant to Section 15.3(d), no such vote pursuant to Section 15.3(d) shall be required unless such amendment by

its terms will be applicable to the Partnership in the event the merger or consolidation is abandoned or unless such amendment will be applicable to the Partnership during a period in excess of ten days prior to the merger or consolidation.

(c) After such approval by vote or consent of the holders of the Common Units, and at any time prior to the filing of the certificate of merger pursuant to Section 16.4, the merger or consolidation may be abandoned pursuant to provisions therefor, if any, set forth in the Merger Agreement.

1.4 Section Certificate of Merger . Upon the required approval by the General Partner and the Limited Partners of a Merger Agreement, a certificate of merger shall be executed and filed with the Secretary of State of the State of Delaware in conformity with the requirements of the Delaware Act.

1.1 Section Effect of Merger .

1.2
(a) At the effective time of the certificate of merger:

(i) all of the rights, privileges and powers of each of the business entities that has merged or consolidated, and all property, real, personal and mixed, and all debts due to any of those business entities and all other things and causes of action belonging to each of those business entities shall be vested in the Surviving Business Entity and after the merger or consolidation shall be the property of the Surviving Business Entity to the extent they were of each constituent business entity;

(ii) the title to any real property vested by deed or otherwise in any of those constituent business entities shall not revert and is not in any way impaired because of the merger or consolidation;

(iii) all rights of creditors and all liens on or security interests in property of any of those constituent business entities shall be preserved unimpaired; and

(iv) all debts, liabilities and duties of those constituent business entities shall attach to the Surviving Business Entity, and may be enforced against it to the same extent as if the debts, liabilities and duties had been incurred or contracted by it.

(b) A merger or consolidation effected pursuant to this Article shall not be deemed to result in a transfer or assignment of assets or liabilities from one entity to another having occurred.

2 ARTICLE RIGHT TO ACQUIRE UNITSARTICLE 3 4 RIGHT TO ACQUIRE UNITS

1.1 Section Right to Acquire Units .

1.2
(a) Notwithstanding any other provision of this Agreement, if at any time not more than 20% of the total Units of any class then Outstanding are held by Persons other than the General Partner and its Affiliates, the General Partner shall, upon the approval of the holders of at least a majority of the Outstanding Senior Units, have the right, which right it may assign and transfer to the Partnership or any Affiliate of the General Partner, exercisable in its sole discretion, to purchase all, but not less than all, of the Units of such class then Outstanding held by Persons other than the General Partner and its Affiliates, at the greater of (x) the Current Market Price as of the date three days prior to the date that the notice described in Section 17.1(b) is mailed, and (y) the highest cash price paid by the General Partner or any of its Affiliates for any such Unit purchased during the 90-day period preceding the date that the notice described in Section 17.1(b) is mailed.

(b) If the General Partner, any Affiliate of the General Partner or the Partnership elects to exercise the right to purchase Units granted pursuant to Section 17.1(a), the General Partner shall deliver to the Transfer Agent notice of such election to purchase (the .Notice of Election to Purchase.) and shall cause the Transfer Agent to mail a copy of such Notice of Election to Purchase to the Record Holders of Units (as of a Record Date selected by the General Partner) at least 10, but not more than 60, days prior to the Purchase Date. Such Notice of Election to Purchase shall also be published for a period of at least three consecutive days in at least two daily newspapers of general circulation printed in the English language and published in the Borough of Manhattan, New York. The Notice of Election to Purchase shall specify the Purchase Date and the price (determined in accordance with Section 17.1(a) at which Units will be purchased and state that the General Partner, its Affiliate or the Partnership, as the case may be, elects to purchase such Units, upon surrender of Certificates representing such Units in exchange for payment, at such office or offices of the Transfer Agent as the Transfer Agent may specify, or as may be required by any National Securities Exchange on which the Units are listed or admitted to trading. Any such Notice of Election to Purchase mailed to a Record Holder of Units at his address as reflected in the records of the Transfer Agent shall be conclusively presumed to have been given whether or not the owner receives such notice. On or prior to the Purchase Date, the General

Partner, its Affiliate or the Partnership, as the case may be, shall deposit with the Transfer Agent cash in an amount sufficient to pay the aggregate purchase price of all of the Units to be purchased in accordance with this Section 17.1. If the Notice of Election to Purchase shall have been duly given as aforesaid at least 10 days prior to the Purchase Date, and if on or prior to the Purchase Date the deposit described in the preceding sentence has been made for the benefit of the holders of Units subject to purchase as provided herein, then from and after the Purchase Date, notwithstanding that any Certificate shall not have been surrendered for purchase, all rights of the holders of such Units (including, without limitation, any rights pursuant to Articles IV, V and XIV) shall thereupon cease, except the right to receive the purchase price (determined in accordance with Section 17.1(a)) for Units therefor, without interest, upon surrender to the Transfer Agent of the Certificates representing such Units, and such Units shall thereupon be deemed to be transferred to the General Partner, its Affiliate or the Partnership, as the case may be, on the record books of the Transfer Agent and the Partnership, and the General Partner or any Affiliate of the General Partner, or the Partnership, as the case may be, shall be deemed to be the owner of all such Units from and after the Purchase Date and shall have all rights as the owner of such Units (including, without limitation, all rights as owner of such Units pursuant to Articles IV, V and XIV).

(c) At any time from and after the Purchase Date, a holder of an Outstanding Unit subject to purchase as provided in this Section 17.1 may surrender his Certificate, as the case may be, evidencing such Unit to the Transfer Agent in exchange for payment of the amount described in Section 17.1(a), therefor, without interest thereon.

1.3 Section Right to Acquire Senior Units .

1.4
(a) Notwithstanding any other provision of this Agreement, the Partnership shall have the right, which it may assign to any of its Affiliates, exercisable in its sole discretion, to purchase for cash, in whole or in part, at any time or from time to time, Senior Units at the Senior Unit Redemption Price. The right of the Partnership and its permitted assigns to purchase Outstanding Senior Units at the Senior Unit Redemption Price shall not apply to Common Units issued upon conversion of the Senior Units in accordance with Section 5.7; provided, however, that the Partnership and its permitted assigns shall have the right to exercise such right at any time prior to the date of conversion.

(b) If the Partnership or its permitted assigns exercises the right to purchase Senior Units granted pursuant to Section 17.2(a), the Partnership shall deliver or cause to be delivered to the holder or holders of Senior Units, a Senior Unit Redemption Notice at least three, but not more than thirty (30) Business Days prior to the Senior Unit Redemption Date.

(c) On or prior to the Senior Unit Redemption Date, the General Partner, its Affiliate or the Partnership, as the case may be, shall deposit with the Transfer Agent (or if all of the Outstanding Senior Units are held by one Holder (including Affiliates of such Holder), pay to such Holder and its Affiliates) cash in an amount sufficient to pay the aggregate Senior Unit Redemption Price of all of the Senior Units acquired pursuant to this Section 17.2. On the Senior Unit Redemption Date, each holder of Senior Units shall surrender the Certificates representing the number of Senior Units set forth in the Senior Unit Redemption Notice, in proper transfer form, in the manner and place designated in such notice. On the Senior Unit Redemption Date, the Senior Unit Redemption Price shall be payable in cash to the person whose name appears on such Certificates as the owner thereof, and, if purchased by the Partnership and not any of its Affiliates, each surrendered Certificate shall be canceled and retired. In the event that less than all of the Senior Units represented by any such Certificates are being acquired by the Partnership or any of its Affiliates, new Certificates shall be issued representing the number of Senior Units to remain Outstanding.

(d) On and after the Senior Unit Redemption Date, unless the Partnership or any of its Affiliates defaults in the payment in full of the Senior Unit Redemption Price, all distributions on the Senior Units to be purchased shall cease, and all rights associated with the Senior Units to be purchased shall terminate other than the right to receive the Senior Unit Redemption Price.

2 ARTICLE GENERAL PROVISIONSARTICLE 34 GENERAL PROVISIONS

1.1 Section Addresses and Notices . Any notice, demand, request, report or proxy materials required or permitted to be given or made to a Partner or Assignee under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first class United States mail or by other means of written communication to the Partner or Assignee at the address described below. Any notice, payment or report to be given or made to a Partner or Assignee hereunder shall be deemed conclusively to have been given or made, and the obligation to give such notice or report or to make such payment shall be deemed conclusively to have been fully satisfied, upon sending of such notice, payment or report to the Record Holder of such Unit at his address as shown on the records of the Transfer Agent or as otherwise shown on the records of the Partnership, regardless of any claim of any Person who may have an interest in such Unit or the Partnership Interest of a General Partner by reason of any assignment or otherwise. An affidavit or certificate of making of any

notice, payment or report in accordance with the provisions of this Section 18.1 executed by the General Partner, the Transfer Agent or the mailing organization shall be prima facie evidence of the giving or making of such notice, payment or report. If any notice, payment or report addressed to a Record Holder at the address of such Record Holder appearing on the books and records of the Transfer Agent or the Partnership is returned by the United States Post Office marked to indicate that the United States Postal Service is unable to deliver it, such notice, payment or report and any subsequent notices, payments and reports shall be deemed to have been duly given or made without further mailing (until such time as such Record Holder or another Person notifies the Transfer Agent or the Partnership of a change in his address) if they are available for the Partner or Assignee at the principal office of the Partnership for a period of one year from the date of the giving or making of such notice, payment or report to the other Partners and Assignees. Any notice to the Partnership shall be deemed given if received by the General Partner at the principal office of the Partnership designated pursuant to Section 1.3. The General Partner may rely and shall be protected in relying on any notice or other document from a Partner, Assignee or other Person if believed by it to be genuine.

1.1 Section References. Except as specifically provided otherwise, references to .Articles.
and .Sections. are to Articles and Sections of this Agreement.

1.1 Section Pronouns and Plurals . Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

1.1 Section Further Action . The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

1.1 Section Binding Effect . This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

1.1 Section Integration . This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

1.1 Section Creditors . None of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

1.1 Section Waiver . No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

1.1 Section Counterparts . This Agreement may be executed in counterparts, all of which together shall constitute an agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto or, in the case of a Person acquiring a Unit, upon accepting the certificate evidencing such Unit or executing and delivering a Transfer Application as herein described, independently of the signature of any other party.

1.1 Section Applicable Law . This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

1.1 Section Invalidity of Provisions . If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

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

GENERAL PARTNER:

FERRELLGAS, INC.

By: /S/ KEVIN T. KELLY
Name: Kevin T. Kelly
Title: Vice President and CFO

LIMITED PARTNERS:

All Limited Partners now and hereafter admitted as limited partners of the Partnership, pursuant to Powers of Attorney now and hereafter executed in favor of, and granted and delivered to, the General Partner.

By: FERRELLGAS, INC.
General Partner, as attorney-in-fact for all Limited Partners pursuant to the Powers of Attorney granted pursuant to Section 1.4.

By: /S/ KEVIN T. KELLY
Name: Kevin T. Kelly
Title: Vice President and CFO

EXHIBIT A
to the Agreement of
Limited Partnership of
FERRELLGAS PARTNERS, L.P.

Certificate Evidencing Common Units
Representing Limited Partner Interests
FERRELLGAS PARTNERS, L.P.

No. Common Units

FERRELLGAS, INC., a Delaware corporation, as the General Partner of FERRELLGAS PARTNERS, L.P., a Delaware limited partnership (the .Partnership.), hereby certifies that (the .Holder.) is the registered owner of Common Units representing limited partner interests in the Partnership (the .Common Units.) transferable on the books of the Partnership, in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed and accompanied by a properly executed application for transfer of the Common Units represented by this Certificate. The rights, preferences and limitations of the Common Units are set forth in, and this Certificate and the Common Units represented hereby are issued and shall in all respects be subject to the terms and provisions of, the Agreement of Limited Partnership of FERRELLGAS PARTNERS, L.P., as amended, supplemented or restated from time to time (the .Partnership Agreement.). Copies of the Partnership Agreement are on file at, and will be furnished without charge on delivery of written request to the Partnership at, the principal office of the Partnership located at One Liberty Plaza, Liberty, Missouri 64068. Capitalized terms used herein but not defined shall have the meaning given them in the Partnership Agreement.

The Holder, by accepting this Certificate, is deemed to have (i) requested admission as, and agreed to become, a Limited Partner and to have agreed to comply with and be bound by and to have executed the Partnership Agreement, (ii) represented and warranted that the Holder has all right, power and authority and, if an individual, the capacity necessary to enter into the Partnership Agreement, (iii) granted the powers of attorney provided for in the Partnership Agreement and (iv) made the waivers and given the consents and approvals contained in the Partnership Agreement.

This Certificate shall not be valid for any purpose unless it has been countersigned and registered by the Transfer Agent and Registrar.

Dated:

Countersigned and Registered by:

Transfer Agent and Registrar

Authorized Signature

FERRELLGAS, INC.,
as General Partner
By:
President
By:
Secretary

[Reverse of Certificate]

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as follows according to applicable laws or regulations:

TEN COM-	as tenants in common	UNIF GIFT MIN ACT-
TEN ENT-	as tenants by the entireties	.....Custodian.....
JT TEN-	as joint tenants with right of survivorship and not as tenants in common	(Cust) (Minor) under Uniform Gifts to Minors Act..... State

Additional abbreviations, though not in the above list, may also be used.

ASSIGNMENT OF COMMON UNITS
in
FERRELLGAS PARTNERS, L.P.

IMPORTANT NOTICE REGARDING INVESTOR RESPONSIBILITIES
DUE TO TAX SHELTER STATUS OF FERRELLGAS PARTNERS, L.P.

You have acquired an interest in Ferrellgas Partners, L.P., One Liberty Plaza, Liberty, Missouri 64068, whose taxpayer identification number is 43-1698480. The Internal Revenue Service has issued Ferrellgas Partners, L.P. the following tax shelter registration number 94201000010:

YOU MUST REPORT THIS REGISTRATION NUMBER TO THE INTERNAL REVENUE SERVICE IF YOU CLAIM ANY DEDUCTION, LOSS, CREDIT, OR OTHER TAX BENEFIT OR REPORT ANY INCOME BY REASON OF YOUR INVESTMENT IN FERRELLGAS PARTNERS, L.P.

You must report the registration number as well as the name and taxpayer identification number of Ferrellgas Partners, L.P. on Form 8271. FORM 8271 MUST BE ATTACHED TO THE RETURN ON WHICH YOU CLAIM THE DEDUCTION, LOSS, CREDIT, OR OTHER TAX BENEFIT OR REPORT ANY INCOME BY REASON OF YOUR INVESTMENT IN FERRELLGAS PARTNERS, L.P.

If you transfer your interest in Ferrellgas Partners, L.P. to another person, you are required by the Internal Revenue Service to keep a list containing (a) that person's name, address and taxpayer identification number, (b) the date on which you transferred the interest and (c) the name, address and tax shelter registration number of Ferrellgas Partners, L.P. If you do not want to keep such a list, you must (1) send the information specified above to the Partnership, which will keep the list for this tax shelter, and (2) give a copy of this notice to the person to whom you transfer your interest. Your failure to comply with any of the above-described responsibilities could result in the imposition of a penalty under Section 6707(b) or 6708(a) of the Internal Revenue Code of 1986, as amended, unless such failure is shown to be due to reasonable cause.

ISSUANCE OF A REGISTRATION NUMBER DOES NOT INDICATE THAT THIS INVESTMENT OR THE CLAIMED TAX BENEFITS HAVE BEEN REVIEWED, EXAMINED, OR APPROVED BY THE INTERNAL REVENUE SERVICE.

FOR VALUE RECEIVED, hereby assigns, conveys, sells and transfers unto

(Please print or typewrite name and address of Assignee) (Please insert Social Security or other identifying number of Assignee)

Common Units representing limited partner interests evidenced by this Certificate, subject to the Partnership Agreement, and does hereby irrevocably constitute and appoint as its attorney-in-fact with full power of substitution to transfer the same on the books of Ferrellgas Partners, L.P.

Date: NOTE: The signature to any endorsement hereon must correspond with the name as written upon the face of this Certificate in every particular, without alteration, enlargement or change.
SIGNATURE(S) MUST BE GUARANTEED BY A MEMBER FIRM OF THE NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. OR BY A COMMERCIAL BANK OR TRUST COMPANY (Signature)

(Signature)

SIGNATURE(S) GUARANTEED

No transfer of the Common Units evidenced hereby will be registered on the books of the Partnership, unless the Certificate evidencing the Common Units to be transferred is surrendered for registration or transfer and an Application for Transfer of Common Units has been executed by a transferee either (a) on the form set forth below or (b) on a separate application that the Partnership will furnish on request without charge. A transferor of the Common Units shall have no duty to the transferee with respect to execution of the transfer application in order for such transferee to obtain registration of the transfer of the Common Units.

APPLICATION FOR TRANSFER OF COMMON UNITS

The undersigned (.Assignee.) hereby applies for transfer to the name of the Assignee of the Common Units evidenced hereby.

The Assignee (a) requests admission as a Substituted Limited Partner and agrees to comply with and be bound by, and hereby executes, the Agreement of Limited Partnership of Ferrellgas Partners, L.P. (the .Partnership.), as amended, supplemented or restated to the date hereof (the .Partnership Agreement.), (b) represents and warrants that the Assignee has all right, power and authority and, if an individual, the capacity necessary to enter into the Partnership Agreement, (c) grants the powers of attorney provided for in the Partnership Agreement and (d) makes the waivers and gives the consents and approvals contained in the Partnership Agreement.

Capitalized terms not defined herein have the meanings assigned to such terms in the Partnership Agreement.

Date:

Signature of Assignee

Social Security or other identifying number of Assignee

Name and Address of Assignee

Purchase Price
including commissions, if any

Type of Entity (check one)

Individual Partnership Corporation
Trust Other (specify)

Nationality (Check One):

U.S. Citizen, Resident or Domestic Entity

Foreign Corporation, or Non-resident alien

If the U.S. Citizen, Resident or Domestic Entity box is checked, the following certification must be completed.

Under Section 1445(e) of the Internal Revenue Code of 1986, as amended (the .Code.), the Partnership must withhold tax with respect to certain transfers of property if a holder of an interest in the Partnership is a foreign person. To inform the Partnership that no withholding is required with respect to the undersigned interest holder's interest in it, the undersigned hereby certifies the following (or, if applicable, certifies the following on behalf of the interest holder).

Complete Either A or B:

A. Individual Interest Holder

1. I am not a non-resident alien for purposes of U.S. income taxation.

2. My U.S. taxpayer identifying number (Social Security Number) is.

3. My home address is
.

B. Partnership, Corporate or Other Interest-Holder

1. is not a
(Name of Interest-Holder)

foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Code and Treasury Regulations).

2. The interest-holder's U.S. employer identification number is
.

3. The interest-holder's office address and place of incorporation (if applicable) is

The interest-holder agrees to notify the Partnership within 60 days of the date the interest-holder becomes a foreign person.

The interest-holder understands that this certificate may be disclosed to the Internal Revenue Service by the Partnership and that any false statement

contained herein could be punishable by fine, imprisonment or both.

Under penalties of perjury, I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete and, if applicable, I further declare that I have authority to sign this document on behalf of

(Name of Interest-Holder)

Signature and Date

Title (if applicable)

Note: If the Assignee is a broker, dealer, bank, trust company, clearing corporation, other nominee holder or an agent of any of the foregoing, and is holding for the account of any other person, this application should be completed by an officer thereof or, in the case of a broker or dealer, by a registered representative who is a member of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc., or, in the case of any other nominee holder, a person performing a similar function. If the Assignee is a broker, dealer, bank trust company, clearing corporation, other nominee owner or an agent of any of the foregoing, the above certification as to any person for whom the Assignee will hold the Common Units shall be made to the best of the Assignee's knowledge.

EXHIBIT B
to the Agreement of
Limited Partnership of
FERRELLGAS PARTNERS, L.P.

Certificate Evidencing Senior Units
Representing Limited Partner Interests
FERRELLGAS PARTNERS, L.P.

No._____ Senior Units

FERRELLGAS, INC., a Delaware corporation, as the General Partner of FERRELLGAS PARTNERS, L.P., a Delaware limited partnership (the .Partnership.), hereby certifies that _____ (the .Holder.) is the registered owner of _____ Senior Units representing limited partner interests in the Partnership (the .Senior Units.) transferable on the books of the Partnership, in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed and accompanied by a properly executed application for transfer of the Senior Units represented by this Certificate. The rights, preferences and limitations of the Senior Units are set forth in, and this Certificate and the Senior Units represented hereby are issued and shall in all respects be subject to the terms and provisions of, the Agreement of Limited Partnership of FERRELLGAS PARTNERS, L.P., as amended, supplemented or restated from time to time (the .Partnership Agreement.). Copies of the Partnership Agreement are on file at, and will be furnished without charge on delivery of written request to the Partnership at, the principal office of the Partnership located at One Liberty Plaza, Liberty, Missouri 64068. Capitalized terms used herein but not defined shall have the meaning given them in the Partnership Agreement.

The Holder, by accepting this Certificate, is deemed to have (i) requested admission as, and agreed to become, a Limited Partner and to have agreed to comply with and be bound by and to have executed the Partnership Agreement, (ii) represented and warranted that the Holder has all right, power and authority and, if an individual, the capacity necessary to enter into the Partnership Agreement, (iii) granted the powers of attorney provided for in the Partnership Agreement and (iv) made the waivers and given the consents and approvals contained in the Partnership Agreement.

Dated:

FERRELLGAS, INC.,
as General Partner

By:
President

By:
Secretary

[Reverse of Certificate]

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as follows according to applicable laws or regulations:

TEN COM-	as tenants in common	UNIF GIFT MIN ACT-
TEN ENT-	as tenants by the entireties	.....Custodian.....
JT TEN-	as joint tenants with right of survivorship and not as tenants in common	(Cust) (Minor) under Uniform Gifts to Minors Act..... State

Additional abbreviations, though not in the above list, may also be used.

ASSIGNMENT OF SENIOR UNITS
in
FERRELLGAS PARTNERS, L.P.

IMPORTANT NOTICE REGARDING INVESTOR RESPONSIBILITIES
DUE TO TAX SHELTER STATUS OF FERRELLGAS PARTNERS, L.P.

You have acquired an interest in Ferrellgas Partners, L.P., One Liberty Plaza, Liberty, Missouri 64068, whose taxpayer identification number is 43-1698480. The Internal Revenue Service has issued Ferrellgas Partners, L.P. the following tax shelter registration number 94201000010:

YOU MUST REPORT THIS REGISTRATION NUMBER TO THE INTERNAL REVENUE SERVICE IF YOU CLAIM ANY DEDUCTION, LOSS, CREDIT, OR OTHER TAX BENEFIT OR REPORT ANY INCOME BY REASON OF YOUR INVESTMENT IN FERRELLGAS PARTNERS, L.P.

You must report the registration number as well as the name and taxpayer identification number of Ferrellgas Partners, L.P. on Form 8271. FORM 8271 MUST BE ATTACHED TO THE RETURN ON WHICH YOU CLAIM THE DEDUCTION, LOSS, CREDIT, OR OTHER TAX BENEFIT OR REPORT ANY INCOME BY REASON OF YOUR INVESTMENT IN FERRELLGAS PARTNERS, L.P.

If you transfer your interest in Ferrellgas Partners, L.P. to another person, you are required by the Internal Revenue Service to keep a list containing (a) that person's name, address and taxpayer identification number, (b) the date on which you transferred the interest and (c) the name, address and tax shelter registration number of Ferrellgas Partners, L.P. If you do not want to keep such a list, you must (1) send the information specified above to the Partnership, which will keep the list for this tax shelter, and (2) give a copy of this notice to the person to whom you transfer your interest. Your failure to comply with any of the above-described responsibilities could result in the imposition of a penalty under Section 6707(b) or 6708(a) of the Internal Revenue Code of 1986, as amended, unless such failure is shown to be due to reasonable cause.

ISSUANCE OF A REGISTRATION NUMBER DOES NOT INDICATE THAT THIS INVESTMENT OR THE CLAIMED TAX BENEFITS HAVE BEEN REVIEWED, EXAMINED, OR APPROVED BY THE INTERNAL REVENUE SERVICE.

FOR VALUE RECEIVED, hereby assigns, conveys, sells and transfers unto

(Please print or typewrite name (Please insert Social Security or other
identifying and address of Assignee) number of Assignee)

Senior Units representing limited partner interests
evidenced by this Certificate, subject to the Partnership Agreement, and does hereby irrevocably constitute and appoint as its attorney-in-fact with full power of substitution to transfer the same on the books of Ferrellgas Partners, L.P.

Date: NOTE: The signature to any endorsement hereon must correspond
with the name as written upon the face of this Certificate in
every particular, without alteration, enlargement or change.

(Signature)

No transfer of the Senior Units evidenced hereby will be registered on the books of the Partnership, unless the Certificate evidencing the Senior Units to be transferred is surrendered for registration or transfer and an Application for Transfer of Senior Units has been executed by a transferee either (a) on the form set forth below or (b) on a separate application that the Partnership will furnish on request without charge. A transferor of the Senior Units shall have no duty to the transferee with respect to execution of the transfer application in order for such transferee to obtain registration of the transfer of the Senior Units.

APPLICATION FOR TRANSFER OF SENIOR UNITS

The undersigned (.Assignee.) hereby applies for transfer to the name of the Assignee of the Senior Units evidenced hereby.

The Assignee (a) requests admission as a Substituted Limited Partner and agrees to comply with and be bound by, and hereby executes, the Agreement of Limited Partnership of Ferrellgas Partners, L.P. (the .Partnership.), as amended, supplemented or restated to the date hereof (the .Partnership Agreement.), (b) represents and warrants that the Assignee has all right, power and authority and, if an individual, the capacity necessary to enter into the Partnership Agreement, (c) grants the powers of attorney provided for in the Partnership Agreement and (d) makes the waivers and gives the consents and approvals contained in the Partnership Agreement.

Capitalized terms not defined herein have the meanings assigned to such terms in the Partnership Agreement.

Date:
Signature of Assignee

Social Security or other identifying number of Assignee

Name and Address of Assignee

Purchase Price
including commissions, if any

Type of Entity (check one)

Individual Partnership Corporation
Trust Other (specify)

Nationality (Check One):

U.S. Citizen, Resident or Domestic Entity

Foreign Corporation, or Non-resident alien

If the U.S. Citizen, Resident or Domestic Entity box is checked, the following certification must be completed.

Under Section 1445(e) of the Internal Revenue Code of 1986, as amended (the .Code.), the Partnership must withhold tax with respect to certain transfers of property if a holder of an interest in the Partnership is a foreign person. To inform the Partnership that no withholding is required with respect to the undersigned interest holder's interest in it, the undersigned hereby certifies the following (or, if applicable, certifies the following on behalf of the interest holder). Complete Either A or B:

A. Individual Interest Holder

1. I am not a non-resident alien for purposes of U.S. income taxation.

2. My U.S. taxpayer identifying number (Social Security Number) is.

3. My home address is
.

B. Partnership, Corporate or Other Interest-Holder

1. is not a
(Name of Interest-Holder)

foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Code and Treasury Regulations).

2. The interest-holder's U.S. employer identification number is
.

3. The interest-holder's office address and place of incorporation (if applicable) is

The interest-holder agrees to notify the Partnership within 60 days of the date the interest-holder becomes a foreign person.

The interest-holder understands that this certificate may be disclosed to the Internal Revenue Service by the Partnership and that any false statement contained herein could be punishable by fine, imprisonment or both.

Under penalties of perjury, I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and

complete and, if applicable, I further declare that I have authority to sign this document on behalf of

(Name of Interest-Holder)

Signature and Date

Title (if applicable)

Note: If the Assignee is a broker, dealer, bank, trust company, clearing corporation, other nominee holder or an agent of any of the foregoing, and is holding for the account of any other person, this application should be completed by an officer thereof or, in the case of a broker or dealer, by a registered representative who is a member of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc., or, in the case of any other nominee holder, a person performing a similar function. If the Assignee is a broker, dealer, bank trust company, clearing corporation, other nominee owner or an agent of any of the foregoing, the above certification as to any person for whom the Assignee will hold the Senior Units shall be made to the best of the Assignee's knowledge.

Form of Election to Convert

To Ferrellgas Partners, L.P.

The undersigned owner of the Senior Units evidenced by this Certificate hereby exercises the option to convert all such Senior Units, or the number of Senior Units below designated, into Common Units of Ferrellgas Partners, L.P. in accordance with the terms of the Partnership Agreement referred to in this Certificate, and directs that the Common Units issuable and deliverable upon conversion, together with any check in payment for fractional shares, be issued with any check in payment for fractional shares, be issued in the name of and delivered to the undersigned registered Holder hereof, unless a different name has been indicated in the assignment below. If Common Units are to be issued in the name of person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto. Any amount required to be paid by the undersigned on account of accumulated and undistributed distributions accompanies this Certificate.

Dated:
Number of Senior Units to be converted:
- ---------------

Signature (for conversion only)

If Common Units are to
be issued and
registered otherwise
than to the registered
Holder named above,
please print or
typewrite name and
address, including zip
code, and social
security or other
taxpayer
identification number.

COVENANT TO VOTE

In connection with the Purchase Agreement dated as of November 7, 1999 ("Agreement") among Ferrellgas Partners, L.P. ("Purchaser"), Ferrellgas, L.P. ("Subsidiary OLP") and Williams Natural Gas Liquids, Inc. ("Seller"), the undersigned hereby agrees with Seller to vote at a duly called meeting of holders of Purchaser's common units (the "Common Units"), or to execute a consent in lieu thereof with respect to, all Common Units held by the undersigned in favor of the following matters:

1. the approval of the conversion feature of the Purchaser's senior convertible units representing limited partner interests, $40.00 liquidation preference per unit (the "Senior Unit") and the issuance of Common Units upon exercise of the conversion option set forth in the terms of the Purchaser's Agreement of Limited Partnership; and

2. the approval of an exemption under the Purchaser's Agreement of Limited Partnership for Seller in order for Seller to be able to vote all of its Common Units upon conversion.

Capitalized terms not otherwise defined herein shall have the meaning set forth in the Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Covenant to Vote this 17th day of December, 1999.

FERRELL COMPANIES, INC.

By: /s/ Kevin T. Kelly
- ------------------------------
Name: Kevin T. Kelly
Title: Vice President
Ferrell Companies, Inc.

REGISTRATION RIGHTS AGREEMENT

Dated as of December 17, 1999

by and between

FERRELLGAS PARTNERS, L.P.

and

WILLIAMS NATURAL GAS LIQUIDS, INC.

UNITS REPRESENTING LIMITED PARTNER INTERESTS

of

FERRELLGAS PARTNERS, L.P.

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REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (the "Agreement") is made and entered into as of December __, 1999, by and between Ferrellgas Partners, L.P., a Delaware limited partnership (the "Issuer"), and Williams Natural Gas Liquids, Inc., a Delaware corporation ("Williams").

This Agreement is entered into in connection with the Purchase Agreement, dated November 7, 1999, as amended (the "Purchase Agreement"), and a Representations Agreement, dated the date hereof (the "Representations Agreement"), by and among the Issuer, Ferrellgas L.P., a Delaware limited partnership, Ferrellgas, Inc., a Delaware corporation, and Williams, relating to the sale by Williams to the Issuer of Williams' equity interest in Thermogas L.L.C., a Delaware limited liability company (formerly, Thermogas Company, a Delaware corporation), in consideration, among other things, of 4,375,000 of the Issuer's senior convertible units representing limited partner interests, $40.00 liquidation preference per unit (the "Senior Units").

In order to induce Williams to enter into the Purchase Agreement and the Representations Agreement, the Issuer has agreed to provide the registration rights set forth in this Agreement for the benefit of the holders of Registrable Units (as defined), including, without limitation, Williams. The execution and delivery of this Agreement is a condition to Williams' obligation to consummate the transactions contemplated by the Purchase Agreement.

The parties hereby agree as follows:

1. SECTION Definitions .

As used in this Agreement, the following terms shall have the following meanings:

Additional Payment Rate: See Section 3(b).

Additional Payments: See Section 3(a).

Additional Senior Units: See Section 5.4 of the Partnership Agreement.

Advice: See the last paragraph of Section 4.

Agreement: See the first introductory paragraph to this Agreement.

Business Day: A day that is not a Saturday, a Sunday, or a day on which banking institutions in New York, New York are required to be closed.

Closing Date: The Closing Date as defined in the Purchase Agreement.

Closing Price: With respect to the Common Units, the last reported sale price of the Common Units on such day, or in the case no sale takes place on such day, the average of the closing bid and asked prices in each case on the principal national securities exchange on which the Common Units are listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the NASDAQ National Market or any successor national automated interdealer quotation system or, if the Common Units are not listed or admitted to trading on any national securities exchange or quoted on the NASDAQ National Market, the average of the closing bid and asked prices of the Common Units in the over-the-counter market as furnished by any New York Stock Exchange member firm selected by the Issuer for such purpose.

Commission: The Securities and Exchange Commission.

Common Units: See Article II of the Partnership Agreement.

Effectiveness Actual Date: With respect to any Registration Statement referred to in Section 2(a), the actual date such Initial Registration Statement is declared effective.

Effectiveness Target Date:

(i) With respect to the Initial Registration Statement referred to in Section 2(a)(i), the date that is 90 days following the occurrence of a Material Event; (ii) with respect to the Initial Registration Statement referred to in Section 2(a)(ii), the date that is 90 days after the delivery to the Issuer of a Shelf Notice thereunder; and (iii) with respect to the Initial Registration Statement referred to in Section 2(a)(iii), the date that is 180 days after the Closing Date.

Effectiveness Period: With respect to any Initial Registration Statement referred to in any subsection of Section 2(a), the period commencing on the applicable Effectiveness Actual Date during which the Issuer has agreed to use its reasonable best efforts to keep the applicable Initial Registration Statement continuously effective under the Securities Act and ending as provided in the applicable subsection of Section 2(a).

Event Date: See Section 3(b).

Exchange Act: The Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

Holder: Any registered holder of Registrable Units.

Indemnified Person: See Section 6(c).

Indemnifying Person: See Section 6(c).

Initial Shelf Registration: Any Registration Statement filed pursuant to Section 2(a).

Inspectors: See Section 4(o).

Issuer: Ferrellgas Partners, L.P., a Delaware limited partnership.

Market Value: The average of the daily Closing Prices for Common Units during the five consecutive trading days prior to and including the date of determination, as adjusted in good faith by the general partner of the Issuer to appropriately reflect any splits or combinations of the Common Units subsequent to the Closing Date.

Material Event: See Article II of the Partnership Agreement.

NASD: National Association of Securities Dealers, Inc.

Outstanding: With respect to the Units, all Units that are issued by the Partnership and reflected as outstanding on the Partnership's books and records as of the date of determination.

Participant: See Section 6(a).

Partnership Agreement: The Amended and Restated Agreement of Limited Partnership of the Issuer, as same may be amended from time to time pursuant to the terms thereof.

Person: Any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization or government (including any agency or political subdivision thereof).

Prospectus: The prospectus included in any Registration Statement (including, without limitation, any prospectus subject to completion and a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Units covered by such Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

Purchase Agreement: See the second introductory paragraph to this Agreement.

Records: See Section 4(o).

Registrable Units: (i) any Units issued or issuable pursuant to the Purchase Agreement, this Agreement or the provisions of the Partnership Agreement relating to the issuance of Senior Units (including any Additional Senior Units) or the issuance of Common Units upon conversion of Senior Units, (ii) in the case of the Senior Units if the Unitholders have approved the Senior Unit Conversion Option in accordance with the Partnership Agreement, all Common Units into which such Senior Units are convertible and (iii) any Units issued or issuable with respect to the Units referred to in clause (i) or (ii) above by way of a Unit distribution or Unit split or in connection with a combination of Units, recapitalization, merger, consolidation or other reorganization. As to any particular Registrable Units, such Units shall cease to be Registrable Units upon the earliest to occur of (i) a Registration Statement covering such Units has been declared effective by the Commission and such Units have been disposed of in accordance with such effective Registration Statement, (ii) such Units are eligible for sale to the public pursuant to Rule 144 (or any similar provision then in force) under the Securities Act without being subject to the volume and manner of sale restrictions contained therein and the Effectiveness Period applicable to the Registration Statement has expired, (iii) such Units shall have been otherwise transferred by such Holder and new certificates for such securities not bearing a legend restricting further transfer shall have been delivered by the Issuer or its transfer agent and subsequent disposition of such securities shall not require registration or qualification under the Securities Act or any similar state law then in force, or (iv) such Units cease to be Outstanding for purposes of the Partnership Agreement. Common Units or Senior Units that are Registrable Units are sometimes referred to herein as Registrable Common Units or Registrable Senior Units, respectively.

Registration Statement: Any registration statement of the Issuer that covers any of the Registrable Units pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement, including post-effective amendments, all exhibits, and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

Representations Agreement: See the second introductory paragraph of this Agreement.

Rule 144: Rule 144 under the Securities Act, as such Rule may be amended from time to time, or any similar rule (other than Rule 144A) or regulation hereafter adopted by the Commission.

Rule 144A: Rule 144A under the Securities Act, as such Rule may be amended from time to time, or any similar rule (other than Rule 144) or regulation hereafter adopted by the Commission.

Rule 415: Rule 415 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission.

Securities Act: The Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

Senior Unit Conversion Option: See Article II of the Partnership Agreement.

Senior Unit Distribution: See Article II of the Partnership Agreement.

Senior Units: See the second introductory paragraph of this Agreement.

Shelf Notice: See Section 2(a).

Shelf Registration: See Section 2(c).

Subsequent Shelf Registration: See Section 2(c).

Suspension Period: See Section 2(d).

Underwritten offering: An offering in which securities of the Issuer are sold to an underwriter or underwriters for reoffering to the public.

Unitholders: Holders of limited partnership interests in the Issuer.

Units: The Senior Units and the Common Units of the Issuer.

1. SECTION Shelf Registration .

(a) Filing and Effectiveness of Shelf Registration.

(i) Upon the occurrence of a Material Event, the Issuer shall file with the Commission an Initial Shelf Registration for an offering to be made on a continuous basis pursuant to Rule 415 covering all of the Registrable Units within 30 days of the occurrence of the Material Event and shall use its reasonable best efforts to cause the Initial Shelf Registration to be declared

effective under the Securities Act within 90 days following the occurrence of the Material Event. The Issuer shall use its reasonable best efforts to keep the Initial Shelf Registration continuously effective under the Securities Act for (A) an Effectiveness Period until the date which is two years from the Effectiveness Actual Date (or, if Rule 144(k) under the Securities Act is amended to permit unlimited resales of the Registrable Units by non-affiliates within a lesser period, such lesser period), subject to extension (I) pursuant to the last paragraph of Section 4 hereof or (II) for so long as at least (x) $10 million aggregate liquidation preference of the Senior Units or (y) $10 million aggregate Market Value of Common Units, as applicable, covered by the Initial Registration Statement have not been sold in transactions described in clauses (i) or (iii) of the second sentence of the definition of Registrable Units, or (B) such shorter Effectiveness Period ending when all Registrable Units covered by the Initial Shelf Registration either have been sold in transactions described in clauses (i) or (iii) of the second sentence of the definition of Registrable Units or shall cease to be Outstanding, other than, in either case, less than (x) $10 million aggregate liquidation preference of Senior Units or (y) $10 million aggregate Market Value of Common Units, as applicable.

(ii) At any time commencing on or after November 3, 2001, unless Section 2(a)(i) is applicable, the Holders of at least 25% in aggregate number of outstanding Registrable Units may make a written request (a "Shelf Notice") to the Issuer for registration of Registrable Units to be made pursuant to an Initial Registration Statement. The Issuer shall give written notice of such registration request within 5 Business Days after the receipt thereof to all other Holders. Within 7 Business Days after receipt of such notice by any Holder, such Holder may request in writing that such Holder's Registrable Units be included in such registration and the Issuer shall include in the Initial Shelf Registration the Registrable Units of any such selling Holder requested to be so included. A Holder so notified who does not timely make such request may not later deliver a Shelf Notice to the Company requiring the Company to file another Shelf Registration under this Section 2 with respect to such Holder's Registrable Units, but may later request in writing (but no more than twice during any consecutive 12 months) that such Holder's Registrable Units be included in the Initial Shelf Registration and the Issuer shall, as soon as possible, include in such Initial Shelf Registration the Registrable Units of any such selling Holder requested to be so included (and, if the Initial Registration Statement has already been filed, shall file with the Commission a pre-effective or post-effective amendment, as applicable, to effect such inclusion).

The Issuer shall file with the Commission an Initial Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415 covering all of the Registrable Units within 30 days of the delivery of the Shelf Notice and shall use its reasonable best efforts to cause the Initial Shelf Registration to be declared effective under the Securities Act within 90 days after the delivery to the Issuer of a Shelf Notice. The Issuer shall use its reasonable best efforts to keep the Initial Shelf Registration continuously effective under the Securities Act for (A) an Effectiveness Period until the date which is two years from the Effectiveness Actual Date (or, if Rule 144(k) under the Securities Act is amended to permit unlimited resales of the Registrable Units by non-affiliates within a lesser period such lesser period), subject to extension (I) pursuant to the last paragraph of Section 4 hereof or (II) for so long as at least (x) $10 million aggregate liquidation preference of Senior Units or (y) $10 million aggregate Market Value of Common Units, as applicable, covered by the Initial Registration Statement have not been sold in transactions described in clauses (i) or (iii) of the second sentence of the definition of Registrable Units, or (B) such shorter Effectiveness Period ending when all Registrable Common Units covered by the Initial Shelf Registration either have been sold in transactions described in clauses (i) or (iii) of the second sentence of the definition of Registrable Units or shall cease to be Outstanding, other than, in either case, less than (x) $10 million aggregate liquidation preference of Senior Units or (y) $10 million aggregate Market Value of Common Units, as applicable.

(i) In the event that, within 120 days of the closing under the Purchase Agreement, the Unitholders have not approved the Senior Unit Conversion Option in accordance with the Partnership Agreement and no Material Event has occurred, the Issuer shall file with the Commission an Initial Shelf Registration for an offering to be made on a continuous basis pursuant to Rule 415 covering all of the Registrable Senior Units and shall use its reasonable best efforts to cause the Initial Shelf Registration to be declared effective under the Securities Act within 180 days after the Closing Date. The Issuer shall use its reasonable best efforts to keep the Initial Shelf Registration continuously effective under the Securities Act for an Effectiveness Period until the date when all Registrable Senior Units covered by the Initial Shelf Registration have been sold in transactions described in clauses (i) or (iii) of the second sentence of the definition of Registrable Units, or shall cease to be outstanding.

(b) Form of Shelf Registration. The Initial Shelf Registration shall be on Form S-3 or another appropriate form permitting registration of such Registrable Units for resale by Holders in the manner or manners designated by them (including, without limitation, one or more underwritten offerings). The Issuer

shall not permit any securities other than the Registrable Units to be included in any Shelf Registration.

(c) Subsequent Shelf Registrations. If the Initial Shelf Registration or any Subsequent Shelf Registration ceases to be effective for any reason at any time during the Effectiveness Period (other than because of the expiration of the Effectiveness Period in accordance with Section 2(a)), the Issuer shall use its reasonable best efforts to obtain the prompt withdrawal of any order suspending the effectiveness thereof, and in any event shall within 30 days of such cessation of effectiveness amend the Shelf Registration in a manner to obtain the withdrawal of the order suspending the effectiveness thereof, or file an additional "shelf" Registration Statement pursuant to Rule 415 covering all of the Registrable Units (a "Subsequent Shelf Registration"). If a Subsequent Shelf Registration is filed, the Issuer shall use its reasonable best efforts to cause the Subsequent Shelf Registration to be declared effective as soon as practicable after such filing and to keep such Subsequent Shelf Registration continuously effective until the end of the applicable Effectiveness Period. As used herein the term "Shelf Registration" means the Initial Shelf Registration and any Subsequent Shelf Registration.

(d) Suspension Period. Notwithstanding anything herein to the contrary, the Issuer shall not be obligated to keep any Shelf Registration effective or to permit the use of any Prospectus forming a part of any Shelf Registration if

(i) the Issuer determines, in its reasonable judgment upon advice of counsel, that the continued effectiveness and use of the Shelf Registration would

(e) require the disclosure of material information which the Issuer has a bona fide business reason for preserving as confidential, or interfere with any acquisition, corporate reorganization or other material transaction involving the Issuer or any of its subsidiaries; provided, however, that the failure to keep the Shelf Registration effective and usable for offers and sales of Registrable Units for such reasons shall last no longer than 30 days per occurrence or 60 days in the aggregate for any consecutive twelve-month period, and the Issuer promptly thereafter complies with the requirements of Section 4(k) hereof, if applicable (any such period during which the Issuer is excused from keeping the Shelf Registration effective and usable for offers and sales of Registrable Units is referred to herein as a "Suspension Period," and a Suspension Period shall commence on and include the date that the Issuer gives notice to the Holders that the Shelf Registration is no longer effective or the Prospectus included therein is no longer usable for offers and sales of Registrable Units as a result of the foregoing provisions and shall end on the earlier to occur of the date on which each selling Holder of Registrable Units covered by the Shelf Registration either receives the copies of the supplemental or amended prospectus contemplated by Section 4(k) hereof or is advised in writing by the Issuer that use of the prospectus may be resumed).

(f) Supplements and Amendments. The Issuer shall promptly supplement and amend any Shelf Registration if required by the rules, regulations or instructions applicable to the registration form used for such Shelf Registration, if required by the Securities Act, or if reasonably requested by the Holders of a majority in aggregate number of the Registrable Units covered by such Shelf Registration or by any underwriter of such Registrable Units, in each case, with the Issuer's consent, which consent shall not be unreasonably withheld or delayed.

(a)

2. SECTION Additional Payments .

(a) The Issuer and Williams agree that the Holders of Registrable Units will suffer damages if the Issuer fails to fulfill its obligations under Section 2 hereof and that it would not be feasible to ascertain the extent of such damages with precision. Accordingly, the Issuer agrees to pay, as liquidated damages, payments on the Registrable Units in addition to any amounts otherwise payable thereon ("Additional Payments") under the circumstances and to the extent set forth below (each of which shall be given independent effect):

(i) if an Initial Shelf Registration is not declared effective on or prior to the applicable Effectiveness Target Date, commencing on the day immediately following such Effectiveness Target Date, Additional Payments shall accrue on the Registrable Units at the Additional Payment Rate for each day that such Initial Shelf Registration is not declared effective; and

(ii) if a Shelf Registration has been declared effective and such Shelf Registration ceases to be effective at any time during the applicable Effectiveness Period , commencing on the day immediately following the date such Shelf Registration ceases to be effective (other than pursuant to Section 2(d)), Additional Payments shall accrue on the Registrable Units at the Additional Payment Rate for each day that such Shelf Registration ceases to be effective;

provided, however, that (1) upon the effectiveness of an Initial Shelf Registration (in case of (i) above) or (2) upon the reinstatement of effectiveness of a Shelf Registration which has ceased to remain effective (in the case of (ii) above), Additional Payments on any Registrable Units then accruing Additional Payments as a result of such clause shall cease to accrue.

(a) The Issuer shall notify the Holders within one Business Day after each and every date on which an event occurs in respect of which Additional Payments are required to be paid (an "Event Date"). Any amounts of Additional Payments due pursuant to (a)(i) or (a)(ii) of this Section 3 will be payable (i) in the case of the Common Units, in cash, or (ii) in the case of the Senior Units, (x) on or prior to the earlier to occur of February 1, 2002 or the first occurrence of a Material Event, in Additional Senior Units and (y) thereafter, in cash. Any such amounts will be payable monthly on the first Business Day of each month to the holder of record on such day commencing with the first such day after any Event Date. Additional Payments shall accrue at a rate (the "Additional Payment Rate") equal to (i) in the case of Senior Units, $0.25 per Senior Unit per quarter or (ii) in the case of Common Units that were issued upon exercise of the Senior Unit Conversion Option, an amount per Common Unit per quarter equal to $0.25 divided by the number of Common Units into which each Senior Unit was converted. The amount of Additional Payments will be determined by multiplying the applicable Additional Payment Rate by the number of the Units subject thereto, multiplied by a fraction, the numerator of which is the number of days such Additional Payment Rate was applicable during such period (determined on the basis of a 90-day quarter comprised of three 30-day months), and the denominator of which is 90.

(b) The Issuer and the Holders hereby agree that any Additional Payments paid in cash shall be treated, for federal income tax purposes, as a transaction occurring between the Issuer and one who is not a partner in the Issuer in accordance with Section 707(a)(1) of the Internal Revenue Code of 1986, as amended, and shall not be treated as a distribution under the terms of the Partnership Agreement.

4. SECTION Registration Procedures .

Whenever the Holders have requested that any Registrable Units be registered pursuant to Section 2 hereof, the Issuer will use its reasonable best efforts to effect the registration of such Registrable Units in accordance with the intended method of disposition thereof as quickly as practicable, and in connection with any Registration Statements, the Issuer will as expeditiously as possible:

(a) Prepare and file with the Commission a Registration Statement and use its reasonable best efforts to cause each such Registration Statement to become effective and remain effective as provided herein; provided that, before filing any Registration Statement or any amendments or supplements thereto, the Issuer shall, if requested, furnish to and afford the Holders of the Registrable Units to be registered pursuant to such Registration Statement and their counsel and the managing underwriters, if any, a reasonable opportunity to review copies of all such documents (including copies of any documents to be incorporated by reference therein and all exhibits thereto) proposed to be filed (in each case at least five Business Days prior to such filing). The Issuer shall not file any such Registration Statement or any amendments or supplements thereto if the Holders of a majority in aggregate number of the Registrable Units covered by such Registration Statement or their counsel shall reasonably object.

(b) Prepare and file with the Commission such amendments and post-effective amendments to each Registration Statement, as may be necessary to keep such Registration Statement continuously effective for the applicable Effectiveness Period provided herein; cause the related Prospectus to be supplemented by any Prospectus supplement required by applicable law, and as so supplemented to be filed pursuant to Rule 424 (or any similar provisions then in force) under the Securities Act; and comply with the provisions of the Securities Act and the Exchange Act applicable to it with respect to the disposition of all securities covered by such Registration Statement as so amended or in such Prospectus as so supplemented.

(a)

(i) Notify the selling Holders of Registrable Units, their counsel and the managing underwriters, if any, promptly (but in any event within two Business Days), and confirm such notice in writing, when a Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to a Registration Statement or any post-effective amendment, when the same has become effective (including in such notice a written statement that any Holder may, upon request, obtain, without charge, one conformed copy of such Registration Statement or post-effective amendment including financial statements and schedules, documents incorporated or deemed to be incorporated by reference and exhibits), of the issuance by the Commission of any stop order suspending the effectiveness of a Registration Statement or of any order preventing or suspending the use of any preliminary prospectus or the initiation of any proceedings for that purpose, if at any time when a prospectus is required by the Securities Act to be delivered in connection with sales of the Registrable Units the representations and warranties of the Issuer contained in any agreement (including any underwriting agreement contemplated by Section 4(n) hereof) cease to be true and correct in any material respect, of the receipt by the Issuer of any notification with respect to the suspension of the qualification or exemption from qualification of a Registration Statement or any of the Registrable Units, or the initiation or threatening of any proceeding for such purpose, of the happening of any event, the existence of any condition or any information becoming known that makes any statement made in such Registration Statement or related Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in, or amendments or supplements to, such Registration Statement, Prospectus or docum

(ii) ents so that, in the case of the Registration Statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and that in the case of the Prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and of the Issuer's reasonable determination that a post-effective amendment to a Registration Statement would be appropriate.

(c) Use its reasonable best efforts to prevent the issuance of any order suspending the effectiveness of a Registration Statement or of any order preventing or suspending the use of a Prospectus or suspending the qualification (or exemption from qualification) of any of the Registrable Units, for sale in any jurisdiction, and, if any such order is issued, to use its reasonable best efforts to obtain the withdrawal of any such order at the earliest possible date.

(d) If requested by the managing underwriters, if any, or the Holders of a majority in aggregate number of the Registrable Units being sold in connection with an underwritten offering, (i) as promptly as practicable incorporate in a prospectus supplement or post-effective amendment such information or revisions to information therein relating to such underwriters or selling Holders as the managing underwriters, if any, or such Holders or their counsel reasonably request to be included or made therein, (ii) make all required filings of such prospectus supplement or such post-effective amendment as soon as practicable after the Issuer has received notification of the matters to be incorporated in such prospectus supplement or post-effective amendment, and (iii) supplement or make amendments to such Registration Statement.

(e) Furnish to each selling Holder of Registrable Units who so requests and to counsel and each managing underwriter, if any, who so requests without charge, one conformed copy of the Registration Statement or Registration Statements and each post-effective amendment thereto, including financial statements and schedules, and, if requested, all documents incorporated or deemed to be incorporated therein by reference and all exhibits.

(f) Deliver to each selling Holder of Registrable Units, their respective counsel, and the underwriters, if any, without charge, as many copies of the Prospectus or Prospectuses (including each form of preliminary prospectus) and each amendment or supplement thereto and any documents incorporated by reference therein as such Persons may reasonably request; and, subject to the last paragraph of this Section 4, the Issuer hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders of Registrable Units, and the underwriters or agents, if any, and dealers (if any), in connection with the offering and sale of the Registrable Units covered by such Prospectus and any amendment or supplement thereto.

(g) Prior to any public offering of Registrable Units, use its reasonable best efforts to register or qualify, and cooperate with the selling Holders of Registrable Units, the underwriters, if any, and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Units, for offer and sale under the securities or Blue Sky laws of such jurisdictions within the United States as any selling Holder, or the managing underwriter or underwriters, if any, reasonably request in writing; keep each such registration or qualification (or exemption therefrom) effective during the period such Registration Statement is required to be kept effective and do any and all other acts or things reasonably necessary or advisable to enable the disposition in such jurisdictions of the Registrable Units covered by the applicable Registration Statement; provided that the Issuer shall not be required to (A) qualify generally to do business in any jurisdiction where it is not then so qualified, (B) take any action that would subject it to general service of process in any such jurisdiction where it is not then so subject or (C) subject itself to taxation in any such jurisdiction where it is not then so subject.

(h) Facilitate the timely preparation and delivery of certificates representing Registrable Units to be sold, which certificates shall not bear any restrictive legends and shall be in a form eligible for deposit with The Depository Trust Company; and enable such Registrable Units to be in such denominations and registered in such names as the managing underwriter or underwriters, if any, or Holders may reasonably request.

(i) Use its reasonable best efforts to cause the Registrable Units covered by the Registration Statement to be registered with or approved by such governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriters, if any, to consummate the disposition of such Registrable Units, in which case the Issuer will cooperate in all reasonable respects with the filing of such Registration Statement and the granting of such approvals.

(j) Upon the occurrence of any event contemplated by paragraph 4(c)(v) or

4(c)(vi) hereof, as promptly as practicable prepare and (subject to Section 4(a) hereof) file with the Commission, at the Issuer's sole expense, a supplement or post-effective amendment to the Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Units being sold thereunder, any such Prospectus will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(k) Use its reasonable best efforts to cause the Registrable Senior Units covered by a Registration Statement to be rated with the appropriate rating agencies, if so requested by the managing underwriter or underwriters, if any.

(l) Prior to the effective date of the first Registration Statement relating to the Registrable Units, (i) provide the transfer agent with printed certificates, if not then already available, for the Registrable Units in a form eligible for deposit with The Depository Trust Company and (ii) provide a CUSIP number for the Registrable Senior Units.

(a)

(i) Enter into an underwriting agreement as is customary in underwritten offerings of master limited partnership equity securities similar to the Senior Units or the Common Units, as the case may be, and take all such other actions as are reasonably requested by the managing underwriter or underwriters, if any, in order to expedite or facilitate the registration or the disposition of such Registrable Units (including preparation of and participation in a "road show" in connection with such disposition) and, in such connection, make such representations and warranties to the underwriters, with respect to the business of the Issuer and its subsidiaries and the Registration Statement, Prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, as are customarily made by issuers to underwriters in underwritten offerings of master limited partnership equity securities similar to the Senior Units or the Common Units, as the case may be, and confirm the same in writing if and when requested; if requested by the managing underwriter or underwriters, obtain the opinion of counsel to the Issuer and updates thereof in form and substance reasonably satisfactory to the managing underwriter or underwriters, addressed to the underwriters covering the matters customarily covered in opinions requested in underwritten offerings of master limited partnership equity securities similar to the Senior Units or the Common Units, as the case may be, and such other matters as may be reasonably requested by underwriters; if requested by the managing underwriter or underwriters, if any, obtain "cold comfort" letters and updates thereof in form and substance reasonably satisfactory to the managing underwriter or underwriters from the independent certified public accountants of the Issuer (and, if necessary, any other independent certified public accountants of any subsidiary of the Issuer or of any business acqui

(ii) red by the Issuer for which financial statements and financial data are, or are required to be, included in the Registration Statement), addressed to each of the underwriters, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten offerings of master limited partnership equity securities similar to the Senior Units or the Common Units, as the case may be, and such other matters as reasonably requested by the managing underwriter or underwriters; and if an underwriting agreement is entered into, the same shall contain indemnification provisions and procedures no less favorable than those set forth in Section 6 hereof (or such other provisions and procedures acceptable to Holders of a majority in aggregate number of Registrable Units covered by such Registration Statement and the managing underwriter or underwriters or agents) with respect to all parties to be indemnified pursuant to said Section. The above shall be done at each closing under such underwriting agreement, or as and to the extent required thereunder.

(m) Make available for inspection by representatives appointed by the selling Holders of a majority of such Registrable Units being sold, and any underwriter participating in any such disposition of Registrable Units, if any (collectively, the "Inspectors"), at the offices where normally kept, during reasonable business hours, all material financial and other records, pertinent corporate documents and properties of the Issuer and its subsidiaries (collectively, the "Records") as shall be reasonably necessary to enable them to exercise any applicable due diligence responsibilities, and cause the officers, directors and employees of the Issuer and its subsidiaries to supply all material information reasonably requested by any such Inspector in connection with such Registration Statement. Each selling Holder of such Registrable Units will be required to agree that information obtained by it as a result of such inspections shall be deemed confidential and shall not be used by it as the basis for any market transactions in the securities of the Issuer unless and until such is made generally available to the public. Each Inspector and each selling Holder of such Registrable Units will be required to further agree that it will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction of the previous sentence or otherwise, give notice to the Issuer and allow the Issuer to undertake appropriate action to obtain a protective order or otherwise prevent disclosure of the Records deemed confidential at its expense.

(n) Provide a transfer agent for the Registrable Units, to the extent not already provided.

(o) Comply with all applicable rules and regulations of the Commission and make generally available to its securityholders earnings statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder (or any similar rule promulgated under the Securities Act) no later than 45 days after the end of any 12-month period (or 90 days after the end of any 12-month period if such period is a fiscal year) (i) commencing at the end of any fiscal quarter in which Registrable Units are sold to underwriters in a firm commitment or best efforts underwritten offering and (ii) if not sold to underwriters in such an offering, commencing on the first day of the first fiscal quarter of the Issuer after the effective date of a Registration Statement, which statements shall cover said 12-month periods.

(p) Cooperate with each seller of Registrable Units covered by any Registration Statement and each underwriter, if any, participating in the disposition of such Registrable Units and their respective counsel in connection with any filings required to be made with the NASD.

(q) Use its reasonable best efforts to take all other steps reasonably necessary to effect the registration of the Registrable Units covered by a Registration Statement contemplated hereby.

The Issuer may, as a condition to such Holder's participation in any Registration Statements, require each Holder of Registrable Units to (i) furnish to the Issuer such information regarding the Holder and the proposed distribution by such Holder of such Registrable Units as the Issuer may from time to time reasonably request in writing, (ii) agree in writing to be bound by this Agreement and (iii) enter into a standard form underwriting agreement. The Issuer may exclude from such registration the Registrable Units of any seller who fails to furnish such information described in clause (i) of the immediately preceding sentence or enter into the agreements contemplated by clauses (ii) and (iii) of the immediately preceding sentence within a reasonable time after being requested to do so.

Each Holder of Registrable Units agrees by acquisition of such Registrable Units that, upon receipt of any notice from the Issuer of the happening of any event of the kind described in Section 4(c)(ii), 4(c)(iv), 4(c)(v), or 4(c)(vi), such Holder will forthwith discontinue disposition of such Registrable Units covered by such Registration Statement or Prospectus and, in each case, dissemination of such Prospectus until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 4(k), or until it is advised in writing (the "Advice") by the Issuer that the use of

the applicable Prospectus may be resumed, and has received copies of any amendments or supplements thereto. In the event the Issuer shall give any such notice, the period during which such Registration Statement is required to remain effective shall be extended by the number of days during such periods from and including the date of the giving of such notice to and including the date when each seller of Registrable Units covered by such Registration Statement, shall have received (x) the copies of the supplemented or amended Prospectus contemplated by Section 4(k) or (y) the Advice.

3. SECTION Registration Expenses .

(i) All fees and expenses incident to the performance of or compliance with this Agreement by the Issuer shall be borne by the Issuer whether or not a Shelf Registration is filed or becomes effective, including, without limitation, all registration and filing fees (including, without limitation, fees with respect to filings required to be made with the NASD in connection with an underwritten offering and fees and expenses of compliance with state securities or Blue Sky laws (including, without limitation, reasonable fees and disbursements of counsel in connection with Blue Sky qualifications of the Registrable Units and determination of the eligibility of the Registrable Units for investment under the laws of such jurisdictions where the holders of Registrable Units are located)), printing expenses, including, without limitation, expenses of printing certificates for Registrable Units in a form eligible for deposit with The Depository Trust Company and of printing prospectuses if the printing of prospectuses is requested by the managing underwriter or underwriters, if any, or by the Holders of a majority in aggregate number of the Registrable Units included in any Registration Statement, fees and disbursements of counsel for the Issuer and reasonable fees and disbursements of up to one special counsel chosen by holders of the majority of the Registrable Units (other than any local counsel) for the sellers of Registrable Units, fees and disbursements of all independent certified public accountants referred to in Section 4(n)(iii) (including, without limitation, the expenses of any special audit and "cold comfort" letters required by or incident to such performance), rating agency fees, fees and expenses of all other Persons retained by the Issuer, internal expenses of the Issuer (including, without limitation, all salaries and expenses of officers and employees of the Issuer performing legal or accounting duties), the expense of any

(ii) annual or special audit, the fees and expenses incurred in connection with the listing of the securities to be registered on any securities exchange, the fees and disbursements of underwriters, if any, customarily paid by issuers or sellers of securities (but not including any underwriting discounts or commissions or transfer taxes, if any, attributable to the sale of the Registrable Units which discounts, commissions or taxes shall be paid by Holders of such Registrable Units) and the expenses relating to printing, word processing and distributing all Registration Statements, underwriting agreements, securities sales agreements and any other documents necessary in order to comply with this Agreement.

4. SECTION Indemnification .

(a) The Issuer agrees to indemnify and hold harmless each Holder of Registrable Units, the officers, directors, employees and agents of each such Person, and each Person, if any, who controls any such Person within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act (each, a "Participant"), from and against any and all losses, claims, damages and liabilities (including, without limitation, the reasonable legal fees and other reasonable expenses actually incurred in connection with any suit, action or proceeding or any claim asserted) caused by, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or Prospectus (as amended or supplemented if the Issuer shall have furnished any amendments or supplements thereto) or caused by, arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except insofar as such losses, claims, damages or liabilities are caused by any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information relating to any Participant furnished to the Issuer in writing by or on behalf of such Participant expressly for use therein.

(b) Each Participant will be required to agree, severally and not jointly, to indemnify and hold harmless the Issuer, the general partner of the Issuer and its directors and officers and each Person who controls the Issuer and its general partner within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Issuer to each Participant, but only with reference to information relating to such Participant furnished to the Issuer in writing by such Participant expressly for use in any Registration Statement or Prospectus, any amendment or supplement thereto, or any preliminary prospectus. The liability of any Participant under this paragraph shall in no event exceed the proceeds received by such Participant from sales of Registrable Units giving rise to such obligations.

(c) If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any Person in respect of which indemnity may be sought pursuant to either of the two preceding paragraphs, such Person (the "Indemnified Person") shall promptly notify the Person against whom such indemnity may be sought (the "Indemnifying Person") in writing, and the Indemnifying Person may, at its option, participate in and assume the defense thereof and retain counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others the Indemnifying Person may reasonably designate in such proceeding and shall pay the reasonable fees and expenses actually incurred by such counsel related to such proceeding; provided, however, that the failure to so notify the Indemnifying Person shall not relieve it of any obligation or liability which it may have hereunder or otherwise except to the extent that the Indemnifying Person is materially prejudiced by such failure to notify. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed in writing to the contrary, (ii) the Indemnifying Person has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person or (iii) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person, or affiliates of such Persons, and there may be one or more defenses available to such Indemnified Person or Persons that are different from or additional to those available to the Indemnifying Persons, in which case, if such Indemnified Person or Persons notifies the Indemnifying Persons in writing that it elects to employ separate counsel of its choice at the expense of the Indemnifying Persons, the Indemnifying Persons shall not have the right to assume the defense thereof and such counsel shall be at the expense of the Indemnifying Persons. The Indemnifying Person shall not, in any event, unless there exists a conflict among Indemnified Persons, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such fees and expenses shall be reimbursed as they are incurred. Any such separate firm for the Participants and such control Persons of Participants shall be designated in writing by Participants who sold a

majority in interest of Registrable Units sold by all such Participants and any such separate firm for the Issuer, its directors, officers and such control Persons of the Issuer shall be designated in writing by the Issuer. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there is a final nonappealable judgment for the plaintiff, the Indemnifying Person agrees to indemnify any Indemnified Person from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an Indemnified Person shall have requested an Indemnifying Person to reimburse the Indemnified Person for reasonable fees and expenses actually incurred by counsel as contemplated by the third sentence of this paragraph, the Indemnifying Person agrees that it shall be liable for any settlement of any proceeding effected without its consent if (i) such settlement is entered into more than 30 days after receipt by such Indemnifying Person of the aforesaid request and (ii) such Indemnifying Person shall not have reimbursed the Indemnified Person in accordance with such request prior to the date of such settlement. No Indemnifying Person shall, without the prior written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnity could have been sought hereunder by such Indemnified Person, unless such settlement (A) includes an unconditional release of such Indemnified Person, in form and substance satisfactory to such Indemnified Person, from all liability on claims that are the subject matter of such proceeding and (B) does not include any statement as to an admission of fault, culpability or failure to act by or on behalf of an Indemnified Person.

(d) If the indemnification provided for in the first and second paragraphs of this Section 6 is unavailable to, or insufficient to hold harmless, an Indemnified Person in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Person under such paragraphs, in lieu of indemnifying such Indemnified Person thereunder and in order to provide for just and equitable contribution, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative fault of the Indemnifying Person or Persons on the one hand and the Indemnified Person or Persons on the other in connection with the statements or omissions (or alleged statements or omissions) that resulted in such losses, claims, damages or liabilities (or actions in respect thereof) as well as any other relevant equitable considerations. The relative fault of the parties shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuer on the one hand or by the Participants or such other Indemnified Person, as the case may be, on the other, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) The parties agree that it would not be just and equitable if contribution pursuant to this Section 6 were determined by pro rata allocation (even if the Participants were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any reasonable legal or other expenses actually incurred by such Indemnified Person in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 6, in no event shall a Participant be required to contribute any amount in excess of the amount by which proceeds received by such Participant from sales of Registrable Units exceeds the amount of any damages that such Participant has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(f) The indemnity and contribution agreements contained in this Section 6 will be in addition to any liability which the Indemnifying Persons may otherwise have to the Indemnified Persons referred to above.

5. SECTION Rule 144A .

The Issuer covenants that it will file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the Commission thereunder in a timely manner. The Issuer further covenants, for so long as any Registrable Units remain outstanding, to make available to any Holder or beneficial owner of Registrable Units in connection with any sale thereof and any prospective purchaser of such Registrable Units from such Holder or beneficial owner, the information required by Rule 144A(d)(4) under the Securities Act in order to permit resales of such Registrable Units pursuant to Rule 144A.

3. SECTION Underwritten Offerings .

If the Holders of at least 25% in aggregate number of outstanding Registrable Units so elect, any one or more offerings of such Registrable Units pursuant to any Shelf Registration shall be in the form of an underwritten offering. If any of the Registrable Units covered by any Shelf Registration are

to be sold in an underwritten offering, the Issuer will select a nationally recognized investment banker or investment bankers and manager or managers that will manage the offering, that shall be reasonably acceptable to the Holders of a majority in aggregate number of such Registrable Units included in such offering.

No Holder of Registrable Units may participate in any underwritten registration hereunder unless such Holder (a) agrees to sell such Holder's Registrable Units on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

3. SECTION Miscellaneous .

(a) Remedies. In the event of a breach by the Issuer of any of its obligations under this Agreement, each Holder of Registrable Units, in addition to being entitled to exercise all rights provided herein, or in the Purchase Agreement, or granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Issuer agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

(b) No Inconsistent Agreements. The Issuer has not entered, as of the date hereof, and the Issuer shall not enter, after the date of this Agreement, into any agreement with respect to any of its securities that is inconsistent with the rights granted to the Holders of Registrable Units in this Agreement or otherwise conflicts with the provisions hereof.

(c) Adjustments Affecting Registrable Units. The Issuer shall not, directly or indirectly, take any action with respect to the Registrable Units as a class that would adversely affect the ability of the Holders of Registrable Units to include such Registrable Units in a registration undertaken pursuant to this Agreement.

(d) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, otherwise than with the prior written consent of the Issuer and the Holders of not less than a majority in aggregate number of the then outstanding Registrable Units; provided, however, that Section 6 and this Section 9(d) may not be amended, modified or supplemented without the prior written consent of the Issuer and each Holder (including any person who was a Holder of Registrable Units disposed of pursuant to any Registration Statement). Notwithstanding the consent requirements of Holders set forth in the previous sentence, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders of Registrable Units whose securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect, impair, limit or compromise the rights of other Holders of Registrable Units may be given by Holders of at least a majority in aggregate number of the Registrable Units being tendered or being sold by such Holders pursuant to such Registration Statement and, provided, further, that no such modification, amendment or waiver under this sentence may treat any Holder more adversely than any other Holder without such Holder's written consent.

(e) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, next-day air courier or telecopier:

(1) if to a Holder of Registrable Units, at the most current address of such Holder, set forth on the records of the registrar under the Purchase Agreement, with a copy in like manner to Williams (as long as it holds any Registrable Units) as follows:

Williams National Gas Liquids, Inc.
One Williams Center, Suite 3000
Tulsa, Oklahoma 74172
Attention: Don Wellendorf
Telecopy: (918) 573-3864

and to:

The Williams Companies, Inc.
One Williams Center, Suite 4100
Tulsa, Oklahoma 74172
Attention: Lonny Townsend
Telecopy: (800) 479-6690

with a copy to:

Andrews & Kurth L.L.P.
805 Third Avenue
New York, New York 10022

Attention: Michael Swidler
Telecopy: (212) 850-2929

(1) if to the Issuer, as follows:

Ferrellgas Partners, L.P.
Ferrellgas, Inc.
One Liberty Plaza
Liberty, Missouri 64068
Attention: James M. Hake
Telecopy: (816) 792-7985

with a copy to:

Bracewell & Patterson LLP
South Tower Pennzoil Place
711 Louisiana Street, Suite 2900
Houston, Texas 77002
Attention: David L. Ronn
Telecopy: (713) 222-3208

Notice given by personal delivery, courier service or mail shall be effective upon actual receipt. Notice given by telecopier shall be confirmed by appropriate answer back and shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. All notices by telecopier shall be confirmed promptly after transmission in writing by certified mail or personal delivery. Any party may change any address to which Notice is to be given to it by giving Notice as provided above of such change of address.

(a) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto and the Holders; provided, however, that this Agreement shall not inure to the benefit of or be binding upon a successor or assign of a Holder unless and to the extent such successor or assign holds Registrable Units.

(b) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(c) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(d) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. EACH OF THE PARTIES HERETO AGREES TO SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT.

(e) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(f) Units Held by the Issuer or Its Affiliates. Whenever the consent or approval of Holders of a specified percentage of Registrable Units is required hereunder, Registrable Units held by the Issuer or its affiliates (as such term is defined in Rule 405 under the Securities Act) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage.

(g) Third Party Beneficiaries. Holders of Registrable Units are intended third party beneficiaries of this Agreement and this Agreement may be enforced by such Persons

(h) Entire Agreement. This Agreement, together with the Purchase Agreement, is intended by the parties as a final and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein and any and all prior oral or written agreements, representations, or warranties, contracts, understandings, correspondence, conversations and memoranda among Williams on the one hand and the Issuer on the other, or between or among any agents, representatives, parents, subsidiaries, affiliates, predecessors in interest or successors in interest with respect to the subject matter hereof and thereof are merged herein and replaced hereby.

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

FERRELLGAS PARTNERS, L.P.

By: FERRELLGAS, INC.,
its general partner

By:
Name:
Title:

WILLIAMS NATURAL GAS LIQUIDS, INC.

By:
Name:
Title:

COUNTERPART NO. __ OF __ SERIALLY NUMBERED MANUALLY EXECUTED COUNTERPARTS. TO THE EXTENT THAT THIS DOCUMENT CONSTITUTES CHATTEL PAPER UNDER THE UNIFORM COMMERCIAL CODE, NO SECURITY INTEREST IN THIS DOCUMENT MAY BE CREATED THROUGH THE TRANSFER AND POSSESSION OF ANY COUNTERPART OTHER THAN COUNTERPART NO. 1.

LEASE INTENDED AS SECURITY

(Ferrellgas, LP Trust No. 1999-A)

Dated as of December 1, 1999

between

FERRELLGAS, LP
as Lessee

and

FIRST SECURITY BANK, NATIONAL ASSOCIATION,
not in its individual capacity but solely as Certificate Trustee,
as Lessor

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LEASE INTENDED AS SECURITY

This LEASE INTENDED AS SECURITY (as amended and supplemented from time to time, this "Lease") is entered into as of December 1, 1999 between FERRELLGAS, LP, a Delaware limited partnership ("Lessee"), with its principal office at One Liberty Plaza, Liberty, Missouri 64068 and FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity but solely in its capacity as Certificate Trustee under the Trust Agreement ("Lessor"), with its principal office at 79 South Main Street, Salt Lake City, Utah 84111.

RECITALS:

WHEREAS, on the Delivery Date, Lessor will purchase from Lessee, and Lessee will transfer to Lessor, the propane tanks described on Schedule I hereto (together with any units that may be hereafter substituted for any thereof pursuant to Section 6.1 and subject to this Lease from time to time, being referred to collectively as the "Units" and individually as a "Unit") and other Acquired Property; and

WHEREAS, upon the transfer of the Acquired Property on the Delivery Date, Lessor will lease such Units to Lessee and Lessee will lease such Acquired Property from Lessor pursuant to the terms of this Lease, upon the terms and conditions hereinafter set forth; and

NOW THEREFORE, in consideration of the mutual terms and conditions herein contained, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

For all purposes hereof, the capitalized terms used herein and not otherwise defined shall have the meanings assigned thereto in Appendix 1 to that certain Participation Agreement dated as of even date herewith, among Lessee, Lessor, First Security Trust Company of Nevada, and the Participants identified therein (the "Participation Agreement"). All obligations imposed on "Lessee" in this Lease shall be the full recourse liability of Lessee.

ARTICLE II
ACQUISITION AND LEASE; GENERAL PROVISIONS

Section 2.1. Acceptance and Lease. Lessor, subject to the satisfaction or waiver of the conditions set forth in Article III of the Participation Agreement, hereby agrees to accept delivery on the Delivery Date of title to the Acquired Property and to lease all of Lessor's interest in the Units to Lessee hereunder, and Lessee hereby agrees, expressly for the direct benefit of Lessor, to lease from Lessor for the Lease Term, Lessor's interest in the Acquired Property, such acceptance by Lessor and lease by Lessee to be evidenced by the execution and delivery by Lessee of an Acceptance Certificate.

Section 2.2. NO WARRANTY. THE ACQUIRED PROPERTY IS LEASED BY LESSOR "AS IS" IN THEIR PRESENT OR THEN CONDITION, AS THE CASE MAY BE, SUBJECT TO (i) ANY RIGHTS OF ANY PARTIES IN POSSESSION THEREOF, (ii) THE STATE OF TITLE THERETO EXISTING AT THE TIME LESSOR ACQUIRES ITS INTEREST IN THE ACQUIRED PROPERTY, (iii) ANY STATE OF FACT WHICH AN ACCURATE PHYSICAL INSPECTION MIGHT SHOW, AND LESSEE CONFIRMS THAT ITS EXECUTION AND DELIVERY OF THE ACCEPTANCE CERTIFICATE SHALL CONSTITUTE ITS CERTIFICATION THAT IT HAS INSPECTED AND ACCEPTS, AS BETWEEN LESSOR AND LESSEE, EACH UNIT WHICH IS THE SUBJECT MATTER THEREOF, (iv) ALL APPLICABLE LAWS AND REGULATIONS, AND (v) ANY VIOLATIONS OF APPLICABLE LAWS AND REGULATIONS WHICH MAY EXIST AT THE COMMENCEMENT OF THE LEASE TERM. LESSEE ACKNOWLEDGES AND AGREES THAT (a) EACH UNIT IS OF A SIZE, DESIGN, CAPACITY AND CONSTRUCTION SELECTED BY LESSEE, (b) LESSEE IS SATISFIED THAT THE SAME IS SUITABLE FOR ITS PURPOSES, (c) NEITHER LESSOR NOR AGENT NOR ANY PARTICIPANT IS A MANUFACTURER THEREOF OR A DEALER IN PROPERTY OF SUCH KIND, (d) NEITHER LESSOR NOR AGENT NOR ANY PARTICIPANT SHALL BE LIABLE FOR ANY LATENT, HIDDEN OR PATENT DEFECT IN ANY UNIT, OR THE FAILURE OF ANY UNIT TO COMPLY WITH APPLICABLE LAWS AND REGULATIONS AND (e) NEITHER LESSOR NOR AGENT NOR ANY PARTICIPANT HAS MADE, OR does OR WILL MAKE, (i) ANY REPRESENTATION OR WARRANTY OR COVENANT, WITH RESPECT TO THE TITLE, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, CONDITION, QUALITY, DESCRIPTION, DURABILITY OR SUITABILITY OF ANY SUCH UNIT IN ANY RESPECT OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF LESSEE OR (ii) ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO ANY ACQUIRED PROPERTY, IT BEING AGREED THAT, SUBJECT TO THE TERMS OF THIS LEASE, ALL RISKS, AS BETWEEN LESSOR, ON THE ONE HAND, AND LESSEE, ON THE OTHER HAND, SHALL BE BORNE BY LESSEE. Lessor assigns to Lessee, to the extent assignable, all of its interest, if any, in any warranties, covenants and representations of any manufacturer or vendor of any Unit; provided that such assignment shall be effective only when no Lease Event of Default has occurred and is continuing; and provided, further, that any action taken by Lessee by reason thereof shall be at the expense of Lessee and shall be consistent with

Lessee's obligations pursuant to this Lease.

Section 2.3. Legal and Tax Representation. Lessee acknowledges and agrees that neither Lessor, Arranger, any Participant nor Agent has made any representations and warranties concerning the tax, accounting or legal characteristics of this Lease and that Lessee has obtained and relied on such tax, accounting and legal advice regarding this Lease and the other Operative Documents as it deems appropriate.

Section 2.4. Nature of Transaction. It is the intent of the parties that: (a) the transaction contemplated hereby constitutes an operating lease from Lessor to Lessee for purposes of Lessee's financial reporting and record title to the Acquired Property shall at all times during the Lease Term remain in Lessor, (b) the transaction contemplated hereby preserves ownership in the Acquired Property to Lessee for all other purposes including Federal, state and local income tax, regulatory, bankruptcy and UCC and state commercial law purposes, (c) this Lease grants a Lien in the Acquired Property and the other Lessee Collateral to Lessor, and (d) this Lease shall be treated as the repayment and security provisions of a loan from Lessor to Lessee in the amount of the Purchase Price, and (e) all payments hereunder to Lessor shall be treated as payments of principal, interest and all other amounts with respect to such loan. Except as specifically provided for herein, Lessor shall retain title to the Units, free and clear of all Liens other than Permitted Liens, as security for the obligations of Lessee under the Operative Documents. Lessee shall not have any right, title or interest in the Acquired Property except as expressly set forth in this Lease. Each of the parties to this Lease agrees that it will not, nor will any Person controlled by it, or under common control with it, directly or indirectly, at any time take any action or fail to take any action with respect to the filing of any income tax return, including an amended income tax return, inconsistent with the intention of the parties expressed in this Section 2.4.

It is the intent of the parties hereto that the Units shall be and remain personal property and not a fixture notwithstanding the manner in which any Unit shall be attached or affixed to realty. The parties further agree that the Units shall constitute personal property for all purposes of the laws of each State where any Unit may be located. Lessee shall take no action with respect to the Units which would be inconsistent with such intent.

ARTICLE III

[INTENTIONALLY RESERVED]

ARTICLE IV
LEASE TERM, RENT AND PAYMENT

Section 4.1. Lease Term. Unless earlier terminated pursuant to the terms hereof, the term of this Lease shall consist of (a) an interim period commencing on and including the Delivery Date and ending on but not including December 30, 1999 (the "Interim Term Expiration Date") and (b) a base period commencing on and including the Interim Term Expiration Date and ending on June 30, 2003 (collectively, the "Lease Term"). This Lease may be extended pursuant to and in accordance with Section 2.12 of the Participation Agreement and in the event of such extension, "Lease Term" shall mean the Lease Term as so extended.

Section 4.2. Basic Rent. During the Lease Term, Lessee shall pay to Lessor Basic Rent (i) on each Payment Date, (ii) on the date required under Section 9.3 in connection with Lessee's exercise of the Sale Option and (iii) on any date on which this Lease terminates or upon demand following a Lease Event of Default pursuant to Article XVII.

Section 4.3. Supplemental Rent. Lessee shall pay to Lessor, or to whomever shall be entitled thereto as expressly provided herein or in any other Operative Document (and Lessor hereby directs Lessee, on behalf of Lessor, to so pay any such other Person), any and all Supplemental Rent promptly as the same shall become due and payable (if the payment date therefor is specified in any Operative Document and otherwise within five (5) days after Lessee's receipt of written demand therefor) and, in the event of any failure on the part of Lessee to pay any Supplemental Rent, Lessor shall have all rights, powers and remedies provided for herein or by law or in equity or otherwise in the case of nonpayment of Basic Rent. The expiration or other termination of Lessee's obligations to pay Basic Rent hereunder shall not limit or modify the obligations of Lessee with respect to Supplemental Rent.

Section 4.4. Method and Amount of Payment. Basic Rent and Supplemental Rent shall be paid by wire transfer by Lessee to Lessor (or, in the case of Supplemental Rent, to such Person as may be entitled thereto) at such place as Lessor (or such other Person) shall specify in writing to Lessee pursuant to Schedule II to the Participation Agreement or Section 9.3 of the Participation Agreement; provided, however, that, so long as the Notes remain outstanding, Lessor directs Lessee to pay Basic Rent and Supplemental Rent payable to Lessor or any Participant directly to the Agent. Each payment of Rent shall be made by Lessee prior to 11:00 a.m. New York time (and payments made after such time shall be deemed to have been made on the next day) at the place of payment in funds consisting of lawful currency of the United States of America which (in

the case of any amount payable to Lessor, Agent or any Participant or any other Indemnitee) shall be immediately available on the scheduled date when such payment shall be due unless with respect to Supplemental Rent, the scheduled date shall not be a Business Day, in which case such payment shall be due and made on the next succeeding Business Day.

Section 4.5. Late Payment. If any Basic Rent shall not be paid when due, Lessee shall pay to Lessor, or if any Supplemental Rent payable to or on behalf or for the account of Lessor, Agent, any Participant, or other Indemnitee is not paid when due, Lessee shall pay to whomever shall be entitled thereto, in each case as Supplemental Rent, interest at the Overdue Rate (to the maximum extent permitted by law) on such overdue amount from and including the due date thereof (without regard to any applicable grace period) to but excluding the Business Day of payment thereof.

Section 4.6. Net Lease. This Lease is a net lease and Lessee's obligation to pay all Rent, Lease Balance, indemnities and other amounts payable hereunder shall be absolute and unconditional under any and all circumstances and, without limiting the generality of the foregoing, Lessee shall not be entitled to and hereby waives any right to any abatement, suspension, deferment, reduction, setoff, counterclaim or defense with respect to any Rent, Lease Balance, indemnity or other amount, whether arising by reason of any past, present or future claims of any nature by Lessee against Lessor, Agent or any Participant, or otherwise. Except as otherwise expressly provided herein, this Lease shall not terminate, nor shall the obligations of Lessee (including the obligation to pay Rent) be otherwise affected: (a) by reason of any defect in the condition, merchantability, design, construction, quality or fitness for use of, damage to, or loss of possession or use, theft, obsolescence or destruction, of any or all of the Units, however caused; or (b) by the taking, commandeering, confiscation or requisitioning, complete or partial, of any or all of the Acquired Property, or any part thereof, by condemnation or otherwise; or (c) by the invalidity or unenforceability or lack of due authorization by Lessor, Agent, any Participant or Lessee or other infirmity of this Lease or any other Operative Document; or (d) by the attachment of any Lien of any third party to any Acquired Property; or (e) by any prohibition or restriction of or interference with Lessee's use of any or all of the Acquired Property by any Person; or (f) by the insolvency of or the commencement by or against Lessor, Agent or any Participant of any bankruptcy, reorganization or similar proceeding; or (g) by any other cause, whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding. Lessee shall remain obligated under this Lease in accordance with its terms and, consistent with the intention of the parties expressed in Sections 2.4 and 10.1, shall not take any action to terminate, rescind or avoid this Lease, notwithstanding any action for bankruptcy, insolvency, reorganization, liquidation, dissolution or other proceeding affecting Lessor, Agent or any Participant, or any action with respect to this Lease which may be taken by any custodian, receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of such Person. It is the intention of the parties, and Lessee expressly agrees, that all Rent, Lease Balance, indemnities and other amounts payable by Lessee hereunder shall be payable in all events in the manner and at the times herein provided unless Lessee's obligations in respect thereof have been terminated or modified pursuant to the express provisions of this Lease and the Units have been returned to Lessor, purchased by Lessee or sold to a third party in accordance with the terms hereof. To the extent permitted by Applicable Laws and Regulations, Lessee hereby waives any and all rights which it may now have or which may at any time be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Lease, in whole or in part, except strictly in accordance with the express terms hereof. Each rental, indemnity or other payment made by Lessee hereunder shall be final, and Lessee shall not seek to recover all or any part of such payment from Lessor, Agent or any Participant for any reason whatsoever. Without affecting Lessee's obligation to pay Rent, Lease Balance or other amounts payable hereunder, Lessee may seek damages for a breach by Lessor, Agent or any Participant of their respective obligations under the Operative Documents.

ARTICLE V
POSSESSION, ASSIGNMENT, USE AND MAINTENANCE OF UNITS

Section 5.1. Possession and Use of Units; Compliance with Laws. The Units shall be used only for their originally intended use. Lessee shall not use the Units or any part thereof for any purpose or in any manner that would materially adversely affect the Fair Market Value, utility, remaining useful life or residual value of the Units. Lessee agrees that the Units will be used and operated in compliance with any and all Applicable Laws and Regulations. Lessee shall procure and maintain in effect all licenses, registrations, certificates, permits, approvals, returns, renditions and consents required by Applicable Laws and Regulations or by any Governmental Authority in connection with the ownership, delivery, installation, use and operation of each Unit. Lessee shall not (a) use, operate, maintain or store any Unit or any portion thereof in violation of Section 5.3 or any Insurance Requirement; (b) sublease, assign or otherwise permit the use of any Unit except as may be permitted by Section 5.2 or 5.4; (c) except as set forth in Section 5.2 or 5.4 or Section 5.19 of the Participation Agreement, sell, assign or transfer any of its rights hereunder or in any Acquired Property, or directly or indirectly create, incur or suffer to exist any Lien on any of its rights hereunder or in any Unit, except for Permitted Liens; or (d) permit any Unit to be operated, used or

located outside of the United States. Subject to Section 2.4 hereof, the Lessee will defend the sale of the Units by the Lessee to Lessor against the claims or demands of all Persons. Except in the ordinary course of business and except as in compliance with all Environmental Laws, the Lessee shall not use any Unit, or permit any Unit to be used, for the transportation or storage of Hazardous Material. Lessee shall keep in its possession at all times the items described in clause (e) of the definition of Lessee Collateral.

Section 5.2. Subleases and Assignments. LESSEE SHALL NOT, WITHOUT THE PRIOR WRITTEN CONSENT OF Lessor AND AGENT, SUBLEASE OR OTHERWISE RELINQUISH POSSESSION OF ANY UNIT, OR ASSIGN, TRANSFER OR ENCUMBER ITS RIGHTS, INTERESTS OR OBLIGATIONS HEREUNDER AND ANY ATTEMPTED SUBLEASE OR OTHER RELINQUISHMENT OF POSSESSION, ASSIGNMENT, TRANSFER OR ENCUMBERING BY LESSEE SHALL BE NULL AND VOID, except as provided in this Section 5.2 or pursuant to a transaction permitted under Section 5.4 or Section 5.19 of the Participation Agreement. Each sublease, lease or user contract entered into in accordance with this Section 5.2 shall be referred to as a "Sublease." Lessee may, without the prior written consent of Lessor and Agent, enter into subleases of (A) so long as no Lease Event of Default described in Sections 8.1(f) or (g) exists, one or more of the Units to any customer of Lessee in connection with the supply of propane by Lessee to such customer, and (B) so long as no Lease Event of Default exists, one or more of the Units to a Wholly-Owned Subsidiary of Lessee; provided, that any Sublease entered into pursuant to clause (B) of this sentence must satisfy each of the following conditions:

(a) such Sublease shall automatically expire upon the termination of this Lease (unless Lessee shall have exercised the Purchase Option) and be expressly subordinate and subject to this Lease and the Liens created hereunder;

(b) such Sublease shall be in writing and shall expressly prohibit any further assignment, sublease or transfer;

(c) such Sublease shall not contain a purchase option in favor of the Sublessee or any other provision pursuant to which the Sublessee may obtain record or beneficial title to any Unit leased thereunder from Lessee;

(d) such Sublease shall prohibit the Sublessee from making any alterations or modifications to any Unit that would result in a violation of this Lease;

(e) such Sublease shall require the Sublessee to maintain each Unit subleased thereunder in accordance with Section 5.3;

(f) Lessee shall not, without Agent's prior written consent, permit or consent to any renewal or extension of such Sublease at any time when an Lease Default or Lease Event of Default has occurred and is continuing; and

(g) Lessee shall notify Lessor and Agent in writing within 30 days after entering into such Sublease, which notice shall include (i) a description of the Unit or Units to be subleased thereunder, and (ii) the location of such Unit or Units during the term of such Sublease.

The liability of Lessee with respect to this Lease and each of the other Operative Documents shall not be altered or affected in any way by the existence of any Sublease. In connection with any Sublease, Lessee shall, at its own cost and expense, do any further act and execute, acknowledge, deliver, file, register and record any further documents which Lessor or Agent may reasonably request in order to preserve, protect and perfect Agent's and Lessor's Lien in such Sublease. Upon the written request of Lessor or Agent after a Lease Event of Default has occurred and is continuing, Lessee will deliver copies of any Subleases (excluding any thereof which are not in written form) then in effect to Lessor and Agent.

Section 5.3. Maintenance. At all times during the term of this Lease, Lessee shall, at its own cost and expense including taxes thereon:

(a) keep, repair, maintain and preserve each of the Units in at least as good order and operating condition, repair and appearance as when originally delivered, ordinary wear and tear excepted, and (i) in conformance with (A) customary industry standards, (B) the terms of all contracts (including, without limitation, service contracts) and (C) all Applicable Laws and Regulations and Insurance Requirements, and in the event that Applicable Laws and Regulations require any alteration, replacement or addition of or to any Part on any Unit, Lessee will conform therewith at its own expense and (ii) in conformance with the customary standards used by Lessee or any of its Subsidiaries in the ordinary course of business for similar equipment owned or leased by it;

(b) (i) conduct or cause to be conducted all scheduled maintenance of each Unit in conformity with Lessee's practices for similar equipment (including, without limitation, Lessee's maintenance program for such equipment) and (ii) maintain or cause to be maintained each Unit so as to preserve its remaining economic useful life, utility

and residual value;

(c) cause each Unit to continue to have at all times the capacity and functional ability to perform, on a continuing basis (subject to customary interruption in the ordinary course of business for maintenance, inspection, service, repair and testing) and in commercial operation, the functions for which it was specifically designed.

In no event shall Lessee discriminate as to the use or maintenance of any Unit (including the periodicity of maintenance or recordkeeping in respect of such Unit) based upon such Unit being leased hereunder and financed under the Operative Documents as compared to equipment of a similar nature which Lessee owns or leases. Lessee shall prepare and deliver to Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of Lessor) any and all reports to be filed by Lessor with any Governmental Authority of any country or subdivision thereof in which any Unit is located by reason of the ownership by Lessor of the Units or the leasing thereof to Lessee. Lessor agrees to inform Lessee of any request for such reports received by it or of which it has knowledge. Lessee shall maintain or cause to be maintained, and shall permit Lessor to inspect, all records, returns, renditions, logs and other materials required by any Governmental Authority having jurisdiction over the Units or Lessee, to be maintained in respect of each Unit. Lessee hereby waives any right now or hereafter conferred by law to make repairs on the Units at the expense of Lessor, Agent or any Participant.

Section 5.4. Alterations and Modifications. In case any Unit, or any item of equipment, part or appliance therein (each, a "Part") is required to be altered, added to or modified in order to comply with any Applicable Laws and Regulations (a "Required Alteration") pursuant to Sections 5.1 or 5.3 hereof, Lessee agrees to make such Required Alteration at its own expense. Lessee shall have the right to make or cause to be made any modification, alteration or improvement to any Unit (herein referred to as a "Permitted Modification"), or to remove or cause to be removed any Part which has become worn out, broken or obsolete, provided in each case that Lessee continues to be in compliance with Sections 5.1 and 5.3 hereof and that such action (a) will not decrease the present or future economic value of the applicable Unit or impair its originally intended use or function or decrease its economic useful life and (b) will not cause such Unit to become suitable for use only by Lessee. In the event any Permitted Modification (i) is readily removable without impairing the value or use which the Unit would have had at such time had such Part not been affixed or placed to or on such Unit (a "Removable Part"), (ii) is not a Required Alteration and (iii) is not a Part which replaces any Part originally incorporated or installed in or attached to such Unit on the date on which such Unit became subject to this Lease, or any Part in replacement of or substitution for any such original Part (each an "Original Part"), any such Permitted Modification, unless a Lease Event of Default under clauses (a), (e) or (f) of Section 8.1 has occurred and is continuing or Lessor has exercised any remedy under Article VIII, shall be and remain the property of Lessee. To the extent such Permitted Modification is not a Removable Part, or is a Required Alteration or an Original Part, and, to the extent a Removable Part is not the property of Lessee because of the continuance of a Lease Event of Default under clauses (a), (f) or (g) of Section 8.1 or Lessor has exercised any remedy under Article VIII, the same shall immediately and automatically be and become the property of Lessor and subject to the terms of this Lease. Any Required Alterations, and any Parts installed or replacements made by Lessee upon any Unit pursuant to its obligation to maintain and keep the Units in good order, operating condition and repair under Section 5.3 (collectively, "Replacement Parts") and all other Parts which become the property of Lessor shall be considered, in each case, accessions to such Unit and title thereto or security interest therein shall be immediately and automatically vested in Lessor. All Replacement Parts shall be free and clear of all Liens (other than Permitted Liens) and shall be in as good an operating condition as, and shall have a value and utility at least equal to, the Parts replaced, assuming such replaced Parts and the relevant Units were immediately prior to such replacement or the event or events necessitating such replacement in the condition and repair required to be maintained by the terms hereof. Any Part at any time removed from any Unit shall remain subject to the interests of Lessor and Agent under the Operative Documents, no matter where located, until such time as such Part shall be replaced by a Part which has been incorporated or installed in or attached to such Unit and which meets the requirements for a Replacement Part specified above, whereupon Lessor hereby releases any and all interest in and to such replaced Part. Upon the occurrence of a Lease Event of Default or the exercise by Lessee of the Sale Option pursuant to Section 9.1(b), upon Lessor's or Agent's written request Lessee shall deliver to Lessor a Bill of Sale evidencing the conveyance by Lessee to Lessor of all Replacement Parts not previously evidenced by a Bill of Sale (which Bill of Sale may generally describe such Replacement Parts) and such other documents in respect of such Part or Parts as Lessor may reasonably request in order to confirm that title to such Part or Parts has passed to Lessor, as hereinabove provided. Any such Replacement Part, regardless of whether evidenced by a Bill of Sale, shall be deemed part of such Unit, for all purposes hereof to the same extent as the Parts originally incorporated or installed in such Unit, and title to such Replacement Part shall thereupon vest in Lessor, subject to the terms of this Lease. All replacements pursuant to this Section 5.4 shall be purchased by Lessee with its own funds. There shall be no obligation on the part of Lessor, Agent or any Participant to pay for or

otherwise finance any such replacement.

Section 5.5. Legend; Inspection. Lessee will cause each Unit to be plainly, conspicuously and permanently marked by a stencil, plate or sticker disclosing the interests of Lessee (or its predecessors) therein. Lessee will replace promptly any such marking which may be removed, defaced, obliterated or destroyed. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee but Lessee will not allow the name of any other Person (other than its predecessors) to be placed on any Unit as designation that might be interpreted as a claim of ownership. Upon the request of Lessor or Agent, Lessee shall make the Units available to Lessor or Agent or its agents, representatives or assignees for inspection at reasonable times and at their then location and upon reasonable notice and shall also make Lessee's books, manuels, logs, records and other information pertaining to the Units (other than customer information regarding internal classifications of customers, payment history, propane gallons delivered, timing of propane gallons delivered, payment terms and prices charged to customers) available for inspection and permit such parties to make copies thereof, provided that all costs and expenses of Lessor or Agent in connection with such inspection shall be borne by the inspecting party unless a Lease Event of Default has occurred and is continuing at the time of such inspection, in which case all such costs and expenses shall be borne by Lessee.

Section 5.6. Liens. Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien (other than Permitted Liens) on or with respect to (i) any Unit or any Part thereof or any other Lessee Collateral, or Lessor's, Agent's or any Participant's title thereto or interest therein or (ii) this Lease or any of Lessor's, Agent's or any Participant's interests hereunder. Lessee, at its own expense, will promptly pay, satisfy and otherwise take such actions as may be necessary to keep this Lease and the Units and the other Acquired Property free and clear of, and to duly discharge or eliminate or bond in a manner satisfactory to Lessor and Agent in their reasonable discretion, any such Lien not excepted above if the same shall arise at any time. Lessee will notify Lessor and Agent in writing promptly upon becoming aware of any Tax or other Lien (other than any Lien excepted above) which individually or in the aggregate with any other Tax or other Lien exceeds $1,000,000 that shall attach to the Units or any other Acquired Property, and of the full particulars thereof. Without limiting the foregoing, Lessee shall not assign or pledge any of its rights under any Sublease to any Person other than Lessor.

Section 5.7. Replacements and Substitutions. (a) In addition to the rights of Lessee under Section 5.4, Lessee shall have the option at any time to replace any Unit or Units (a "Replaced Unit" or "Replaced Units") with a substitute Unit or Units (a "Replacement Unit" or "Replacement Units"), subject to the following conditions:

(i) No Lease Event of Default shall have occurred and be continuing;

(ii) The Replacement Unit or Replacement Units shall be located in the same State as the Replaced Unit or Units;

(iii) The Replacement Unit or Replacement Units shall be of a type described in the Appraisal delivered on the Delivery Date (provided that in no event may any Replacement Unit be of a capacity greater than 3499 gallons) and, taken as a whole, shall have a residual value, Fair Market Value and economic useful life (based upon the residual value, Fair Market Value and economic useful life for such type set forth in the Appraisal delivered on the Delivery Date) at least equal to those of the Replaced Unit or Replaced Units, taken as a whole, immediately prior to such substitution, assuming that the Replaced Unit or Replaced Units were in the condition and repair required to be maintained by the terms of this Lease, shall be in as good operating condition and state of repair as the Replaced Unit or Replaced Units immediately prior to such substitution, assuming that the Replaced Unit or Replaced Units were in the condition and repair required to be maintained by the terms of this Lease; and

(iv) As and when required by Section 5.8, Lessee shall (A) execute and deliver to Lessor a Bill of Sale substantially in the form of Exhibit I to the Participation Agreement and an Acceptance Certificate substantially in the form of Exhibit E to the Participation Agreement in respect of such Replacement Unit or Replacement Units, (B) provide evidence that the insurance required by Section 6.2 is in effect with respect to such Replacement Unit or Replacement Units, (C) perform all acts and execute, file and/or record any and all documents, financing statements and other instruments as are necessary or appropriate under Applicable Laws and Regulations or reasonably requested by Lessor or Agent to perfect Lessor's title to such Replacement Unit or Replacement Units and to perfect Agent's Lien and security interest in such Replacement Unit or Replacement Units as a first priority security interest subject to no Liens other than Permitted Liens and provide Lessor and Agent with evidence thereof and (D) provide an Officer's Certificate (which may be combined with the Officer's Certificate delivered pursuant to Section 5.8) and, if the value of the Replacement Units exceeds $1,000,000, opinion of counsel

(which may be in-house counsel to Lessee) as to the enforceability of the Bill of Sale and as to the perfection of such title and security interest;

(b) All replacements pursuant to Section 5.7(a) shall be purchased by Lessee with its own funds. There shall be no obligation on the part of Lessor, Agent or any Participant to pay for or otherwise finance any such replacement.

Section 5.8. Equipment List. (a) Lessee has delivered to Agent on the Delivery Date the initial Equipment List with respect to the Units, setting forth the information required by the definition thereof. Lessee shall deliver to Agent an updated Equipment List (i) annually on each anniversary of the Delivery Date, (ii) at any time that the aggregate value of Units or Units which suffer a Casualty or are replaced pursuant to Section 5.7 exceeds $1,000,000, (iii) on the date the Sale Option is exercised, (iv) on the Lease Termination Date if the Sale Option has been exercised, or (v) upon the request of Agent or Lessor after a Lease Event of Default shall have occurred and be continuing. Such updated list shall reflect any replacements or settlements with respect to the Units pursuant to Section 6.1 and any Replacement Units pursuant to Section 5.7. In connection with the delivery of such updated Equipment List, Lessee shall deliver to Agent and Lessor (i) an Officer's Certificate certifying that such updated Equipment List (except as to serial numbers) is true, correct and complete in all material respects, and (ii) any documents or showings required by Sections 5.8 or 6.1 for replacement Units, and, so long as no Lease Event of Default shall have occurred and be continuing, Agent and Lessor shall release any Replaced Units or substituted Units from the Lien of this Lease and the other Operative Documents and Lessor shall execute and deliver to Lessee such documents as may be reasonably required to release such Units from the terms and scope of this Lease and reconvey such Units to Lessee (without representations or warranties, except that such Units are free and clear of Certificate Trustee Liens), in such form as may be reasonably requested by Lessee, all at Lessee's sole cost and expense.

(b) In connection with any update to the Equipment List pursuant to Section 5.8(a), Schedule I hereto shall be correspondingly updated (but only as to the information set forth therein).

(c) The Equipment List shall be held by the Agent and, so long as no Lease Event of Default shall have occurred and be continuing, shall not be disclosed to any Person without the prior written consent of Lessee; provided that Agent may permit, subject to Section 9.16 of the Participation Agreement, Lessor and any Participant to inspect the Equipment List at the office of the Agent and, if a Lease Event of Default has occurred and is continuing, make copies thereof. Nothing in the foregoing sentence shall limit the right of Lessor or Agent to utilize the Equipment as it deems appropriate in connection with the exercise of remedies after a Lease Event of Default shall have occurred and be continuing. Any such inspection shall be at the expense of the inspecting party so long as no Lease Event of Default shall have occurred and be continuing and otherwise at Lessee's expense.

ARTICLE VI
RISK OF LOSS; INSURANCE

Section 6.1. Casualty. Upon the occurrence of a Casualty or a series of Casualties with respect to a Unit or Units with a Purchase Price aggregating in excess of $1,000,000 during the term of this Lease or as otherwise required by Section 5.8, Lessee shall give Lessor and Agent prompt notice thereof (a "Casualty Notice"). The Casualty Notice shall specify whether Lessee will:

(a) pay to Lessor the Casualty Amount of the Unit or Units suffering such Casualty or series of Casualties, together with all other Rent then due and owing, which payment shall be made on the next scheduled Payment Date after such Casualty or the latest in time of such series of Casualties, unless such Payment Date is less than 30 days from the date of the Casualty Notice, in which case such payment shall be made on the following Payment Date (the "Casualty Settlement Date"); or

(b) replace the Unit or Units with respect to which the Casualty or series of Casualties has occurred pursuant to the following provisions of this Section 6.1.

If Lessee has elected to pay the Casualty Amount pursuant to clause (a) above, such Lessee shall continue to make all payments of Rent due under this Lease until and including the Casualty Settlement Date. Upon payment of the Casualty Amount in respect of any Unit suffering a Casualty on such Casualty Settlement Date together with all Basic Rent and Supplemental Rent then due and owing, the remaining scheduled payments set forth on Schedule II, if any, shall be reduced by an amount equal to the product of the scheduled amount of each such payment (determined in each case prior to the receipt of such Casualty Amount), multiplied by the Unit Value Fraction of the Unit or Units suffering such Casualty or series of Casualties.

If Lessee has given notice that it intends to replace the Unit or Units suffering such Casualty or series of Casualties, Lessee may make subject to this Lease, not more than 60 days after the date of such Casualty Notice, a

replacement for such Unit or Units meeting the suitability standards hereinafter set forth. To be suitable as a replacement Unit, an item (or items) (i) shall be of a type described in the Appraisal delivered on the Delivery Date (provided that in no event may any Replacement Unit be of a capacity greater than 3499 gallons), (ii) taken as a whole, must be of the same economic useful life, state of repair and operating condition (immediately preceding the Casualty or Casualties assuming that such Unit or Units had been maintained in accordance with the terms of Section 5.3) as the Unit or Units, taken as a whole, suffering the Casualty or Casualties, (iii) taken as a whole, must have a fair market value and residual value of not less than the fair market value and residual value (immediately preceding the Casualty assuming that such Unit or Units had been maintained in accordance with the terms of Section 5.3) of the Unit or Units, taken as a whole, suffering the Casualty or Casualties, (iv) must be free and clear of any Liens other than Permitted Liens, and (v) must be located in the same state as the Unit or Units suffering the Casualty or Casualties.

Lessee shall (A) execute and deliver to Lessor a Bill of Sale substantially in the form of Exhibit I to the Participation Agreement and an Acceptance Certificate substantially in the form of Exhibit E to the Participation Agreement in respect of such replacement Unit or replacement Units, (B) provide evidence that the insurance required by Section 6.2 is in effect with respect to such replacement Unit or replacement Units, (C) perform all acts and execute, file and/or record any and all documents, financing statements and other instruments as are necessary or appropriate under Applicable Laws and Regulations or reasonably requested by Lessor or Agent to perfect Lessor's title to such replacement Unit or replacement Units and to perfect Agent's Lien and security interest in such replacement Unit or replacement Units as a first priority security interest subject to no Liens other than Permitted Liens and provide Lessor and Agent with evidence thereof and (D) provide an Officer's Certificate and opinion of counsel (which may be in-house counsel to Lessee) as to the enforceability of the Bill of Sale and as to the perfection of such title security interest.

If (i) Lessor has received the amount payable with respect to the Casualty or Casualties and all other amounts due hereunder, or (ii) the Units have been substituted in accordance herewith, and, in each case, no Lease Event of Default exists, Lessee shall be entitled to receive from Lessor the proceeds of any recovery in respect of the Unit or Units from insurance or otherwise ("Casualty Recoveries"), and Lessor, subject to the rights of any insurer insuring the Units as provided herein, shall transfer title to the Units suffering such Casualty or Casualties to Lessee "as-is, where-is" without representation or warranty of any kind, except as to the absence of Certificate Trustee Liens. All fees, costs and expenses relating to a substitution as described herein shall be borne by Lessee. Except as otherwise provided in this Section 6.1, Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty or Casualties to any Unit prior to or during the term of this Lease and thereafter until all of Lessee's obligations hereunder are fully performed.

Any payments (including, without limitation, insurance proceeds) received at any time by Lessor or Lessee from any Governmental Authority or other party with respect to any loss or damage to any Unit or Units not constituting a Casualty (i) up to $1,000,000 shall be paid to Lessee, so long as no Lease Event of Default shall have occurred and be continuing, for application to repair or replacement of property in accordance with Sections 5.1 and 5.3, and (ii) in excess of $1,000,000 will be held by Agent and applied directly in payment of repairs or for replacement of property in accordance with the provisions of Sections 5.1 and 5.3, if not already paid by Lessee, or if already paid by Lessee and no Lease Event of Default shall have occurred and be continuing, shall be applied to reimburse Lessee for such payment, and any balance remaining after compliance with said Sections with respect to such loss or damage shall be retained by Lessee.

LESSEE HEREBY ASSUMES ALL RISK OF LOSS, DAMAGE, THEFT, TAKING, DESTRUCTION, CONFISCATION, REQUISITION, COMMANDEERING, TAKING BY EMINENT DOMAIN OR CONDEMNATION, PARTIAL OR COMPLETE, OF OR TO EACH UNIT, HOWEVER CAUSED OR OCCASIONED, SUCH RISK TO BE BORNE BY LESSEE WITH RESPECT TO EACH UNIT FROM THE DATE OF THIS LEASE, AND CONTINUING UNTIL SUCH UNIT HAS BEEN RETURNED TO LESSOR IN ACCORDANCE WITH THE TERMS HEREOF. LESSEE AGREES THAT NO OCCURRENCE SPECIFIED IN THE PRECEDING SENTENCE SHALL IMPAIR, IN WHOLE OR IN PART, ANY OBLIGATION OF LESSEE UNDER THIS LEASE, INCLUDING, WITHOUT LIMITATION, THE OBLIGATION TO PAY RENT.

Section 6.2. Insurance Coverages. Lessee shall at all times, at its expense, cause to be carried and maintained (a) property insurance against risks of physical loss or damage to the Units, (b) public liability insurance against claims for bodily injury, death or property damage in an amount at least equal to $10,000,000 per occurrence, and (c) worker's compensation, business interruption and automobile insurance, in each case in such amounts, with such deductibles and from such financially sound and reputable insurers as shall be (i) consistent with Lessee's current practices with respect to the Units, (ii) consistent with the insurance maintained by Lessee with respect to similar equipment owned or leased by Lessee, and (iii) with respect to the insurance described in clause (b) above, reasonably acceptable to Lessor and Agent. Lessor acknowledges that Lessee currently self-insures for physical loss or damage of the Units.

All such insurance shall name Lessor, Agent and the Participants as additional insureds, as their respective interests may appear pursuant to the terms and conditions of this Lease. Each policy referred to in this Section 6.2 shall provide that (i) it will not be cancelled or its limits reduced, or allowed to lapse without renewal, except after not less than 30 days' written notice to Lessor, Agent and the Participants, (ii) the interests of Lessor, Agent and the Participants shall not be invalidated by any act or negligence of, or breach of representation or warranty by, Lessee or any Person having an interest in any Unit, (iii) such insurance is primary with respect to any other insurance carried by or available to Lessor, Agent and/or any Participant, (iv) the insurer shall waive any right of subrogation, setoff, counterclaim or other deduction, whether by attachment or otherwise, against Lessor, Agent and the Participant, (v) the insurer shall waive any right to claim any premiums or commission against Lessor, Agent or any Participants; and (vi) such policy shall contain a cross-liability clause providing for coverage of Lessor, Agent and each Participant as if separate policies had been issued to each of them, except with respect to the limit of such insurance which shall in no event increase as a result of such additional language. Lessee will notify Lessor, Agent and the Participants promptly of any policy cancellation, reduction in policy limits, modification or amendment.

Section 6.3. Insurance Certificates. Prior to the Delivery Date, and thereafter not less than 15 days prior to the expiration dates of the expiring policies theretofore delivered pursuant to Section 6.2, Lessee shall deliver to Lessor and Agent certificates issued by the insurer(s) for the insurance maintained pursuant to Section 6.2. Upon the request of Lessor or Agent, which shall not be made more than once per year, Lessee will furnish to Lessor and Agent a certificate of either Lessee's insurer or an independent insurance broker of recognized standing evidencing the maintenance of all insurance required hereunder.

ARTICLE VII
[INTENTIONALLY RESERVED]

ARTICLE VIII
EVENTS OF DEFAULT; REMEDIES

Section 8.1. Events of Default. The following shall constitute events of default (each a "Lease Event of Default") hereunder:

(a) Non-Payment. Lessee fails to pay, (i) when and as required to be paid herein, any payment of Basic Rent or any amount payable pursuant to Section 6.1(a), or Article IX, or (ii) within 5 days after the same becomes due, any Supplemental Rent (other than Supplemental Rent described in clause (i)); or

(b) Representation or Warranty. Any representation or warranty by Lessee or the General Partner made or deemed made herein, in any other Operative Document, or which is contained in any certificate, document or financial or other statement by Lessee, the General Partner, or any Responsible Officer, furnished at any time under this Lease, or in or under any other Operative Document, is incorrect in any material respect on or as of the date made or deemed made; or

(c) Specific Defaults. (i) Lessee fails to maintain the insurance required by Section 6.2 or Lessee fails to perform or observe any term, covenant or agreement contained in any of Section 5.2, or Sections 5.1 through 5.4, inclusive, 5.6, 5.9, 5.12, 5.13 or 5.15 through 5.38, inclusive, of the Participation Agreement; or (ii) Lessee shall fail to sell all of the Units on the Termination Date in accordance with and satisfaction of each of the terms, covenants, conditions and agreements set forth under Article IX in connection with and following its exercise of the Sale Option; or

(d) Other Defaults. Lessee, the General Partner or any Subsidiary fails to perform or observe any other term or covenant contained in this Lease or any other Operative Document, and such default shall continue unremedied for a period of 30 days after the earlier of (i) the date upon which a Responsible Officer knew of such failure or (ii) the date upon which written notice thereof is given to Lessee by the Lessor or Agent; provided that if (i) such default is not curable by the payment of money and cannot be cured within such 30 day period, and (ii) Lessee, the General Partner or such Subsidiary is diligently pursuing the cure of such default, then the period for cure of such default will be extended for the period necessary for Lessee, the General Partner or such Subsidiary to effect such cure, but in no event longer than 90 days from the date of such notice or knowledge; or

(e) Cross-Default. Lessee, the General Partner or any Subsidiary (i) fails to make any payment in respect of any Indebtedness or Contingent Obligation having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit

arrangement) of more than $10,000,000 when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure or (ii) fails to perform or observe any other condition or covenant, or any other event (including any termination or similar event in respect of any Accounts Receivable Securitization) shall occur or condition exist, under any agreement or instrument relating to any such Indebtedness or Contingent Obligation, and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure if the effect of such failure, event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause such Indebtedness to be declared to be due and payable prior to its stated maturity or to cause such Indebtedness or Contingent Obligation to be prepaid, purchased or redeemed by Lessee, the MLP, the General Partner or any Subsidiary, or such Contingent Obligation to become payable or cash collateral in respect thereof to be demanded; or

(f) Insolvency; Voluntary Proceedings. The General Partner, the MLP, Lessee or any Subsidiary (i) ceases or fails to be solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise, (ii) voluntarily ceases to conduct its business in the ordinary course, (iii) commences any Insolvency Proceeding with respect to itself, or (iv) takes any action to effectuate or authorize any of the foregoing; or

(g) Involuntary Proceedings. (i) Any involuntary Insolvency Proceeding is commenced or filed against the General Partner, the MLP, Lessee or any Subsidiary, or any writ, judgment, warrant of attachment, execution or similar process is issued or levied against a substantial part of any such Person's properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within 60 days after commencement, filing or levy, (ii) the General Partner, the MLP, Lessee or any Subsidiary admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any Insolvency Proceeding or (iii) the General Partner, the MLP, Lessee or any Subsidiary acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor) or other similar Person for itself or a substantial portion of its property or business; or

(h) ERISA. (i) An ERISA Event occurs with respect to a Pension Plan which has resulted or could reasonably be expected to result in liability of Lessee or the General Partner under Title IV of ERISA to the Pension Plan or the PBGC in an aggregate amount in excess of $5 million or (ii) the commencement or increase of contributions to, or the adoption of or the amendment of a Pension Plan by Lessee, the General Partner or any of their Affiliates which has resulted or could reasonably be expected to result in an increase in Unfunded Pension Liability among all Pension Plans in an aggregate amount in excess of $5 million.

(i) Monetary Judgments. One or more judgments, orders, decrees or arbitration awards is entered against Lessee, the General Partner or any Subsidiary involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) as to any single or related series of transactions, incidents or conditions, of more than $40,000,000; or

(j) Non-Monetary Judgments. Any non-monetary judgment, order or decree is entered against Lessee, the General Partner or any Subsidiary which does or would reasonably be expected to have a Material Adverse Effect, and there shall be any period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(k) Loss of Licenses. Any Governmental Authority revokes or fails to renew any material license, permit or franchise of Lessee or any Subsidiary, or Lessee or any Subsidiary for any reason loses any material license, permit or franchise, or Lessee or any Subsidiary suffers the imposition of any restraining order, escrow, suspension or impound of funds in connection with any proceeding (judicial or administrative) with respect to any material license, permit or franchise; or

(l) Adverse Change. There occurs a Material Adverse Effect; or

(m) Certain Indenture Defaults, Etc. (i) To the extent not

otherwise within the scope of subsection (e) above, any "Event of Default" shall occur and be continuing under and as defined in the 1998 Note Purchase Agreement or (ii) any of the following shall occur under or with respect to the 1996 Indenture or any other Indebtedness guaranteed by Lessee or its Subsidiaries (collectively, the "Guaranteed Indebtedness"): (A) any demand for payment shall be made under any such Guaranty Obligation with respect to the Guaranteed Indebtedness or (B) so long as any such Guaranty Obligation shall be in effect (x) Lessee or any such Subsidiary shall fail to pay principal of or premium, if any, or interest on such Guaranteed Indebtedness after the expiration of any applicable notice or cure periods or (y) any "Event of Default" (however defined) shall occur and be continuing under such Guaranteed Indebtedness which results in the acceleration of such Guaranteed Indebtedness; or

(n) Guarantor Defaults. Any Guarantor fails in any material respect to perform or observe any term, covenant or agreement in its Guaranty, or any Guaranty is for any reason partially (including with respect to future advances) or wholly revoked or invalidated, or otherwise ceases to be in full force and effect, or any Guarantor or any other Person contests in any manner the validity or enforceability thereof or denies that it has any further liability or obligation thereunder or any event described at subsections (f) or (g) of this Section 8.1 occurs with respect to the Guarantor; or

(o) Operative Documents. Any Operative Document shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of Lessee, or Lessee or any of its Affiliates shall, directly or indirectly, contest in any manner in any court the effectiveness, validity, binding nature or enforceability thereof, or the Lien securing Lessee's obligations under the Operative Documents shall, in whole or in part, cease to be a perfected first priority Lien free and clear of all Liens (other than Permitted Liens), or, in any case, Lessee or any of its Affiliates shall, at any time, directly or indirectly, contest in any manner in any court the validity or enforceability thereof; or

(p) Other Lease. A "Lease Event of Default" shall occur under the Other Lease.

(q) Change of Control. A Change of Control occurs.

Section 8.2. Remedies. If any Lease Event of Default exists, Lessor shall have the rights, options and remedies set forth below and Lessor may exercise in any order one or more or all of the following remedies (it being understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute): (i) declare the entire outstanding Lease Balance to be due and payable, together with accrued and unpaid Rent and any other amounts payable under the Operative Documents (without double counting); (ii) proceed by appropriate court action or actions either at law or in equity, to enforce the declaration of the amounts described in clause (i) above, the performance by Lessee of the applicable covenants of this Lease and the other Operative Documents or to recover damages for the breach thereof; (iii) terminate this Lease by notice in writing to Lessee, but Lessee shall remain liable as hereinafter provided; (iv) enforce the Lien given hereunder pursuant to the UCC or any other law; (v) enter upon the premises where any of the Lessee Collateral may be and take possession of all or any of such Lessee Collateral and exercise any of its rights with respect thereto; (vi) require Lessee to assemble and return the Units as provided below; and (vii) avail itself of the rights, options and remedies of a secured party under the UCC (regardless of whether the UCC or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) or any other law.

If Lessor exercises the option set forth in clause (vi) above, Lessee shall, at its own expense, forthwith deliver exclusive possession of the Units to Lessor, at a location or locations designated by Agent in the 48 contiguous United States, together with a copy of an equipment list of the Units then subject to this Lease, all then current plans, specifications and operating, maintenance and repair manuals relating to the Units that have been received or prepared by Lessee or its Affiliates, appropriately protected and in the condition required by Article V hereof (and in any event in condition to be placed in immediate revenue service) and free and clear of all Liens other than Certificate Trustee Liens. In addition, Lessee shall, for 180 days after redelivery of the Units, maintain (or cause to be maintained) the Units in the condition required by Article V and free and clear of all Liens other than Certificate Trustee Liens, store the Units without cost to Lessor, Agent or any Participant and keep all of the Units insured in accordance with Section 6.2. This paragraph shall survive termination of this Lease.

Following the foreclosure of Lessee's interest in the Units and the other Lessee Collateral, Lessee shall take such action as Lessor or Agent shall reasonably request in order to notify sublessees and users of the Units of such foreclosure and the succession of Agent, Lessor or its designee to ownership and operation thereof. Without limiting the foregoing, Lessee agrees that if it

receives any payments in respect of the filling of any Unit by Agent, Lessor or its designee, such amounts will be held in trust and promptly paid over to the applicable Person entitled thereto.

Notwithstanding the foregoing, if any Lease Event of Default described in Section 8.1(e) or 8.1(f) shall have occurred and be continuing, then the entire outstanding Lease Balance and all accrued and unpaid Rent and other amounts payable under the Operative Documents (without double counting) shall automatically and immediately become due and payable, without presentment, demand, notice, declaration, protest or other requirements of any kind, all of which are hereby expressly waived.

Section 8.3. Sale of Lessee Collateral. In addition to the remedies set forth in Section 8.2, if any Lease Event of Default shall occur, Lessor may, but is not required to, sell the Lessee Collateral in one or more sales. Any Participant, Lessor and Agent may purchase all or any part of the Lessee Collateral at such sale. Lessee acknowledges that sales for cash or on credit to a wholesaler, retailer or user of such Lessee Collateral, or at public or private auction, are all commercially reasonable. Any notice required by law of intended disposition by Agent shall be deemed reasonably and properly given if given at least 10 days before such disposition.

Section 8.4. Application of Proceeds. All payments received and amounts held or realized by Lessor at any time when a Lease Event of Default shall be continuing as well as all payments or amounts then held or thereafter received by Lessor and the proceeds of sale pursuant to Section 8.3 shall be distributed to the Agent upon receipt by Lessor for distribution in accordance with Article III of the Loan Agreement.

Section 8.5. Right to Perform Obligations. If Lessee fails to perform any of its agreements contained herein within 10 days following Lessor's notice to Lessee describing such failure, Lessor may perform such agreement, and the fees and expenses incurred by Lessor in connection with such performance together with interest thereon shall be payable by Lessee upon demand. Interest on fees and expenses so incurred by Lessor shall accrue as provided in Section 4.5 from the date such expense is incurred until paid in full.

Section 8.6. Power of Attorney. Lessee unconditionally and irrevocably appoints Lessor as its true and lawful attorney-in-fact, with full power of substitution, to the extent permitted by Applicable Laws and Regulations, in its name and stead and on its behalf, for the purpose of effectuating any sale, assignment, transfer or delivery hereunder, if a Lease Event of Default has occurred and is continuing and Lessor is exercising any of the remedies contained in clauses (iii) through (vii) of the first paragraph of Section 8.2, whether pursuant to foreclosure or power of sale or otherwise, and in connection therewith to execute and deliver all such deeds, bills of sale, assignments, releases (including releases of this Lease on the records of any Governmental Authority) and other proper instruments as Lessor may reasonably consider necessary or appropriate. Lessee ratifies and confirms all that such attorney or any substitute shall lawfully do by virtue hereof. If requested by Lessor or any purchaser, Lessee shall ratify and confirm any such lawful sale, assignment, transfer or delivery by executing and delivering to Lessor or such purchaser, all deeds, bills of sale, assignments, releases and other proper instruments to effect such ratification and confirmation as may be designated in any such request.

Section 8.7. Remedies Cumulative; Consents. To the extent permitted by, and subject to the mandatory requirements of, Applicable Laws and Regulations, each and every right, power and remedy herein specifically given to Lessor or otherwise in this Lease shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by Lessor, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any right, power or remedy. Lessor's, Agent's or the Participants' consent to any request made by Lessee shall not be deemed to constitute or preclude the necessity for obtaining Lessor's, Agent's or the Participants' consent in the future to all similar requests. To the extent permitted by Applicable Laws and Regulations, Lessee hereby waives any rights now or hereafter conferred by statute or otherwise that may require Lessor, Agent or the Participants to sell, lease or otherwise use the Units, any Unit or any Part thereof in mitigation of Lessor's, Agent's or the Participants' damages upon the occurrence of a Lease Event of Default or that may otherwise limit or modify any of Lessor's, Agent's or the Participants' rights or remedies under this Section 8.

Section 8.8. Certain Financial Covenant Defaults. In the event that, after taking into account any extraordinary charge to earnings taken or to be taken as of the end of any fiscal period of Lessee (a "Charge"), and if solely by virtue of such Charge there would exist a Lease Event of Default due to the breach of any of Section 5.12(a) or 5.12(b) of the Participation Agreement as of such fiscal period end date, such Lease Event of Default shall be deemed to arise upon the earlier of (a) the date after such fiscal period end date on which Lessee announces publicly it will take, is taking or has taken such Charge (including an announcement in the form of a statement in a report filed with the

SEC) or, if such announcement is made prior to such fiscal period end date, the date that is such fiscal period end date, and (b) the date Lessee delivers to Lessor and Agent its audited annual or unaudited quarterly financial statements in respect of such fiscal period reflecting such Charge as taken.

ARTICLE IX
LEASE TERMINATION

Section 9.1. Lessee's Option. Not later than 270 days prior to the last day of the Lease Term, Lessee shall, by delivery of written notice to Lessor and Agent, exercise one of the following options:

(a) purchase for cash for the Purchase Option Exercise Amount all, but not less than all, of the Units then subject to this Lease on the last day of the Lease Term (the "Purchase Option"); or

(b) sell on behalf of Lessor for cash to a purchaser or purchasers not in any way affiliated with Lessee all, but not less than all, of the Units then subject to this Lease on the last day of the Lease Term (the "Sale Option"). Simultaneously with a sale pursuant to the Sale Option, Lessee shall pay or cause to be paid to Lessor, as Supplemental Rent, (i) the Applicable Percentage Amount and (ii) that portion of the gross proceeds of the sale of the Units, without deductions or expense reimbursements ("Proceeds") which is sufficient to pay the aggregate outstanding Lease Balance as of the Lease Expiration Date (as determined after the payment of all Basic Rent due on such date and after giving effect to the reduction of the Lease Balance by application of the Applicable Percentage Amount thereto). If the Proceeds exceed the Lease Balance as of the Lease Expiration Date as reduced by the application of the Applicable Percentage Amount thereto, Lessee shall retain the portion of the Proceeds in excess thereof. If the Proceeds are less than the aggregate outstanding Lease Balance as reduced by the application of the Applicable Percentage Amount thereto, Lessee shall not be obligated pursuant to this Section 9.1(b) to pay or cause to be paid to Lessor, as Supplemental Rent, more than the Proceeds, it being understood, however, that the amount payable pursuant to this Section 9.1(b) shall in no event be construed to limit any other obligation of Lessee under the Operative Documents, including, without limitation, pursuant to Article VII of the Participation Agreement and Sections 9.3, 9.4 and 9.5 hereof. In addition to the amounts determined to be payable by Lessee pursuant to the foregoing provisions of this Section 9.1(b), Lessee shall pay to Lessor all Supplemental Rent then due and owing. The obligation of Lessee to pay the amounts determined pursuant to this Section 9.1(b) shall be a recourse obligation of Lessee and shall be payable on the Termination Date. All amounts paid to Lessor pursuant to this Section 9.1(b) shall be paid to Agent for distribution pursuant to Article III of the Loan Agreement.

Section 9.2. Election of Options. Lessee's election of the Purchase Option will be irrevocable at the time made, but if Lessee fails to make a timely election, Lessee will be deemed to have irrevocably elected the Purchase Option. In addition, the Sale Option shall automatically be revoked if there exists a Lease Default or Lease Event of Default, at any time after the Sale Option is properly elected. In such event, Lessor shall be entitled to exercise all rights and remedies provided in Article VIII. Lessee may not elect the Sale Option if on the date the election is made there exists a Lease Event of Default or a Lease Default. Lessee's exercise of the Sale Option or the Purchase Option shall be conditioned upon the corresponding option being concurrently exercised under the Other Lease. In addition, it shall be a condition to the exercise of the Sale Option that Lessee shall have settled for or replaced any Unit or Units suffering a Casualty in accordance with Section 6.1 and shall have delivered an updated Equipment List to Agent and Lessor and otherwise complied with its obligations under Section 5.8 of this Lease, in each case regardless of whether the $1,000,000 threshold has been reached.

Section 9.3. Sale Option Procedures. If Lessee elects the Sale Option, Lessee shall use its best commercial efforts to obtain the highest all cash purchase price for the Units. All costs related to such sale including, without limitation, the cost of sales agents, removal of the Units, delivery of documents to any location designated by a buyer within the continental United States, certification and testing of the Units in any reasonable location chosen by the buyer or prospective buyer, legal costs, costs of notices, any advertisement or other similar costs, or other information and of any parts, configurations or repairs, or modifications consistent with the Units being used to store and/or transport liquids and gases, in each case, required by a buyer or prospective buyer shall be borne entirely by Lessee, without regard to whether such costs were incurred by Lessor, Lessee or any potentially qualified buyer, and shall in no event be paid from any of the Proceeds. Neither Lessor, Agent nor any Participant shall have any responsibility for procuring any purchaser. If, nevertheless, Lessor, Agent or any Participant undertakes any sales efforts, Lessee shall promptly reimburse such Person for any charges, costs and expenses incurred in such effort, including any allocated time charges, costs and expenses of internal counsel or other attorneys' fees. Upon a sale pursuant to the Sale Option, the Units shall be in the condition required by Section 5.3 and shall be free and clear of all Liens other than Certificate

Trustee Liens. Any purchaser or purchasers of the Units shall not in any way be affiliated with Lessee or have any understanding or arrangement with Lessee regarding the future use of the Units. On the Termination Date, so long as no Lease Event of Default or Lease Default exists: (i) Lessee shall transfer all of Lessee's right, title and interest in the Units or cause the Units to be so transferred to such purchaser or purchasers, if any, in accordance with all of the terms of this Lease; (ii) subject to the simultaneous payment by Lessee of all amounts due under clause (iii) of this sentence, Lessor shall, without recourse or warranty, except as to the absence of Certificate Trustee Liens, transfer by quitclaim or otherwise release, as appropriate, Lessor's right, title and interest in and to the Units to such purchaser or purchasers; and (iii) Lessee shall simultaneously pay to Agent all of the amounts contemplated in Section 9.1(b).

Section 9.4. Appraisals. If Lessee exercises the Sale Option and the sum of the Proceeds from the sale of all Units subject to this Lease plus the Applicable Percentage Amount are less than the outstanding Lease Balance, Lessor (upon direction from any Affected Participant) shall engage an appraiser of nationally recognized standing, at Lessee's expense, to determine (by appraisal methods satisfactory to the Affected Participants) the Fair Market Value of the Units then subject to this Lease as of the Termination Date. If the Appraisal concludes that the Fair Market Value of such Units as of the Termination Date was in excess of the aggregate Proceeds from the sale of all Units subject to this Lease, Lessee shall promptly pay to Lessor, as Supplemental Rent, such excess, which together with such Proceeds and the Applicable Percentage Amount so paid shall not exceed the Lease Balance determined immediately prior to the application of the foregoing amounts.

Section 9.5. Early Termination. (a) If no Lease Event of Default shall exist, on any scheduled Payment Date after the second anniversary of the Interim Term Expiration Date, Lessee may, at its option, upon at least 30 days' advance written notice to Lessor and Agent, purchase all, but not less than all, of the Units subject to this Lease for the Purchase Option Exercise Amount; provided that the lessee under the Other Lease shall have concurrently exercised its early termination option thereunder and designated the same date for purchase. Upon the indefeasible payment in full of such sums by Lessee in accordance with the provisions of the preceding sentence, the obligation of Lessee to pay Rent hereunder shall cease, the term of this Lease shall end on the date of such payment and Lessor shall execute and deliver to Lessee such documents as may be reasonably required to release the Units from the terms and scope of this Lease (without representations or warranties, except that the Units are free and clear of Certificate Trustee Liens), in such form as may be reasonably requested by Lessee, all at Lessee's sole cost and expense.

(b) Notwithstanding anything stated herein to the contrary, if (i) due to a change in accounting rules or treatment, this Lease is no longer treated as an operating lease for accounting purposes, or (ii) Lessor or any Participant is required to claim any federal or state tax attributes or benefits (including depreciation) relating to the Units in respect of any period prior to the Lease Expiration Date by an appropriate taxing authority or after a clearly applicable change in Applicable Laws and Regulations or as a protective response to a proposed adjustment by a Governmental Authority, Lessee may, at its option, upon at least five (5) days' advance written notice to Lessor and Agent, purchase all but not less than all of the Units subject to this Lease for the Purchase Option Exercise Amount; provided that the lessee under the Other Lease shall have concurrently exercised its early termination option thereunder and designated the same date for purchase. Upon the indefeasible payment in full of such sums by Lessee in accordance with the provisions of the preceding sentence, the obligation of Lessee to pay Rent hereunder shall cease, the term of this Lease shall end on the date of such payment and Lessor shall execute and deliver to Lessee such documents as may be reasonably required to release the Units from the terms and scope of this Lease (without representations or warranties, except that the Units are free and clear of Certificate Trustee Liens), in such form as may be reasonably requested by Lessee, all at Lessee's sole cost and expense.

Section 9.6. Designation of Purchaser. If Lessee has exercised the Purchase Option or any option under Section 9.5, Lessee may assign its right to purchase the Units to any other person or to designate any other person as the transferee under any bill of sale to be executed by Lessor in connection with such sale; provided, however, that Lessee shall remain primarily liable to pay the Purchase Option Exercise Amount and all other amounts then due and owing by Lessee under the Operative Documents.

ARTICLE X
OWNERSHIP AND GRANT OF SECURITY INTEREST

Section 10.1. Grant of Security Interest. Title to the Acquired Property shall remain in Lessor as security for the obligations of Lessee hereunder and under the other Operative Documents and under the Related Operative Documents to which it is a party until Lessee has fulfilled all of its obligations hereunder and thereunder. Lessee hereby assigns, hypothecates, transfers and pledges to Lessor, and grants to Lessor a security interest in each Unit and in each Sublease covering any Unit that may be entered into from time to time in accordance with the provisions of this Lease, and Lessee hereby grants to Lessor a continuing security interest in all of the other Lessee Collateral, to secure the payment of all sums due hereunder and under the other Operative Documents

and under the Related Operative Documents to which it is a party and the performance of all other obligations hereunder and under the other Operative Documents and under the Related Operative Documents to which it is a party.

Section 10.2. Retention of Proceeds. If Lessee would be entitled to any amount (including any Casualty Recoveries) held by Lessor or Agent or title to any Unit hereunder but for the existence of any Lease Event of Default, Agent shall hold such amount or Unit as part of the Lessee Collateral and shall be entitled to apply such amounts against any amounts due hereunder; provided, that Agent shall distribute such amount or transfer such Unit, to the extent not theretofore applied, in accordance with the other terms of this Lease if and when no Lease Event of Default exists.

ARTICLE XI
MISCELLANEOUS

Section 11.1. Effect of Waiver. No delay or omission to exercise any right, power or remedy accruing to Lessor upon any breach or default of Lessee hereunder shall impair any such right, power or remedy nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein or of or in any similar breach or default thereafter occurring, nor shall any single or partial exercise of any right, power or remedy preclude other or further exercise thereof, or the exercise of any other right, power or remedy, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of Lessor of any breach or default under this Lease must be specifically set forth in writing and must satisfy the requirements set forth in Section 11.5 with respect to approval by Lessor.

Section 11.2. Survival of Covenants. All representations, warranties and covenants of the parties hereto under Article IV, Article V, Article IX and Article X shall survive the expiration or termination of this Lease to the extent arising prior to any such expiration or termination.

Section 11.3. Applicable Laws and Regulations. THIS LEASE SHALL BE GOVERNED BY AND CONSTRUED UNDER
the LAWS OF THE STATE OF NEW YORK.

Section 11.4. Notices. Unless otherwise specified herein, all notices, requests, demands or other communications to or upon the respective parties hereto shall be in writing and shall be delivered and shall be deemed to have been given in accordance with Section 9.3 of the Participation Agreement.

Section 11.5. Amendment; Complete Agreements. Neither this Lease nor any of the terms hereof may be terminated, amended, supplemented, waived or modified orally, but only by an instrument in writing signed by the party against which the enforcement of the termination, amendment, supplement, waiver or modification shall be sought. This Lease, together with the other Operative Documents, is intended by the parties as a final expression of their agreement and as a complete and exclusive statement of the terms thereof, all negotiations, considerations and representations between the parties having been incorporated herein and therein. No course of prior dealings between the parties or their officers, employees, agents or Affiliates shall be relevant or admissible to supplement, explain, or vary any of the terms of this Lease or any other Operative Document. Acceptance of, or acquiescence in, a course of performance rendered under this or any prior agreement between the parties or their Affiliates shall not be relevant or admissible to determine the meaning of any of the terms of this Lease or any other Operative Document. No representations, undertakings or agreements have been made or relied upon in the making of this Lease other than those specifically set forth in the Operative Documents.

Section 11.6. Counterparts. This Lease has been executed in several numbered counterparts. Only the counterpart designated as counterpart "No. 1" shall be deemed to be an original or to be chattel paper for purposes of the Uniform Commercial Code, and such copy shall be held by Agent.

Section 11.7. Severability. Whenever possible, each provision of this Lease shall be interpreted in such a manner as to be effective and valid under Applicable Laws and Regulations; but if any provision of this Lease shall be prohibited by or invalid under Applicable Laws and Regulations, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Lease.

Section 11.8. Successors and Assigns. This Lease shall be binding upon the parties hereto and their respective successors and assigns and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

Section 11.9. Captions; Table of Contents. Section captions and the table of contents used in this Lease (including the Schedules, Exhibits and Annexes hereto) are for convenience of reference only and shall not affect the construction of this Lease.

Section 11.10. Schedules and Exhibits. The Schedules, Annexes and Exhibits hereto, along with all attachments referenced in any of such items, are incorporated herein by reference and made a part hereof.

Section 11.11. Liability of Lessor Limited. The parties hereto agree that First Security Bank, National Association, in its individual capacity ("First Security"), shall have no personal liability whatsoever to Lessee or its respective successors and assigns for any Claim based on or in respect of this Lease or any of the other Operative Documents or arising in any way from the transactions contemplated hereby or thereby; provided, however, that First Security shall be liable in its individual capacity (a) for its own willful misconduct or gross negligence (or negligence in the handling of funds), (b) for liabilities that may result from the incorrectness of any representation or warranty expressly made by it in its individual capacity in Section 4.3 of the Participation Agreement or from the failure of First Security to perform its covenants and agreements set forth in Section 6.2 of the Participation Agreement, or (c) for any Tax based on or measured by any fees, commission or compensation received by it for acting as Lessor as contemplated by the Operative Documents. It is understood and agreed that, except as provided in the preceding proviso: (i) First Security shall have no personal liability under any of the Operative Documents as a result of acting pursuant to and consistent with any of the Operative Documents; (ii) all obligations of Lessor to Lessee are solely nonrecourse obligations except to the extent that it has received payment from others; (iii) all such personal liability of First Security is expressly waived and released as a condition of, and as consideration for, the execution and delivery of the Operative Documents by First Security and (iv) this Lease is executed and delivered by First Security solely as Certificate Trustee in the exercise of the powers expressly conferred upon it as Lessor under the Trust Agreement.

Section 11.12. Successor Lessor. Lessee agrees that, in the case of the appointment of any successor Certificate Trustee pursuant to the Trust Agreement and the other Operative Documents, such successor shall, upon written notice by such successor to Lessee, succeed to all the rights, powers and title of Lessor hereunder and shall be deemed to be Lessor for all purposes hereof and without in any way altering the terms of this Lease or Lessee's obligations hereunder.

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

FERRELLGAS, LP, as Lessee

By: Ferrellgas, Inc., its General Partner

By:_____
Name:
Title:

FIRST SECURITY BANK, NATIONAL ASSOCIATION, not in its individual capacity but solely as Certificate Trustee, as Lessor

By:
Name:
Title:

SCHEDULE I
DESCRIPTION OF UNITS

SCHEDULE II
AMORTIZATION OF CLASS A NOTES

PARTICIPATION AGREEMENT

(Thermogas Trust No. 1999-A)

Dated as of December 15, 1999

Among

THERMOGAS L.L.C.,
as Lessee,

THE WILLIAMS COMPANIES, INC.,
as Lessee Guarantor

FIRST SECURITY BANK, NATIONAL ASSOCIATION,
not in its individual capacity except as expressly
stated herein, but solely as Certificate Trustee

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

THE PERSONS NAMED ON SCHEDULE I-A,
as Certificate Purchasers

THE PERSONS NAMED ON SCHEDULE I-B,
as Lenders

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PARTICIPATION AGREEMENT

THIS PARTICIPATION AGREEMENT (Thermogas Trust No. 1999-A), dated as of December 15, 1999 (this "Agreement"), is among THERMOGAS L.L.C., a Delaware corporation, as Lessee; THE WILLIAMS COMPANIES, INC., a Delaware limited liability company, as Lessee Guarantor; FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity except as expressly stated herein, but solely as Certificate Trustee; FIRST SECURITY TRUST COMPANY OF NEVADA, not in its individual capacity except as expressly stated herein, but solely as Agent; the Persons named on Schedule I-A hereto (together with their respective permitted successors, assigns and transferees), as Certificate Purchasers; and the Persons listed on Schedule I-B hereto (together with their respective permitted successors, assigns and transferees), as Lenders.

PRELIMINARY STATEMENT

A. Lessee is the owner of the Units and the other Lessee Collateral (collectively the "Acquired Property") and desires to enter into the Overall Transaction for the purpose of financing of the Acquired Property.

B. The Trust under the Trust Agreement has been created for the purpose of providing financing for the acquisition of the Acquired Property and to hold title to the Acquired Property to secure Lessee's performance under the Operative Documents.

C. Subject to the terms and conditions of this Agreement and the other Operative Documents, on the Delivery Date, among other things:

(i) Lessor will purchase from Lessee, and Lessee will transfer to Lessor, the Units described on Schedule III hereto (together with any Units that may be hereafter substituted for any thereof pursuant to Section 5.7 or Section 6.1 of the Lease and subjected to the Lease from time to time, being referred to collectively as the "Units" and individually as a "Unit") and the other Acquired Property; and

(ii) Lessor will lease such Acquired Property to Lessee and Lessee will lease such Acquired Property from Lessor, pursuant to the terms of the Lease.

D. Subject to the terms and conditions of this Agreement and the other Operative Documents, the Participants are willing to advance funds for the financing of the Acquired Property and to pay certain Transaction Costs as contemplated herein.

E. To secure their respective Certificate Amounts and Loans, Agent, on behalf of the Participants, will have the benefit of a Lien on the Units and the Lessee Collateral and the Certificate Trustee's interest in the Lease and the other Lessor Collateral.

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

ARTICLE I

DEFINITIONS

Unless the context shall otherwise require, capitalized terms used and not defined herein shall have the meanings assigned thereto in Appendix 1 hereto for all purposes hereof; and the rules of interpretation set forth in Appendix 1 hereto shall apply to this Agreement.

ARTICLE II

ACQUISITION AND LEASE; GENERAL PROVISIONS

Section 2.1. Funding.

(a) Amount of Funding. Subject to the terms and conditions of this Agreement and in reliance on the representations and warranties of each of the parties hereto contained herein or made pursuant hereto, upon receipt of the Delivery Date Notice, on the Delivery Date each Certificate Purchaser shall acquire its interest in the Trust Estate and each Lender will assist in funding Certificate Trustee's purchase of the Acquired Property, in each case by making available to Certificate Trustee by wire transfer in accordance with the instructions set forth in the Delivery Date Notice an amount in immediately available funds on the Delivery Date equal to such Participant's Commitment.

(b) Notes and Certificates. Each Lender's Loan shall be evidenced by a separate Class A or Class B Note or Notes issued to such Lender and repayable in accordance with, and with Interest accruing pursuant to, the terms of the Loan Agreement. The amounts made available by each Certificate Purchaser shall be evidenced by a separate Certificate issued by Certificate Trustee to each Certificate Purchaser. Each Certificate shall accrue Yield at the Yield Rate on the Certificate Amount thereof, payable as more fully set forth in the Trust Agreement.

Section 2.2. Application of Funds; Acquisition and Lease of Units. On the Delivery Date, upon (a) receipt by Agent of all amounts to be paid by the Participants pursuant to Section 2.1, and (b) satisfaction or waiver of each of the conditions set forth in Article III, (i) Certificate Trustee shall acquire record title to the Acquired Property, as specified in the Delivery Date Notice, (ii) in consideration therefor, Agent, on behalf of Certificate Trustee, shall pay, from the funds made available by the Participants pursuant to Section 2.1, an amount equal to the aggregate Purchase Price of the Acquired Property in immediately available funds remitted by wire transfer to the account specified by Lessee in the Delivery Date Notice, and (iii) Certificate Trustee shall lease to Lessee the Acquired Property, and Lessee shall accept delivery of and lease from Certificate Trustee such Acquired Property, pursuant to the Lease.

Section 2.3. Time and Place of Delivery Date. The Delivery Date shall take place on the Delivery Date set forth in the Delivery Date Notice, commencing at 10:00 a.m., Chicago time, at the offices of Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603, subject to the following:

(i) the Funding and Delivery Date shall occur on a Business Day on or after the date hereof and not later than December 30, 1999, it being understood that there may be a Funding without the consummation of the transactions to occur on the Delivery Date if Lessee has postponed the Delivery Date pursuant to Section 2.4, so long as the Delivery Date occurs not later than December 30, 1999; and

(ii) in no event shall the aggregate amount advanced by the Participants exceed the total Commitments of all Participants, nor shall the aggregate amount advanced by any Participant exceed such Participant's Commitment.

Section 2.4. Postponement of Delivery Date. In the event that the Participants shall make the Funding requested pursuant to the Delivery Date Notice and the transactions contemplated to occur on the Delivery Date shall not have been consummated on the date specified in such Delivery Date Notice, Lessee shall pay to Agent, for the benefit of (a) the Certificate Purchasers, yield on the amount funded by each Certificate Purchaser at the Yield Rate, and (b) the Lenders, interest on the amount funded by each Lender at the Interest Rate, in each case less any interest or other amounts earned by Agent investing such funded amounts, which interest shall be for the ratable benefit of the Participants; provided that this provision shall not be construed to require Agent to invest such funds in interest-bearing accounts. Such interest shall be due and payable by Lessee upon the consummation of the Delivery Date and such payment shall be an additional condition precedent to such Delivery Date; provided, however, that no additional Delivery Date Notice shall be required to be given if such Delivery Date is postponed and thereafter consummated; and provided, further, that if such Delivery Date shall not have occurred by the first to occur of (a) the second (2nd) Business Day following the Funding in respect thereof and (b) December 30, 1999, then all such interest shall be due and payable on such date, and Agent shall refund to each Participant all amounts funded by such Participant, plus any amounts due pursuant to Section 7.7 (which Lessee shall pay to Agent for the benefit of the Participants). Upon a Participant funding the amount of its Commitment, the Commitment of such Participant shall terminate.

Section 2.5. Participants' Instructions to Certificate Trustee and Payments to Participants. (a) Each Participant agrees that the making of its monies available pursuant to Section 2.1 shall constitute, without further act, authorization and direction by such Participant to Certificate Trustee to take the actions specified in Section 1.1 of the Trust Agreement.

(b) The parties to this Participation Agreement hereby agree that any payment required to be made to the Participants by Certificate Trustee pursuant to any Operative Document may be made directly to the Participants by Lessee, or to Agent pursuant to the Loan Agreement for the benefit of the Participants, in lieu of the corresponding payment required to be made by Lessee to Certificate Trustee pursuant to any Operative Document. Such payment by Lessee to the Participants or to Agent pursuant to the Loan Agreement for the benefit of the Participants, shall be deemed to constitute: (i) the required payment from Lessee to Certificate Trustee, and (ii) the corresponding payment by Certificate Trustee to the Participants.

Section 2.6. Nature of Transaction. It is the intention of the parties that:

(a) the Overall Transaction constitutes an operating lease from Lessor to Lessee for purposes of Lessee's financial reporting;

(b) for all other purposes including federal, state and local income tax, property tax, transfer tax, bankruptcy (including the substantive law upon which bankruptcy proceedings are based), regulatory and real estate, commercial law and UCC purposes:

(i) the Overall Transaction constitutes a financing by the Participants to Lessee, the Overall Transaction preserves beneficial ownership in the Units in Lessee, and the obligations of Lessee to pay Basic Rent shall be treated as payments of interest, yield and/or principal to the Participants, and the payment by Lessee of any amounts in respect of the Lease Balance shall be treated as payments of principal to the Participants;

(ii) Lessor is the owner of record and holds title in the Acquired Property as security for Lessee's obligations under the Operative Documents, and the Lease grants a security interest or a lien, as the case may be, in the Units and the other Lessee Collateral in favor of the Lessor, and for the benefit of the Participants; and

(iii) the Assignment of Lease and Rent creates Liens and security interests in the Lessor Collateral for the benefit of all of the Participants.

Nevertheless, Lessee acknowledges and agrees that none of Certificate Trustee, Agent, Arranger, or any Participant has made any representations or warranties concerning the tax, accounting or legal characteristics of the Operative Documents or any aspect of the Overall Transaction and that Lessee has obtained and relied upon such tax, accounting and legal advice concerning the Operative Documents and the Overall Transaction as it deems appropriate.

Section 2.7. Amounts Due. Anything else herein or elsewhere to the contrary notwithstanding, it is the intention of Lessee, Certificate Trustee and Participants that: (i) the amount and timing of installments of Basic Rent due and payable from time to time from Lessee under the Lease shall be equal to the aggregate payments due and payable in respect of principal amortization of the Notes, if any, Interest accrued on the Notes and Yield accrued on the Certificates on each Payment Date; (ii) if Lessee elects the Early Termination Option or the Purchase Option or becomes obligated to purchase the Units under the Lease, the principal of the Notes, the Certificate Amounts, all Interest and Yield thereon, all Fees and Transaction Costs and all other obligations of Lessee owing to the Participants, Agent and Certificate Trustee shall be paid in full by Lessee in accordance with Article IX of the Lease; (iii) if Lessee properly elects the Sale Option and remarkets the Units in accordance with Article IX of the Lease, Lessee shall only be required to pay the Proceeds of the sale of the Units and, if the Proceeds are less than the Lease Balance, the amount of such difference but not more than the Applicable Percentage Amount, all in accordance with Article IX of the Lease, and any amounts due pursuant to Section 7.3 hereof and Section 9.4 of the Lease (which aggregate amounts may be less than the Lease Balance) together with all other Supplemental Rent then due and payable; and (iv) upon the occurrence and continuance of a Lease Event of Default resulting in an acceleration of Lessee's obligation to purchase the Units under the Lease, the amounts then due and payable by Lessee under the Lease shall include all amounts necessary to pay in full the outstanding principal under the Notes, the Certificate Amounts and all accrued Interest and Yield thereon, plus all other amounts then payable by Lessee to Participants, Agent and Certificate Trustee under the Operative Documents.

Section 2.8. Computations. For all purposes under the Operative Documents, all computations of Interest, Yield and other accrued amounts (including, without limitation, the Overdue Rate) shall be made on the basis of a 360-day year and the actual days elapsed, unless otherwise specifically provided herein.

Section 2.9. Determination of Interest Rate and Yield Rate. (a) The amount of principal outstanding on the Notes shall accrue Interest at the rate per annum equal to the Interest Rate applicable to the Class of such Note. The amount of Certificate Amounts outstanding from time to time shall accrue Yield at the rate per annum equal to the Yield Rate. Agent shall as soon as practicable, but in no event later than 11:00 a.m., New York time, two (2) Business Days prior to the effectiveness of each LIBO Rate, notify Certificate Trustee, Lessee and the Participants of such LIBO Rate and the corresponding Interest Rates and Yield, as applicable, but failure to so notify shall not affect the obligations of the parties hereunder or under the other Operative Documents. Accrued Interest and Yield shall be due and payable by Lessee as Basic Rent on each applicable Payment Date and on the Lease Expiration Date. If all or any portion of the principal under the Notes, the Certificate Amounts, any accrued Interest or Yield payable thereon or any other amount payable hereunder shall not be paid when due (whether at stated maturity, acceleration or otherwise), such overdue amount shall bear interest at a rate per annum which is equal to the Overdue Rate and shall be payable from time to time on demand as Supplemental Rent. If at any time the rate on which Interest or Yield accrues cannot be determined by reference to a LIBO Rate, or if such rate becomes unavailable or illegal, then the rate on which Interest or Yield accrues shall be determined as provided at Section 7.6.

(b) During such time as the LIBO Rate applies to any of the Notes or Certificates, Interest in respect of such Notes and Yield in respect of such Certificates shall be calculated on the basis of a 360-day year and the actual days elapsed. During such time as the Alternate Base Rate determined by reference to the Reference Rate applies to any of the Notes or Certificates, Interest in respect of such Notes and Yield in respect of such Certificates shall be calculated on the basis of a 365 (or 366, as applicable) day year and the actual days elapsed. During such time as the Alternate Base Rate determined by reference to the Federal Funds Effective Rate applies to any of the Notes or Certificates, Interest in respect of such Notes and Yield in respect of such Certificates shall be calculated on the basis of a 360-day year and the actual days elapsed.

(c) Each determination of an Interest Rate pursuant to any provision of this Agreement and the determination of the corresponding Yield shall be conclusive and binding on Certificate Trustee, Lessee and the Participants in the absence of manifest error.

Section 2.10. Obligations Several. The obligations of the Participants hereunder or elsewhere in the Operative Documents shall be several and not joint; and no Participant shall be liable or responsible for the acts or defaults of any other party hereunder or under any other Operative Document.

Section 2.11. Fees. Lessee shall pay any and all fees described in the succeeding provisions of this Section 2.11 (collectively, "Fees"):

(a) The Fees specified in the Arranger's Fee Letter, in the amounts and on the dates set forth therein;

(b) The Fees of the Bank, for its own account, specified in the Trustee Fee Letter and the Fees of the Agent, for its own account, specified in the Agent Fee Letter, in each case in the amounts and on the dates set forth therein; and

(c) An upfront fee to each Participant as specified in the Arranger's Fee Letter, such upfront fee to be payable on the date it acquires its interest in the Notes and/or Certificates.

Section 2.12. Extension of Lease Expiration Date and Final Maturity Date. (a) Lessee may request in writing (the "Extension Option Request") to the Agent, Certificate Trustee and each of the Participants that each of the Participants agrees that Lessee be granted the right (the "Extension Option") pursuant to the Lease to extend the Lease Term (the "Lease Extension") for up to two (2) additional one-year periods commencing on the last day of the then current Lease Term, as applicable (each, a "Lease Renewal Term") and that the Final Maturity Date be correspondingly extended to the extended Lease Expiration Date; provided that the lessee under the Other Lease shall have concurrently requested a similar extension of the term of the Other Lease. Such Extension Option Request must be delivered in writing to Certificate Trustee and Agent not later than 270 days nor more than 360 days prior to the expiration of the Lease Term. Agent and Certificate Trustee shall promptly forward such notice to the Certificate Purchasers and the Lenders, respectively. Each Participant will notify the Certificate Trustee in writing of whether or not it has consented to such Extension Option Request not later than 45 days after receipt of the Extension Option Request (the "Extension Option Response Date"). Any Participant who does not so notify Certificate Trustee by the Extension Option Response Date will be deemed to be, and any Participant that has notified the Certificate Trustee that it has not consented to an Extension Option Request will be, a Non-Consenting Participant. Each Participant's determination with respect to an Extension Option Request shall be a new credit determination and within such Participant's sole and absolute discretion and may be conditioned upon such terms and conditions as deemed appropriate by the consenting Participants, including the modification of the Applicable Percentage Amount, receipt of such financial information, documentation or other information or conditions as may be reasonably requested by such Participant, the receipt of an appraisal of the Units (in form and substance satisfactory to the Participants) opining that the Appraised Value of the Units on an in-place, in-service basis at the end of the first or second Lease Renewal Term, as applicable, is reasonably expected to be at least 95.50% of the aggregate Purchase Price (with respect to the first Lease Renewal Term) and at least 94.50% (with respect to the second Lease Renewal Term).

The Extension Option shall become effective as of the first date (the "Extension Effective Date") on or after the Extension Option Response Date on which all of the Participants (other than Non-Consenting Participants who have been replaced by Replacement Participants in accordance with Section 2.12(b)) and Replacement Participants shall have consented to such Lease Extension;

provided that on both the date of the Extension Option Request and the Extension Effective Date: (w) each of the representations and warranties made by the Certificate Trustee and Lessee in or pursuant to the Operative Documents shall be true and correct as if made on and as of each such date (except to the extent any such representation or warranty specifically relates to an earlier date), (x) Lessee shall not have elected the Purchase Option or Sale Option, (y) no Lease Default

or Lease Event of Default shall have occurred and be continuing, and (z) on each of such dates, the Certificate Trustee shall have received a certificate of Lessee as to the matters set forth in clauses (x) and (y) above; and

provided further that in no event shall the Extension Effective Date occur unless (x) each of the Participants (other than Non-Consenting Participants who have been replaced in accordance with Section 2.12(b)) and the Replacement Participants shall have consented to the Extension Option Request on or before the expiration of the Lease Term, and (y) each of the participants under the Other Transaction shall have consented to the corresponding extension option request on or before the expiration of the term of the Other Lease.

(b) At any time after the Extension Option Response Date, Lessee shall be permitted to replace any Non-Consenting Participant with a replacement bank or other financial institution (a "Replacement Participant"), and such Non-Consenting Participant shall sell (without recourse) to the Replacement Participant all Notes and/or Certificates of such Non-Consenting Participant for an amount equal to the aggregate outstanding principal amount of such Notes and/or Certificates plus accrued Interest and Yield thereon to (but not including) the date of sale, provided that: (i) such replacement does not conflict with any Applicable Laws and Regulations, (ii) the Lessee shall pay to such Non-Consenting Participant any amounts arising under Section 7.7 if any Notes and/or Certificates of such Non-Consenting Participant shall be purchased other than on the last day of the Payment Period relating thereto, (iii) such replacement shall be made in accordance with the provisions of Section 6.3 (provided that the relevant Replacement Participant or Lessee shall be obligated to pay the transaction costs arising in connection therewith), (iv) the Replacement Participant shall have agreed to be subject to all of the terms and conditions of the Operative Documents, and (v) such replacement must be consummated no later than thirty (30) days prior to the expiration of the Lease Term. A Non-Consenting Participant's rights under the indemnification provisions of the Operative Documents shall survive any sale of its Notes and/or Certificates to a Replacement Participant.

ARTICLE III

CONDITIONS TO DELIVERY DATE

Section 3.1. Conditions to Delivery Date. The obligation of each Participant to perform its obligations on the Delivery Date shall be subject to the fulfillment to the reasonable satisfaction of, or the waiver by, such Participant of the conditions precedent set forth in this Section 3.1 on or prior to the Delivery Date (except that the obligation of any party hereto shall not be subject to such party's own performance or compliance):

(a) Delivery Date Notice. Lessee shall have delivered to Agent, Certificate Trustee and each Participant, not later than three (3) Business Days prior to the proposed Delivery Date, an irrevocable notice substantially in the form of Exhibit B (a "Delivery Date Notice"), setting forth (i) the proposed Delivery Date, (ii) a description (including, if available, model, make and identification number) of each Unit to be purchased on the Delivery Date, (iii) the aggregate Purchase Price of such Units, (iv) the respective Purchase Price of each Unit and (v) wire transfer instructions for the disbursement of funds.

(b) Authorization, Execution and Delivery of Documents; No Default. This Agreement, the Lease, the Assignment of Lease and Rent, the Trust Agreement, the Certificates, the Loan Agreement and the Notes shall have been duly authorized, executed and delivered by each of the other parties thereto, shall (to the extent the form and substance thereof shall not be prescribed hereby) be in form and substance satisfactory to each Participant and an executed counterpart of each thereof (except for the Certificates and the Notes, originals of which shall only be delivered to the applicable Participant, and the original counterpart of the Lease, which shall be delivered to the Agent) shall have been received by each of the Participants, Agent and Certificate Trustee. Each Participant shall have received an original, duly executed Note and/or Certificate, as applicable, registered in such Participant's name. Each of the documents referred to above shall be in full force and effect as to all other parties and no Lease Default or Lease Event of Default shall have occurred or be continuing.

(c) Litigation. No action or proceeding shall have been instituted or threatened nor shall any governmental action be instituted or threatened before any Governmental Authority, nor shall any order, judgment or decree have been issued or proposed to be issued by any Governmental Authority, to set aside, restrain, enjoin or prevent the performance of this Agreement or any transaction contemplated hereby or by any other Operative Document or which is reasonably likely, in the reasonable opinion of each Participant, to have a Material Adverse Effect.

(d) Legality, etc. In the opinion of each Participant or its

counsel, the transactions contemplated by the Operative Documents shall not violate any Applicable Laws and Regulations and no change shall have occurred or been proposed in Applicable Laws and Regulations that would make it uneconomic or illegal for any party to any Operative Document to participate in any of the transactions contemplated by the Operative Documents or otherwise would prohibit the consummation of any transaction contemplated by the Operative Documents or expand the duties, obligations and risks of such Participant.

(e) Approvals. (x) All approvals and consents required or advisable to be taken, given or obtained, as the case may be, by or from any trustee or holder of any Indebtedness or obligation of Lessee, that are necessary at such time for the execution, delivery and performance of the Operative Documents shall have been taken, given or obtained as the case may be, shall be in full force and effect and the time for appeal with respect to any thereof shall have expired (or, if an appeal shall have been taken, the same shall have been dismissed) and shall not be subject to any pending proceedings or appeals (administrative, judicial or otherwise).

(y) All approvals, consents, exemptions, authorizations, or other actions by, or notices to, or filing with, any Governmental Authority necessary or required in connection with (a) the execution, delivery or performance by, or enforcement against, the Lessee Guarantor or Lessee of this Agreement or any other Operative Document, or (b) the continued operation of Lessee's business as contemplated to be conducted after the date hereof by the Operative Documents shall have been obtained on or before the Delivery Date, except in the case of such approvals, consents, exemptions, authorizations or other actions, notices or filings (i) as have been obtained, (ii) as may be required under state securities or Blue Sky laws, (iii) as are of a routine or administrative nature and are either (A) not customarily obtained or made prior to the consummation of transactions such as the transactions described in clauses (a) or (b) or (B) expected in the judgment of Lessee to be obtained in the ordinary course of business subsequent to the consummation of the transactions described in clauses (a) or (b), or (iv) that, if not obtained, could not reasonably be expected to have a Material Adverse Effect.

(f) Requirements of Law. In the reasonable opinion of Certificate Trustee, Agent and the Participants and their respective counsel, the Overall Transaction does not and will not violate any Applicable Laws and Regulations and does not and will not subject Certificate Trustee, Agent or any Participant to any adverse regulatory prohibitions or constraints.

(g) Corporate Status and Proceedings. On or prior to the Delivery Date, each of the Participants, Agent and Certificate Trustee shall have received:

(i) certificates of existence and good standing with respect to Lessee and the Lessee Guarantor from the Secretary of State of the state of its organization dated no earlier than the 30th day prior to the Delivery Date;

(ii) copies of Lessee's Certificate of Incorporation, certified by the Secretary of State of the state of its organization dated no earlier than the 30th day prior to the Delivery Date;

(iii) certificates of the Secretary or Assistant Secretary of the Lessee and of Lessee Guarantor, in form and substance satisfactory to Agent and the Participants, and attaching and certifying as to (A) the director's resolutions in respect of the execution, delivery and performance by Lessee and Lessee Guarantor of each Operative Document to which it is or will be a party, (B) Lessee and Lessee Guarantor's certificate of incorporation and bylaws and (C) the incumbency and signatures of persons authorized to execute and deliver documents on behalf of Lessee and Lessee Guarantor; and

(iv) Officer's Certificates of Lessee and Lessee Guarantor substantially in the form of Exhibits L-1 and L-2, respectively.

(h) Certificate Trustee Officer's Certificate. Each Participant and Agent shall have received (x) a certificate of the Secretary or Assistant Secretary of Certificate Trustee attaching and certifying as to: (i) the corporate authority for the execution, delivery and performance by Certificate Trustee of each Operative Document to which it is or will be a party, (ii) its organizational documents, (iii) its by-laws, (iv) the incumbency and signature of persons authorized to execute and deliver such documents on behalf of Certificate Trustee and (y) a good standing certificate from the appropriate Governmental Authority as to Certificate Trustee's good standing.

(i) Equipment List. Lessee shall have delivered to Agent the initial Equipment Lists for each State in which the Units are located, setting forth the description of the Units, the serial numbers thereof (if available), Lessee's internal unit numbers thereof, Lessee's District for administration thereof and either Lessee's customer mailing and/or street address or the address of Lessee's storage location, as applicable, as of the Delivery Date.

(j) Performance. Lessee shall have performed and complied with all agreements and conditions contained herein and in any other Operative Document to which Lessee is a party required to be performed or complied with by Lessee, on or prior to the Delivery Date.

(k) Representations and Warranties True; Absence of Defaults Each representation and warranty of Lessee made as of the Delivery Date contained herein or in any other Operative Document shall be true and correct in all material respects as though made on and as of the Delivery Date, except that any such representation or warranty which is expressly made only as of an earlier date need be true only as of such date. No Lease Event of Default or Lease Default or default under any other Operative Document shall have occurred and be continuing.

(l) Appraisal. At least five (5) Business Days prior to the Delivery Date, Certificate Trustee, Agent and each Participant shall have received an Appraisal from the Appraiser to their satisfaction opining (by use of appraisal methods satisfactory to the Participants):

(i) that the Appraised Value of the Units on the Delivery Date is at least equal to the aggregate Purchase Price;

(ii) that the Appraised Value of the Units at the end of the Lease Term (exclusive of any Lease Renewal Terms) is reasonably expected to be at least 96.50% of the aggregate Purchase Price;

(iii) that the remaining economic useful life of each Unit is not less than eight (8) years; and

(iv) that the value set forth in clause (ii) above was determined on an in-place, in-service basis.

(m) Bill of Sale. Lessee shall have executed and delivered to Lessor a bill of sale (a "Bill of Sale") with respect to the Acquired Property to be sold by it to Lessor on the Delivery Date in the form of Exhibit I hereto.

(n) Acceptance Certificate. Lessee shall inspect to its satisfaction and accept the Acquired Property by delivering to Certificate Trustee, Agent and the Participants an acceptance certificate (the "Acceptance Certificate") in the form of Exhibit E hereto whereupon (i) subject to the payment of the Purchase Price for the Acquired Property, the Acquired Property shall immediately become subject to and be governed by all the provisions of the Lease and (ii) Lessee shall be deemed by delivering the Acceptance Certificate to have reaffirmed each of its representations and warranties set forth in Section 4.1 hereof.

(o) Lien Searches; Filings and Recordings. At least five (5) Business Days prior to the Delivery Date, Agent and the Participants shall have received lien search results against Lessee in each State where the Units are located. On the Delivery Date, all filings or recordings enumerated and described in Schedule 3.1(o) hereof, as well as all other filings and recordings necessary or advisable in the opinion of counsel to the Participants, to perfect the rights, title and interest of Certificate Trustee, the Participants and the Agent intended to be created by the Operative Documents shall have been made in the appropriate places or offices.

(p) Transaction Costs; Fees. On or prior to the Delivery Date, Lessee shall have paid any Transaction Costs invoiced and not previously paid and any Fees required to be paid on the Delivery Date pursuant to Section 2.11.

(q) Opinions of Counsel. On the Delivery Date, Certificate Trustee, Agent and the Participants shall have received opinions of William von Glomm, internal counsel to Lessee, and Ray, Quinney & Nebeker, special counsel to the Certificate Trustee and to Agent, dated the Delivery Date and substantially in the forms of Exhibits H-1, H-2 and H-3 respectively, with respect to the Overall Transaction.

(r) Payment of Taxes. All Taxes due and payable on or prior to the Delivery Date in connection with the execution, delivery, recording or filing of any of the Operative Documents, in connection with the filing of any of the financing statements and any other

documents, in connection with the consummation of any other transactions contemplated hereby or by any of the other Operative Documents, shall have been paid in full by Lessee.

(s) Insurance. On or prior to the Delivery Date, Agent, Certificate Trustee and each Participant shall have received a current certificate of insurance, and the insurance complying with Section 6.2 of the Lease shall be in full force and effect, and there shall be no past due premiums in respect of any such insurance.

(t) Absence of Material Adverse Effect. Since July 31, 1999, no Material Adverse Effect shall have occurred.

(u) No Casualty; No Liens. No Casualty shall have occurred with respect to any Unit being delivered on the Delivery Date. The Units shall be free and clear of all Liens other than Permitted Liens.

(v) Syndication Agreement. Lessee and Arranger shall have entered into a syndication agreement in form and substance reasonably satisfactory to them (the "Syndication Agreement") with respect to the Notes and the Certificates.

(w) Credit Agreement Amendment. Ferrellgas, the General Partner, the Credit Agreement Banks and the other parties to the Credit Agreement shall have entered into the Third Amendment to Second Amended and Restated Credit Agreement.

(x) Acquisition. The Thermogas Acquisition shall have been consummated.

(y) Proceedings Satisfactory, Etc. All proceedings taken in connection with the Delivery Date and all documents relating thereto shall be reasonably satisfactory to Agent, Certificate Trustee, each Participant and their respective counsel, and each such Person shall have received copies of such documents as they may reasonably request in connection therewith, all in form and substance reasonably satisfactory to each such Person.

Section 3.2. Condition Subsequent. It shall be condition subsequent to the obligation of each Participant to perform its obligations on the Delivery Date that immediately upon the occurrence of the Delivery Date and the consummation of the Thermogas Acquisition, Ferrellgas, LP shall have assumed all obligations of Lessee under this Agreement and the other Operative Documents pursuant to the Assumption Agreement.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1. Representations and Warranties of Lessee. As of the Effective Date, Lessee makes the representations and warranties set forth in this Section 4.1 to each of the other parties hereto:

(a) Corporate or Partnership Existence and Power. The General Partner, the MLP, Lessee and each of its Subsidiaries:

(i) is a corporation or partnership duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

(ii) has the power and authority and all governmental licenses, authorizations, consents and approvals to own its assets, carry on its business as now being or as proposed to be conducted and to execute, deliver, and perform its obligations under the Operative Documents;

(iii) is duly qualified as a foreign corporation or partnership and is licensed and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification or license or where the failure so to qualify would have a Material Adverse Effect; and

(iv) is in compliance with all material Requirements of Law.

(b) Corporate or Partnership Authorization; No Contravention. The execution, delivery and performance by Lessee and the General Partner of this Agreement and each other Operative Document to which the General Partner or Lessee is party, have been duly authorized by all necessary partnership action on behalf of Lessee and all necessary corporate action on behalf of the General Partner, and do not and will not:

(i) contravene the terms of any of the General

Partner's or Lessee's Organization Documents;

(ii) conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any Contractual Obligation to which the General Partner or Lessee is a party or any order, injunction, writ or decree of any Governmental Authority to which such Person or its property is subject where such conflict, breach, contravention or Lien could reasonably be expected to have a Material Adverse Effect; or

(iii) violate any material Requirement of Law.

(c) Governmental Authorization. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority is necessary or required in connection with (a) the execution, delivery or performance by, or enforcement against, the General Partner or Lessee of this Agreement or any other Operative Document, or (b) the continued operation of Lessee's business as contemplated to be conducted after the date hereof by the Operative Documents, except in each case such approvals, consents, exemptions, authorizations or other actions, notices or filings (i) as have been obtained, (ii) as may be required under state securities or Blue Sky laws, (iii) as are of a routine or administrative nature and are either (A) not customarily obtained or made prior to the consummation of transactions such as the transactions described in clauses (a) or (b) or (B) expected in the judgment of Lessee to be obtained in the ordinary course of business subsequent to the consummation of the transactions described in clauses (a) or (b), or (iv) that, if not obtained, could not reasonably be expected to have a Material Adverse Effect.

(d) Binding Effect. This Agreement and each other Operative Document to which the General Partner or Lessee is a party constitute the legal, valid and binding obligations of such Person, enforceable against such Person in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

(e) Litigation. There are no actions, suits, proceedings, claims or disputes pending, or to the best knowledge of Lessee, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against the General Partner, the MLP, Lessee or any of its Subsidiaries or any of their respective properties which:

(i) purport to affect or pertain to this Agreement or any other Operative Document or any of the transactions contemplated hereby or thereby; or

(ii) if determined adversely to Lessee or its Subsidiaries, would reasonably be expected to have a Material Adverse Effect. No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Operative Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

(f) No Default. No Lease Default or Lease Event of Default exists or would result from Lessee entering into the Overall Transaction or the incurring, continuing or converting of any Obligations by Lessee. As of the Delivery Date, neither Lessee nor any Affiliate of Lessee is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect, or that would, if such default had occurred after the Delivery Date, create a Lease Event of Default under Section 8.1(e) of the Lease.

(g) ERISA Compliance. (i) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law. Each Plan which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS and to the best knowledge of Lessee and the General Partner, nothing has occurred which would cause the loss of such qualification.

(ii) There are no pending, or to the best knowledge of Lessee and the General Partner, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect. There has been no prohibited transaction or other violation of the fiduciary responsibility rule with respect to any Plan

which could reasonably result in a Material Adverse Effect.

(iii) No ERISA Event has occurred or is reasonably expected to occur with respect to any Pension Plan.

(iv) No Pension Plan has any Unfunded Pension Liability, except that the Ferrellgas, Inc. Retirement Income Plan has an Unfunded Pension Liability in an amount not in excess of $448,221 however, the Ferrellgas, Inc. Retirement Income Plan is not underfunded.

(v) Lessee has not incurred, nor does it reasonably expect to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA).

(vi) Lessee has not transferred any Unfunded Pension Liability to any Person or otherwise engaged in a transaction that could be subject to Section 4069 of ERISA.

(vii) Except as specifically disclosed in Schedule 4.1(g), no trade or business (whether or not incorporated under common control with Lessee within the meaning of Section 414(b), (c), (m) or (o) of the Code) maintains or contributes to any Pension Plan or other Plan subject to Section 412 of the Code. Except as specifically disclosed in Schedule 4.1(g), neither Lessee nor any Person under common control with Lessee (as defined in the preceding sentence) has ever contributed to any multiemployer plan within the meaning of Section 4001(a)(3) of ERISA.

(h) Use of Proceeds; Margin Regulations. The proceeds of the sale of the Units, the Certificates and the Notes are to be used solely for the purposes set forth in and permitted by Section 5.11 and Section 5.23 and 5.24. Neither Lessee nor any Affiliate of Lessee is generally engaged in the business of purchasing or selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock.

(i) Title to Properties. Lessee and each Subsidiary have good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of their respective businesses, except for such defects in title as could not, individually or in the aggregate, have a Material Adverse Effect. As of the Delivery Date and subject to the preceding sentence, the property of Lessee and its Subsidiaries (other than the Units) is subject to no Liens other than Permitted Encumbrances.

(j) Taxes. The General Partner has filed all Federal and other material tax returns and reports required to be filed, for itself and for Lessee, and has paid all Federal and other material taxes, assessments, fees and other governmental charges levied or imposed upon it or its properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against the Borrower that would, if made, have a Material Adverse Effect.

(k) Financial Condition. (i) The audited consolidated financial statements of the General Partner, Lessee, the MLP and their respective Subsidiaries dated July 31, 1999 and the unaudited consolidated financial statements of the General Partner, Lessee, the MLP and their respective Subsidiaries dated October 31, 1999, in each case together with the related consolidated statements of income or operations, shareholders' equity and cash flows for the fiscal periods ended on those respective dates:

(A) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, subject to ordinary, good faith year end audit adjustments;

(B) fairly present the financial condition of Lessee and its Subsidiaries as of the date thereof and results of operations for the period covered thereby; and

(C) show all material indebtedness and other liabilities, direct or contingent, of Lessee and its consolidated Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Contingent Obligations.

(ii) Since July 31, 1999, there has been no Material Adverse Effect.

(iii) The General Partner, the MLP, Lessee and each of the other Subsidiaries of Lessee are each Solvent, both before and after giving effect to the consummation of each of the transactions contemplated by the Operative Documents.

(l) Environmental Matters. Lessee conducts in the ordinary course of business a review of the effect of existing Environmental Laws and existing Environmental Claims on its business, operations and properties, and as a result thereof Lessee has reasonably concluded that such Environmental Laws and Environmental Claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(m) Regulated Entities. None of Lessee or any Affiliate of Lessee, is an "Investment Company" within the meaning of the Investment Company Act of 1940. Lessee is not subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, any state public utilities code, or any other Federal or state statute or regulation limiting its ability to incur Indebtedness.

(n) No Burdensome Restrictions. Neither Lessee nor any Subsidiary is a party to or bound by any Contractual Obligation, or subject to any restriction in any Organization Document, or any Requirement of Law, which could reasonably be expected to have a Material Adverse Effect.

(o) Copyrights, Patents, Trademarks and Licenses, Etc. Lessee and its Subsidiaries own or are licensed or otherwise have the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other rights that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person. To the best knowledge of Lessee, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by Lessee or any Subsidiary infringes upon any rights held by any other Person. No claim or litigation regarding any of the foregoing is pending or, to the best knowledge of Lessee, threatened, and no patent, invention, device, application, principle or any statute, law, rule, regulation, standard or code is pending or, to the knowledge of Lessee, proposed, which, in either case, could reasonably be expected to have a Material Adverse Effect.

(p) Subsidiaries and Affiliates. Lessee (a) has no Subsidiaries or other Affiliates except (i) those specifically disclosed in part (a) of Schedule 4.1(p) hereto, (ii) one or more SPEs established in connection with Accounts Receivable Securitizations permitted by Section 5.21, (iii) Subsidiaries established in compliance with Section 5.37 and (iv) Thermogas (but only for so long as Thermogas shall be permitted to be operated as a Wholly-Owned Subsidiary of the Borrower as set forth in the proviso to Section 5.37) and (b) has no equity investments in any corporation or entity other than Subsidiaries and Affiliates disclosed in subsection (a) above and those Permitted Investments specifically disclosed in part (b) of Schedule 4.1(p).

(q) Insurance. The properties of Lessee and its Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of Lessee, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where Lessee or such Subsidiary operates.

(r) Tax Status. Lessee is subject to taxation under the Code only as a partnership and not as a corporation.

(s) Full Disclosure. None of the representations or warranties made by Lessee or any Affiliate of Lessee in the Operative Documents as of the date such representations and warranties are made or deemed made, and none of the statements contained in any exhibit, report, statement or certificate furnished by or on behalf of Lessee or any Affiliate of Lessee in connection with the Operative Documents contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered.

(t) [Intentionally Reserved].

(u) [Intentionally Reserved].

(v) [Intentionally Reserved].

(w) Year 2000. Lessee and its Subsidiaries have reviewed the areas within their business and operations which could be adversely affected by, and have developed or are developing a program to address on a timely basis, the "Year 2000 Problem" (that is, the risk that computer applications used by Lessee and its Subsidiaries may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date on or after December 31, 1999), and have made related appropriate inquiry of material suppliers and

vendors. Based on such review and program, Lessee believes that the "Year 2000 Problem" will not have a Material Adverse Effect.

(x) Title; Liens. Lessee has good and marketable title to each Unit and the other Acquired Property to be sold and delivered to Certificate Trustee, free and clear of all Liens other than Permitted Liens. Lessee has not granted, nor will it grant, any Lien (other than any Permitted Lien) on any Unit, any other Lessee Collateral or the Lease, to any Person other than Certificate Trustee; and no Lien (other than any Permitted Lien) has attached to any Unit, any other Lessee Collateral or the Lease, or in any manner has affected adversely Agent's and Certificate Trustee's rights and Lien therein.

(y) Security Interest. (i) Certificate Trustee has a valid and enforceable Lien in the Units and the other Lessee Collateral free and clear of all Liens other than Permitted Liens and, upon the filing of the items listed on Schedule 3.1(o), Certificate Trustee will have a perfected first priority Lien of record in the Units and in the other Lessee Collateral as against all Persons including Lessee and its creditors, free and clear of all Liens other than Permitted Liens.

(ii) Agent has a valid and enforceable Lien in the Lessor Collateral free and clear of all Liens other than Permitted Liens and, upon the filing of the items listed on Schedule 3.1(o), Agent will have a perfected first priority Lien of record in the Lessor Collateral as against all Persons including Lessee, Certificate Trustee and their creditors, free and clear of all Liens other than Permitted Liens.

(z) The Units. The Purchase Price for each item of Acquired Property does not exceed the Appraised Value of such item of Acquired Property at the time of the sale to Certificate Trustee hereunder and the aggregate Purchase Price for all Acquired Property does not exceed the Appraised Value of all of the Acquired Property at the time of the sale to Certificate Trustee hereunder.

(aa) No Transfer Taxes. No sales, use, excise, transfer or other tax, fee or imposition shall result from the sale, transfer or purchase of any Acquired Property or any Certificate or Note pursuant to this Agreement, except such taxes, fees or impositions that have been paid in full.

(bb) Casualties, Etc. No Casualty has occurred and is continuing and there is no action pending or, to the best of Lessee's knowledge, threatened by any Governmental Authority to initiate a Casualty.

(cc) Chief Executive Office of Lessee. The principal place of business and chief executive office, as such terms are used in Section 9-103(3) of the UCC, of Lessee are each located at One Liberty Plaza, Liberty, Missouri 64068.

(dd) Compliance with Law. The Units and the current use and operation thereof and thereon do not violate any Applicable Laws and Regulations in any material respect, including, without limitation, any thereof relating to occupational safety and health or Environmental Laws.

(ee) Subjection to Government Regulation. Neither Agent, Certificate Trustee nor any Participant will, solely by reason of entering into the Operative Documents or consummating the transactions contemplated thereby, become subject to ongoing regulation of its operations by any Governmental Authority or be required to qualify to do business in any jurisdiction.

(ff) Licenses, Registrations and Permits. All material licenses, approvals, authorizations, consents and permits required for the use and operation of each Unit have been obtained from the appropriate Governmental Authorities having jurisdiction or from private parties, as the case may be.

(gg) Appraisal Data. The written information provided by Lessee and its Affiliates to the Appraiser and forming the basis for the conclusions set forth in the Appraisal, taken as a whole, was true and correct in all material respects and did not omit any information known and available to Lessee necessary to make the information provided not misleading.

(hh) Private Offering. Neither Lessee nor anyone authorized to act on its behalf has, directly or indirectly, solicited any offers to acquire, offered or sold: (i) any interest in the Certificates, the Notes, the Units, the Trust Estate, the Lease or the Operative Documents in violation of Section 5 of the Securities Act or any state securities laws, or (ii) any interest in any security or lease the offering of which, for purposes of the Securities Act or any state securities laws, would be deemed to be part of the same offering as the offering of the aforementioned interests. Neither it nor anyone

authorized to act on its behalf was involved in (y) offering or soliciting offers for the Certificates or Notes (or any similar securities) or (z) selling Certificates or Notes (or any similar securities) to any Person other than the Certificate Purchasers and Lenders identified and contacted by the Arranger.

(ii) Unit Insurance. The Units are covered by the insurance required by the Lease and all premiums in respect thereof have been paid.

(jj) Nature of Units. The Units constitute movable personal property and not real property or fixtures under the laws of the States where the Units are located.

(kk) Equipment List. The Equipment List delivered on the Delivery Date (except as to serial numbers) is true, correct and complete in all material respects.

Section 4.2. Representations and Warranties of Each Participant. As of the date of its execution of this Agreement, each Participant represents and warrants severally and only as to itself to each of the other parties hereto as follows:

(a) Due Organization, etc. It is duly organized and validly existing under the laws of the jurisdiction of its organization and has full corporate power and authority to enter into and perform its obligations as either a Lender or a Certificate Purchaser (as the case may be) under each Operative Document to which it is or is to be a party and each other agreement, instrument and document to be executed and delivered by it on or before the Delivery Date in connection with or as contemplated by each such Operative Document to which it is or is to be a party.

(b) ERISA. It is purchasing its interest in the Certificate(s) and/or the Note(s) to be acquired by it with assets that are either: (i) not assets of any Employee Benefit Plan (or its related trust) which is subject to Title I of ERISA or Section 4975 of the Code; or (ii) assets of any Employee Benefit Plan (or its related trust) which is subject to Title I of ERISA or Section 4975 of the Code, but there is available an exemption from the prohibited transaction rules under Section 406(a) of ERISA and Section 4975 of the Code and such exemption is immediately applicable to each transaction contemplated by the Operative Documents.

(c) Investment in Notes and Certificates. It is an institutional investor, it has been afforded an opportunity to investigate matters relating to Lessee and any Affiliate thereof and it is acquiring its interest in the Note(s) and/or Certificate(s) to be acquired by it for its own account for investment and not with a view to any distribution (as such term is used in Section 2(11) of the Securities Act) thereof, and if in the future it should decide to dispose of its interest in such Notes and/or Certificates, it understands that it may do so only in compliance with the Securities Act and the rules and regulations of the SEC thereunder and any applicable state securities laws. It is aware that the Notes and Certificates have not been registered under the Securities Act or qualified or registered under any state or other jurisdiction's securities laws. Neither it nor anyone authorized to act on its behalf has taken or will take any action which would subject the issuance or sale of any Note or Certificate to the registration requirements of Section 5 of the Securities Act. No representation or warranty contained in this Section 4.2(c) shall include or cover any action or inaction of Lessee or any Affiliate thereof whether or not purportedly on behalf of any Participant, Agent, Certificate Trustee or any of their Affiliates. Notwithstanding the foregoing, but subject to the provisions of Article VI hereof, it is understood among the parties that the disposition of its property shall be at all times within its control. It and its respective agents and representatives have such knowledge and experience in financial and business matters as to enable them to utilize the information made available to them in connection with the transactions contemplated hereby, to evaluate the merits and risk of an investment in Notes and/or Certificates and to make an informed decision with respect thereto and such an evaluation and informed decision have been made.

It understands and agrees that the Certificates and Notes will bear a legend that shall read substantially as follows:

> "THIS [CERTIFICATE] [NOTE] HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY OTHER STATE SECURITIES OR "BLUE SKY" LAW, AND MAY NOT BE TRANSFERRED, SOLD OR OFFERED FOR SALE IN VIOLATION OF SUCH ACT OR LAWS."

Section 4.3. Representations and Warranties of Certificate Trustee. As of the date of its execution of this Agreement and as of the Delivery Date, First Security Bank, National Association ("Bank"), in its individual capacity

and not as Certificate Trustee (with the exception of the last sentence of subsection (c), which representation and warranty is made by Bank solely in its capacity as Certificate Trustee), represents and warrants to each of the other parties hereto as follows:

(a) Chief Executive Office. The Bank's chief executive office and principal place of business and the place where the documents, accounts and records relating to the Overall Transaction are kept is located at 79 South Main Street, Salt Lake City, Utah 84111.

(b) Due Organization, etc. The Bank is a national banking association duly organized and validly existing in good standing under the laws of the United States and has full corporate power and authority to execute, deliver and perform its obligations: (i) in its individual capacity under the Trust Agreement and, to the extent it is a party hereto in its individual capacity, this Agreement, and (ii) acting as Certificate Trustee under the Trust Agreement, under this Agreement and each other Operative Document to which it is or will be a party as Certificate Trustee.

(c) Due Authorization; Enforceability, etc. This Agreement and each other Operative Document to which the Bank is or will be a party have been or will be (to the extent it is to be a party thereto in its individual capacity), duly authorized, executed and delivered by or on behalf of the Bank (in its individual capacity) and are, or upon execution and delivery will be, legal, valid and binding obligations of the Bank (in its individual capacity), enforceable against it in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting creditors' rights generally and by general equitable principles. The Operative Documents to which the Certificate Trustee is a party constitute the legal, valid and binding obligations of the Certificate Trustee (acting solely as Certificate Trustee under the Trust Agreement, and not in its individual capacity), enforceable against it in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and by general equitable principles.

(d) No Conflict. The execution and delivery by (a) the Bank, in its individual capacity, of the Trust Agreement and, to the extent it is a party hereto in its individual capacity, this Agreement and (b) the Bank, in its capacity as Certificate Trustee, of each Operative Document to which Certificate Trustee is or will be a party, are not and will not be, and the performance by the Bank, in its individual capacity or as Certificate Trustee, as the case may be, of its obligations under each are not and will not be, inconsistent with the articles of association or by-laws of the Bank, do not and will not contravene any Applicable Laws and Regulations of the United States of America or the State of Utah relating to the banking or trust powers of the Bank and do not and will not contravene any provision of, or constitute a default under, any indenture, mortgage, chattel mortgage, deed of trust, lease, conditional sales contract, loan or credit arrangement or other agreement or instrument to which the Bank is a party or by which it or its properties may be bound or affected.

(e) No Approvals, etc. Neither the execution and delivery by Bank in its individual capacity or (assuming the due authorization, execution and delivery of the Trust Agreement by each Certificate Purchaser) as Certificate Trustee, as the case may be, of any of the Operative Documents to which it is a party requires the consent or approval of, or the giving of notice to or registration with, or the taking of any other action in respect of, any Governmental Authority or other United States of America or Utah body governing its banking practices.

(f) Litigation. There is no action, proceeding or investigation pending or, to its best knowledge, threatened against the Bank (in its individual capacity or as Certificate Trustee) which questions the validity of the Operative Documents, and there is no action, proceeding or investigation pending or, to its best knowledge, threatened which is likely to result, either in any case or in the aggregate, in any material adverse change in the ability of the Bank (in its individual capacity or as Certificate Trustee) to perform its obligations (in either capacity) under the Operative Documents to which it is a party.

(g) Certificate Trustee Liens. The Units are free and clear of all Certificate Trustee Liens attributable to the Bank (in its individual capacity) and no act or omission by it has occurred which would cause a Certificate Trustee Lien attributable to it.

(h) Securities Act. Neither the Bank (in its individual capacity or as a Certificate Trustee) nor anyone authorized to act on its behalf has, directly or indirectly, in violation of Section 5 of the Securities Act or any state securities laws, offered or sold any interest in the Certificates, the Units, the Lease, or the Operative

Documents or in any security or lease the offering of which, for purposes of the Securities Act or any state securities laws, would be deemed to be part of the same offering as the offering of the aforementioned securities or lease, or solicited any offer to acquire any of the aforementioned securities or lease.

(i) Taxes. There are no taxes payable by the Bank imposed by the State of Utah or any political subdivision thereof or by the United States of America in connection with the execution and delivery by the Bank of this Participation Agreement or the other Operative Documents to be delivered on the Delivery Date solely because the Bank is a national banking association with its principal place of business in the State of Utah and performs certain of its duties as the Certificate Trustee in the State of Utah and there are no taxes payable by the Bank imposed by the State of Utah or any political subdivision thereof or by the United States of America in connection with the acquisition of its interest in the Trust Estate, and its execution, delivery and performance of the Trust Agreement and any other Operative Document (other than franchise or other taxes based on or services rendered in connection with the transactions contemplated hereby), solely because the Bank is a national banking association with its principal place of business in the State of Utah and performs certain of its duties as Certificate Trustee in the State of Utah.

Section 4.4. Representations and Warranties of Agent. Agent, in its individual capacity, hereby represents and warrants to the Participants as follows:

(a) Organization and Authority. Agent is a banking corporation duly organized and validly existing in good standing under the laws of the State of Nevada and has the power and authority to enter into and perform its obligations under the Operative Documents.

(b) Authorization; Binding Effect. The Operative Documents to which Agent is or will be a party have been or will be, on the date required to be delivered hereby, duly authorized, executed and delivered by Agent, and this Participation Agreement is, and such other Operative Documents are, or, when so executed and delivered by Agent will be, valid, legal and binding agreements of Agent, enforceable against Agent in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

(c) Non-Contravention. Neither the execution and delivery by Agent of the Operative Documents to which it is or will be a party, either in its individual capacity, as Agent, or both, nor compliance with the terms and provisions thereof, conflicts with, results in a breach of, constitutes a default under (with or without the giving of notice or lapse of time or both), or violates any of the terms, conditions or provisions of: (i) the articles of association or by-laws of Agent; (ii) any bond, debenture, note, mortgage, indenture, agreement, lease or other instrument to which Agent, either in its individual capacity, as Agent, or both, is now a party or by which it or its property, either in its individual capacity, as Agent, or both, is bound or affected, where such conflict, breach, default or violation would be reasonably likely to materially and adversely affect the ability of Agent, either in its individual capacity, as Agent or both, to perform its obligations under any Operative Document to which it is or will be a party, either in its individual capacity, as Agent, or both; or (iii) any of the terms, conditions or provisions of any federal or Nevada law, rule or regulation governing its banking or trust powers, or any order, injunction or decree of any Governmental Authority applicable to it in its individual capacity, as Agent, or both, where such conflict, breach, default or violation would be reasonably likely to materially and adversely affect the ability of Agent, either in its individual capacity, as Agent or both, to perform its obligations under any Operative Document to which it is or will be a party.

(d) Absence of Litigation, etc. There is no litigation (including, without limitation, derivative actions), arbitration or governmental proceedings pending or, to the best knowledge of Agent, threatened against it which would be reasonably likely to adversely affect Agent's ability to perform its obligations under the Operative Documents to which it is party.

(e) Consents, etc. No authorization, consent, approval, license or formal exemption from, nor any filing, declaration or registration with, any federal or Nevada Authority governing its banking or trust powers, is or will be required in connection with the execution and delivery by Agent of the Operative Documents to which it is party or the performance by Agent of its obligations under such Operative Documents.

ARTICLE V

COVENANTS OF LESSEE

Section 5.1. Financial Statements. Lessee shall deliver to Agent, in form and detail satisfactory to Agent and the Required Participants and consistent with the form and detail of financial statements and projections provided to Agent by Lessee and its Affiliates prior to the Delivery Date, with sufficient copies for each Participant:

(a) as soon as available, but not later than 100 days after the end of each fiscal year (commencing with the fiscal year ended July 31, 2000), a copy of the audited consolidated balance sheet of Lessee and its Subsidiaries as at the end of such year and the related consolidated statements of income or operations, partners' or shareholders' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, and accompanied by the opinion of a nationally-recognized independent public accounting firm ("Independent Auditor") which report shall state that such consolidated financial statements present fairly the financial position for the periods indicated in conformity with GAAP applied on a basis consistent with prior years. Such opinion shall not be qualified or limited in any manner, including on account of any limitation on it because of a restricted or limited examination by the Independent Auditor of any material portion of Lessee's or any Subsidiary's records;

(b) as soon as available, but not later than 45 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the fiscal quarter ended January 31, 2000), a copy of the unaudited consolidated balance sheet of Lessee and its Subsidiaries as of the end of such quarter and the related consolidated statements of income, partners' or shareholders' equity and cash flows for the period commencing on the first day and ending on the last day of such quarter, and certified by a Responsible Officer as fairly presenting, in accordance with GAAP (subject to ordinary, good faith year-end audit adjustments), the financial position and the results of operations of Lessee and the Subsidiaries;

(c) as soon as available, but not later than 100 days after the end of each fiscal year (commencing with the first fiscal year during all or any part of which Lessee had one or more Significant Subsidiaries), a copy of an unaudited consolidating balance sheet of Lessee and its Subsidiaries as at the end of such year and the related consolidating statement of income, partners' or shareholders' equity and cash flows for such year, certified by a Responsible Officer as having been developed and used in connection with the preparation of the financial statements referred to in subsection 5.1(a);

(d) as soon as available, but not later than 45 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the first fiscal quarter during all or any part of which Lessee had one or more Significant Subsidiaries), a copy of the unaudited consolidating balance sheets of Lessee and its Subsidiaries, and the related consolidating statements of income, partners' or shareholders' equity and cash flows for such quarter, all certified by a Responsible Officer as having been developed and used in connection with the preparation of the financial statements referred to in subsection 5.1(b);

(e) as soon as available, but not later than 60 days after the end of each fiscal year (commencing with the fiscal year beginning August 1, 2000), projected consolidated balance sheets of Lessee and its Subsidiaries as at the end of each of the current and following two fiscal years and related projected consolidated statements of income, partners' or shareholders' equity and cash flows for each such fiscal year, including therein a budget for the current fiscal year, certified by a Responsible Officer as having been developed and prepared by Lessee in good faith and based upon Lessee's best estimates and best available information; and

(f) as soon as available, but not later than 100 days after the end of each fiscal year of the General Partner, commencing with the fiscal year ended July 31, 2000, a copy of the unaudited (or audited, if available) consolidated balance sheets of the General Partner as of the end of such fiscal year and the related consolidated statements of income, shareholders' equity and cash flows for such fiscal year, certified by a Responsible Officer as fairly presenting, in accordance with GAAP, the financial position and the results of operations of the General Partner and its Subsidiaries (or, if available, accompanied by an opinion of an Independent Auditor as described in subsection 5.1(a)).

Section 5.2. Certificates; Other Information. Lessee shall furnish to Agent, with sufficient copies for each Participant:

(a) concurrently with the delivery of the financial

statements referred to in subsection 5.1(a), a certificate of the Independent Auditor stating that in making the examination necessary therefor no knowledge was obtained of any Lease Default or Lease Event of Default, except as specified in such certificate;

(b) concurrently with the delivery of the financial statements referred to in subsections 5.1(a) and (b), a Compliance Certificate executed by a Responsible Officer with respect to the periods covered by such financial statements together with supporting calculations and such other supporting detail as Agent and the Required Participants shall require;

(c) promptly, copies of all financial statements and reports that Lessee, the General Partner, the MLP or any Subsidiary sends to its partners or shareholders, and copies of all financial statements and regular, periodic or special reports (including Forms 10-K, 10-Q and 8-K) that Lessee or any Affiliate of Lessee, the General Partner, the MLP or any Subsidiary may make to, or file with, the SEC; and

(d) promptly, such additional information regarding the business, financial or corporate affairs of Lessee, the General Partner, the MLP or any Subsidiary as Agent, at the request of any Participant, may from time to time request.

Section 5.3. Notices. Lessee shall promptly notify Agent:

(a) of the occurrence of any Lease Default or Lease Event of Default, and of the occurrence or existence of any event or circumstance that foreseeably will become a Lease Default or Lease Event of Default;

(b) of any matter that has resulted or may reasonably be expected to result in a Material Adverse Effect, including (i) breach or non-performance of, or any default under, a Contractual Obligation of Lessee, the General Partner, the MLP or any Subsidiary; (ii) any dispute, litigation, investigation, proceeding or suspension between Lessee, the General Partner, the MLP or any Subsidiary and any Governmental Authority; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting Lessee, the General Partner, the MLP or any Subsidiary, including pursuant to any applicable Environmental Laws;

(c) of any of the following events affecting Lessee, the General Partner, the MLP or any Subsidiary, together with a copy of any notice with respect to such event that may be required to be filed with a Governmental Authority and any notice delivered by a Governmental Authority to such Person with respect to such event:

(i) an ERISA Event;

(ii) if any of the representations and warranties in Section 4.1(g) ceases to be true and correct;

(iii) the adoption of any new Pension Plan or other Plan subject to Section 412 of the Code;

(iv) the adoption of any amendment to a Pension Plan or other Plan subject to Section 412 of the Code, if such amendment results in a material increase in contributions or Unfunded Pension Liability; or

(v) the commencement of contributions to any Pension Plan or other Plan subject to Section 412 of the Code; and

(d) of any material change in accounting policies or financial reporting practices by Lessee or any of its consolidated Subsidiaries.

Each notice under this Section shall be accompanied by a written statement by a Responsible Officer setting forth details of the occurrence referred to therein, and stating what action Lessee or any affected Affiliate proposes to take with respect thereto and at what time. Each notice under subsection 5.3(a) shall describe with particularity any and all clauses or provisions of this Agreement or other Operative Document that have been (or foreseeably will be) breached or violated.

Section 5.4. Preservation of Corporate or Partnership Existence, Etc. The General Partner and Lessee shall, and Lessee shall cause each Subsidiary to:

(a) preserve and maintain in full force and effect its partnership or corporate existence and good standing under the laws of its state or jurisdiction of organization or incorporation except in connection with transactions permitted by Section 5.19;

(b) preserve and maintain in full force and effect all governmental rights, privileges, qualifications, permits, licenses and franchises necessary or desirable in the normal conduct of its business except in connection with transactions permitted by Section 5.19 and sales of assets permitted by Section 5.18;

(c) use reasonable efforts, in the ordinary course of business, to preserve its business organization and goodwill; and

(d) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

Section 5.5. Maintenance of Property. Lessee shall maintain, and shall cause each Subsidiary to maintain, and preserve all its property which is used or useful in its business in good working order and condition, ordinary wear and tear excepted. Lessee and each Subsidiary shall use the standard of care typical in the industry in the operation and maintenance of its facilities. Lessee shall maintain the Units in accordance with the Lease.

Section 5.6. Insurance. Lessee shall maintain, and shall cause each Subsidiary to maintain, with financially sound and reputable independent insurers, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons. Lessee shall insure the Units in accordance with the Lease.

Section 5.7. Payment of Obligations. Lessee and the General Partner shall, and shall cause each Subsidiary to, pay and discharge as the same shall become due and payable (except to the extent the failure to so pay and discharge could not reasonably be expected to have a Material Adverse Effect), all their respective obligations and liabilities, including:

(a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by Lessee, the General Partner or such Subsidiary;

(b) all lawful claims which, if unpaid, would by law become a Lien upon its property, unless such claims are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by Lessee, the General Partner or such Subsidiary; and

(c) all Indebtedness, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness.

Section 5.8. Compliance with Laws. Lessee shall comply, and shall cause each Subsidiary to comply, in all material respects with all Requirements of Law of any Governmental Authority having jurisdiction over it or its business (including the Federal Fair Labor Standards Act), except such as may be contested in good faith or as to which a bona fide dispute may exist.

Section 5.9. Inspection of Property and Books and Records. Lessee shall maintain and shall cause each Subsidiary to maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of Lessee and such Subsidiary. Lessee shall permit, and shall cause each Subsidiary to permit, representatives and independent contractors of Agent or any Participant to visit and inspect any of their respective properties, to examine their respective corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss their respective affairs, finances and accounts with their respective directors, officers, and independent public accountants, all at the expense of Lessee and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to Lessee; provided, however, when a Lease Event of Default exists Agent or any Participant may do any of the foregoing at the expense of Lessee at any time during normal business hours and without advance notice.

Section 5.10. Environmental Laws. Lessee shall, and shall cause each Subsidiary to, conduct its operations and keep and maintain its property in material compliance with all Environmental Laws.

Section 5.11. Use of Proceeds. Lessee shall use the proceeds of the sale of the Units, the Certificates and the Notes for working capital and other general partnership purposes, in each case not in contravention of any Requirement of Law or of any Operative Document.

Section 5.12. Financial Covenants.

(a) Leverage Ratio. Lessee shall maintain as of the last day of each fiscal quarter a Leverage Ratio equal to or less than 4.75 to 1.00 (or, if the

Thermogas Acquisition shall have been consummated on or prior to January 31, 2000, Lessee shall be required to maintain from and after the date of such Thermogas Acquisition a Leverage Ratio equal to or less than (i) 5.25 to 1.00 as of the last day of each fiscal quarter ending on or prior to January 31, 2000, (ii) 5.10 to 1.00 as of the last day of each fiscal quarter ending during the period commencing on February 1, 2000 and ending on January 31, 2001 and (iii) 4.75 to 1.00 as of the last day of each fiscal quarter ending after January 31, 2001).

(b) Interest Coverage Ratio. Lessee shall maintain, as of the last day of each fiscal quarter of Lessee, an Interest Coverage Ratio for the fiscal period consisting of such fiscal quarter and the three immediately preceding fiscal quarters of at least 2.50 to 1.00 (or, if the Thermogas Acquisition shall have been consummated on or prior to January 31, 2000, Lessee shall be required to maintain from and after the date of such Thermogas Acquisition an Interest Coverage Ratio of at least 2.25 to 1.00 for each such period of four fiscal quarters ending on or prior to January 31, 2001 and 2.50 to 1.00 for each such period of four fiscal quarters ending after January 31, 2001).

Section 5.13. [Intentionally Reserved].

Section 5.14. Other General Partner Obligations. (a) The General Partner shall cause Lessee to pay and perform each of its Obligations when due. The General Partner acknowledges and agrees that it is executing this Agreement as a principal as well as the general partner on behalf of Lessee, and that its obligations hereunder as general partner are full recourse obligations to the same extent as those of Lessee.

(b) The General Partner represents, warrants and covenants that it is Solvent, both before and after giving effect to the consummation of the transactions contemplated by the Operative Documents, and that it will remain Solvent until all Obligations hereunder and under the other Operative Documents shall have been repaid in full.

(c) The General Partner, for so long as it is the general partner of Lessee, (i) agrees that its sole business will be to act as the general partner of Lessee, the MLP and any further limited partnership of which Lessee or the MLP is, directly or indirectly, a limited partner and to undertake activities that are ancillary or related thereto (including being a limited partner in Lessee), (ii) shall not enter into or conduct any business or incur any debts or liabilities except in connection with or incidental to (A) its performance of the activities required or authorized by the partnership agreement of the MLP or the Partnership Agreement or described in or contemplated by the MLP Registration Statement, and (B) the acquisition, ownership or disposition of partnership interests in Lessee or partnership interests in the MLP or any further limited partnership of which Lessee or the MLP is, directly or indirectly, a limited partner, except that, notwithstanding the foregoing, employees of the General Partner may perform services for Ferrell Companies, Inc. and its Affiliates.

(d) The General Partner agrees that, until all Obligations hereunder and under the other Operative Documents shall have been repaid in full and all commitments shall have terminated, it will not exercise any rights it may have (at law, in equity, by contract or otherwise) to terminate, limit or otherwise restrict (whether through repurchase or otherwise and whether or not the General Partner shall remain a general partner in Lessee) the ability of Lessee to use the name "Ferrellgas".

(e) The General Partner shall not take any action or refuse to take any reasonable action the effect of which, if taken or not taken, as the case may be, would be to cause Lessee to be treated as an association taxable as a corporation or otherwise to be taxed as an entity other than a partnership for federal income tax purposes.

Section 5.15. Monetary Judgments. If one or more judgments, orders, decrees or arbitration awards is entered against Lessee or any Subsidiary involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage other than through a standard reservation of rights letter) as to any single or related series of transactions, incidents or conditions, of more than $10 million, then Lessee shall reserve for such amount in excess of $10 million, on a quarterly basis, with each quarterly reserve being at least equal to one-twelfth of such amount in excess of $10 million. Such amount so reserved shall be treated as establishment of a reserve for purposes of calculating Available Cash hereunder.

Section 5.16. Year 2000 Compliance. Lessee shall ensure that all of the computer software, computer firmware, computer hardware (whether general or special purpose), and other similar or related items of automated, computerized, and/or software system(s) that are used or relied on by Lessee or any Subsidiary in the conduct of its business will not malfunction, will not cease to function, will not generate incorrect data, and will not produce material incorrect results when processing, providing and/or receiving date-related data in connection with any valid date in the twentieth and twenty-first centuries. From time to time, at the request of any Participant, Lessee and its Subsidiaries shall provide to such Participant such updated information or documentation as is requested regarding the status of their efforts to address the Year 2000

Problem (as defined in Section 4.1(w)).

Section 5.17. Limitation on Liens. Lessee shall not, and shall not suffer or permit any Subsidiary to, directly or indirectly, make, create, incur, assume or suffer to exist any Lien upon or with respect to any part of its property or sell any of its accounts receivable, whether now owned or hereafter acquired, other than (x) in the case of the Units or the other Lessee Collateral, Permitted Liens, and (y) in the case of any other property of Lessee or such Subsidiary, the following ("Permitted Encumbrances"):

(a) Liens existing on the Restatement Effective Date set forth in Schedule 8.01 of the Existing Credit Agreement;

(b) Liens in favor of Lessee or Liens to secure Indebtedness of a Subsidiary to Lessee or a Wholly-Owned Subsidiary;

(c) Liens on property of a Person existing at the time such Person is merged into or consolidated with Lessee or any Subsidiary, provided that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with Lessee;

(d) Liens on property existing at the time acquired by Lessee or any Subsidiary, provided that such Liens were in existence prior to the contemplation of such acquisition and do not extend to any assets other than those of the Person acquired;

(e) Liens on any property or asset acquired by Lessee or any Subsidiary in favor of the seller of such property or asset and construction mortgages on property, in each case, created within six months after the date of acquisition, construction or improvement of such property or asset by Lessee or such Subsidiary to secure the purchase price or other obligation of Lessee or such Subsidiary to the seller of such property or asset or the construction or improvement cost of such property in an amount up to 80% of the total cost of the acquisition, construction or improvement of such property or asset; provided that in each case such Lien does not extend to any other property or asset of Lessee and its Subsidiaries;

(f) Liens incurred or pledges and deposits made in connection with worker's compensation, unemployment insurance and other social security benefits and Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature, in each case, incurred in the ordinary course of business;

(g) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, provided that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;

(h) Liens imposed by law, such as mechanics', carriers', warehousemen's, materialmen's, and vendors' Liens, incurred in good faith in the ordinary course of business with respect to amounts not yet delinquent or being contested in good faith by appropriate proceedings if a reserve or other appropriate provisions, if any, as shall be required by GAAP shall have been made therefor;

(i) zoning restrictions, easements, licenses, covenants, reservations, restrictions on the use of real property or minor irregularities of title incident thereto that do not, in the aggregate, materially detract from the value of the property or the assets of Lessee or any of its Subsidiaries or impair the use of such property in the operation of the business of Lessee or any of its Subsidiaries;

(j) Liens of landlords or mortgages of landlords, arising solely by operation of law, on fixtures and movable property located on premises leased by Lessee or any of its Subsidiaries in the ordinary course of business;

(k) Liens incurred and financing statements filed or recorded, in each case with respect to personal property leased by Lessee and its Subsidiaries to the owners of such personal property which are either (i) operating leases (including, without limitation, Synthetic Leases) or (ii) capital leases to the extent (but only to the extent) permitted by Section 5.21; provided, that in each case such Lien does not extend to any other property or asset of Lessee and its Subsidiaries;

(l) judgment Liens to the extent that such judgments do not cause or constitute a Lease Default or Lease Event of Default;

(m) Liens incurred in the ordinary course of business of Lessee or any Subsidiary with respect to obligations that do not exceed $5,000,000 in the aggregate at any one time outstanding and that (i)

are not incurred in connection with the borrowing of money or the obtaining of advances or credit (other than trade credit in the ordinary course of business) and (ii) do not in the aggregate materially detract from the value of the property or materially impair the use thereof in the operation of business by Lessee or such Subsidiary;

(n) Liens securing Indebtedness incurred to refinance Indebtedness that has been secured by a Lien otherwise permitted under this Agreement, provided that (i) any such Lien shall not extend to or cover any assets or property not securing the Indebtedness so refinanced and (ii) the refinancing Indebtedness secured by such Lien shall have been permitted to be incurred under Section 5.21 hereof and shall not have a principal amount in excess of the Indebtedness so refinanced;

(o) any extension or renewal, or successive extensions or renewals, in whole or in part, of Liens permitted pursuant to the foregoing clauses (a) through (n); provided that no such extension or renewal Lien shall (i) secure more than the amount of Indebtedness or other obligations secured by the Lien being so extended or renewed or (ii) extend to any property or assets not subject to the Lien being so extended or renewed;

(p) Liens in favor of the Administrative Agent under the Credit Agreement, any Issuing Bank and the Credit Agreement Banks relating to the Cash Collateralization of Lessee's obligations under the Credit Agreement or Liens created by the Operative Documents; and

(q) Liens securing Indebtedness of an SPE in connection with an Accounts Receivable Securitization permitted by Section 5.21 (including the filing of any related financing statements naming Lessee as the debtor thereunder in connection with the sale of accounts receivable by Lessee to such SPE in connection with any such permitted Accounts Receivable Securitization); provided that the aggregate amount of accounts receivable subject to all such Liens shall at no time exceed 133% of the amount of Accounts Receivable Securitizations permitted to be outstanding under such Section 5.21.

Section 5.18. Asset Sales. Lessee shall not, and shall not permit any of its Subsidiaries to, (i) sell, lease, convey or otherwise dispose of any assets (including by way of a sale-and-leaseback) other than sales of inventory in the ordinary course of business consistent with past practice (provided that the sale, lease, conveyance or other disposition of all or substantially all of the assets of Lessee shall be governed by the provisions of Section 5.19 hereof and not by the provisions of this Section 5.18), or (ii) issue or sell Equity Interests of any of its Subsidiaries, in the case of either clause (i) or (ii) above, whether in a single transaction or a series of related transactions, (A) that have a fair market value in excess of $5,000,000, or (B) for net proceeds in excess of $5,000,000 (each of the foregoing, an "Asset Sale"), unless (X) Lessee (or the Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the fair market value (evidenced by a resolution of the board of directors of the General Partner (and, if applicable, the audit committee of such board of directors) set forth in a certificate signed by a Responsible Officer and delivered to Agent) of the assets sold or otherwise disposed of and (Y) at least 80% of the consideration therefor received by Lessee or such Subsidiary is in the form of cash; provided, however, that the amount of (1) any liabilities (as shown on Lessee's or such Subsidiary's most recent balance sheet or in the notes thereto), of Lessee or any Subsidiary (other than liabilities that are by their terms subordinated in right of payment to the Obligations hereunder and under the other Operative Documents) that are assumed by the transferee of any such assets and (2) any notes or other obligations received by Lessee or any such Subsidiary from such transferee that are immediately converted by Lessee or such Subsidiary into cash (to the extent of the cash received), shall be deemed to be cash for purposes of this provision; and provided, further, that the 80% limitation referred to in this clause (Y) shall not apply to any Asset Sale in which the cash portion of the consideration received therefrom, determined in accordance with the foregoing proviso, is equal to or greater than what the after-tax proceeds would have been had such Asset Sale complied with the aforementioned 80% limitation. Notwithstanding the foregoing, Asset Sales shall not be deemed to include (w) sales or transfers of accounts receivable by Lessee to an SPE and by an SPE to any other Person in connection with any Accounts Receivable Securitization permitted by Section 5.21 (provided that the aggregate amount of such accounts receivable that shall have been transferred to and held by all SPEs at any time shall not exceed 133% of the amount of Accounts Receivable Securitizations permitted to be outstanding under Section 5.21), (x) any transfer of assets by Lessee or any of its Subsidiaries to a Subsidiary of Lessee that is a Guarantor under the Credit Agreement, (y) any transfer of assets by Lessee or any of its Subsidiaries to any Person in exchange for other assets used in a line of business permitted under Section 5.31 and having a fair market value not less than that of the assets so transferred and (z) any transfer of assets pursuant to a Permitted Lessee Investment or any sale-leaseback (including sale-leasebacks involving Synthetic Leases) permitted by Section 5.33. Notwithstanding the foregoing, Lessee may not sell, lease, convey or otherwise dispose of any Unit except as permitted by the Lease.

Section 5.19. Consolidations and Mergers. (a) Lessee shall not consolidate or merge with or into (whether or not Lessee is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions, to another Person unless (i) Lessee is the surviving Person, or the Person formed by or surviving any such consolidation or merger (if other than Lessee) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a corporation or partnership organized or existing under the laws of the United States, any state thereof or the District of Columbia; and (ii) the Person formed by or surviving any such consolidation or merger (if other than Lessee) or Person to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made assumes all the Obligations of Lessee under this Agreement and the other Operative Documents pursuant to an assumption agreement in a form reasonably satisfactory to Agent; (iii) immediately after such transaction no Lease Default or Lease Event of Default exists; and (iv) Lessee or any Person formed by or surviving any such consolidation or merger, or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made (A) shall have Consolidated Net Worth (immediately after the transaction but prior to any purchase accounting adjustments resulting from the transaction) equal to or greater than the Consolidated Net Worth of Lessee immediately preceding the transaction and (B) shall, at the time of such transaction and after giving effect thereto, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Leverage Ratio test set forth in Section 5.12(a).

(b) Lessee shall deliver to Agent prior to the consummation of the proposed transaction pursuant to the foregoing paragraph (a) an officers' certificate to the foregoing effect signed by a Responsible Officer and an opinion of counsel satisfactory to Agent stating that the proposed transaction complies with this Agreement. Agent, Certificate Trustee and the Participants shall be entitled to conclusively rely upon such officer's certificate and opinion of counsel.

(c) Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of Lessee in accordance with this Section 5.19, the successor Person formed by such consolidation or into or with which Lessee is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Agreement and the other Operative Documents referring to the "Lessee" shall refer to or include instead the successor Person and not Lessee), and may exercise every right and power of Lessee under this Agreement with the same effect as if such successor Person had been named as Lessee herein; provided, however, that the predecessor Lessee shall not be relieved from the obligation to pay Rent or perform the other Obligations except in the case of a sale of all of such Lessee's assets that meets the requirements of this Section 5.19 hereof.

Section 5.20. Acquisitions. Without limiting the generality of any other provision of this Agreement, neither Lessee nor any Subsidiary shall consummate any Acquisition unless (i) the acquiree is primarily a retail propane distribution business; (ii) such Acquisition is undertaken in accordance with all applicable Requirements of Law; (iii) the prior, effective written consent or approval to such Acquisition of the board of directors or equivalent governing body of the acquiree is obtained; and (iv) immediately after giving effect thereto, no Lease Default or Lease Event of Default will occur or be continuing and each of the representations and warranties of Lessee herein is true on and as of the date of such Acquisition, both before and after giving effect thereto. Nothing in Section 5.38 shall prohibit (x) the making by Lessee of a Permitted Acquisition indirectly through the General Partner, the MLP or any of its or their Affiliates in a series of substantially contemporaneous transactions in which Lessee shall ultimately own the assets that are the subject of such Permitted Acquisition or (y) the assumption of Acquired Debt in connection therewith to the extent such Acquired Debt is provided by a Bank or a Participant and, upon such assumption, is (to the extent such Acquired Debt is not otherwise permitted to be incurred by Lessee pursuant to this Agreement) immediately repaid (with the proceeds of Revolving Loans or otherwise).

Section 5.21. Limitation on Indebtedness. Lessee shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, create, incur, issue, assume, suffer to exist, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness (including Acquired Debt) or any Synthetic Leases and Lessee shall not issue any Disqualified Interests and shall not permit any of its Subsidiaries to issue any shares of preferred stock; provided, however, that Lessee and any Subsidiary of Lessee may create, incur, issue, assume, suffer to exist, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness or any Synthetic Lease to the extent that the Leverage Ratio is maintained in accordance with Section 5.12(a), both before and after giving effect to the incurrence of such Indebtedness or such Synthetic Lease, as the case may be, and, provided, further, that (x) the aggregate principal amount of (1) all Capitalized Lease Obligations and all Synthetic Lease Obligations (other than Capitalized Lease Obligations and Synthetic Lease Obligations in respect of Growth-Related Capital Expenditures) of Lessee and its Subsidiaries and (2) all Indebtedness for which Lessee and any Subsidiary of Lessee become liable in connection with Acquisitions of retail propane businesses in favor of the sellers of such businesses and secured by any

Lien on any property of Lessee or any of its Subsidiaries, shall not exceed $65,000,000 at any one time outstanding, and (y) the principal amount of any Indebtedness for which Lessee or any Subsidiary of Lessee becomes liable in connection with Acquisitions of retail propane businesses in favor of the sellers of such businesses shall not exceed the fair market value of the assets so acquired, and (z) the aggregate amount of Indebtedness of Lessee and its Subsidiaries through one or more SPEs in connection with Accounts Receivable Securitizations shall not exceed $60,000,000 at any one time outstanding.

Section 5.22. Transactions with Affiliates. Lessee shall not, and shall not permit any of its Subsidiaries to, sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into any contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate, including any Non-Recourse Subsidiary (each of the foregoing, an "Affiliate Transaction"), unless (a) such Affiliate Transaction is on terms that are no less favorable to Lessee or the relevant Subsidiary than those that would have been obtained in a comparable transaction by Lessee or such Subsidiary with an unrelated Person and (b) with respect to (i) any Affiliate Transaction with an aggregate value in excess of $500,000, a majority of the directors of the General Partner having no direct or indirect economic interest in such Affiliate Transaction determines by resolution that such Affiliate Transaction complies with clause (a) above and approves such Affiliate Transaction and (ii) any Affiliate Transaction involving the purchase or other acquisition or sale, lease, transfer or other disposition of properties or assets other than in the ordinary course of business, in each case, having a fair market value or for net proceeds in excess of $15,000,000, Lessee delivers to Agent and the Participants an opinion as to the fairness to Lessee or such Subsidiary from a financial point of view issued by an investment banking firm of national standing; provided, however, that (i) any employment agreement or stock option agreement entered into by Lessee or any of its Subsidiaries in the ordinary course of business and consistent with the past practice of Lessee (or the General Partner) or such Subsidiary, Restricted Payments permitted by the provisions of Section 5.28, and transactions entered into by Lessee in the ordinary course of business in connection with reinsuring the self-insurance programs or other similar forms of retained insurable risks of the retail propane businesses operated by Lessee, its Subsidiaries and its Affiliates, in each case, shall not be deemed Affiliate Transactions, and (ii) nothing herein shall authorize the payments by Lessee to the General Partner or any other Affiliate of Lessee for administrative expenses incurred by such Person other than such out-of-pocket administrative expenses as such Person shall incur and Lessee shall pay in the ordinary course of business; and provided, further, that the foregoing provisions of this Section 5.22 shall not apply to transfers of accounts receivable of Lessee to an SPE in connection with any Accounts Receivable Securitization permitted by Section 5.21.

Section 5.23. Use of Proceeds. Lessee shall not, and shall not suffer or permit any Subsidiary to, use any portion of the proceeds of the sale of the Units, the Certificates or the Notes, directly or indirectly, (i) to purchase or carry Margin Stock, (ii) to repay or otherwise refinance indebtedness of Lessee or others incurred to purchase or carry Margin Stock, (iii) to extend credit for the purpose of purchasing or carrying any Margin Stock, or (iv) to acquire any security in any transaction that is subject to Section 13 or 14 of the Exchange Act.

Section 5.24. Use of Proceeds - Ineligible Securities. Lessee shall not, directly or indirectly, use any portion of the proceeds of the sale of the Units, the Certificates or the Notes (i) knowingly to purchase Ineligible Securities from the Credit Agreement Arranger or the Documentation Agent during any period in which the Credit Agreement Arranger or the Documentation Agent makes a market in such Ineligible Securities, (ii) knowingly to purchase during the underwriting or placement period Ineligible Securities being underwritten or privately placed by the Credit Agreement Arranger or the Documentation Agent, or (iii) to make payments of principal or interest on Ineligible Securities underwritten or privately placed by the Credit Agreement Arranger or the Documentation Agent and issued by or for the benefit of Lessee or any Affiliate of Lessee.

Section 5.25. Contingent Obligations. Lessee shall not, and shall not suffer or permit any Subsidiary to, create, incur, assume or suffer to exist any Contingent Obligations except:

(a) endorsements for collection or deposit in the ordinary course of business;

(b) subject to compliance with the trading policies in effect from time to time as submitted to Agent, Hedging Obligations entered into in the ordinary course of business as bona fide hedging transactions;

(c) the Guaranties under the Credit Agreement; and

(d) Guaranty Obligations to the extent not prohibited by Section 5.21.

Section 5.26. Joint Ventures. Lessee shall not, and shall not suffer or permit any Subsidiary to enter into any Joint Venture.

Section 5.27. Lease Obligations. The aggregate obligations of Lessee and its Subsidiaries for the payment of rent for any property under lease or agreement to lease (excluding obligations of Lessee and its Subsidiaries under or with respect to Synthetic Leases) for any fiscal year shall not exceed the greater of (a) $25,000,000 or (b) 20% of (i) Consolidated Cash Flow of Lessee for the most recently ended eight consecutive fiscal quarters divided by (ii) two; provided, however, that any payment of rent for any property under lease or agreement to lease for a term of less than one year (after giving effect to all automatic renewals) shall not be subject to this Section 5.27. For purposes of this Section 5.27, the calculation of Consolidated Cash Flow shall give pro forma effect to Acquisitions (including all mergers and consolidations), Asset Sales and other dispositions and discontinuances of businesses or assets that have been made by Lessee or any of its Subsidiaries during the reference period or subsequent to such reference period and on or prior to the date of calculation of Consolidated Cash Flow assuming that all such Acquisitions, Asset Sales and other dispositions and discontinuances of businesses or assets had occurred on the first day of the reference period.

Section 5.28. Restricted Payments. Lessee shall not and shall not permit any of its Subsidiaries to, directly or indirectly (i) declare or pay any dividend or make any distribution on account of Lessee's or any Subsidiary's Equity Interests (other than (x) dividends or distributions payable in Equity Interests (other than Disqualified Interests) of Lessee, (y) dividends or distributions payable to Lessee or a Wholly-Owned Subsidiary of Lessee that is a Guarantor or (z) distributions or dividends payable pro rata to all holders of Capital Interests of any such Subsidiary); (ii) purchase, redeem, call or otherwise acquire or retire for value any Equity Interests of Lessee or any Subsidiary or other Affiliate of Lessee (other than, subject to compliance with Section 5.37, any such Equity Interests owned by a Wholly-Owned Subsidiary of Lessee that is a Guarantor); (iii) make any investment other than a Permitted Lessee Investment; or (iv) prepay, purchase, redeem, retire, defease or refinance the 1998 Fixed Rate Senior Notes (all payments and other actions set forth in clauses (i) through (iv) above being collectively referred to as "Restricted Payments"), except to the extent that, at the time of such Restricted Payment:

(a) no Lease Default or Lease Event of Default shall have occurred and be continuing or would occur as a consequence thereof and each of the representations and warranties of Lessee set forth herein is true on and as of the date of such Restricted Payment both before and after giving effect thereto; and

(b) the Fixed Charge Coverage Ratio of Lessee for Lessee's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such Restricted Payment is made, calculated on a pro forma basis as if such Restricted Payment had been made at the beginning of such four-quarter period, would have been more than 2.25 to 1; and

(c) such Restricted Payment (the amount of any such payment, if other than cash, to be determined by the Board of Directors, whose determination shall be conclusive and evidenced by a resolution in an officer's certificate signed by a Responsible Officer and delivered to Agent), together with the aggregate of all other Restricted Payments (other than any Restricted Payments permitted by the provisions of clause (ii) of the penultimate paragraph of this Section 5.28) made by Lessee and its Subsidiaries in the fiscal quarter during which such Restricted Payment is made shall not exceed an amount equal to (x) Available Cash of Lessee for the immediately preceding fiscal quarter plus (y) the lesser of (i) the amount of any Available Cash of Lessee during the first 45 days of such fiscal quarter and (ii) the excess of the aggregate amount of Credit Agreement Loans that Lessee could have borrowed over the actual amount of Credit Agreement Loans outstanding, in each case as of the last day of the immediately preceding fiscal quarter; and

(d) such Restricted Payment (other than (x) Restricted Payments described in clause (i) of the first paragraph of this Section 5.28 made during the fiscal quarter ending January 31, 1997 that do not exceed $26,000,000 in the aggregate or (y) any Restricted Payments described in clauses (iii) or (iv) of the first paragraph of this Section 5.28) the amount of which, if made other than with cash, to be determined in accordance with clause (c) of this Section 5.28 shall not exceed an amount equal to (1) Consolidated Cash Flow of Lessee and its Subsidiaries for the period from and after October 31, 1996 through and including the last day of the fiscal quarter ending immediately preceding the date of the proposed Restricted Payment (the "Determination Period"), minus (2) the sum of Consolidated Interest Expense of Lessee and its Subsidiaries for the Determination Period plus all capital expenditures (other than Growth-Related Capital Expenditures and net of capital asset sales in the ordinary course of business) made by Lessee and its Subsidiaries during the Determination Period plus the aggregate of all other Restricted Payments (other than (x) Restricted Payments described in clause (i) of the first paragraph of this Section 5.28 made during the fiscal quarter ending January 31, 1997 that do not exceed $26,000,000 in the aggregate or (y) any Restricted Payments described in clauses (iii) or (iv) of the first

paragraph of this Section 5.28) made by Lessee and its Subsidiaries during the period from and after October 31, 1996 through and including the date of the proposed Restricted Payment, plus (3) $30,000,000, plus (4) the excess, if any, of consolidated working capital of Lessee and its Subsidiaries at July 31, 1996 over consolidated working capital of Lessee and its Subsidiaries at the end of the fiscal year immediately preceding the date of the proposed Restricted Payment, minus (5) the excess, if any, of consolidated working capital of Lessee and its Subsidiaries at the end of the fiscal year immediately preceding the date of the proposed Restricted Payment over consolidated working capital of Lessee and its Subsidiaries at July 31, 1996. For purposes of this subsection 5.28(d), the calculation of Consolidated Cash Flow shall give pro forma effect to Acquisitions (including all mergers and consolidations), Asset Sales and other dispositions and discontinuances of business or assets that have been made by such Person or any of its Subsidiaries during the reference period or subsequent to such reference period and on or prior to the date of calculation of Consolidated Cash Flow assuming that all such Acquisitions, Asset Sales and other dispositions and discontinuances of businesses or assets had occurred on the first day of the reference period.

The foregoing provisions will not prohibit (i) the payment of any distribution within 60 days after the date on which Lessee becomes committed to make such distribution, if at said date of commitment such payment would have complied with the provisions of this Agreement; and (ii) the redemption, repurchase, retirement or other acquisition of any Equity Interests of Lessee in exchange for, or out of the proceeds of, the substantially concurrent sale (other than to a Subsidiary of Lessee) of other Equity Interests of Lessee (other than any Disqualified Interests).

Not later than the date of making any Restricted Payment, the General Partner shall deliver to Agent an officer's certificate signed by a Responsible Officer stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this Section 5.28 were computed, which calculations may be based upon Lessee's latest available financial statements.

Section 5.29. Prepayments of Subordinated Indebtedness. Lessee shall not, and shall not permit any of its Subsidiaries to, (a) purchase, redeem, retire or otherwise acquire for value, or set apart any money for a sinking, defeasance or other analogous fund for, the purchase, redemption, retirement or other acquisition of, or make any payment or prepayment of the principal of or interest on, or any other amount owing in respect of, any Indebtedness that is subordinated to the Obligations, except for regularly scheduled payments of interest in respect of such Indebtedness required pursuant to the instruments evidencing such Indebtedness that are not made in contravention of the terms and conditions of subordination set forth on part II of Schedule 5.21 or (b) directly or indirectly, make any payment in respect of, or set apart any money for a sinking, defeasance or other analogous fund on account of, Guaranty Obligations subordinated to the Obligations. The foregoing provisions will not prohibit the defeasance, redemption or repurchase of subordinated Indebtedness with the proceeds of Permitted Refinancing Indebtedness.

Section 5.30. Dividend and Other Payment Restrictions Affecting Subsidiaries. Lessee shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Subsidiary to (a) pay dividends or make any other distributions to Lessee or any of its Subsidiaries (1) on its Capital Interests or (2) with respect to any other interest or participation in, or interest measured by, its profits, (b) pay any indebtedness owed to Lessee or any of its Subsidiaries, (c) make loans or advances to Lessee or any of its Subsidiaries or (d) transfer any of its properties or assets to Lessee or any of its Subsidiaries, except for such encumbrances or restrictions existing under or by reason of (i) Existing Indebtedness, (ii) the Operative Documents, the Credit Agreement, the 1998 Note Purchase Agreement and the 1998 Fixed Rate Senior Notes, (iii) applicable law, (iv) any instrument governing Indebtedness or Capital Interests of a Person acquired by Lessee or any of its Subsidiaries as in effect at the time of such Acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such Acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, provided that the Consolidated Cash Flow of such Person to the extent that dividends, distributions, loans, advances or transfers thereof is limited by such encumbrance or restriction on the date of acquisition is not taken into account in determining whether such acquisition was permitted by the terms of this Agreement, (v) customary non-assignment provisions in leases entered into in the ordinary course of business and consistent with past practices, (vi) purchase money obligations for property acquired in the ordinary course of business that impose restrictions of the nature described in clause (d) above on the property so acquired, (vii) Permitted Refinancing Indebtedness of any Existing Indebtedness, provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive than those contained in the agreements governing the Indebtedness being refinanced or (viii) other Indebtedness permitted to be incurred subsequent to the Restatement Effective Date pursuant to the provisions of Section 5.21 hereof, provided that such restrictions are no more restrictive

than those contained in this Agreement.

Section 5.31. Change in Business. Lessee shall not, and shall not suffer or permit any Subsidiary to, engage in any material line of business substantially different from those lines of business carried on by Lessee and its Subsidiaries on the date hereof.

Section 5.32. Accounting Changes. Lessee shall not, and shall not suffer or permit any Subsidiary to, make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change the fiscal year of Lessee or of any Subsidiary except as required by the Code.

Section 5.33. Limitation on Sale and Leaseback Transactions. Lessee will not, and will not permit any of its Subsidiaries to, enter into any arrangement with any Person providing for the leasing by Lessee or such Subsidiary of any property that has been or is to be sold or transferred by Lessee or such Subsidiary to such Person in contemplation of such leasing; provided, however, that Lessee or such Subsidiary may enter into such sale and leaseback transaction if: (i) Lessee could have (A) incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and leaseback transaction pursuant to the Leverage Ratio test set forth in Section 5.12(a) and (B) secured a Lien on such Indebtedness pursuant to Section 8.17; (ii) the lease in such sale and leaseback transaction is for a term not in excess of the lesser of (A) three years and (B) 60% of the remaining useful life of such property; or (iii) such sale and leaseback transaction is otherwise permitted by the last sentence of Section 4.17 of the 1996 Indenture as in effect as of the date hereof.

Section 5.34. [Intentionally Omitted].

Section 5.35. Amendments of Organization Documents or 1996 Indenture or 1998 Note Purchase Agreement. Lessee shall not modify, amend, supplement or replace, nor permit any modification, amendment, supplement or replacement of the Organization Documents of the General Partner, Lessee or any Subsidiary of Lessee, the MLP Senior Notes, the 1996 Indenture, the 1998 Fixed Rate Senior Notes or the 1998 Note Purchase Agreement or any document executed and delivered in connection with any of the foregoing, in any respect that would adversely affect the Participants, Lessee's ability to perform the Obligations, or the Guarantor's ability to perform its obligations under the Guaranty, in each such case without the prior written consent of Agent and the Required Participants. Furthermore, the Lessee shall not permit any modification, amendment, supplement or replacement of the Organization Documents of the MLP that would have a material effect on Lessee without the prior written consent of Agent and the Required Participants.

Section 5.36. [Intentionally Omitted].

Section 5.37. Operations through Subsidiaries. Lessee shall not conduct any of its operations through Subsidiaries unless: (a) such Subsidiary executes a Guaranty substantially in the form of Exhibit G to the Credit Agreement guaranteeing payment of the Obligations, accompanied by an opinion of counsel to the Subsidiary addressed to Agent and the Participants as to the due authorization, execution, delivery and enforceability of the Guaranty; (b) such Subsidiary agrees not to incur any Indebtedness other than (i) trade debt and (ii) Acquired Debt permitted by Section 5.21; (c) the Consolidated Cash Flow of such Subsidiary, when added to Consolidated Cash Flow of all other Subsidiaries for any fiscal year, shall not exceed 10% of the Consolidated Cash Flow of Lessee and its Subsidiaries for such fiscal year; and (d) the value of the assets of such Subsidiary, when added to the value of the assets of all other Subsidiaries for any fiscal year, shall not exceed 10% of the consolidated value of the assets of Lessee and its Subsidiaries for such fiscal year, as determined in accordance with GAAP; provided, however, that Lessee may, without regard to the foregoing provisions of this Section 5.37, (x) establish and operate SPEs solely in connection with Accounts Receivable Securitizations permitted by Section 5.21 and (y) operate Thermogas as a Wholly-Owned Subsidiary for a period of up to (but not exceeding) 30 days following the consummation of the Thermogas Acquisition pending the merger of Thermogas with and into Lessee.

Section 5.38. Operations of MLP. Except in connection with an indirect Acquisition permitted by Section 5.20, the General Partner and Lessee shall not permit the MLP or any of its Affiliates (including any Non-Recourse Subsidiary) to operate or conduct any business substantially similar to that conducted by Lessee and its Subsidiaries within a 25 mile radius of any business conducted by Lessee and its Subsidiaries. In order to comply with this Section 5.38, Lessee may enter into one or more transactions by which its assets and properties are "swapped" or "exchanged" for assets and properties of another Person prior to or concurrently with another transaction which, but for such swap or exchange would violate this Section; provided, that (i) if the value of the MLP's assets or units to be so swapped or exchanged exceeds $15 million, as determined by the audit committee of the Board of Directors of the General Partner, Lessee shall have first obtained at its expense an opinion from a nationally recognized investment banking firm, addressed to it, Agent and the Participants and opining without material qualification and based on assumptions that are realistic at the time, that the exchange or swap transactions are fair to Lessee and its Subsidiaries, and (ii) if the value of the MLP's assets or units to be so swapped or exchanged exceeds $50 million, as determined by the audit committee of the Board of Directors of the General Partner, at the option of the Required Participants, Agent shall have first retained, at Lessee's expense, an

investment banking firm on behalf of the Participants who shall also have rendered an opinion containing the statements and content referred to in clause (i).

Section 5.39. Miscellaneous.

(a) Further Assurances. The Lessee, at its cost and expense, will cause to be promptly and duly taken, executed, acknowledged and delivered all such further acts, documents and assurances as Certificate Trustee or Agent reasonably may request from time to time in order to carry out more effectively the intent and purposes of this Agreement and the other Operative Documents and the Overall Transaction. The Lessee, at its cost and expense, will cause all financing statements (including precautionary financing statements), fixture filings, mortgages and other documents, to be recorded or filed at such places and times in such manner, and will take all such other actions or cause such actions to be taken, as may be necessary or as may be reasonably requested by Agent or Certificate Trustee in order to establish, preserve, protect and perfect the title and Lien of Agent in the Units, the Lessee Collateral and the Lessor Collateral and Certificate Trustee's, Agent's and/or any Participant's rights under this Agreement and the other Operative Documents.

(b) Change of Name or Address. Lessee shall provide Agent thirty (30) days' prior written notice of any change in name, or the address of its chief executive office and principal place of business or the office where it keeps its records concerning its accounts and the Units.

(c) Securities. Lessee shall not, nor shall it permit anyone authorized to act on its behalf to, take any action which would subject the issuance or sale of the Notes or Certificates, the Units, the Trust Estate or the Operative Documents, or any security or lease the offering of which, for purposes of the Securities Act or any state securities laws, would be deemed to be part of the same offering as the offering of the aforementioned items to the registration requirements of Section 5 of the Securities Act or any state securities laws.

(d) Rates. With respect to each determination of Interest and Yield pursuant to this Agreement, the Loan Agreement, the Trust Agreement and Basic Rent under the Lease, Lessee agrees to be bound by Sections 2.6 and 2.7 of the Loan Agreement, Sections 2.4 and 2.5 of the Trust Agreement, and Sections 2.8 and 2.9 hereof and the applicable definitions in Appendix 1.

Section 5.40. Accounting Principles. (a) Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made in accordance with GAAP consistently applied. In the event that GAAP changes during the term of the Lease such that the covenants contained in Section 5.12 would then be calculated in a different manner or with different components, (i) Lessee and the Participants agree to amend this Agreement in such respects as are necessary to conform those covenants as criteria for evaluating Lessee's financial condition to substantially the same criteria as were effective prior to such change in GAAP and (ii) Lessee shall be deemed to be in compliance with the covenants contained in Section 5.12 during the 90-day period following any such change in GAAP if and to the extent that Lessee would have been in compliance therewith under GAAP as in effect immediately prior to such change.

(b) Except as otherwise specified, references herein to "fiscal year" and "fiscal quarter" refer to such fiscal periods of Lessee.

ARTICLE VI

OTHER COVENANTS AND AGREEMENTS

Section 6.1. Cooperation with Lessee. (a) Certificate Trustee, Agent and each Participant shall, to the extent reasonably requested by Lessee (but without assuming additional liability on account thereof), at Lessee's expense, cooperate to allow Lessee to (a) perform its covenants contained in Section 5.39(a), including, without limitation, at any time and from time to time, upon the reasonable request of Lessee, to promptly and duly execute and deliver any and all such further instruments, documents and financing statements (and continuation statements related thereto) as Lessee may reasonably request in order to perform such covenants.

(b) Without limiting the generality of the foregoing, Agent and Certificate Trustee shall, upon the request of Lessee and at Lessee's expense, execute and deliver UCC partial termination statements releasing any propane tank which is not a Unit from the coverage of any Financing Statement filed in connection with the transactions contemplated by the Operative Documents.

Section 6.2. Covenants of Certificate Trustee and Agent.

(a) Discharge of Liens. Certificate Trustee, in its trust capacity, will not create or permit to exist at any time, and will promptly take such action as may be necessary duly to discharge, or to cause to be discharged, all Certificate Trustee Liens attributable to it and will cause restitution to be made to the Trust Estate in the amount of any diminution of the value thereof as a result of its failure to comply with its obligations under this Section

6.2(a). The Bank, in its individual capacity, will not create or permit to exist at any time, and will, at its own cost and expense, promptly take such action as may be necessary duly to discharge, or to cause to be discharged, all Certificate Trustee Liens attributable to it and will cause restitution to be made to the Trust Estate in the amount of any diminution of the value thereof as a result of its failure to comply with its obligations under this Section 6.2(a). Agent, in its individual capacity, will not create or permit to exist at any time, and will, at its own cost and expense, promptly take such action as may be necessary duly to discharge, or to cause to be discharged, all Certificate Trustee Liens attributable to it and will cause restitution to be made to the Trust Estate in the amount of any diminution of the value thereof as a result of its failure to comply with its obligations under this Section 6.2(a). Notwithstanding the foregoing, none of Certificate Trustee, Agent or the Bank, as the case may be, shall be required to so discharge any such Certificate Trustee Lien while the same is being contested in good faith by appropriate proceedings diligently prosecuted so long as such proceedings shall not involve any meaningful danger of the sale, forfeiture or loss of, and shall not interfere with the use or disposition of, the Units, the Lease or the Trust Estate or title thereto or any interest therein or the payment of Rent.

(b) Trust Agreement. Without prejudice to any right under the Trust Agreement of Certificate Trustee to resign, or the Certificate Purchasers' right under the Trust Agreement to remove Certificate Trustee, each of the Certificate Purchasers and Certificate Trustee hereby agrees with Lessee: (i) except as permitted by the Trust Agreement not to terminate or revoke the trust created by the Trust Agreement prior to the Lease Expiration Date, (ii) not to amend, supplement, terminate or revoke or otherwise modify any provision of the Trust Agreement prior to the Lease Expiration Date in such a manner as to materially and adversely affect the rights of Lessee, (iii) except as otherwise expressly authorized under the Operative Documents, not to withdraw from the Trust Estate any funds other than amounts payable to it by Certificate Trustee as distributions of Basic Rent and Supplemental Rent without the prior written consent of Lessee and (iv) to comply with all of the terms of the Trust Agreement applicable to it the nonperformance of which would adversely affect such party.

(c) Successor Certificate Trustee. Certificate Trustee or any successor may resign or be removed by the Certificate Purchasers as Certificate Trustee, a successor Certificate Trustee may be appointed, and a corporation may become Certificate Trustee under the Trust Agreement, only (and, so long as no Lease Event of Default has occurred and is continuing, with the written consent of Lessee) in accordance with the provisions of Article IV of the Trust Agreement.

(d) Indebtedness; Other Business. Certificate Trustee on behalf of the Trust shall not contract for, create, incur or assume any indebtedness, or enter into any business or other activity, other than pursuant to or under the Operative Documents and, for the benefit of Lessee and the Certificate Purchasers, agrees to be bound by Section 1.2(b) of the Trust Agreement.

(e) Change of Principal Place of Business. Certificate Trustee shall give prompt notice to the Participants and Lessee if Certificate Trustee's principal place of business or chief executive office, or the office where the records concerning the accounts or contract rights relating to the Units or the Overall Transaction are kept, shall cease to be located at its address in the State of Utah set forth on Schedule II or if it shall change its name or identity.

(f) Depreciation. Neither Certificate Trustee nor any Participant shall claim any federal or state tax attributes or benefits (including depreciation) relating to the Units in respect of any period prior to the Lease Expiration Date unless required to do so by an appropriate taxing authority or after a clearly applicable change in Applicable Laws and Regulations or as a protective response to a proposed adjustment by a Governmental Authority; provided, however, that if an appropriate taxing authority shall require Certificate Trustee or any Participant to claim any such federal or state tax attributes or benefits, such Person shall promptly notify Lessee thereof and shall permit Lessee to contest such requirement in a manner similar to the contest rights provided in, and subject to any applicable limitation to a context contained in, Section 7.2(b) hereof.

Section 6.3. Assignments. (a) All or any part of the interest of any Lender in, to or under this Participation Agreement, the other Operative Documents, the Units or the Notes may be assigned or transferred by such Lender at any time to an Eligible Assignee; provided, however, that (i) each assignment or transfer shall comply with all applicable securities laws and ERISA; (ii) each assignment or transfer shall consist of a transfer of equivalent portions of such Lender's rights and obligations under the Loan Agreement (if applicable to such Lender); and (iii) each assignment or transfer of Loans shall be in a minimum aggregate amount of $2,000,000 and $500,000 integral multiples in excess thereof (or, if less, the aggregate amount of Loans then held by the assignor or transferor Lender), unless such assignment or transfer is between Lenders and/or their Affiliates; and provided further that so long as no Lease Default or Lease Event of Default exists, any such transfer or assignment (other than a transfer or assignment to a Participant or an Affiliate of the transferor) shall be subject to the consent of Lessee, which shall not be unreasonably withheld. Such assignment or transfer shall be pursuant to documentation in the form of Exhibit K, duly executed by the assignee or transferee.

(b) Any Certificate Purchaser may assign or transfer all or any part of its interest in, to and under this Participation Agreement, the other Operative Documents, the Units and the Certificates at any time to an Eligible Assignee; provided, however, that (i) each assignment or transfer shall comply with all applicable securities laws and ERISA; (ii) each assignment or transfer shall consist of a transfer of equivalent portions of such Certificate Purchaser's rights and obligations under the Trust Agreement (if applicable to such Lender); and (iii) each assignment or transfer of Certificate Amounts shall be in a minimum aggregate amount of $75,000 and $10,000 integral multiples in excess thereof (or, if less, the aggregate amount of Certificates then held by the assignor or transferor Certificate Purchaser), unless such assignment or transfer is between Certificate Purchasers and/or their Affiliates; and provided further that so long as no Lease Default or Lease Event of Default exists, any such transfer or assignment (other than a transfer or assignment to a Participant or an Affiliate of the transferor) shall be subject to the consent of Lessee, which shall not be unreasonably withheld. Such assignment or transfer shall be pursuant to documentation in the form of Exhibit K, duly executed by the assignee or transferee.

Section 6.4. Participations. Each Participant may sell, transfer or assign a participation in all or a portion of the interests represented by its Notes and/or Certificates or any right to payment thereunder (a "Participation") to any Person (a "Participation Holder"). In the event of any such sale by a Participant of a Participation to a Participation Holder, the obligations of such Participant under this Participation Agreement and under the other Operative Documents shall remain unchanged, such Participant shall remain solely responsible for the performance thereof, such Participant shall remain the holder of its Note and/or Certificate for all purposes under this Participation Agreement and under the other Operative Documents, and Certificate Trustee and Agent shall continue to deal solely and directly with such Participant in connection with such Participation Holder's rights and obligations under this Trust Agreement, under the Loan Agreement and under the other Operative Documents, as applicable.

ARTICLE VII

INDEMNIFICATION

Section 7.1. General Indemnification. Whether or not the transactions contemplated hereby are consummated, to the fullest extent permitted by Applicable Laws and Regulations, Lessee hereby assumes liability for and agrees to indemnify, protect, defend, save and keep harmless each Indemnitee on an after-tax basis (in accordance with Section 7.4) from and against, any and all Claims of every kind and nature whatsoever that may be imposed on, incurred by, or asserted against any Indemnitee, which are not directly and primarily caused by (i) the fraud, gross negligence or willful misconduct of such Indemnitee (provided that the indemnification provided under this Section 7.1 shall specifically include matters based on or arising from the negligence of any Indemnitee), (ii) the breach by such Indemnitee of any representation, warranty or covenant set forth in any Operative Document or (iii) the violation by such Indemnitee of any Applicable Laws and Regulations, whether or not such Indemnitee shall also be indemnified as to any such Claim by any other Person and whether or not such Claim arises or accrues prior to the Delivery Date or after the Lease Expiration Date, and which relates in any way to or arises in any way out of:

(a) any of the Operative Documents or any of the transactions contemplated thereby, or any investigation, litigation or proceeding in connection therewith, and any amendment, modification or waiver in respect thereof;

(b) the Thermogas Acquisition, the Acquired Property or any Part thereof or interest therein;

(c) the acquisition, mortgaging, design, manufacture, re-manufacture, construction, preparation, installation, inspection, delivery, non-delivery, acceptance, rejection, purchase, ownership, possession, rental, lease, sublease, transportation, repossession, maintenance, repair, alteration, modification, addition or substitution, storage, transfer of title, registration or re-registration, redelivery, use, operation, condition, financing, refinancing, sale (including, without limitation, any sale pursuant to the Lease), return or other application or disposition of the Units or any Unit or Part thereof or the imposition of any Lien (or incurring of any liability to refund or pay over any amount as a result of any Lien) on any of the Units, including, without limitation, (i) Claims or penalties arising from any violation of Applicable Laws and Regulations or in tort (strict liability or otherwise), (ii) loss of or damage to the environment (including, without limitation, investigation costs, cleanup costs, response costs, remediation and removal costs, costs of corrective action, costs of financial assurance, and all other damages, costs, fees and expenses, fines and penalties, including natural resource damages), or death or injury to any Person, and any mitigative

action required by or under Environmental Laws, (iii) latent or other defects, whether or not discoverable, and (iv) any Claim for patent, trademark or copyright infringement;

(d) the sale or other disposition of any of the Acquired Property, including, without limitation, any disposition pursuant to the Sale Option, Purchase Option or as a result of the exercise of remedies;

(e) the offer, issuance, sale or delivery of the Certificates or the Notes;

(f) the breach by Lessee of any representation or warranty made by it or deemed made by it in any Operative Document;

(g) the transactions contemplated hereby or by any other Operative Document in respect of the application of Parts 4 and 5 of Subtitle B of Title I of ERISA and any prohibited transaction described in Section 4975(c) of the Code;

(h) any Claims related to the Release from any Unit of any substance into the environment, including (without limitation) Claims arising out of the use of any Unit for the transportation or storage of any Hazardous Material;

(i) any failure on the part of Lessee to perform or comply with any of the terms of any Operative Document; or

(j) any other agreement entered into or assumed by Lessee in connection with any Unit.

It is expressly understood and agreed that this Section 7.1 shall not apply to Claims in respect of:

(A) Taxes (such Claims being subject to Section 7.2), except with respect to (1) taxes or penalties included in Claims described in clause (g) above, and (2) any payment necessary to make payments under this Section 7.1 in accordance with Section 7.4; and

(B) as to an Indemnitee, Certificate Trustee Liens which such Indemnitee is responsible for discharging under the Operative Documents.

Section 7.2. General Tax Indemnity. (a) Lessee shall pay, defend and indemnify and hold each Indemnitee harmless on an after-tax basis (in accordance with Section 7.4) from any and all Federal, state, local and foreign Taxes imposed on or with respect to or in connection with any Indemnitee, the Acquired Property or any portion thereof, any Operative Document, Lessee or any sublessee or user of any Unit, howsoever imposed, whether levied or imposed upon or asserted against any Indemnitee, any Acquired Property, or any Part thereof, by any taxing Governmental Authority (including any Federal, state or local government or taxing Governmental Authority in the United States and any taxing Governmental Authority or governmental subdivision of a foreign country), upon or with respect to:

(i) the acquisition, mortgaging, design, manufacture, re-manufacture, construction, preparation, installation, inspection, delivery, non-delivery, acceptance, rejection, purchase, ownership, possession, rental, lease, sublease, repossession, maintenance, repair, alteration, modification, addition or substitution, storage, titling or retitling, transfer of title, registration or re-registration, redelivery, use, operation, condition, financing, refinancing, sale, return or other application or disposition of the Units or any Unit or Part thereof or any other Acquired Property or the imposition of any Lien (or incurrence of any liability to refund or pay over any amount as a result of any Lien) thereon,

(ii) Basic Rent or Supplemental Rent or the receipts or earnings arising from or received with respect to the Units or any Unit or any Part thereof, or any interest therein or any applications or dispositions thereof,

(iii) any other amount paid or payable pursuant to the Lease, the Certificates, the Notes or any other Operative Documents,

(iv) the Units or any Unit or any Part thereof or any other Acquired Property or any interest therein,

(v) all or any of the Operative Documents, any other documents contemplated thereby and any amendments and supplements thereto, and

(vi) otherwise with respect to or in connection with the transactions contemplated by the Operative Documents;

provided, that the indemnification obligation of this Section 7.2(a) shall not apply to (1) Taxes which are based upon or measured by the Indemnitee's net income or which are expressly in substitution for, or relieve Indemnitee from,

any actual Tax based upon or measured by Indemnitee's net income (other than any such Taxes imposed by means of withholding); (2) Taxes characterized under local law as franchise, net worth, or shareholder's capital (excluding, however, any value-added, license, property or similar Taxes); and (3) if no Lease Event of Default exists, Taxes based upon the voluntary transfer, assignment or disposition by Lessor or any Participant of any interest in any of the Units, the Certificates or the Notes (other than transfers pursuant to the exercise of the Sale Option or the Purchase Option, or any other transfer to Lessee or otherwise pursuant to the Lease). Notwithstanding the proviso of the preceding sentence of this Section 7.2(a), Lessee shall pay or reimburse, and indemnify and hold harmless,

(A) any Indemnitee against any Tax based on, or measured by the net income of, such Indemnitee imposed by any Federal, state or local taxing Authority in the United States (or any taxing Governmental Authority in any other jurisdiction in which such Indemnitee maintains its principal place of business) to the extent such Tax would not have been imposed if on the Delivery Date the Participants had advanced funds directly to Lessee in the form of a loan secured by the Units in an amount equal to the aggregate amount funded by the Participants on the Delivery Date, with the debt service for such loan equal to the rents provided under the Lease and a principal balance due at the end of such term in an amount equal to the Lease Balance remaining at the end of the Lease Term, or

(B) any Indemnitee which is not incorporated under the laws of the United States or a State thereof and which has complied with Section 7.2(c), from any deduction or withholding of any United States Federal income tax.

All of the indemnities contained in this Section 7.2 shall continue in full force and effect notwithstanding the expiration or earlier termination of the Lease and the other Operative Documents in whole or in part, including the termination of the Lease with respect to any Unit or all of the Units, and are expressly made for the benefit of, and shall be enforceable by, each Indemnitee.

(b) On or before October 1 of each year occurring during the Lease Term, Lessee will deliver to Certificate Trustee and Agent an Officer's Certificate stating that Lessee has filed all reports or returns and paid all material Taxes which are due and payable and which Lessee is (i) required to indemnify hereunder and (ii) permitted to so file and pay pursuant to Applicable Laws and Regulations. If Lessee is not permitted by Applicable Laws and Regulations to file any report or return required to be made with respect to any Tax with respect to which Lessee is required to indemnify hereunder, Lessee shall prepare such reports or returns for signature by Agent, Certificate Trustee or the applicable Participant and shall forward the same, together with immediately available funds for payment of any Tax due, to Agent, Certificate Trustee or such Participant, at least ten (10) days in advance of the date such payment is to be made. Upon written request, Lessee shall furnish Agent, Certificate Trustee or any Participant with copies of all reports, returns, paid receipts or other appropriate evidence of payment for all Taxes paid by Lessee pursuant to this Section 7.2.

(c) At least five (5) Business Days prior to the first date on which any payment is due on any Note or Certificate for the account of any Participant not incorporated under the laws of the United States or a State thereof, such Participant agrees that it will have delivered to each of Lessee and Agent two duly completed copies of United States Internal Revenue Service Form 1001 or 4224, certifying in the case of a Form 1001 that such Participant is entitled to receive payments under the Operative Documents without deduction or withholding of any United States Federal income taxes, or at a reduced rate, if applicable. Each Participant which so delivers a Form 1001 or 4224 further undertakes to deliver to each of Lessee and Agent two additional copies of such form (or a successor form) on or before the date that such form expires (currently, three successive calendar years for Form 1001 and one calendar year for Form 4224) or becomes obsolete or after the occurrence of any event requiring a change in the most recent forms so delivered by it, and such amendments thereto or extensions or renewals thereof as may be reasonably requested by Lessee or Agent, in each case certifying that such Participant is entitled to receive payments under the Operative Documents without deduction or withholding of any United States Federal income taxes, unless an event (including any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Participant from duly completing and delivering any such form with respect to it and such Participant advises Lessee and Agent that it is not capable of receiving payments without any withholding of United States Federal income tax.

Section 7.3. Excessive Use Indemnity. In the event that at the end of the Lease Term: (a) Lessee elects the Sale Option and (b) after paying to Agent any amounts due under Section 9.1(b) of the Lease, Proceeds and the Applicable Percentage Amount, the Lease Balance shall not have been reduced to zero, then Lessee shall promptly pay over to Agent the shortfall unless Lessee delivers a report from an independent appraiser in form and substance satisfactory to the Required Participants which establishes that the decline in value in the Units

from the aggregate amount anticipated for such date in the Appraiser's report delivered with respect to each Unit on the Delivery Date was not due to the excessive use of any Unit, failure to maintain any Unit, modifications or alteration which reduce the value of any Unit, any adverse change in the environmental condition of any Unit, any defect or exception to title of any Unit or any other cause or condition within the power of Lessee to control or affect, differing from ordinary wear and tear.

Section 7.4. Gross Up. If an Indemnitee shall not be entitled to a corresponding and equal deduction with respect to any payment or Tax which Lessee is required to pay or reimburse under any other provision of this Article VII (each such payment or reimbursement under this Article VII, an "original payment") and which original payment constitutes income to such Indemnitee, then Lessee shall pay to such Indemnitee on demand the amount of such original payment on a gross-up basis such that, after subtracting all Taxes imposed on such Indemnitee with respect to such original payment by Lessee (including any Taxes otherwise excluded from the indemnification provided under Section 7.2 and assuming for this purpose that such Indemnitee was subject to taxation at the highest Federal, state or local marginal rates applicable to widely held corporations for the year in which such income is taxable), such payments shall be equal to the original payment to be received (net of any credits, deductions or other tax benefits then actually recognized that arise from the payment by such Indemnitee of any amount, including taxes, for which the payment to be received is made).

Section 7.5. Increased Capital Costs. If any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank regulator or other Governmental Authority ("Change in Law") affects or would affect the amount of capital required or expected to be maintained by any Participant directly or by its parent company (other than any change by way of imposition of or increase in reserve requirements included in the calculation of the LIBO Rate or in respect of the assessment rate payable by any Participant to the FDIC for insuring U.S. deposits) and such Participant determines (in its sole and absolute discretion) that the rate of return on it or its parent's capital as a consequence of any Funding made by such Participant hereunder to pay its share of the Purchase Price is reduced to a level below that which such Participant or its parent could have achieved but for the occurrence of any such circumstances, then, in any such case, upon written notification from time to time by such Participant to Lessee, Lessee shall, within five (5) Business Days following receipt of the statement referred to in the next sentence, pay directly to such Participant, as Supplemental Rent, additional amounts sufficient to compensate Participant or its parent for such reduction in rate of return (subject to Section 7.4). A statement of a Participant as to any such additional amount or amounts (including calculations thereof in reasonable detail) and the reasons therefor shall, in the absence of manifest error, be conclusive and binding on Lessee. In determining such amount, each Participant shall use any method of averaging or attribution that it (in its reasonable discretion) shall deem applicable.

Section 7.6. LIBO Rate Illegal, Unavailable or Impracticable. If any Participant shall determine in good faith (which determination shall, upon notice thereof to Lessee, be conclusive and binding on Lessee) that

(a) a change in law makes it unlawful, or the central bank or other Governmental Authority asserts that it is unlawful, for such Participant to make, continue or maintain any amount of such Participant's investment in the Notes or Certificates on a LIBO Rate basis,

(b) deposits in Dollars (in the applicable amounts) are not being offered to such Participant in the relevant market for the applicable Payment Period, or that by reason of circumstances affecting the interbank eurodollar market adequate and reasonable means do not exist for ascertaining the applicable LIBO Rate, or

(c) the LIBO Rate, as determined by Agent, will not adequately and fairly reflect the cost to such Participant of maintaining or funding its investments for the applicable Payment Period,

then the obligations of such Participant to make, continue or maintain any such investment shall, upon such determination, forthwith be suspended until such Participant shall notify Lessee that such circumstances no longer exist, and all Basic Rent (or Interest and Yield) allocable to such Participant shall automatically be determined on a Alternate Base Rate basis beginning on the next immediately succeeding Payment Date with respect thereto or sooner, if required by such law, assertion or determination.

Section 7.7. Funding Losses. Lessee agrees to reimburse any Participant for any loss or expense incurred (including any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Participant to make, continue or maintain any portion of its investment in any Note or Certificate on a LIBO Rate basis) as a result of (i) the failure of the transaction contemplated by Article II to occur on or before the Delivery Date specified in the Delivery Date Notice or (ii) any payment of all or any

portion of the Lease Balance for any reason on a date other than the Payment Date when such Lease Balance was scheduled to be paid. Such Participant shall promptly notify Lessee in writing of the amount of any claim under this Section 7.7, the reason or reasons therefor and the additional amount required fully to compensate such Participant for such loss or expense. Such written notice (which shall include calculations in reasonable detail) shall, in the absence of manifest error, be conclusive and binding on Lessee.

Section 7.8. Actions of Affected Participants. Each Participant shall use reasonable efforts (including reasonable efforts to change the booking office for this transaction) to avoid or minimize any amounts which might otherwise be payable pursuant to Sections 7.5 and 7.6; provided, however, that such efforts shall not be deemed by such Participant, in its sole discretion, to be disadvantageous to it. In the event that such reasonable efforts are insufficient to avoid or minimize such amounts that might be payable pursuant to Sections 7.5 and 7.6, then such Participant (the "Affected Participant") shall use its reasonable efforts to transfer to any other Participant approved by Lessee (which itself is not then an Affected Participant) its Notes and/or Certificates; provided, that such transfer shall not be deemed by such Affected Participant, in its reasonable sole discretion, to be disadvantageous to it (other than the economic disadvantage of ceasing to be a Participant). In the event that the Affected Participant is unable, or otherwise is unwilling, to use its reasonable efforts to so transfer its rights and obligations, Lessee may designate an alternate financial institution to purchase the Affected Participant's Notes and Certificates and, subject to the provisions of Sections 6.3 and 7.7, the Affected Participant shall transfer its rights and obligations to such alternate financial institution and such alternate financial institution shall become a Participant hereunder; provided that the costs of such transfer to either another Participant or an alternate financial institution shall be borne by Lessee.

ARTICLE VIII

AGENT

Section 8.1. Appointment of Agent; Powers and Authorization to Take Certain Actions. (a) Each Participant irrevocably appoints and authorizes First Security Trust Company of Nevada to act as its agent hereunder, with such powers as are specifically delegated to Agent by the terms hereof, together with such other powers as are reasonably incidental thereto. Each Participant authorizes and directs Agent to, and Agent agrees for the benefit of the Participants, that, on the Delivery Date it will accept the documents described in Article III of this Participation Agreement. Agent accepts the agency hereby created applicable to it and agrees to receive all payments and proceeds pursuant to the Operative Documents and disburse such payments or proceeds in accordance with the Operative Documents. Agent shall have no duties or responsibilities except those expressly set forth in the Loan Agreement and this Participation Agreement. Agent shall not be responsible to any Participant (or to any other Person): (i) for any recitals, statements, representations or warranties of any party contained in the Loan Agreement, this Participation Agreement, or in any certificate or other document referred to or provided for in, or received by it under, the Operative Documents, other than the representations and warranties made by Agent in Section 4.4, or (ii) for the value, validity, effectiveness, genuineness, enforceability or sufficiency of the Units, the Lessee Collateral or the Lessor Collateral or the title thereto (subject to Agent's obligations under Section 4.4) or of the Loan Agreement or any other document referred to or provided for therein or (iii) for any failure by any Lessee, Certificate Trustee or any other third party (other than Agent) to perform any of its obligations under any Operative Document. Agent may employ agents, trustees or attorneys-in-fact, may vest any of them with any property, title, right or power deemed necessary for the purposes of such appointment and shall not be responsible for the negligence or misconduct of any of them selected by it with reasonable care. Except as provided for in Section 8.1(c) below, neither Agent nor any of its directors, officers, employees or agents shall be liable or responsible for any action taken or omitted to be taken by it or them hereunder, or in connection herewith.

(b) Agent shall not have any duty or obligation to manage, control, use, operate, store, lease, sell, dispose of or otherwise deal with the Units, the Lessee Collateral or the Lessor Collateral, or to otherwise take or refrain from taking any action under, or in connection with, this Participation Agreement or any related document to which Agent is a party, except as expressly provided by the terms hereof, and no implied duties of any kind shall be read into any Operative Document against Agent. The permissive right of Agent to take actions enumerated in this Participation Agreement or any other Operative Document shall never be construed as a duty, unless Agent is instructed or directed to exercise, perform or enforce one or more rights by the Required Participants (provided that Agent has received indemnification reasonably satisfactory to it). Subject to Section 8.1(c) below, no provision of the Operative Documents shall require Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its obligations under the Operative Documents, or in the exercise of any of its rights or powers thereunder. It is understood and agreed that the duties of Agent are ministerial in nature.

(c) Except as specifically provided herein, Agent is acting hereunder

solely as agent and, except as specifically provided herein, is not responsible to any party hereto in its individual capacity, except with respect to any claim arising from Agent's gross negligence or willful misconduct, or its negligence in the handling of funds or any breach of a representation or covenant made in its individual capacity.

(d) Agent may accept deposits from, lend money to and otherwise deal with Lessee or any of its Affiliates with the same rights as it would have if it were not the named Agent hereunder.

Section 8.2. Reliance. Agent may rely upon, and shall not be bound or obligated to make any investigation into the facts or matters stated in, any certificate, notice or other communication (including any communication by telephone, telecopy, telex, telegram or cable) reason ably believed by it to be genuine and correct and to have been made, signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by Agent with due care (including any expert selected by Agent to aid Agent in any calculations required in connection with its duties under the Operative Documents).

Section 8.3. Action upon Instructions Generally. Subject to Sections 8.4 and 8.6, upon written instructions of the Required Participants, Agent shall, on behalf of the Participants, give such notice or direction, exercise such right, remedy or power hereunder or in respect of the Units, and give such consent or enter into such amendment to any document to which it is a party as Agent as may be specified in such instructions. Agent shall deliver to each Participant a copy of each notice, report and certificate received by Agent pursuant to the Operative Documents. Agent shall have no obligation to investigate or determine whether there has been a Lease Event of Default or a Lease Default. Agent shall not be deemed to have notice or knowledge of a Lease Event of Default or Lease Default unless a Responsible Officer of Agent is notified in writing of such Lease Event of Default or Lease Default; provided that Agent shall be deemed to have been notified in writing of any failure of Lessee to pay Rent in the amounts and at the times set forth in Article IV of the Lease. If Agent receives notice of a Lease Event of Default, Agent shall give prompt notice thereof, at Lessee's expense, to each Participant. Subject to Sections 8.4, 8.6 and 9.5, Agent shall take action or refrain from taking action with respect to such Lease Event of Default as directed by the Required Participants or, in the case of a Payment Default, as directed by any Participant; provided that, unless and until Agent receives such directions, Agent may refrain from taking any action with respect to such Lease Event of Default or Payment Default. Prior to the date the Lease Balance shall have become due and payable by acceleration pursuant to Section 8.2 of the Lease, the Required Participants may deliver written instructions to Agent to waive, and Agent shall waive pursuant thereto, any Lease Event of Default and its consequences; provided that in the absence of written instructions from all Participants, Agent shall not waive any: (i) Payment Default, or (ii) covenant or provision which, under Section 9.5, cannot be modified or amended without the consent of all Participants. As to any matters not expressly provided for by this Participation Agreement, Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder in accordance with instructions signed by the Required Participants and such instructions of the Required Participants and any action taken or failure to act pursuant thereto shall be binding on each Participant.

Section 8.4. Indemnification. Each Participant shall reimburse and hold Agent harmless, ratably in accordance with its Commitment at the time the indemnification is required to be given, (but only to the extent that any such indemnified amounts have not in fact been paid to Agent by, or on behalf of, Lessee in accordance with Section 7.1) from any and all claims, losses, damages, obligations, penalties, liabilities, demands, suits, judgments, or causes of action, and all legal proceedings, and any reasonable costs or expenses in connection therewith, including allocated charges, costs and expenses of internal counsel of Agent and all other reasonable attorneys' fees and expenses incurred by Agent, in any way relating to or arising in any manner out of: (i) any Operative Document, the enforcement hereof or thereof or the consummation of the transactions contemplated thereby, or (ii) instructions from the Required Participants (including, without limitation, the costs and expenses that Lessee is obligated to and does not pay hereunder, but excluding normal administrative costs and expenses incident to the performance by Agent of its agency duties hereunder other than materially increased administrative costs and expenses incurred as a result of a Lease Event of Default); provided that no Participant shall be liable for any of the foregoing to the extent they arise from (a) the gross negligence or willful misconduct of Agent, (b) the inaccuracy of any representation or warranty or breach of any covenant given by Agent in Section 4.4 or in the Loan Agreement, (c) in the case of Agent's handling of funds, the failure to act with the same care as Agent uses in handling its own funds or (d) any taxes, fees or other charges payable by Agent based on or measured by any fees, commissions or compensation received by it for acting as Agent in connection with the transactions contemplated by the Operative Documents.

Section 8.5. Independent Credit Investigation. Each Participant by entering into this Participation Agreement agrees that it has, independently and without reliance on Agent or Arranger or any other Participant and based on such documents and information as it has deemed appropriate, made its own credit analysis of Lessee and its own decision to enter into this Participation Agreement and each of the other Operative Documents to which it is a party and

that it will, independently and without reliance upon Agent, Arranger or any other Participant and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking action under this Participation Agreement and any related documents to which it is a party. Agent shall not be required to keep itself informed as to the performance or observance by Lessee of any other document referred to (directly or indirectly) or provided for herein or to inspect the properties or books of Lessee. Except for notices or statements which Agent is expressly required to give under this Participation Agreement and for notices, reports and other documents and information expressly required to be furnished to Agent alone (and not also to each Participant and the Certificate Trustee, it being understood that Agent shall forward copies of same to each Participant and the Certificate Trustee) hereunder or under any other Operative Document, Agent shall not have any duty or responsibility to provide any Participant with copies of notices or with any credit or other information concerning the affairs, financial condition or business of Lessee (or any of its Affiliates) that may come into the possession of Agent or any of its Affiliates.

Section 8.6. Refusal to Act. Except for notices and actions expressly required of Agent hereunder and except for the performance of its covenants in Section 4.4, Agent shall in all cases be fully justified in failing or refusing to act unless (a) it is indemnified to its reasonable satisfaction by the Participants against any and all liability and reasonable expense which may be incurred by it by reason of taking or continuing to take any such action (provided that such indemnity shall be subject to each of the limitations set forth at Section 8.4, it being understood that no action taken by Agent in accordance with the instructions of the Required Participants shall be deemed to constitute any such matter) and (b) it is reasonably satisfied that such action is not contrary to any Operative Document or to any Applicable Laws and Regulations.

Section 8.7. Resignation or Removal of Agent; Appointment of Successor. Subject to the appointment and acceptance of a successor Agent as provided below, Agent may resign at any time by giving notice thereof to each Certificate Trustee and Lessee or may be removed at any time by written notice from the Required Participants. Upon any such resignation or removal, the Required Participants at the time of the resignation or removal shall have the right to appoint (so long as no Lease Event of Default is continuing, with the prior written consent of Lessee) a successor Agent which shall be a financial institution having a combined capital and surplus of not less than $500,000,000. If, within 30 calendar days after the retiring Agent's giving of notice of resignation or receipt of a written notice of removal, a successor Agent is not so appointed and does not accept such appointment, then the retiring or removed Agent may appoint a successor Agent and transfer to such successor Agent all rights and obligations of the retiring Agent. Such successor Agent shall be a financial institution having combined capital and surplus of not less than $500,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed Agent and the retiring or removed Agent shall be discharged from duties and obligations as Agent thereafter arising hereunder and under any related document. If the retiring Agent does not appoint a successor, any Participant shall be entitled to apply to a court of competent jurisdiction for such appointment, and such court may thereupon appoint a successor to act until such time, if any, as a successor shall have been appointed as above provided.

Section 8.8. Separate Agent. The Required Participants may, and if they fail to do so at any time when they are so required, Agent may, for the purpose of meeting any legal requirements of any jurisdiction in which the Units, the Lessee Collateral or the Lessor Collateral may be located and, so long as no Lease Event of Default has occurred and is continuing, with the prior written consent of Lessee, appoint one or more individuals or corporations either to act as co-agent jointly with Agent or to act as separate agent of all or any part of the Units, the Lessee Collateral or the Lessor Collateral, and vest in such individuals or corporations, in such capacity, such title to such Units, the Lessee Collateral or the Lessor Collateral or any part thereof, and such rights or duties as Agent may consider necessary or desirable. Agent shall not be required to qualify to do business in any jurisdiction where it is not now so qualified. Agent shall execute, acknowledge and deliver all such instruments as may be required by any such co-agent or separate agent more fully confirming such title, rights or duties to such co-agent or separate agent. Upon the acceptance in writing of such appointment by any such co-agent or separate agent, it, she or he shall be vested with such interest in the Units, the Lessee Collateral or the Lessor Collateral or any part thereof, and with such rights and duties, not inconsistent with the provisions of the Operative Documents, as shall be specified in the instrument of appointment, jointly with Agent (except insofar as local law makes it necessary for any such co-agent or separate agent to act alone), subject to all terms of the Operative Documents. Any co-agent or separate agent, to the fullest extent permitted by legal requirements of the relevant jurisdiction, at any time, by an instrument in writing, shall constitute Agent its attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its behalf and in its name. If any co-agent or separate agent shall die, become incapable of acting, resign or be removed, the interest in the Units, the Lessee Collateral and the Lessor Collateral and all rights and duties of such co-agent or separate agent shall, so far as permitted by law, vest in and be exercised by Agent, without the appointment of a successor to such co-agent or separate agent.

Section 8.9. Termination of Agency. The agency created hereby shall terminate upon the final disposition by Agent of all Units, the Lessee Collateral and the Lessor Collateral and the final distribution by Agent of all monies or other property or proceeds received pursuant to the Lease in accordance with their terms; provided, that at such time Lessee shall have complied fully with all the terms hereof.

Section 8.10. Compensation of Agent. Lessee shall pay Agent its reasonable fees, costs and expenses for the performance of Agent's obligations hereunder (including the reasonable fees and expenses of its counsel).

Section 8.11. Limitations. It is expressly understood and agreed by and among the parties hereto that, except as otherwise provided herein or in the other Operative Documents: (a) this Participation Agreement and the other Operative Documents to which Agent is a party are executed by Agent, not in its individual capacity (except with respect to the representations and covenants of Agent in Section 4.4), but solely as Agent under the Operative Documents in the exercise of the power and authority conferred and vested in it as such Agent; (b) each and all of the undertakings and agreements herein made on the part of Agent are each and every one of them made and intended not as personal undertakings and agreements by Agent, or for the purpose or with the intention of binding Agent personally, unless expressly provided otherwise; (c) actions to be taken by Agent pursuant to its obligations under the Operative Documents may, in certain circumstances, be taken by Agent only upon specific authority of the Participants; (d) nothing contained in the Operative Documents shall be construed as creating any liability on Agent, individually or personally, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director, employee or agent of, Agent to perform any covenants either express or implied contained herein, all such liability, if any, being expressly waived by the other parties hereto and by any Person claiming by, through or under them; and (e) so far as Agent, individually or personally, is concerned, the other parties hereto and any Person claiming by, through or under them shall look solely to the Units, the Lessee Collateral, the Lessor Collateral and Lessee for the performance of any obligation under any of the instruments referred to herein; provided, however, that nothing in this Section 8.11 shall be construed to limit in scope or substance the general corporate liability of Agent in respect of its gross negligence or willful misconduct, negligence in the handling of funds or for those representations, warranties and covenants of Agent in its individual capacity set forth herein or in any of the other agreements contemplated hereby.

ARTICLE IX

MISCELLANEOUS

Section 9.1. Survival of Agreements. The representations, warranties, covenants, indemnities and agreements of the parties provided for in the Operative Documents, and the parties' obligations under any and all thereof, shall survive the execution and delivery and the termination or expiration of this Agreement and any of the Operative Documents, the transfer of the interest in the Units as provided herein or in any other Operative Documents, any disposition of any interest of Certificate Trustee in the Units, the purchase and sale of the Notes or Certificates, payment therefor and any disposition thereof and shall be and continue in effect notwithstanding any investigation made by any party hereto or to any of the other Operative Documents and the fact that any such party may waive compliance with any of the other terms, provisions or conditions of any of the Operative Documents.

Section 9.2. No Broker, etc. Except for Lessee's dealing with Banc of America Leasing & Capital, LLC, as Arranger, each of the parties hereto represents to the others that it has not retained or employed any arranger, broker, finder or financial advisor to act on its behalf in connection with this Agreement, nor has it authorized any arranger, broker, finder or financial adviser retained or employed by any other Person so to act, nor has it incurred any fees or commissions to which Certificate Trustee, Agent or any Participant might be subjected by virtue of their entering into the transactions contemplated by this Agreement. Any party who is in breach of this representation shall indemnify and hold the other parties harmless from and against any liability arising out of such breach of this representation.

Section 9.3. Notices. Unless otherwise specified herein, all notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been given: (i) in the case of notice by letter, the earlier of when delivered to the addressee by hand or courier if delivered on a Business Day and, if not delivered on a Business Day, the first Business Day thereafter or on the third Business Day after depositing the same in the mails, registered or certified mail, postage prepaid, return receipt requested, and (ii) in the case of notice by facsimile or bank wire, when receipt is confirmed if delivered on a Business Day and, if not delivered on a Business Day, the first Business Day thereafter, addressed as provided on Schedule II hereto, or to such other address as any of the parties hereto may designate by written notice.

Section 9.4. Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and

delivered shall be an original, but all such counterparts shall together constitute but one and the same agreement.

Section 9.5. Amendments. No Operative Document nor any of the terms thereof may be terminated, amended, supplemented, waived or modified without the written agreement or consent of Certificate Trustee, Agent, Lessee and the Required Participants; provided, however, that Section 9.15 hereof may not be terminated, amended, supplemented, waived or modified without the written agreement or consent of the Arranger; and provided, further, that such termination, amendment, supplement, waiver or modification shall require the written agreement or consent of each Participant if such termination, amendment, supplement, waiver or modification would:

(a) modify any of the provisions of this Section 9.5, change the definition of "Required Participants", or modify or waive any provision of any Operative Document requiring action by all of the Participants, or release any collateral (except in connection with a transaction permitted by the Operative Documents or approved by all of the Participants);

(b) reduce the amount or change the time of payment of any amount of principal owing or payable under any Note, Certificate or Interest or Yield owing or payable on any Note or Certificate, modify any of the provisions of Article III of the Loan Agreement or Article III of the Trust Agreement, or modify the definition of "Interest Rate" or "Yield Rate";

(c) modify, amend, waive or supplement any of the provisions of Sections 5.6, 8.1(a), 8.1(c)(i) (to the extent such Section 8.1(c)(i) relates to Section 6.2 of the Lease), 8.1(c)(ii) or 10.1, or the first paragraph of Section 6.1, in each case of the Lease;

(d) reduce, modify, amend or waive any indemnities in favor of any Participant;

(e) reduce the amount or change the time of payment of Rent, the Lease Balance, or Applicable Percentage Amount;

(f) modify any provision of any Operative Document that expressly requires the unanimous consent of the Participants;

(g) consent to modification, amendment or waiver releasing Lessee from its obligations to pay Rent, the Lease Balance, Proceeds or the Applicable Percentage Amount or changing the absolute and unconditional character of such obligations;

(h) permit the creation of any Lien on the Units, the Lessee Collateral, the Lessor Collateral or the Trust Estate or any part thereof except as permitted by the Operative Documents, or deprive any Participant of the benefit of the security interest and lien secured by the Units, the Lessee Collateral, the Lessor Collateral or the Trust Estate in a manner not generally applicable to the other Participants; or

(i) increase the Commitment of any Participant.

Lessee hereby agrees that it will not directly or indirectly (i) pay or cause to be paid any fee or other remuneration or (ii) grant or permit the grant of any Lien on any stock or assets of the Lessee or any of its Subsidiaries, in each case, to any Participant in connection with, in exchange for, or as an inducement to, such Participant's consent to any waiver in respect of, any modification or amendment of, any supplement to, or any other consent or approval under, any Operative Document unless such fee or other remuneration or grant is offered on the same terms ratably to all Participants. Lessee will offer and pay to the Participants any consideration offered or paid to other creditors of Lessee for amendments or waivers of any obligation of Lessee.

Certain representations, warranties, covenants and events of default contained in the Credit Agreement are set forth herein and in the other Operative Documents. Upon any modification to any of such provisions, the applicable Operative Document shall be correspondingly modified, with the prior written consent of the Required Participants, upon the request of Lessee. In connection with any such modification, Lessee shall pay to the Participants any amendment fee paid to the Credit Agreement Banks in consideration for the modification of the Credit Agreement.

Lessee hereby agrees that it will not request any amendment, waiver or modification of any provision of the Operative Documents unless it concurrently requests the same amendment, waiver or modification of the corresponding provision of the Related Operative Documents.

Section 9.6. Headings, etc. The Table of Contents and headings of the various Articles and Sections of this Agreement are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof.

Section 9.7. Parties in Interest. Except as expressly provided herein,

none of the provisions of this Agreement is intended for the benefit of any Person except the parties hereto, their successors and permitted assigns.

Section 9.8. Governing Law. THIS AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF, THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICTS OF LAWS PRINCIPLES OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

Section 9.9. Payment of Transaction Costs and Other Costs.

(a) Transaction Costs. As and when any portion of Transaction Costs becomes due and payable, such Transaction Costs shall be paid by Lessee as Supplemental Rent.

(b) Continuing Expenses. The continuing fees, expenses and disbursements (including reasonable counsel fees) of (i) Certificate Trustee, as Lessor under the Lease and as trustee under the Trust Agreement with respect to the administration of the Trust Estate, and (ii) Agent, under the Operative Documents, shall be paid directly by Lessee as Supplemental Rent.

(c) Amendments, Supplements and Appraisal. Without limitation of the foregoing, Lessee agrees to pay to the Participants, Certificate Trustee and Agent all costs and expenses (including reasonable legal fees and expenses of counsel to Agent, Certificate Trustee and the Participants) incurred by any of them in connection with: (i) the considering, evaluating, investigating, negotiating and entering into or giving or withholding of any amendments or supplements or waivers or consents with respect to any Operative Document; (ii) any Casualty or termination of the Lease or any other Operative Document; (iii) the negotiation and documentation of any restructuring or "workout," whether or not consummated, of any Operative Document; (iv) the enforcement of the rights or remedies under the Operative Documents; or (v) any transfer by Certificate Trustee or a Participant of any interest in the Operative Documents during the continuance of a Lease Event of Default.

Section 9.10. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 9.11. Limited Liability of Certificate Trustee. The parties hereto agree that the Bank, in its individual capacity, shall have no personal liability whatsoever to Lessee, Agent, the Participants or any of their respective successors and assigns for any Claim based on or in respect of this Agreement or any of the other Operative Documents or arising in any way from the transactions contemplated hereby or thereby; provided, however, that the Bank shall be liable in its individual capacity (a) for its own willful misconduct or gross negligence (or negligence in the handling of funds) and, to each Participant for the breach of its obligations to the Participants in respect of the Trust Agreement and the Trust Estate, (b) for liabilities that may result from the incorrectness of any representation or warranty expressly made by it in its individual capacity in Section 4.3 or a breach of its covenant in Section 6.2(a) hereof, or (c) for any Tax based on or measured by any fees, commission or compensation received by it for actions contemplated by the Operative Documents. The Bank (in its individual capacity and as Lessor, Borrower and Certificate Trustee) shall have no responsibility for construction of the Facility or for the accuracy, sufficiency or adequacy of any of the information or documents submitted in connection with each Advance or upon Completion of the Facility.

Section 9.12. Liabilities of the Participants. No Participant shall have any obligation to any other Participant or to Lessee, Certificate Trustee or Agent with respect to the transactions contemplated by the Operative Documents except those obligations of such Participant expressly set forth in the Operative Documents or except as set forth in the instruments delivered in connection therewith, and no Participant shall be liable for performance by any other party hereto of such other party's obligations under the Operative Documents except as otherwise so set forth.

Section 9.13. Submission to Jurisdiction; Waivers. (a) Each party hereto irrevocably and unconditionally:

(i) submits for itself and its property in any legal action or proceeding relating to this Agreement or any other Operative Document, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the United States District Court for the Southern District of New York and of any New York state court sitting in the Borough of Manhattan, and appellate courts from any thereof;

(ii) consents that any such action or proceedings may be brought in such courts, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at its address set forth on Schedule II or at such other address of which the other parties hereto shall have been notified pursuant to Section 9.3; and

(iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

(b) EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THE OPERATIVE DOCUMENTS AND FOR ANY COUNTERCLAIM THEREIN.

Section 9.14. Reproduction of Documents. This Agreement, all documents constituting an Appendix, Schedule or Exhibit hereto, and all documents relating hereto received by a party hereto, including, without limitation: (a) consents, waivers and modifications that may hereafter be executed; (b) documents received by the Participants or Certificate Trustee in connection with the receipt and/or acquisition of the Units; and (c) financial statements, certificates, and other information previously or hereafter furnished to Certificate Trustee, Agent or any Participant may be reproduced by the party receiving the same by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process. Each of the parties hereto agrees and stipulates that, to the extent permitted by law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such party in the regular course of business) and that, to the extent permitted by law, any enlargement, facsimile, or further reproduction of such reproduction shall likewise be admissible in evidence.

Section 9.15. Role of Banc of America Leasing & Capital Group, LLC. Each party hereto acknowledges hereby that it is aware of the fact that Banc of America Leasing & Capital Group, LLC has acted as an "arranger" with respect to the transactions contemplated by the Operative Documents. The parties hereto acknowledge and agree that Arranger and its Affiliates, including Bank of America National Association, have not made any representations or warranties concerning, and that they have not relied upon Arranger as to, the tax, accounting or legal characterization or validity of (i) the Operative Documents or (ii) any aspect of the Overall Transaction. The parties hereto acknowledge and agree that Arranger has no duties, express or implied, under the Operative Documents in its capacity as Arranger. The parties hereto further agree that Section 2.6, Section 2.11, Section 8.5, Section 9.2, Section 9.9(a) and this Section 9.15 are for the express benefit of Arranger, and Arranger shall be entitled to rely thereon as if it were a party hereto.

Section 9.16. Confidentiality. Lessee, Certificate Trustee, Agent and each Participant agree that they will not disclose the terms of the Overall Transaction without the prior written consent of the other parties and agrees to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all information identified as "confidential" or "secret" by Lessee and provided to it by Lessee or any Subsidiary, or by Agent or Certificate Trustee on Lessee's behalf, under this Agreement or any other Operative Document, and neither it nor any of its Affiliates shall use any such information other than in connection with or in enforcement of this Agreement and the other Operative Documents, except to the extent such information (i) was or becomes generally available to the public other than as a result of disclosure by Agent, Certificate Trustee or such Participant, or (ii) was or becomes available on a non-confidential basis from a source other than Lessee, provided that such source is not bound by a confidentiality agreement with Lessee known to Agent, Certificate Trustee or such Participant; provided however, that Agent, Certificate Trustee or any Participant may disclose such information (A) at the request or pursuant to any requirement of any Governmental Authority to which Agent, Certificate Trustee or such Participant is subject or in connection with an examination of Agent, Certificate Trustee or such Participant by any such authority; (B) pursuant to subpoena or other court process; (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; (D) to the extent reasonably required in connection with any litigation or proceeding to which Agent, Certificate Trustee, any Participant or their respective Affiliates may be party; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Operative Document; (F) to Agent's, Certificate Trustee's or such Participant's independent auditors and other professional advisors; (G) to any Affiliate of Agent, Certificate Trustee or such Participant, or to any Participation Holder or assignee or transferee, actual or potential, provided that such Affiliate, Participation Holder or assignee or transferee agrees to keep such information confidential to the same extent required of the Participants hereunder, and (H) as to Agent, Certificate Trustee or any Participant, as expressly permitted under the terms of any other document or agreement regarding confidentiality to which Lessee is party or is deemed party with Agent, Certificate Trustee or such Participant.

Lessee hereby identifies the Equipment List and any future updates thereof as confidential information pursuant to the foregoing provisions of this Section 9.16.

Section 9.17. Lessee Obligations. Notwithstanding anything to the contrary herein, compliance with the covenants set forth in Section 5.1 through 5.38, inclusive, shall not be required of Lessee prior to the Effective Date.

Section 9.18. Acquired Property. For all purposes of the Operative Documents, any purchase, sale, replacement, substitution or return of any Unit or Units shall include the other Acquired Property which relates thereto.

Section 9.19. Effective Date. Notwithstanding the dating of this Agreement and certain other Operative Documents as of December 15, 1999, the transactions contemplated hereby shall be effective on the Delivery Date.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

Lessee: THERMOGAS L.L.C., as Lessee

By:_____
Name:
Title:

Lessee Guarantor: THE WILLIAMS COMPANIES, INC.

By:_____
Name:
Title:

Certificate Trustee: FIRST SECURITY BANK, NATIONAL ASSOCIATION, not in its individual capacity except as expressly stated herein, but solely as Certificate Trustee

By:
Name:
Title:

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

By:
Name:
Title:

Certificate Purchasers: BANC OF AMERICA LEASING & CAPITAL, LLC, as Certificate Purchaser

By:
Name:
Title:

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

By:
Name:
Title:

SCHEDULE I-A

CERTIFICATE PURCHASER COMMITMENTS AND COMMITMENT PERCENTAGES

CERTIFICATE PURCHASER	COMMITMENT PERCENTAGE	COMMITMENT
Banc of America Leasing & Capital, LLC	100%	$5,062,500

SCHEDULE I-B

LENDER COMMITMENTS AND COMMITMENT PERCENTAGES

LENDER COMMITMENT	COMMITMENT PERCENTAGE	
Banc of America Leasing & Capital, LLC	100%	$129,937,500

CLASS OF NOTES AGGREGATE AMOUNT	PERCENTAGE OF PURCHASE PRICE	
Class A	82.50%	$111,375,000
Class B	13.75%	$ 18,562,500

SCHEDULE II

NOTICE INFORMATION AND PAYMENT INSTRUCTIONS

LESSEE

Thermogas L.L.C.
4100 One Williams Center
Tulsa, Oklahoma 74172
Contact: Phil Wright, Senior Vice President, Enterprise Development and Planning
Telephone: (918) 573-3310
Fax: (918) 573-4512

CERTIFICATE TRUSTEE

First Security Bank, National Association
79 South Main Street
Salt Lake City, Utah 84111
Contact: Corporate Trust Department
Telephone: (801) 246-5630
Fax: (801) 246-5053

Payment Instructions

First Security Bank, N.A.
ABA No. 124000012
Acct: 0510922115
Attn: Corporate Trust Services
Re: Ferrellgas - 36078

AGENT

First Security Trust Company of Nevada
79 South Main Street
Salt Lake City, Utah 84111
Contact: Corporate Trust Department
Telephone: (801) 246-5630
Fax: (801) 246-5053

Payment Instructions

First Security Bank, N.A.
ABA No. 124000012
Acct: 0510922115
Attn: Corporate Trust Services
Re: Ferrellgas - 36079

CERTIFICATE PURCHASER

Banc of America Leasing & Capital, LLC
2059 Northlake Parkway
Tucker, Georgia 30084
Contact: Rena Wilson
Telephone: (770) 270-8421

Payment Instructions

Bank of America, N.A.
Atlanta, Georgia
ABA No.: 061000052
Account No.: 01-022-13-569
Account Name: BALLC
Reference: Ferrellgas
Attention: Rana Wilson

LENDER

Banc of America Leasing & Capital, LLC
2059 Northlake Parkway
Tucker, Georgia 30084
Contact: Rena Wilson
Telephone: (770) 270-8421

Payment Instructions

Bank of America, N.A.
Atlanta, Georgia
ABA No.: 061000052
Account No.: 01-022-13-569
Account Name: BALLC
Reference: Ferrellgas
Attention: Rana Wilson

SCHEDULE III

UNITS

SCHEDULE 3.1(o)

FILINGS AND RECORDINGS

(1) UCC-1 Financing Statement naming Lessee as debtor, Certificate Trustee as secured party and Agent as assignee of secured party and covering the Units and the other Lessee Collateral, to be filed with the Secretary of State of the States of Ohio, Wisconsin, Indiana, Minnesota, Michigan, Illinois and Missouri.

(2) UCC-1 Financing Statement naming Certificate Trustee as debtor and Agent as secured party and covering the Units and the other Lessor Collateral, to be filed with the State Corporation Commission of the State of Utah and the Secretaries of State of Ohio, Wisconsin, Indiana, Minnesota, Michigan, and Illinois.

SCHEDULE 4.1(g)

ERISA MATTERS

Ferrellgas, Inc. Single Employer Defined Benefit Plan. The Ferrellgas, Inc. Single Employer Benefit Plan has a projected benefit obligation of no more than $3,179,000. The Ferrellgas, Inc. Single Employer Benefit Plan is currently being funded in accordance with ERISA.

Lessee makes annual contribution of approximately $107,340 to Central States Pension Fund and the Western Conference of Teamsters Fund on behalf of approximately 48 employees covered by five collective bargaining arrangements.

SCHEDULE 4.1(p)

SUBSIDIARIES AND AFFILIATES

(a) Subsidiaries:

None.

Affiliates:

- Ferrellgas Partners L.P. - Limited Partner of Ferrellgas, L.P.
- Ferrellgas Partners Finance Corp. - wholly-owned subsidiary of Ferrellgas Partners, L.P.
- Ferrellgas, Inc. - General Partner of Ferrellgas, L.P.
- Ferrellgas Acquisition Company, LLC
- Ferrellgas Propane, Inc.
- Ferrellgas Companies, Inc.

(b) None.

SCHEDULE 5.21

EXISTING INDEBTEDNESS

FORM OF TRANSFER DOCUMENTATION

ASSUMPTION AGREEMENT

Dated as of December 15, 1999

of

FERRELLGAS, LP

Re: Lease Agreement and Related Operative Documents
Dated as of December 15, 1999
of
Thermogas L.L.C.

TABLE OF CONTENTS

ASSUMPTION AGREEMENT

ASSUMPTION AGREEMENT (this "Agreement"), dated as of December 15, 1999 of FERRELLGAS, LP, a Delaware limited partnership ("Lessee") and FERRELLGAS, INC., a Delaware corporation and the general partner of Lessee ("General Partner") for the benefit of the Agent, the Certificate Trustee, the Certificate Purchasers and the Lenders (as defined below).

RECITALS

A. Capitalized terms not otherwise defined herein shall have the meanings specified in Appendix 1 to the Participation Agreement (Thermogas Company Trust No. 1999-A) dated as of December 15, 1999 (the "Participation Agreement") among Thermogas L.L.C. ("Thermogas"), The Williams Companies, Inc. ("Williams"), First Security Bank, National Association, not in its individual capacity except as expressly set forth therein but solely as Certificate Trustee (the "Certificate Trustee"), First Security Trust Company of Nevada, as Agent (the "Agent"), the Certificate Purchasers named on Schedule I-A thereto (the "Certificate Purchasers") and the Lenders named on Schedule I-B thereto (the "Lenders").

B. Pursuant to the Participation Agreement, the Lenders and the Certificate Purchasers have financed the acquisition by the Certificate Trustee of the Acquired Property.

C. Pursuant to the Lease, Certificate Trustee has leased the Acquired Property to Thermogas on the terms and conditions set forth therein and in the other Operative Documents.

D. The MLP has acquired all of the Member interests in Thermogas pursuant to the Purchase Agreement dated as of November 7, 1999 among the MLP, Lessee and Williams Natural Gas Liquids, Inc. and has contributed Thermogas to Lessee pursuant to the Contribution and Conveyance Agreement (such transactions being referred to collectively as the "Acquisition").

E. It is a condition to the Certificate Purchasers and the Lenders entering into the transactions contemplated by the Participation Agreement that Lessee assume all obligations of Thermogas under the Lease and the other Operative Documents upon the consummation of the Acquisition, and Lessee, in consideration of the Certificate Purchasers and the Lenders entering into such transactions, is willing to assume such obligations pursuant hereto.

NOW, THEREFORE, in consideration of the premises and the benefits to Lessee and in consideration of the Certificate Purchasers and the Lenders entering into the transactions contemplated by the Participation Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessee agrees as follows:

SECTION 1. ASSUMPTION.

Subject to the terms of this Agreement, Lessee hereby irrevocably, absolutely, unconditionally and expressly assumes (i) the due and punctual payment of all Rent, including all Basic Rent, Supplemental Rent, Lease Balance, Purchase Option Exercise Amount, Transaction Costs, Fees, indemnities, Interest, Yield and all other amounts to be paid by Thermogas under or pursuant to the Lease and the other Operative Documents to which Thermogas is a party in accordance with the terms thereof, and (ii) the due and punctual observance and performance of all covenants and agreements of Thermogas contained in the Lease and the other Operative Documents. Lessee covenants and agrees that its obligations and liabilities hereunder and under the Lease and the other Operative Documents shall be those of a primary obligor and not a guarantor, surety or other secondary party.

Upon such assumption, Lessee shall be deemed the "Lessee" for all purposes of the Operative Documents and each reference therein to the "Lessee" shall thereafter be deemed to mean Lessee and Lessee may exercise all rights and powers, and shall perform all obligations, of the "Lessee" thereunder.

As of the date of the consummation of the Acquisition, the execution and delivery of this Agreement by Lessee and fulfillment or waiver of the conditions set forth in Section 3 (the "Effective Date"), Williams (and each of its officers, directors, employees and agents) shall be released and discharged from any and all agreements, obligations, undertakings and covenants under the Lessee Guarantee and the Operative Documents to which it is a party. From and after the Effective Date, the Agent, the Certificate Trustee and the Participants shall look solely to Lessee, in accordance with this Agreement and the Operative Documents, for performance of the Liabilities referred to in the Lessee Guarantee (whether outstanding on the Effective Date or arising thereafter).

General Partner hereby agrees to comply with all terms of the Operative Documents applicable to the "General Partner".

SECTION 2. REPRESENTATIONS AND WARRANTIES OF LESSEE.

Lessee represents and warrants to the Agent, the Certificate Trustee and each Participant that as of the date hereof and as of the date the transactions contemplated hereby are consummated:

(a) Corporate or Partnership Existence and Power. Lessee:

(i) is a partnership duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

(ii) has the power and authority and all governmental licenses, authorizations, consents and approvals to own its assets, carry on its business as now being or as proposed to be conducted and to execute, deliver, and perform its obligations under this Agreement;

(iii) is duly qualified as a foreign partnership and is licensed and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification or license or where the failure so to qualify would have a Material Adverse Effect; and

(iv) is in compliance with all material Requirements of Law.

(b) Partnership Authorization; No Contravention. The execution, delivery and performance by Lessee of this Agreement have been duly authorized by all necessary partnership action on behalf of Lessee and all necessary corporate action on behalf of the General Partner, and do not and will not:

(i) contravene the terms of any of the General Partner's or Lessee's Organization Documents;

(ii) conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any Contractual Obligation to which the General Partner or Lessee is a party or any order, injunction, writ or decree of any Governmental Authority to which such Person or its property is subject where such conflict, breach, contravention or Lien could reasonably be expected to have a Material Adverse Effect; or

(iii) violate any material Requirement of Law.

(c) Governmental Authorization. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority is necessary or required in connection with (a) the execution, delivery or performance by, or enforcement against, Lessee of this Agreement, or (b) the continued operation of Lessee's business as contemplated to be conducted after the date hereof by the Operative Documents, except in each case such approvals, consents, exemptions, authorizations or other actions, notices or filings (i) as have been obtained, (ii) as may be required under state securities or Blue Sky laws, (iii) as are of a routine or administrative nature and are either (A) not customarily obtained or made prior to the consummation of transactions such as the transactions described in clauses (a) or (b) or (B) expected in the judgment of Lessee to be obtained in the ordinary course of business subsequent to the consummation of the transactions described in clauses (a) or (b), or (iv) that, if not obtained, could not reasonably be expected to have a Material Adverse Effect.

(d) Binding Effect. This Agreement and, after giving effect to this Agreement, the Lease and the other Operative Documents constitute the legal, valid and binding obligations of Lessee, enforceable against Lessee in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

(e) Litigation. There are no actions, suits, proceedings, claims or disputes pending, or to the best knowledge of Lessee, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against the General Partner, the MLP, Lessee or any of its Subsidiaries or any of their respective properties which:

(i) purport to affect or pertain to this Agreement or any other Operative Document or any of the transactions contemplated hereby or thereby; or

(ii) if determined adversely to Lessee or its Subsidiaries, would reasonably be expected to have a Material Adverse Effect. No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement, or directing that the transactions provided for herein not be consummated as herein provided.

(f) No Default. No Lease Default or Lease Event of Default exists or would result from Lessee entering into this Agreement. Neither Lessee nor any Affiliate of Lessee is in default under or with respect to any Contractual

Obligation in any respect which, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect, or that would create a Lease Event of Default under Section 8.1(e) of the Lease.

(g) Security Interest. (i) Certificate Trustee has a valid and enforceable Lien in the Units and the other Lessee Collateral free and clear of all Liens other than Permitted Liens and, upon the filing of the items listed on Schedule 3.1(o) of the Participation Agreement (as to Lessee), Certificate Trustee will have a perfected first priority Lien of record in the Units and in the other Lessee Collateral as against all Persons including Lessee and its creditors, free and clear of all Liens other than Permitted Liens.

(ii) Agent has a valid and enforceable Lien in the Lessor Collateral free and clear of all Liens other than Permitted Liens and, upon the filing of the items listed on Schedule 3.1(o) of the Participation Agreement (as to Lessee), Agent will have a perfected first priority Lien of record in the Lessor Collateral as against all Persons including Lessee, Certificate Trustee and their creditors, free and clear of all Liens other than Permitted Liens.

(h) Chief Executive Office of Lessee. The principal place of business and chief executive office, as such terms are used in Section 9-103(3) of the UCC, of Lessee are each located at One Liberty Plaza, Liberty, Missouri 64068.

(i) Other Representations. The representations and warranties set forth in Section 4.1 of the Participation Agreement are true and correct in all material respects; provided that the representation set forth in Section 4.1(bb) of the Participation Agreement is made to the best of Lessee's knowledge.

SECTION 3. CONDITIONS TO ASSUMPTION.

The transactions contemplated by this Agreement shall be effective on the date that the following conditions precedent have been satisfied:

(a) Acquisition. The Agent, the Certificate Trustee and the Participants shall have received evidence satisfactory to them of the consummation of the Acquisition.

(b) Authorization, Execution and Delivery of Agreement. This Agreement shall have been duly authorized, executed and delivered by Lessee, shall be in full force and effect, shall be in form and substance satisfactory to each Participant and an executed counterpart of each hereof shall have been received by each of the Participants, the Agent and the Certificate Trustee.

(c) Proceedings. Each of the Participants, the Agent and the Certificate Trustee shall have received such documents and certificates as it may reasonably request to establish the authority of Lessee to enter into this Agreement and the transactions contemplated hereby.

(d) Filings and Recordings. All filings or recordings enumerated and described in Schedule 3.1(o) of the Participation Agreement (as to Lessee), to perfect the rights, title and interest of the Certificate Trustee, the Participants and the Agent intended to be created by the Operative Documents shall have been made in the appropriate places or offices.

(e) Transaction Costs; Fees. Lessee shall have paid any fees and expenses required to be paid pursuant to Section 5.6 to the extent invoices have been received therefor.

(f) Opinions of Counsel. The Certificate Trustee, the Agent and the Participants shall have received opinions of Bracewell & Patterson, L.L.P., special counsel to Lessee, in form and substance satisfactory to them, with respect to this Agreement and the transactions contemplated hereby (including as to the filings referred to in clause (d) above).

(g) Consents. All necessary consents, approvals and authorizations of, and declarations, registrations and filings with, and Governmental Authority or any other Person required in order to consummate the transactions contemplated herein shall have been obtained or made and shall be in full force and effect.

(h) Proceedings Satisfactory, Etc. All proceedings taken in connection with the transactions contemplated hereby and all documents relating thereto shall be reasonably satisfactory to the Agent, the Certificate Trustee, each Participant and their respective counsel, and each such Person shall have received copies of such documents as they may reasonably request in connection therewith, all in form and substance reasonably satisfactory to each such Person.

SECTION 4. COVENANT OF LESSEE.

Lessee is also party to that certain Lease Intended as Security (Ferrellgas, LP Trust No. 1999-A) dated as of December 1, 1999 (the "Ferrellgas Lease") between Lessee and First Security Bank, National Association, not in its individual capacity but solely as Certificate Trustee, as lessor. Lessee covenants and agrees for the benefit of the Agent, the Certificate Trustee and each Participant that the options set forth in Article IX of the Lease and Article IX of the Ferrellgas Lease and Section 2.12 of the Participation

Agreement and Section 2.12 of the "Participation Agreement" referred to in the Ferrellgas Lease will be exercised concurrently and that the exercise of any such option under one such agreement is contingent on the corresponding option being exercised under the other agreement, it being the intent of Lessee that the exercise of such options shall operate in the same manner as if all of the Units under the Lease and the Ferrellgas Lease were covered by one lease and related operative documents.

SECTION 5. MISCELLANEOUS.

Section 5.1. Notices. All notices, request, demands or other communications hereunder shall be delivered in accordance with and shall be deemed to have been given as provided in Section 9.3 of the Participation Agreement. The address for notices to Lessee is Ferrellgas, LP, One Liberty Plaza, Liberty, Missouri 64068 attention: Chief Financial Officer.

Section 5.2. Counterparts. This Agreement may be executed in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same agreement.

Section 5.3. Amendments. This Agreement and the terms hereof may not be terminated, amended, supplemented, waived or modified without the written agreement or consent of Certificate Trustee, Agent, Lessee and the Required Participants

Section 5.4. Headings, etc. The Table of Contents and headings of the various Sections of this Agreement are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof.

Section 5.5. Governing Law. THIS AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF, THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICTS OF LAWS PRINCIPLES OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

Section 5.6. Payment of Costs. Lessee shall pay all fees and expenses, including reasonable fees and expenses of counsel, of the Agent, the Certificate Trustee and the Participants incurred in connection with the transactions contemplated by this Agreement.

Section 5.7. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 5.8. Submission to Jurisdiction; Waivers. (a) Lessee irrevocably and unconditionally:

(i) submits for itself and its property in any legal action or proceeding relating to this Agreement or any other Operative Document, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the United States District Court for the Southern District of New York and of any New York state court sitting in the Borough of Manhattan, and appellate courts from any thereof;

(ii) consents that any such action or proceedings may be brought in such courts, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to Lessee at its address set forth in Section 5.1 or at such other address of which the Agent, the Certificate Trustee and the Participants shall have been notified pursuant to Section 9.3 of the Participation Agreement; and

(iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

(b) LESSEE HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR THE OPERATIVE DOCUMENTS AND FOR ANY COUNTERCLAIM THEREIN.

Section 5.9. Successors and Assigns. All representations, warranties, covenants and agreements in this Agreement contained by or on behalf of Lessee shall bind and inure to the benefit of the respective successors and assigns of Lessee, the Agent, the Certificate Trustee and the Participants whether so expressed or not. The provisions of this Agreement are intended to be for the benefit of the Agent, the Certificate Trustee and the Participants, and shall be

enforceable by any such Person and its permitted successors and assigns.

Section 5.10. Further Assurances. Lessee covenants that it shall cooperate with the Agent, the Certificate Trustee and the Participants and execute such further instruments and documents as any such Person shall reasonably request to carry out to such Person's satisfaction the transactions contemplated by this Agreement.

IN WITNESS WHEREOF, Lessee and General Partner have caused this Agreement to be executed as of the day and year first above written.

FERRELLGAS, LP

By Ferrellgas, Inc., its General Partner

By
Name:
Title:

FERRELLGAS, INC.

By:
Name:
Title:

CREDIT AGREEMENT

Dated as of December 17, 1999

among

THERMOGAS L.L.C.,

THE FINANCIAL INSTITUTIONS PARTY HERETO,

and

BANK OF AMERICA, N.A.,

as Administrative Agent

Arranged By

BANC OF AMERICA SECURITIES LLC

CREDIT AGREEMENT

This CREDIT AGREEMENT is entered into as of December 17, 1999, among THERMOGAS L.L.C., a Delaware limited liability company ("Thermogas"), together with any successor and assign of Thermogas hereafter becoming the Borrower under, and in accordance with, the provisions of this Agreement (collectively, the "Borrower"), the several financial institutions from time to time party to this Agreement (collectively, the "Banks" and, individually, a "Bank") and BANK OF AMERICA, N.A. ("BofA"), as agent for the Banks (in such capacity, the "Administrative Agent").

R E C I T A L S

WHEREAS, the Borrower has requested that the Banks agree to make loans to the Borrower in an aggregate amount of up to $183,000,000, a portion of which proceeds in an amount equal to $123,669,372.50 may be distributed by Thermogas to Williams Natural Gas Liquids, Inc. in connection with the acquisition by Ferrellgas Partners, L.P. of all of the limited liability company interests of Thermogas from Williams Natural Gas Liquids, Inc., and the remainder of which proceeds may be used for the general purposes of the Borrower, in each case on the terms and subject to the conditions set forth below in this Agreement;

WHEREAS, it is further contemplated in connection with such acquisition that (i) Ferrellgas Partners, L.P. will contribute all of the member interests of Thermogas acquired by it to its affiliate, Ferrellgas, L.P., (ii) Ferrellgas, L.P. will then assume the obligations of Thermogas and become liable as the Borrower under this Agreement and (iii) contemporaneously with or promptly following such assumption Thermogas will be merged with and into Ferrellgas, L.P.; and

WHEREAS, the Banks are willing, on and subject to the terms and conditions set forth in this Agreement, to extend credit under this Agreement as more particularly hereinafter set forth.

ACCORDINGLY, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Certain Defined Terms. The following terms have the following meanings:

"1996 Indenture" means the Indenture dated as of April 26, 1996, among the MLP, Ferrellgas Partners Finance Corp., Ferrellgas and American Bank National Association, pursuant to which the MLP Senior Notes were issued, as it may be amended, modified or supplemented from time to time.

"1998 Fixed Rate Senior Notes" means, collectively, (a) the $109,000,000 6.99% Senior Notes, Series A, due August 1, 2005, (b) the $37,000,000 7.08% Senior Notes, Series B, due August 1, 2006, (c) the $52,000,000 7.12% Senior Notes, Series C, due 2008, (d) the $82,000,000 7.24% Senior Notes, Series D, due August 1, 2010 and (e) the

$70,000,000 7.42% Senior Notes, Series E, due August 1, 2013, in each case issued by Ferrellgas pursuant to the 1998 Note Purchase Agreement.

"1998 Note Purchase Agreement" means the Note Purchase Agreement, dated as of July 1, 1998, among Ferrellgas and the Purchasers named therein, pursuant to which the 1998 Fixed Rate Senior Notes will be issued, as it may be amended, modified or supplemented from time to time.

"Accounts Receivable Securitization" shall mean a financing arrangement involving the transfer or sale of accounts receivable of the Borrower in the ordinary course of business through one or more SPEs, the terms of which arrangement do not impose (a) any recourse or repurchase obligations upon the Borrower or any Affiliate of the Borrower (other than any such SPE) except to the extent of the breach of a representation or warranty by the Borrower in connection therewith or (b) any negative pledge or Lien on any accounts receivable not actually transferred to any such SPE in connection with such arrangement.

"Acquired Debt" means, with respect to any specified Person, (a) Indebtedness of any other Person existing at the time such other Person merged with or into or became a Subsidiary of such specified Person, including Indebtedness incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Subsidiary of such specified Person and (b) Indebtedness encumbering any asset acquired by such specified Person.

"Acquisition" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition of in excess of 50% of the capital stock, partnership interests or equity of any Person or otherwise causing any Person, to become a Subsidiary, or (c) a merger or consolidation or any other combination with another Person (other than a Person that is a Subsidiary) provided that the Borrower or the Subsidiary is the surviving entity.

"Administrative Agent" has the meaning specified in the introductory clause hereto. References to the "Administrative Agent" shall include BofA in its capacity as agent for the Banks hereunder, and any successor agent arising under Section 10.09.

"Administrative Agent's Payment Office" means the address for payments set forth on Schedule 11.02 in relation to the Administrative Agent, or such other address as the Administrative Agent may from time to time specify.

"Affiliate" means, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract, or otherwise.

"Agent-Related Persons" means BofA and any successor Administrative Agent arising under Section 10.09, together with their respective Affiliates (including, in the case of BofA, the Arranger), and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

"Agreement" means this Credit Agreement.

"Applicable Margin" means, for each Type of Loan, the percentage per annum set forth below opposite the applicable period as set forth below:

Period	Base Rate Loans	Eurodollar Rate Loans
From Effective Date through March 31, 2000	1.25%	2.25%
April 1, 2000 and thereafter	1.75%	2.75%

"Arranger" means Banc of America Securities LLC, a Wholly-Owned Subsidiary of BankAmerica Corporation. The Arranger is a registered broker-dealer and permitted to underwrite and deal in certain Ineligible Securities.

"Asset Sale" has the meaning specified in Section 8.02.

"Assignee" has the meaning specified in subsection 11.08(a).

"Assumption Agreement" means an Assumption Agreement substantially in the form of Exhibit H, executed and delivered by Ferrellgas and the General Partner.

"Attorney Costs" means and includes all reasonable and itemized fees and disbursements of any law firm or other external counsel, the allocated cost of internal legal services and all disbursements of internal counsel.

"Attributable Debt" means, in respect of a sale and leaseback arrangement of any property, as at the time of determination, the present value (calculated using a discount rate equal to 7.16%) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such arrangement (including any period for which such lease has been extended).

"Available Cash" has the meaning given to such term in the Partnership Agreement, as amended to July 5, 1994; provided, that (a) Available Cash shall not include any amount of Net Proceeds of Asset Sales until the 270-day period following the consummation of the applicable Asset Sale, (b) investments, loans and other contributions to a Non-Recourse Subsidiary are to be treated as "cash disbursements" when made for purposes of determining the amount of Available Cash and (c) cash receipts of a Non-Recourse Subsidiary shall not constitute cash receipts of the Borrower for purposes of determining the amount of Available Cash until cash is actually distributed by such Non-Recourse Subsidiary to the Borrower.

"Bank" has the meaning specified in the introductory clause hereto.

"Bankruptcy Code" means the Federal Bankruptcy Reform Act of 1978, as amended (11 U.S.C. ss.101, et seq.).

"Base Rate" means, for any day, the higher of: (a) 0.50% per annum above the Federal Funds Rate in effect on such day; and (b) the rate of interest in effect for such day as publicly announced from time to time by BofA in San Francisco, California, as its "reference rate." (The "reference rate" is a rate set by BofA based upon various factors including BofA's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate.) Any change in the reference rate announced by BofA shall take effect at the opening of business on the day specified in the public announcement of such change or if no day is so specified, on the day of the announcement.

"Base Rate Loan" means a Loan that bears interest based on the Base Rate.

"BofA" has the meaning specified in the introductory clause hereto.

"Borrower" means Thermogas and, from and after the Ferrellgas Joinder Event, Ferrellgas.

"Borrowing" means a borrowing hereunder consisting of Loans of the same Type made to the Borrower on the same day by the Banks and, for Eurodollar Rate Loans, having the same Interest Period, in either case under Article II.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in New York or San Francisco are authorized or required by law to close and, if the applicable Business Day relates to any Eurodollar Rate Loan, means such a day on which dealings are carried on in the London interbank dollar market.

"Capital Adequacy Regulation" means any guideline, request or directive of any central bank or other Governmental Authority, or any other law, rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy of any bank or of any corporation controlling a bank.

"Capital Interests" means, (a) with respect to any corporation, any and all shares, participations, rights or other equivalent interests in the capital of the corporation, (b) with respect to any partnership or limited liability company, any and all partnership interests (whether general or limited) or limited liability company interests, respectively, and other interests or participations that confer on a Person the right to receive a share of the profits and losses of, or distributions of assets of, such partnership or limited liability company, and (c) with respect to any other Person, ownership interests of any type in such Person.

"Capital Lease Obligation" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be so required to be capitalized on the balance sheet in accordance with GAAP.

"Cash Equivalents" means (a) United States dollars, (b) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof

having maturities of not more than eighteen months from the date of acquisition, (c) certificates of deposit and eurodollar time deposits with maturities of six months or less from the date of acquisition, bankers' acceptances with maturities not exceeding six months and overnight bank deposits, in each case with any Bank or with any other domestic commercial bank having capital and surplus in excess of $500 million and a Keefe Bank Watch Rating of "B" or better, (d) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (b) and (c) entered into with any financial institution meeting the qualifications specified in clause (c) above, (e) commercial paper or direct obligations of a Person, provided such Person has publicly outstanding debt having the highest short-term rating obtainable from Moody's Investors Service, Inc. or Standard & Poor's Ratings Services and provided further that such commercial paper or direct obligation matures within 270 days after the date of acquisition, and (f) investments in money market funds all of whose assets consist of securities of the types described in the foregoing clauses (a) through (e).

"Change of Control" means (a) the sale, lease, conveyance or other disposition of all or substantially all of the Borrower's assets to any Person or group (as such term is used in Section 13(d)(3) of the Exchange Act) other than James E. Ferrell, the Related Parties and any Person of which James E. Ferrell and the Related Parties beneficially own in the aggregate 51% or more of the voting Capital Interests (or if such Person is a partnership, 51% or more of the general partner interests), (b) the liquidation or dissolution of the Borrower or the General Partner, (c) the occurrence of any transaction, the result of which is that James E. Ferrell and the Related Parties beneficially own in the aggregate, directly or indirectly, less than 51% of the total voting power entitled to vote for the election of directors of the General Partner and (d) the occurrence of any transaction, the result of which is that the General Partner is no longer the sole general partner of the Borrower.

"Code" means the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder.

"Commitment" means, as to each Bank, the amount set forth opposite such Bank's name on Schedule 2.01 hereof under the caption "Commitment," as the same may be reduced under subsection 2.06(b) or reduced or increased as a result of one or more assignments under Section 11.08; provided, that the maximum aggregate Commitment of all Banks shall not exceed $183,000,000 at any time.

"Compliance Certificate" means a certificate signed by a Responsible Officer of the Borrower substantially in the form of Exhibit C, demonstrating compliance with the covenants contained herein, including Sections 7.12, 7.13, 7.15 and 8.12.

"Consolidated Cash Flow" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period, plus (a) an amount equal to any extraordinary loss plus any net loss realized in connection with an asset sale, to the extent such losses were deducted in computing Consolidated Net Income, plus (b) provision for taxes based on income or profits of such Person for such period, to the extent such provision for taxes was deducted in computing Consolidated Net Income, plus (c) Consolidated Interest Expense of such Person for such period, whether paid or accrued (including amortization of original issue discount, non-cash interest payments and the interest component of any payments associated with Capital Lease Obligations and net payments (if any) pursuant to Hedging Obligations), to the extent such expense was deducted in computing Consolidated Net Income, plus (d) depreciation and amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) of such Person for such period, to the extent such depreciation and amortization were deducted in computing Consolidated Net Income, plus (e) non-cash employee compensation expenses of such Person for such period, plus (f) the Synthetic Lease Principal Component of such Person for such period; in each case, for such period without duplication on a consolidated basis and determined in accordance with GAAP.

"Consolidated Interest Expense" means, as of the last day of any fiscal period, on a consolidated basis, the sum of (a) all interest, fees, charges and related expenses paid or payable (without duplication) for that fiscal period to the Banks hereunder or to any other lender in connection with borrowed money or the deferred purchase price of assets that are considered "interest expense" under GAAP, plus (b) the portion of rent paid or payable (without duplication) for that fiscal period under Capital Lease Obligations that should be treated as interest in accordance with Financial Accounting Standards Board Statement No. 13, on a consolidated basis, plus (c) the Synthetic Lease Interest Component for that fiscal period.

"Consolidated Net Income" means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its

Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; provided, that (a) the Net Income of any Person that is not a Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid to such Person or a Wholly-Owned Subsidiary thereof, (b) the Net Income of any Person that is a Subsidiary (other than a Wholly-Owned Subsidiary) shall be included only to the extent of the amount of dividends or distributions paid to such Person or a Wholly-Owned Subsidiary thereof, (c) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded except to the extent otherwise includable under clause (a) above, and (d) the cumulative effect of a change in accounting principles shall be excluded.

"Consolidated Net Worth" means, with respect to any Person as of any date, the sum of (a) the consolidated equity of the common stockholders or partners of such Person and its consolidated Subsidiaries as of such date, plus (b) the respective amounts reported on such Person's balance sheet as of such date with respect to any series of preferred stock (other than Disqualified Interests) that by its terms is not entitled to the payment of dividends unless such dividends may be declared and paid only out of net earnings in respect of the year of such declaration and payment, but only to the extent of any cash received by such Person upon issuance of such preferred stock, less (x) all write-ups (other than write-ups resulting from foreign currency translations and write-ups of tangible assets of a going concern business made within 12 months after the acquisition of such business) subsequent to the Effective Date in the book value of any asset owned by such Person or a consolidated Subsidiary of such Person, (y) all investments as of such date in unconsolidated Subsidiaries and in Persons that are not Subsidiaries (except, in each case, Permitted Investments), and (z) all unamortized debt discount and expense and unamortized deferred charges as of such date, all of the foregoing determined in accordance with GAAP.

"Contingent Obligation" means, as to any Person, any direct or indirect liability of that Person, whether or not contingent, with or without recourse, (a) with respect to any Indebtedness, lease, dividend, distribution, letter of credit or other obligation (the "primary obligations") of another Person (the "primary obligor"), including any obligation of that Person (i) to purchase, repurchase or otherwise acquire such primary obligations or any security therefor, (ii) to advance or provide funds for the payment or discharge of any such primary obligation, or to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (iv) otherwise to assure or hold harmless the holder of any such primary obligation against loss in respect thereof (each, a "Guaranty Obligation"); (b) with respect to any Surety Instrument issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings or payments; (c) to purchase any materials, supplies or other property from, or to obtain the services of, another Person if the relevant contract or other related document or obligation requires that payment for such materials, supplies or other property, or for such services, shall be made regardless of whether delivery of such materials, supplies or other property is ever made or tendered, or such services are ever performed or tendered; or (d) in respect of any Hedging Obligation. The amount of any Contingent Obligation shall, in the case of Guaranty Obligations, be deemed equal to the stated or determinable amount of the primary obligation in respect of which such Guaranty Obligation is made or, if not stated or if indeterminable, the maximum reasonably anticipated liability in respect thereof, and in the case of other Contingent Obligations, shall be equal to the maximum reasonably anticipated liability in respect thereof.

"Contingent Payment Agreement" means the Contingent Payment Agreement dated as of November 7, 1999 between Ferrellgas and the Seller.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument, document or agreement to which such Person is a party or by which it or any of its property is bound.

"Conversion/Continuation Date" means any date on which, under Section 2.04, the Borrower (a) converts Loans of one Type to another Type, or (b) continues as Loans of the same Type, but with a new Interest Period, Loans having Interest Periods expiring on such date.

"Credit Extension" means and includes the making of any Loans and conversions and continuations of such Loans hereunder.

"Default" means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default.

"Disqualified Interests" means any Capital Interests which, by their terms (or by the terms of any security into which they are convertible or for which they are exchangeable), or upon the happening of any event, mature or are mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to December 31, 2001.

"Dollars", "dollars" and "$" each mean lawful money of the United States.

"Effective Amount" means as of any date the aggregate outstanding principal amount thereof after giving effect to any Borrowings and prepayments or repayments of Loans occurring on such date.

"Effective Date" means the first date on which all conditions precedent set forth in Section 4.01 and Section 4.02 are satisfied or waived by all Banks (or, in the case of subsection 4.01(l), waived by the Persons entitled to receive such payments).

"Eligible Assignee" means (a) a commercial bank organized under the laws of the United States, or any state thereof, and having a combined capital and surplus of at least $500,000,000; (b) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development (the "OECD"), or a political subdivision of any such country, and having a combined capital and surplus of at least $500,000,000, provided that such bank is acting through a branch or agency located in the United States; and (c) a Person that is primarily engaged in the business of commercial banking and that is (i) a Subsidiary of a Bank, (ii) a Subsidiary of a Person of which a Bank is a Subsidiary, or (iii) a Person of which a Bank is a Subsidiary.

"Environmental Claims" means all claims, however asserted, by any Governmental Authority or other Person alleging potential liability or responsibility for violation of any Environmental Law, or for release or injury to the environment.

"Environmental Laws" means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authorities, in each case relating to environmental, health, safety and land use matters.

"Equity Interests" means Capital Interests and all warrants, options or other rights to acquire Capital Interests (but excluding any debt security that is convertible into, or exchangeable for, Capital Interests).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and regulations promulgated thereunder.

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Borrower or the General Partner from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations which is treated as such a withdrawal under Section 4062(e) of ERISA; (c) the filing of a notice of intent to terminate, the treatment of a plan amendment as a termination under Section 4041 or 4041A of ERISA or the commencement of proceedings by the PBGC to terminate a Pension Plan subject to Title IV of ERISA; (d) a failure by the Borrower or the General Partner to make required contributions to a Pension Plan or other Plan subject to Section 412 of the Code; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (f) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or the General Partner; or (g) an application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code with respect to any Pension Plan.

"Eurodollar Rate" shall mean, for each Interest Period in respect of Eurodollar Rate Loans comprising part of the same Borrowing, an interest rate per annum (rounded to the nearest 1/16th of 1% or, if there is no nearest 1/16th of 1%, rounded upward) determined pursuant to the following formula:

$$\text{Eurodollar Rate} = \frac{\text{LIBOR}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

The Eurodollar Rate shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

"Eurodollar Rate Loan" means a Loan that bears interest based on the Eurodollar Rate.

"Eurodollar Reserve Percentage" shall mean the maximum reserve percentage (expressed as a decimal, rounded to the nearest 1/100th of 1% or, if there is no nearest 1/100th of 1%, rounded upward) in effect on the date LIBOR for such Interest Period is determined (whether or not applicable to any Bank) under regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities") having a term comparable to such Interest Period. Without limiting the effect of the foregoing, the Eurodollar Reserve shall include any other reserves required to be maintained by any Bank with respect to (a) any category of liabilities that includes deposits by reference to which the Eurodollar Rate is to be determined as provided in the definition of "Eurodollar Rate" in this Section 1.01 or (b) any category of extensions of credit or other assets that includes Eurodollar Rate Loans.

"Event of Default" means any of the events or circumstances specified in Section 8.01.

"Exchange Act" means the Securities Exchange Act of 1934, and regulations promulgated thereunder.

"Existing Indebtedness" means Indebtedness of Ferrellgas and its Subsidiaries (other than the Obligations) and certain Indebtedness of the General Partner with respect to which Ferrellgas has assumed the General Partner's repayment obligations, in each case in existence on the Effective Date and as more fully set forth on Schedule 8.05.

"FDIC" means the Federal Deposit Insurance Corporation, and any Governmental Authority succeeding to any of its principal functions.

"Federal Funds Rate" means, for any day, the rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, "H.15(519)") on the preceding Business Day opposite the caption "Federal Funds (Effective);" or, if for any relevant day such rate is not so published on any such preceding Business Day, the rate for such day will be the arithmetic mean as determined by the Administrative Agent of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 a.m. (New York City time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Administrative Agent.

"Fee Letters" has the meaning specified in subsection 2.09.

"FCI ESOT" means the employee stock ownership trust of Ferrell Companies, Inc. organized under section 4975(e)(7) of the Code.

"Ferrellgas" means Ferrellgas, L.P., a Delaware limited partnership.

"Ferrellgas Joinder Event" shall have occurred upon the satisfaction of each of the conditions set forth in Section 4.03.

"Ferrellgas Partners Finance Corp." means Ferrellgas Partners Finance Corp., a Delaware corporation and a Wholly-Owned Subsidiary of the MLP.

"Fixed Charge Coverage Ratio" means with respect to any Person for any period, the ratio of Consolidated Cash Flow of such Person for such period to the Fixed Charges of such Person for such period. In the event that such Person or any of its Subsidiaries incurs, assumes, guarantees, redeems or repays any Indebtedness (other than revolving credit borrowings including, with respect to the Borrower, the Loans) subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the date of the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, redemption or repayment of Indebtedness, as if the same had occurred at the beginning of the applicable reference period. The foregoing calculation of the Fixed Charge Coverage Ratio shall also give pro forma effect to Acquisitions (including all mergers and consolidations), dispositions and discontinuances of businesses or assets that have been made by such Person or any of its Subsidiaries during the reference period or subsequent to such reference period and on or prior to the Calculation Date assuming that all such Acquisitions, dispositions and discontinuances of businesses or assets

had occurred on the first day of the reference period; provided, however, that with respect to the Borrower, (a) Fixed Charges shall be reduced by amounts attributable to businesses or assets that are so disposed of or discontinued only to the extent that the obligations giving rise to such Fixed Charges would no longer be obligations contributing to the Fixed Charges of the Borrower subsequent to the Calculation Date and (b) Consolidated Cash Flow generated by an acquired business or asset shall be determined by the actual gross profit (revenues minus costs of goods sold) of such acquired business or asset during the immediately preceding number of full fiscal quarters as are in the reference period minus the pro forma expenses that would have been incurred by the Borrower in the operation of such acquired business or asset during such period computed on the basis of (i) personnel expenses for employees retained by the Borrower in the operation of the acquired business or asset and (ii) non-personnel costs and expenses incurred by the Borrower on a per gallon basis in the operation of the Borrower's business at similarly situated Borrower facilities.

"Fixed Charges" means, with respect to any Person for any period, the sum, without duplication, of (a) consolidated interest expense of such Person for such period, whether paid or accrued, to the extent such expense was deducted in computing Consolidated Net Income (including amortization of original issue discounts, non-cash interest payments, the interest component of all payments associated with Capital Lease Obligations and net payments (if any) pursuant to Hedging Obligations permitted hereunder), (b) commissions, discounts and other fees and charges incurred with respect to letters of credit, (c) any interest expense on Indebtedness of another Person that is guaranteed by such Person or secured by a Lien on assets of such Person, and (d) the product of (i) all cash dividend payments (and non-cash dividend payments in the case of a Person that is a Subsidiary) on any series of preferred stock of such Person, times (ii) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, determined, in each case, on a consolidated basis and in accordance with GAAP.

"FRB" means the Board of Governors of the Federal Reserve System, and any Governmental Authority succeeding to any of its principal functions.

"Funded Debt" means all Indebtedness of the Borrower and its Subsidiaries.

"GAAP" means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination.

"General Partner" means Ferrellgas, Inc., the general partner of Ferrellgas.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Growth-Related Capital Expenditures" means, with respect to any Person, all capital expenditures by such Person made to improve or enhance the existing capital assets or to increase the customer base of such Person or to acquire or construct new capital assets (but excluding capital expenditures made to maintain, up to the level thereof that existed at the time of such expenditure, the operating capacity of the capital assets of such Person as such assets existed at the time of such expenditure).

"Guarantor" means TWCI and each other Person that executes a Guaranty and its successors and assigns.

"Guaranty" means a continuing guaranty of the Obligations in favor of the Administrative Agent on behalf of the Banks, in form and substance satisfactory to the Administrative Agent.

"Guaranty Obligation" has the meaning specified in the definition of "Contingent Obligation."

"Hedging Obligations" means, with respect to any Person, the obligations of such Person under (a) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements and (b) other agreements or arrangements designed to protect such Person

against fluctuations in interest rates.

"Indebtedness" of any Person means, without duplication, (a) all indebtedness for borrowed money; (b) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade payables entered into in the ordinary course of business on ordinary terms); (c) all non-contingent reimbursement or payment obligations with respect to Surety Instruments; (d) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses; (e) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to property acquired by the Person (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property); (f) all Capital Lease Obligations; (g) all Hedging Obligations; (h) all obligations in respect of Accounts Receivable Securitizations; (i) all indebtedness referred to in clauses (a) through (h) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property (including accounts and contracts rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness; and (j) all Guaranty Obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (a) through (i) above; provided, however, that "Indebtedness" shall not include Synthetic Lease Obligations.

"Indemnified Liabilities" has the meaning specified in Section 11.05.

"Indemnified Person" has the meaning specified in Section 11.05.

"Independent Auditor" has the meaning specified in subsection 7.01(a).

"Ineligible Securities" means securities which may not be underwritten or dealt in by member banks of the Federal Reserve System under Section 16 of the Banking Act of 1933 (12 U.S.C. ss. 24, Seventh), as amended.

"Insolvency Proceeding" means (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors, or other similar arrangement in respect of a Person's creditors generally or any substantial portion of a Person's creditors; undertaken under U.S.
Federal, state or foreign law, including the Bankruptcy Code.

"Interest Coverage Ratio" means with respect to any Person for any period, the ratio of Consolidated Cash Flow of such Person for such period to Consolidated Interest Expense of such Person for such period. The foregoing calculation of the Interest Coverage Ratio shall give pro forma effect to Acquisitions (including all mergers and consolidations), Asset Sales and other dispositions and discontinuances of businesses or assets that have been made by such Person or any of its Subsidiaries during the reference period or subsequent to such reference period and on or prior to the date of calculation of the Interest Coverage Ratio assuming that all such Acquisitions, Asset Sales and other dispositions and discontinuances of businesses or assets had occurred on the first day of the reference period; provided, however, that with respect to the Borrower and its Subsidiaries, Consolidated Cash Flow generated by an acquired business or asset shall be determined by the actual gross profit (revenues minus costs of goods sold) of such acquired business or asset during the immediately preceding number of full fiscal quarters as in the reference period minus the pro forma expenses that would have been incurred by the Borrower and its Subsidiaries in the operation of such acquired business or asset during such period computed on the basis of (i) personnel expenses for employees retained by the Borrower and its Subsidiaries in the operation of the acquired business or asset and (ii) non-personnel costs and expenses incurred by the Borrower and its Subsidiaries on a per gallon basis in the operation of the Borrower's business at similarly situated facilities of the Borrower.

"Interest Payment Date" means, as to any Eurodollar Rate Loan, the last day of each Interest Period applicable to such Loan and, as to any Base Rate Loan, the first Business Day of each fiscal quarter of the Borrower.

"Interest Period" means, as to any Eurodollar Rate Loan, the period commencing on the Effective Date or on the Conversion/Continuation Date on which the Loan is converted into or continued as a Eurodollar Rate Loan, and ending on the date one or two months thereafter as selected by the Borrower in its Notice of Borrowing or Notice of Conversion/Continuation;

provided that:

(a) if any Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the following Business Day unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period for any Loan shall extend beyond the Maturity Date.

"IRS" means the Internal Revenue Service, and any Governmental Authority succeeding to any of its principal functions.

"Joint Venture" means a single-purpose corporation, partnership, joint venture or other similar legal arrangement (whether created by contract or conducted through a separate legal entity) now or hereafter formed by the Borrower or any of its Subsidiaries with another Person in order to conduct a common venture or enterprise with such Person.

"Lending Office" means, as to any Bank, the office or offices of such Bank specified as its "Lending Office" or "Domestic Lending Office" or "Eurodollar Lending Office", as the case may be, on Schedule 11.02, or such other office or offices as such Bank may from time to time notify the Borrower and the Administrative Agent.

"Leverage Ratio" means, with respect to any Person for any period, the ratio of Funded Debt plus Synthetic Lease Obligations, in each case of such Person as of the last day of such period, to Consolidated Cash Flow of such Person for such period. In the event that such Person or any of its Subsidiaries incurs, assumes, guarantees, redeems or repays any Indebtedness (other than revolving credit borrowings) subsequent to the commencement of the period for which the Leverage Ratio is being calculated but prior to the date on which the calculation of the Leverage Ratio is made (the "Leverage Ratio Calculation Date"), then the Leverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, redemption or repayment of Indebtedness, as if the same had occurred at the beginning of the applicable reference period. The foregoing calculation of the Leverage Ratio shall also give pro forma effect to Acquisitions (including all mergers and consolidations), Asset Sales and other dispositions and discontinuances of businesses or assets that have been made by such Person or any of its Subsidiaries during the reference period or subsequent to such reference period and on or prior to the Leverage Ratio Calculation Date assuming that all such Acquisitions, Asset Sales and other dispositions and discontinuances of businesses or assets had occurred on the first day of the reference period; provided, however, that with respect to the Borrower and its Subsidiaries, (a) Funded Debt shall be reduced by amounts attributable to businesses or assets that are so disposed of or discontinued only to the extent that the Indebtedness included within such Funded Debt would no longer be an obligation of the Borrower or its Subsidiaries subsequent to the Leverage Ratio Calculation Date and (b) Consolidated Cash Flow generated by an acquired business or asset shall be determined by the actual gross profit (revenues minus costs of goods sold) of such acquired business or asset during the immediately preceding number of full fiscal quarters as in the reference period minus the pro forma expenses that would have been incurred by the Borrower and its Subsidiaries in the operation of such acquired business or asset during such period computed on the basis of (i) personnel expenses for employees retained by the Borrower and its Subsidiaries in the operation of the acquired business or asset and (ii) non-personnel costs and expenses incurred by the Borrower and its Subsidiaries on a per gallon basis in the operation of the Borrower's business at similarly situated facilities of the Borrower.

"LIBOR" means the rate of interest per annum determined by the Administrative Agent to be the arithmetic mean (rounded upward to the next 1/16th of 1%) of the rates of interest per annum notified to the Administrative Agent by BofA as the rates of interest at which dollar deposits in the approximate amount of the amount of the Loan to be made or continued as, or converted into, a Eurodollar Rate Loan by BofA and having a maturity comparable to such Interest Period would be offered to major banks in the London interbank market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the commencement of such Interest Period.

"Lien" means any security interest, mortgage, deed of trust, pledge, hypothecation, assignment, charge or deposit arrangement, encumbrance, lien (statutory or other) or preferential arrangement of any kind or nature whatsoever in respect of any property (including

those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease, any financing lease having substantially the same economic effect as any of the foregoing, or the filing of any financing statement naming the owner of the asset to which such lien relates as debtor, under the Uniform Commercial Code or any comparable law) and any contingent or other agreement to provide any of the foregoing, but not including the interest of a lessor under an operating lease.

"LLC Agreement" means the Operating Agreement of Thermogas L.L.C. dated as of December 15, 1999 made by the Sellerwith respect to Thermogas.

"Loan" shall have the meaning assigned in subsection 2.01(a), and may be a Base Rate Loan or a Eurodollar Rate Loan.

"Loan Documents" means this Agreement, any Notes, the Fee Letters, the Guaranties, and all other documents delivered to the Administrative Agent or any Bank in connection herewith.

"Majority Banks" means at any time Banks then holding more than 50% of the then aggregate unpaid principal amount of the Loans, or, if no such principal amount is then outstanding, Banks then having more than 50% of the aggregate Commitments.

"Margin Stock" means "margin stock" as such term is defined in Regulation U of the FRB.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, condition (financial or otherwise) or prospects of the Borrower or the Borrower and its Subsidiaries taken as a whole; (b) a material impairment of the ability of the Borrower or any of its Subsidiaries or (after the Ferrellgas Joinder Event) the General Partner or any of its Subsidiaries to perform under any Loan Document or otherwise to avoid any Event of Default; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Borrower or any Subsidiary of any Loan Document.

"Maturity Date" means June 30, 2000.

"MLP" means Ferrellgas Partners, L.P., a Delaware limited partnership and the sole limited partner of Ferrellgas.

"MLP Senior Notes" means the $160,000,000 9-3/8% Senior Secured Notes issued by the MLP and Ferrellgas Partners Finance Corp. pursuant to the 1996 Indenture.

"Net Income" means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however, (a) any gain (but not loss), together with any related provision for taxes on such gain (but not loss), realized in connection with (i) any asset sale (including dispositions pursuant to sale and leaseback transactions), or (ii) the disposition of any securities or the extinguishment of any Indebtedness of such Person or any of its Subsidiaries, and (b) any extraordinary gain (but not loss), together with any related provision for taxes on such extraordinary gain (but not loss).

"Net Proceeds of Asset Sale" means the aggregate cash proceeds received by the Borrower or any of its Subsidiaries in respect of any Asset Sale, net of the direct costs relating to such Asset Sale (including legal, accounting and investment banking fees, and sales commissions) and any relocation expenses incurred as a result thereof, taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), and amounts required to be applied to the repayment of Indebtedness secured by a Lien on the asset or assets the subject of such Asset Sale.

"Non-Recourse Subsidiary" means any Person that would otherwise be a Subsidiary of the Borrower but is designated as a Non-Recourse Subsidiary in a resolution of the Board of Directors of the General Partner, so long as each of the following remains true: (a) no portion of the Indebtedness or any other obligation (contingent or otherwise) of such Person (i) is a Contingent Obligation of the Borrower or any of its Subsidiaries, (ii) is recourse or obligates the Borrower or any of its Subsidiaries in any way or (iii) subjects any property or asset of the Borrower or any of its Subsidiaries, directly or indirectly, contingently or otherwise, to satisfaction thereof, (b) neither the Borrower nor any of its Subsidiaries has any contract, agreement, arrangement or understanding or is subject to an obligation of any kind, written or oral, with such Person other than on terms no less favorable to the Borrower and its Subsidiaries than those that might be obtained at the time from persons who are not Affiliates of the Borrower, (c) neither the Borrower nor any of its Subsidiaries has any obligation with respect to such Person (i) to subscribe for

additional shares of capital stock, Capital Interests or other Equity Interests therein or (ii) maintain or preserve such Person's financial condition or to cause such Person to achieve certain levels of operating or other financial results, (d) such Person has no more than $1,000 of assets at the time of such designation, (e) such Person is in compliance with the restrictions applicable to Affiliates of the MLP under Section 8.21 hereof and (f) such Person takes steps designed to assure that neither the Borrower nor any of its Subsidiaries will be liable for any portion of the Indebtedness or other obligations of such Person, including maintenance of a corporate or limited partnership structure and observance of applicable formalities such as regular meetings and maintenance of minutes, a substantial and meaningful capitalization and the use of a corporate or partnership name, trade name or trademark not misleadingly similar to those of the Borrower.

"Note" means a promissory note executed by the Borrower in favor of a Bank pursuant to subsection 2.02(b), in substantially the form of Exhibit F.

"Notice of Borrowing" means a notice in substantially the form of Exhibit A.

"Notice of Conversion/Continuation" means a notice in substantially the form of Exhibit B.

"Obligations" means all Loans, advances, debts, liabilities, obligations, covenants and duties arising under any Loan Document, owing by the Borrower to any Bank, the Administrative Agent, or any Indemnified Person, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising including all Indebtedness of the Borrower to the Banks for the payment of principal of and interest on all outstanding Loans.

"Organization Documents" means, for any corporation, the certificate or articles of incorporation, the bylaws, any certificate of determination or instrument relating to the rights of preferred shareholders of such corporation, any shareholder rights agreement, and all applicable resolutions of the board of directors (or any committee thereof) of such corporation and, for any general or limited partnership, the partnership agreement of such partnership and all amendments thereto and any agreements otherwise relating to the rights of the partners thereof, and, for any limited liability company, the limited liability company, operating or similar agreement and all amendments thereto and any agreements otherwise relating to the rights of the members thereof.

"Other Taxes" means any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Documents.

"Participant" has the meaning specified in subsection 11.08(d).

"Partners' Equity" means the partners' equity as shown on a balance sheet prepared in accordance with GAAP for any partnership.

"Partnership Agreement" shall mean the Agreement of Limited Partnership of Ferrellgas dated July 5, 1994, as amended from time to time in accordance with the terms of this Agreement.

"PBGC" means the Pension Benefit Guaranty Corporation, or any Governmental Authority succeeding to any of its principal functions under ERISA.

"Pension Plan" means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA which the Borrower or the General Partner sponsors, maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding five (5) plan years.

"Permitted Acquisitions" means Acquisitions by the Borrower and its Subsidiaries which comply with the provisions of Section 8.04.

"Permitted Investments" means (a) any investments in Cash Equivalents; (b) any investments in the Borrower or in a Wholly-Owned Subsidiary of the Borrower that is a Guarantor; (c) investments by the Borrower or any Subsidiary of the Borrower in a Person, if as a result of such investment (i) such Person becomes a Wholly-Owned Subsidiary of the Borrower and a Guarantor or (ii) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Borrower or a Wholly-Owned Subsidiary of the Borrower that is a Guarantor; and (d) other investments in Non-Recourse Subsidiaries of the Borrower that

do not exceed $30 million in the aggregate.

"Permitted Liens" has the meaning specified in Section 8.01.

"Permitted Refinancing Indebtedness" means any Indebtedness of the Borrower or any Subsidiary of the Borrower issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Borrower or any of its Subsidiaries; provided that (a) the principal amount of such Indebtedness does not exceed the principal amount of the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (the "Prior Indebtedness") (plus the amount of reasonable expenses incurred in connection therewith), and the effective interest rate per annum on such Indebtedness does not or is not likely to exceed the effective interest rate per annum of the Prior Indebtedness, as determined by the Administrative Agent in its sole discretion; (b) such Indebtedness has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of the Prior Indebtedness; (c) if the Prior Indebtedness is subordinated to the Obligations, such Indebtedness is subordinated to the Obligations on the terms and conditions set forth on part II of Schedule 8.05; and (d) such Indebtedness is incurred by the Borrower or the Subsidiary who is the obligor on the Prior Indebtedness.

"Person" means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, Joint Venture or Governmental Authority.

"Plan" means an employee benefit plan (as defined in Section 3(3) of ERISA) which the Borrower sponsors or maintains or to which the Borrower or the General Partner makes, is making, or is obligated to make contributions and includes any Pension Plan.

"Pro Rata Share" means, as to any Bank at any time, the percentage set forth on Schedule 2.01 hereto as its "Pro Rata Share," as such amount may be adjusted by assignments under Section 11.08.

"Purchase Agreement" means the Purchase Agreement dated as of November 7, 1999 among the Seller, the MLP and Ferrellgas.

"Related Party" means (a) the spouse or any lineal descendant of James E. Ferrell, (b) any trust for his benefit or for the benefit of his spouse or any such lineal descendants, (c) any corporation, partnership or other entity in which James E. Ferrell and/or such other Persons referred to in the foregoing clauses (a) and (b) are the direct record and beneficial owners of all of the voting and nonvoting Equity Interests, (d) the FCI ESOT or (e) any participant in the FCI ESOT whose ESOT account has been allocated shares of Ferrell Companies, Inc.

"Release of Guaranty" means a Release of Guaranty substantially in the form of Exhibit J to this Agreement, executed and delivered by the Administrative Agent, on behalf of the Banks, in accordance with Section 4.03 relating to the obligations of TWCI as a Guarantor.

"Reportable Event" means any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

"Requirement of Law" means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.

"Responsible Officer" means the chief executive officer or the president of the General Partner or any other officer having substantially the same authority and responsibility to act for the General Partner on behalf of the Borrower; or, with respect to actions taken or to be taken under Article II and compliance with financial covenants, the chief financial officer or the treasurer of the General Partner or any other officer having substantially the same authority and responsibility to act for the General Partner on behalf of the Borrower or any other employee of the General Partner designated in a certificate of a Responsible Officer to have authority in such matters.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Seller" means Williams Natural Gas Liquids, Inc., a Delaware corporation.

"Significant Subsidiary" means any Subsidiary of the Borrower that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act of 1933, as such Regulation is in effect on the date hereof.

"Solvent" shall mean, with respect to any Person on any date, that on such date (a) the fair value of the property of such Person is greater than the fair value of the liabilities (including contingent liabilities) of such Person, (b) such Person does not intend to, and does not believe that it will, incur debts and liabilities beyond such Person's ability to pay as such debts and liabilities mature and (c) such Person is not engaged in business or a transaction, and is not about to engage in a business or a transaction, for which such Person's property would constitute an unreasonably small capital.

"SPE" shall mean any special purpose Non-Recourse Subsidiary of the Borrower established in connection with Accounts Receivable Securitizations permitted by Section 8.05.

"Subsidiary" means, with respect to any Person, any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Interests entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof (or, in the case of a limited partnership, more than 50% of either the general partners' Capital Interests or the limited partners' Capital Interests) is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof. Unless otherwise indicated herein, "Subsidiary" shall mean a Subsidiary of the Borrower. Notwithstanding the foregoing, any Subsidiary of the Borrower that is designated a Non-Recourse Subsidiary pursuant to the definition thereof shall, for so long as all of the statements in the definition thereof remain true, not be deemed a Subsidiary of the Borrower.

"Surety Instruments" means all letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, shipside bonds, surety bonds and similar instruments.

"Synthetic Lease" means each arrangement, however described, under which the obligor accounts for its interest in the property covered thereby under GAAP as lessee of a lease which is not a capital lease and accounts for its interest in the property covered thereby for Federal income tax purposes as the owner.

"Synthetic Lease Interest Component" means, with respect to any Person for any period, the portion of rent paid or payable (without duplication) for such period under Synthetic Leases of such Person that would be treated as interest in accordance with Financial Accounting Standards Board Statement No. 13 if such Synthetic Leases were treated as capital leases under GAAP.

"Synthetic Lease Obligation" means, as to any Person with respect to any Synthetic Lease at any time of determination, the amount of the liability of such Person in respect of such Synthetic Lease that would (if such lease was required to be classified and accounted for as a capital lease on a balance sheet of such Person in accordance with GAAP) be required to be capitalized on the balance sheet of such Person at such time.

"Synthetic Lease Principal Component" means, with respect to any Person for any period, the portion of rent (exclusive of the Synthetic Lease Interest Component) paid or payable (without duplication) for such period under Synthetic Leases of such Person that was deducted in calculating Consolidated Net Income of such Person for such period.

"Taxes" means any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Bank and the Administrative Agent, such taxes (including income taxes or franchise taxes) as are imposed on or measured by each Bank's net income by the jurisdiction (or any political subdivision thereof) under the laws of which such Bank or the Administrative Agent, as the case may be, is organized or maintains a lending office.

"Thermogas" has the meaning specified in the introductory clause hereto.

"Thermogas Merger" means the merger of Thermogas with and into Ferrellgas (or, alternatively, the dissolution of Thermogas and the substantially contemporaneous transfer of all of the assets of Thermogas to Ferrellgas) in accordance with all applicable Requirements of Law.

"TWCI" means The Williams Companies, Inc., a Delaware corporation.

"TWCI Guaranty" means a Guaranty of TWCI substantially in the form of Exhibit I.

"Type" means, with respect to any Loan, whether such Loan is a Base Rate Loan or a Eurodollar Rate Loan.

"Unfunded Pension Liability" means the excess of a Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

"United States" and "U.S." each means the United States of America.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing (a) the sum of the products obtained by multiplying (x) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (y) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment, by (b) the then outstanding principal amount of such Indebtedness; provided, however, that with respect to any revolving Indebtedness, the foregoing calculation of Weighted Average Life to Maturity shall be determined based upon the total available commitments and the required reductions of commitments in lieu of the outstanding principal amount and the required payments of principal, respectively.

"Wholly-Owned Subsidiary" means a Subsidiary of which all of the outstanding Capital Interests or other ownership interests (other than directors' qualifying shares) or, in the case of a limited partnership, all of the partners' Capital Interests (other than up to a 1% general partner interest), is owned, beneficially and of record, by the Borrower, a Wholly-Owned Subsidiary of the Borrower or both.

"Year 2000 Problem" has the meaning specified in Section 5.12.

Section 1.02 Other Interpretive Provisions.

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words "hereof," "herein," "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and subsection, Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(c) (i) The term "documents" includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced.

(ii) The term "including" is not limiting and means "including without limitation."

(iii) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding", and the word "through" means "to and including."

(iii) One "basis point" equals 0.01%, and "b.p." means "basis point(s)."

(d) Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(e) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(f) This Agreement and other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms.

(g) Unless otherwise expressly provided herein, financial calculations applicable to the Borrower shall be made on a consolidated basis.

(h) This Agreement and the other Loan Documents are the result of negotiations among and have been reviewed by counsel to the Administrative Agent, the Borrower and the other parties, and are the products of all parties. Accordingly, they shall not be construed against the Banks or the Administrative Agent merely because of the Administrative Agent's or Banks' involvement in their preparation.

Section 1.03 Accounting Principles.

(a) Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations

required under this Agreement shall be made, in accordance with GAAP, consistently applied. In the event that GAAP changes during the term of this Agreement such that the covenants contained in Section 7.12 would then be calculated in a different manner or with different components, (i) the Borrower and the Banks agree to amend this Agreement in such respects as are necessary to conform those covenants as criteria for evaluating Borrower's financial condition to substantially the same criteria as were effective prior to such change in GAAP and (ii) the Borrower shall be deemed to be in compliance with the covenants contained in Section 7.12 during the 90-day period following any such change in GAAP if and to the extent that the Borrower would have been in compliance therewith under GAAP as in effect immediately prior to such change.

(b) Except as otherwise specified, references herein to "fiscal year" and "fiscal quarter" refer to such fiscal periods of the Borrower.

ARTICLE II

THE LOANS

Section 2.01 Amounts and Terms of Commitments.

(a) Each Bank severally agrees, on the terms and subject to the conditions set forth herein, to make loans to the Borrower (each such loan, a "Loan") in Dollars on the Effective Date in an aggregate principal amount not to exceed such Bank's Commitment as in effect on such day.

(b) The Loans may be comprised of Base Rate Loans or Eurodollar Loans, or a combination thereof, as the Borrower may request. Subject to the terms and conditions of this Agreement, the Borrower may convert Loans of one Type into Loans of another Type or continue Loans of one Type as Loans of the same Type. Amounts repaid in respect of the Loans may not be reborrowed.

Section 2.02 Loan Accounts. (a) The Loans made by each Bank shall be evidenced by one or more accounts or records maintained by such Bank in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Bank shall be conclusive absent manifest error of the amount of the Loans made by the Banks to the Borrower, and the interest and payments thereon. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Loans.

(b) Upon the request of any Bank made through the Administrative Agent, the Loans made by such Bank may be evidenced by one or more Notes, instead of loan accounts. Each such Bank shall endorse on the schedules annexed to its Note(s) the date, amount and maturity of each Loan made by it and the amount of each payment of principal made by the Borrower with respect thereto. Each such Bank is irrevocably authorized by the Borrower to endorse its Note(s) and each Bank's record shall be conclusive absent manifest error; provided, however, that the failure of a Bank to make, or an error in making, a notation thereon with respect to any Loan shall not limit or otherwise affect the obligations of the Borrower hereunder or under any such Note to such Bank.

Section 2.03 Procedure for Borrowing. (a) Each Borrowing shall be made only on the Effective Date upon the Borrower's irrevocable written notice delivered to the Administrative Agent in the form of a Notice of Borrowing (which notice must be received by the Administrative Agent prior to 9:00 a.m. San Francisco time (i) three Business Days prior to the Effective Date, in the case of Eurodollar Rate Loans, and (ii) one Business Day prior to the Effective Date, in the case of Base Rate Loans), specifying:

(A) the amount of the Borrowing, which shall be in an aggregate minimum amount of $3,000,000 or any multiple of $1,000,000 in excess thereof for Eurodollar Loans, or $1,000,000 or any multiple of $100,000 in excess thereof for Base Rate Loans;

(B) the Type of Loans comprising the Borrowing; and

(C) the duration of the Interest Period applicable to any Eurodollar Rate Loans included in such notice. If the Notice of Borrowing fails to specify the duration of the Interest Period for any Borrowing comprised of Eurodollar Rate Loans, such Interest Period shall be one month.

(b) The Administrative Agent will promptly notify each Bank of the Administrative Agent's receipt of any Notice of Borrowing and of the amount of such Bank's Pro Rata Share of that Borrowing.

(c) Each Bank will make the amount of its Pro Rata Share of each Borrowing available to the Administrative Agent for the account of the Borrower at the Administrative Agent's Payment Office by 11:00 a.m. San Francisco time on the Effective Date in funds immediately available to the Administrative Agent. The proceeds of all such Loans will then be made available to the Borrower by the Administrative Agent at such office by crediting the

account of the Borrower on the books of BofA with the aggregate of the amounts made available to the Administrative Agent by the Banks and in like funds as received by the Administrative Agent.

(d) After giving effect to any Borrowing, there may not be more than three (3) different Interest Periods in effect with respect to Eurodollar Rate Loans.

Section 2.04 Conversion and Continuation Elections. (a) The Borrower may, upon irrevocable written notice to the Administrative Agent in accordance with subsection 2.04(b):

(i) elect, as of any Business Day, in the case of Base Rate Loans, or as of the last day of the applicable Interest Period, in the case of Eurodollar Rate Loans, to convert any such Loans (or any part thereof in an amount not less than $3,000,000, or that is in an integral multiple of $1,000,000 in excess thereof) into Loans of the other Type; or

(ii) elect as of the last day of the applicable Interest Period, to continue as Eurodollar Rate Loans any Loans having Interest Periods expiring on such day (or any part thereof in an amount not less than $3,000,000, or that is in an integral multiple of $1,000,000 in excess thereof);

provided, that if at any time the aggregate amount of Eurodollar Rate Loans in respect of any Borrowing is reduced, by payment, prepayment, or conversion of part thereof to be less than $3,000,000, such Eurodollar Rate Loans shall automatically convert into Base Rate Loans, and on and after such date the right of the Borrower to continue such Loans as, and convert such Loans into, Eurodollar Rate Loans shall terminate.

(b) The Borrower shall deliver a Notice of Conversion/Continuation to be received by the Administrative Agent not later than 9:00 a.m. San Francisco time at least (i) three Business Days in advance of the Conversion/Continuation Date, if the Loans are to be converted into or continued as Eurodollar Rate Loans; and (ii) one Business Day in advance of the Conversion/Continuation Date, if the Loans are to be converted into Base Rate Loans, specifying:

(A) the proposed Conversion/Continuation Date;

(B) the aggregate amount of Loans to be converted or renewed;

(C) the Type of Loans resulting from the proposed conversion or continuation; and

(D) other than in the case of conversions into Base Rate Loans, the duration of the requested Interest Period.

(c) If upon the expiration of any Interest Period applicable to Eurodollar Rate Loans, the Borrower has failed to select a new Interest Period within the time period specified in subsection 2.04(b) to be applicable to such Eurodollar Rate Loans, or if any Default or Event of Default then exists, the Borrower shall be deemed to have elected to convert such Eurodollar Rate Loans into Base Rate Loans effective as of the expiration date of such Interest Period.

(d) The Administrative Agent will promptly notify each Bank of its receipt of a Notice of Conversion/Continuation, or, if no notice is provided by the Borrower within the time period specified in subsection 2.04(b), the Administrative Agent will promptly notify each Bank of the details of any automatic conversion. All conversions and continuations shall be made ratably according to the respective outstanding principal amounts of the Loans with respect to which the notice was given held by each Bank.

(e) Unless the Majority Banks otherwise agree, during the existence of a Default or Event of Default, the Borrower may not elect to have a Loan converted into or continued as a Eurodollar Rate Loan.

(f) After giving effect to any conversion or continuation of Loans, there may not be more than three (3) different Interest Periods in effect.

Section 2.05 Optional Prepayments. (a) Subject to Section 3.04, the Borrower may, at any time or from time to time, not later than 9:00 a.m. San Francisco time at least three (3) Business Days prior to its effective date by irrevocable notice to the Administrative Agent, in the case of Eurodollar Rate Loans, and not later than 9:00 a.m. San Francisco time at least one (1) Business Day prior to its effective date by irrevocable notice to the Administrative Agent, in the case of Base Rate Loans, ratably prepay the Loans in whole or in part, in minimum amounts of $3,000,000 or any multiple of $1,000,000 in excess thereof, for Eurodollar Rate Loans, and in minimum amounts of $1,000,000 or any multiple

of $100,000 in excess thereof, for Base Rate Loans.

(b) Any such notice of prepayment shall specify the date and amount of such prepayment and the Type(s) of the Loans to be prepaid. Prepayments of Base Rate Loans may be made hereunder on any Business Day. Prepayments of Eurodollar Rate Loans may be made hereunder only on the last day of any applicable Interest Period; provided, that prepayments of Eurodollar Rate Loans may be made on a day other than the last day of the applicable Interest Period only with payment by the Borrower of the aggregate amount of any associated funding losses of any affected Banks pursuant to Section 3.04. The Administrative Agent will promptly notify each Bank of its receipt of any such notice, and of such Bank's Pro Rata Share of such prepayment.

(c) If any such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein, together, in the case of a Eurodollar Rate Loan, with accrued interest to each such date on the amount prepaid and any amounts required pursuant to Section 3.04.

Section 2.06 Mandatory Prepayments of Loans; Mandatory Commitment Reductions. (a) If a Change of Control occurs following the Ferrellgas Joinder Event, the Borrower shall immediately, and without notice or demand, prepay the Obligations in full, including the aggregate principal amount of all outstanding Loans, all accrued and unpaid interest thereon and all amounts payable under Section 3.04 hereof, in each case on the 30th day after such Change of Control shall have occurred and be continuing.

(b) The Commitments shall be automatically reduced to zero at 5:00 p.m. San Francisco time on the Effective Date.

Section 2.07 Repayment. The Borrower shall repay to the Banks in full on the Maturity Date the aggregate principal amount of the Loans outstanding on such date together with all accrued and unpaid interest thereon.

Section 2.08 Interest. (a) Each Loan shall bear interest on the outstanding principal amount thereof from the Effective Date (subject to the Borrower's right to convert to other Types of Loans under Section 2.04) at a rate per annum equal to:

(i) during such periods as such Loan is a Base Rate Loan, the Base Rate (as in effect from time to time) plus the Applicable Margin (if any); and

(ii) during such periods as such Loan is a Eurodollar Loan, the Eurodollar Rate for such Loan for its Interest Period plus the Applicable Margin (if any).

(b) Interest on each Loan shall be paid in arrears on each applicable Interest Payment Date and on the Maturity Date. Interest in all cases shall also be paid on the date of any prepayment of Loans under subsection 2.06(a) and interest on Eurodollar Rate Loans shall also be paid on the date of prepayment of Loans in all other circumstances under Section 2.05 or 2.06, in each case for the portion of the Loans so prepaid and upon payment (including prepayment) in full thereof and, during the existence of any Event of Default, interest shall be paid on demand of the Administrative Agent at the request or with the consent of the Majority Banks.

(c) Notwithstanding subsection (a) of this Section, while any Event of Default exists or after acceleration, the Borrower shall pay interest (after as well as before entry of judgment thereon to the extent permitted by law) on the principal amount of all outstanding Obligations, at a rate per annum which is determined by adding 2% per annum to the interest rate then in effect for the Loans included in such Obligations as set forth in subsection (a) above and, in the case of Obligations other than Base Rate Loans or Eurodollar Loans, including all fees provided herein, at a rate per annum which is determined by adding 2% per annum to the interest rate then in effect for the Loans as set forth in subsection (a) above (calculated using the Base Rate); provided, however, that, on and after the expiration of any Interest Period applicable to any Eurodollar Rate Loan outstanding on the date of occurrence of such Event of Default or acceleration, the principal amount of such Loan shall, during the continuation of such Event of Default or after acceleration, bear interest at a rate per annum equal to the Base Rate plus the Applicable Margin for Base Rate Loans plus 2%.

(d) Anything herein to the contrary notwithstanding, the obligations of the Borrower to any Bank hereunder shall be subject to the limitation that payments of interest shall not be required for any period for which interest is computed hereunder, to the extent (but only to the extent) that contracting for or receiving such payment by such Bank would be contrary to the provisions of any law applicable to such Bank limiting the highest rate of interest that may be lawfully contracted for, charged or received by such Bank, and in such event the Borrower shall pay such Bank interest at the highest rate permitted by applicable law.

Section 2.09 Fees. The Borrower shall pay all fees referred to in (a) the letter agreement dated November 16, 1999 among the MLP, the Borrower, the Arranger and

Administrative Agent and (b) the letter agreement dated the date of this Agreement among Thermogas, Ferrellgas and the Administrative Agent (such letters, the "Fee Letters"), in each case at the times and in the amounts set forth in the Fee Letters.

Section 2.10 Computation of Fees and Interest. (a) All computations of interest for Base Rate Loans when the Base Rate is determined by BofA's "reference rate" shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of interest and fees shall be made on the basis of a 360-day year and actual days elapsed (which results in more interest being paid than if computed on the basis of a 365-day year). Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof to the last day thereof.

(b) Each determination of an interest rate by the Administrative Agent shall be conclusive and binding on the Borrower and the Banks in the absence of manifest error.

Section 2.11 Payments by the Borrower. (a) All payments to be made by the Borrower under any Loan Document shall be made without set-off, recoupment, counterclaim or other defense. Except as otherwise expressly provided herein, all payments by the Borrower shall be made to the Administrative Agent for the account of the Banks at the Administrative Agent's Payment Office, and shall be made in dollars and in immediately available funds, no later than 10:00 a.m. (San Francisco time) on the date specified herein. The Administrative Agent will promptly distribute to each Bank its Pro Rata Share (or other applicable share as expressly provided herein) of such payment in like funds as received. Any payment received by the Administrative Agent later than 10:00 a.m. (San Francisco time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue.

(b) Subject to the provisions set forth in the definition of "Interest Period" herein, whenever any payment is due on a day other than a Business Day, such payment shall be made on the following Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be.

(c) Unless the Administrative Agent receives notice from the Borrower prior to the date on which any payment is due to the Banks that the Borrower will not make such payment in full as and when required, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date in immediately available funds and the Administrative Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Borrower has not made such payment in full to the Administrative Agent, each Bank shall repay to the Administrative Agent on demand such amount distributed to such Bank, together with interest thereon at the Federal Funds Rate for each day from the date such amount is distributed to such Bank until the date repaid.

(d) Unless a due date is otherwise specified herein, the due date for any Obligation shall be 30 days after demand therefor by the Person to whom the Obligation is owed.

Section 2.12 Payments by the Banks to the Administrative Agent. (a) Unless the Administrative Agent receives notice from a Bank on or prior to the Effective Date that such Bank will not make available as and when required hereunder to the Administrative Agent for the account of the Borrower the amount of that Bank's Pro Rata Share of the Borrowing, the Administrative Agent may assume that each Bank has made such amount available to the Administrative Agent in immediately available funds on the Effective Date and the Administrative Agent may (but shall not be so required), in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent any Bank shall not have made its full amount available to the Administrative Agent in immediately available funds and the Administrative Agent in such circumstances has made available to the Borrower such amount, that Bank shall on the Business Day following the Effective Date make such amount available to the Administrative Agent, together with interest at the Federal Funds Rate for each day during such period. A notice of the Administrative Agent submitted to any Bank with respect to amounts owing under this subsection (a) shall be conclusive, absent manifest error. If such amount is so made available, such payment to the Administrative Agent shall constitute such Bank's Loan on the Effective Date for all purposes of this Agreement. If such amount is not made available to the Administrative Agent on the Business Day following the Effective Date, the Administrative Agent will notify the Borrower of such failure to fund and, upon demand by the Administrative Agent, the Borrower shall pay such amount to the Administrative Agent for the Administrative Agent's account, together with interest thereon for each day elapsed since the Effective Date, at a rate per annum equal to the interest rate applicable at the time to the Loans comprising such Borrowing.

(b) The failure of any Bank to make any Loan on Effective Date shall not relieve any other Bank of any obligation hereunder to make a Loan on such date, but no Bank shall be responsible for the failure of any other Bank to make the Loan to be made by such other Bank on the Effective Date.

Section 2.13 Sharing of Payments, Etc. If (other than (x) as expressly provided

elsewhere in this Agreement (including Section 2.14) and (y) with respect to fees that are not expressly provided for in this Agreement) any Bank shall obtain on account of the Loans made by it any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its Pro Rata Share, such Bank shall immediately (a) notify the Administrative Agent of such fact, and (b) purchase from the other Banks such participations in the Loans made by them as shall be necessary to cause such purchasing Bank to share the excess payment pro rata with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from the purchasing Bank, such purchase shall to that extent be rescinded and each other Bank shall repay to the purchasing Bank the purchase price paid therefor, together with an amount equal to such paying Bank's ratable share (according to the proportion of (i) the amount of such paying Bank's required repayment to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. The Borrower agrees that any Bank so purchasing a participation from another Bank may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Bank were the direct creditor of the Borrower in the amount of such participation. The Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Banks following any such purchases or repayments.

Section 2.14 Extension of Maturity Date; Amendment and Restatement of Agreement. (a) The Borrower may from time to time at its option request all of the Banks by notice to the Administrative Agent to amend and restate this Agreement in order to extend the current Maturity Date for a period of up to but not exceeding fifteen (15) years and otherwise to incorporate terms and conditions that are substantially similar to those set forth in the 1998 Note Purchase Agreement, together with such other or additional terms and conditions (including with respect to fees, interest rates and amortization of principal) as shall be set forth in such request (an "Extension Request"); provided, that the Borrower may not request any Borrowings that would increase the outstanding principal amount of the Loans above the principal amount of the Loans outstanding immediately prior to giving effect to any amendment and restatement of this Agreement contemplated by this Section 2.14; and provided, further, that the Borrower may not submit any Extension Request prior to January 31, 2000 or later than April 30, 2000. The Administrative Agent shall notify each Bank of an Extension Request within five (5) days after the Administrative Agent's receipt of such Extension Request from the Borrower. Within fifteen (15) days after the receipt of the Extension Request from the Administrative Agent, each Bank in its sole and absolute discretion may, by written notice to the Borrower and the Administrative Agent (an "Extension Commitment"), agree to participate in the extension of the Maturity Date on the terms and conditions set forth in the Extension Request and this Section 2.14, in which event such Bank (or, at the option of such Bank, a financial institution that is an Affiliate of such Bank) shall continue to make such Loans available to the Borrower pursuant to this Agreement as amended and restated to incorporate such terms and conditions (and such Bank or Affiliate of such Bank shall execute any documentation necessary to implement the foregoing). Any Bank electing not to submit an Extension Commitment shall, promptly after requested to do so by the Borrower, assign its Loans to another financial institution or other Person selected by the Borrower (which financial institution or other Person shall be satisfactory to the Administrative Agent and the Arranger in their sole discretion), and the Borrower shall compensate such Bank for its funding losses, if any, in connection with such assignment pursuant to Section 3.04 as if the Borrower had prepaid the Loans of such Bank on the date of assignment.

(b) Within five (5) days after expiration of the period for submission of an Extension Commitment from the Banks, the Administrative Agent shall promptly send to each Bank submitting an Extension Commitment a notice (an "Available Loan Notice") identifying (i) each of the Bank's electing not to submit an Extension Commitment, (ii) the amount of each such Bank's Pro Rata Share of the Effective Amount of the Loans then outstanding and (iii) the total Effective Amount of the Loans for which no Extension Commitments have been submitted (the "Available Loan Interest"). Within five (5) days after receipt of an Available Loan Notice from the Administrative Agent, each Bank that previously submitted an Extension Commitment may in its sole and absolute discretion deliver a notice to the Administrative Agent (a "Confirmation Notice") specifying the percentage of the Available Loan Interest that such Bank (or a financial institution that is an Affiliate of such Bank) wishes to assume (the "Loan Acceptance Percentage"). Failure by any such Bank to timely deliver a Confirmation Notice shall be deemed notice that such Bank has declined to assume any of the Available Loan Interest. In the event that the sum of the Loan Acceptance Percentages is equal to or less than 100% of the Available Loan Interest, the Administrative Agent shall allocate the Loan Acceptance Percentages as specified in the corresponding Confirmation Notices and, with respect to any remaining Available Loan Interest, follow the procedures described in subsection (c) below. In the event that the sum of the Loan Acceptance Percentages is greater than 100% of the Available Loan Interest, the Administrative Agent shall apportion the Available Loan Interest among the Banks which submitted Extension Commitments pro rata according to the respective Loan Acceptance Percentage for each such Bank.

(c) If, upon completion of the procedures described in

subsection (b) above, there remains all or some portion of the Available Loan Interest that has not been assumed by the Banks submitting Confirmation Notices, the Administrative Agent shall, upon the request of the Borrower and subject to an agreement having been made with respect to fees as set forth in subsection (e) below, make a request (by sending an Available Loan Notice) to other financial institutions or Persons (including insurance companies) selected by the Administrative Agent and the Arranger (and reasonably acceptable to the Borrower) to assume such Available Loan Interest. Such Available Loan Interest or part thereof, as the case may be, shall be apportioned in the sole and absolute discretion of the Administrative Agent and the Arranger among those financial institutions, if any, that deliver Confirmation Notices in a timely manner. All matters relating the timing of the transmittal of the Available Loan Notices, the delivery of Confirmation Notices, the apportionment of the Available Loan Interest and all other matters relating to the timing of the assumption of the Available Loan Interest shall be as determined by the Administrative Agent and the Arranger in their sole and absolute discretion.

(d) If, upon completion of the procedures described in subsections (b) and (c) above, there remains any portion of the Available Loan Interest that has not been assumed by (and the related Loans assigned to) the remaining Banks and/or any other financial institutions or Persons and the Borrower nonetheless wishes to proceed with the amendment and restatement of this Agreement as set forth in this Section 2.14 (and so long as no Event of Default has occurred), the Borrower shall (subject to giving notice of prepayment as required by this Agreement) on any Business Day prior to the current Maturity Date (i) prepay the aggregate unpaid principal amount of each Bank's Loans which have not been assigned to such remaining Banks and/or other financial institutions, together with accrued interest on such amount to the date of such prepayment, and (ii) compensate each such Bank for its funding losses, if any, in connection with such prepayment in accordance with Section 3.04. Notwithstanding any other provision of this Section 2.14, if the Effective Amount of the Loans that would be outstanding after giving effect to any prepayment required by the immediately preceding sentence is less than $100,000,000, the current Maturity Date shall in no event be extended unless each of the Banks and other financial institutions or Persons that would be a party to this Agreement after its amendment and restatement consents in writing to such extension (and failing such consent the Extension Request prompting the operation of this Section 2.14 shall be deemed withdrawn).

(e) Notwithstanding any other provision of this Agreement, any extension of the Maturity Date and amendment and restatement of this Agreement as provided in this Section 2.14 shall be subject to the payment by the Borrower of such fees to such Persons (including the Administrative Agent and the Arranger) as shall be agreed upon by the Administrative Agent, the Arranger and the Borrower.

(f) Any assignment of a Bank's Loans that may be required as a result of the operation of this Section 2.14 shall be made in accordance with Section 11.08.

(g) The Borrower may withdraw an Extension Request at any time prior to the receipt by the Administrative Agent of Confirmation Notices covering all of the Available Loan Interest. No Extension Request may be made, and any Extension Request that has been made shall be immediately and automatically withdrawn, upon and after the occurrence of any Event of Default.

ARTICLE III

TAXES, YIELD PROTECTION AND ILLEGALITY

Section 3.01 Taxes. (a) Any and all payments by the Borrower to each Bank or the Administrative Agent under this Agreement and any other Loan Document shall be made free and clear of, and without deduction or withholding for any Taxes. In addition, the Borrower shall pay all Other Taxes.

(b) The Borrower agrees to indemnify and hold harmless each Bank and the Administrative Agent for the full amount of Taxes or Other Taxes (including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section) paid by the Bank or the Administrative Agent and any liability (including interest, additions to tax and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days after the date the Bank or the Administrative Agent makes written demand therefor.

(c) If the Borrower shall be required by law to deduct or withhold any Taxes or Other Taxes from or in respect of any sum payable hereunder to any Bank or the Administrative Agent, then:

(i) the sum payable shall be increased as necessary so that after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section) such Bank or the Administrative Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholdings been made;

(ii) the Borrower shall make such deductions and withholdings;

(iii) the Borrower shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable law; and

(iv) the Borrower shall also pay to each Bank or the Administrative Agent for the account of such Bank, at the time interest is paid, all additional amounts which the respective Bank specifies as necessary to preserve the after-tax yield the Bank would have received if such Taxes or Other Taxes had not been imposed.

(d) Within 30 days after the date of any payment by the Borrower of Taxes or Other Taxes, the Borrower shall furnish the Administrative Agent with the original or a certified copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to the Administrative Agent.

(e) If the Borrower is required to pay additional amounts to any Bank or the Administrative Agent pursuant to subsection (c) of this Section, then such Bank shall use reasonable efforts (consistent with legal and regulatory restrictions) to change the jurisdiction of its Lending Office so as to eliminate any such additional payment by the Borrower which may thereafter accrue, if such change in the judgment of such Bank is not otherwise disadvantageous to such Bank.

Section 3.02 Illegality. (a) If any Bank determines that the introduction of any Requirement of Law, or any change in any Requirement of Law, or in the interpretation or administration of any Requirement of Law, has made it unlawful, or that any central bank or other Governmental Authority has asserted that it is unlawful, for any Bank or its applicable Lending Office to make Eurodollar Rate Loans, then, on notice thereof by the Bank to the Borrower through the Administrative Agent, any obligation of that Bank to make Eurodollar Rate Loans shall be suspended until the Bank notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist.

(b) If a Bank determines that it is unlawful to maintain any Eurodollar Rate Loan, the Borrower shall, upon its receipt of notice of such fact and demand from such Bank (with a copy to the Administrative Agent), prepay in full such Eurodollar Rate Loans of that Bank then outstanding, together with interest accrued thereon and amounts required under Section 3.04, either on the last day of the Interest Period thereof, if the Bank may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if the Bank may not lawfully continue to maintain such Eurodollar Rate Loan. If the Borrower is required to so prepay any Eurodollar Rate Loan, then concurrently with such prepayment, the Borrower shall borrow from the affected Bank, in the amount of such repayment, a Base Rate Loan.

(c) If the obligation of any Bank to make or maintain Eurodollar Rate Loans has been so terminated or suspended, the Borrower may elect, by giving notice to the Bank through the Administrative Agent that all Loans which would otherwise be made by the Bank as Eurodollar Rate Loans shall be instead Base Rate Loans.

(d) Before giving any notice to the Administrative Agent under this Section, the affected Bank shall designate a different Lending Office with respect to its Eurodollar Rate Loans if such designation will avoid the need for giving such notice or making such demand and will not, in the judgment of the Bank, be illegal or otherwise disadvantageous to the Bank.

Section 3.03 Increased Costs and Reduction of Return. (a) If any Bank determines that, due to either (i) the introduction of or any change (other than any change by way of imposition of or increase in reserve requirements included in the calculation of the Eurodollar Rate or in respect of the assessment rate payable by any Bank to the FDIC for insuring U.S. deposits) in or in the interpretation of any law or regulation or (ii) the compliance by that Bank with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law), there shall be any increase in the cost to such Bank of agreeing to make or making, funding or maintaining any Eurodollar Rate Loans, then the Borrower shall be liable for, and shall from time to time, upon demand (with a copy of such demand to be sent to the Administrative Agent), pay to the Administrative Agent for the account of such Bank, additional amounts as are sufficient to compensate such Bank for such increased costs.

(b) If any Bank shall have determined that (i) the introduction of any Capital Adequacy Regulation, (ii) any change in any Capital Adequacy Regulation, (iii) any change in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other Governmental Authority charged with the interpretation or administration thereof, or (iv) compliance by the Bank (or its Lending Office) or any corporation controlling the Bank with any Capital Adequacy Regulation, affects or would affect the

amount of capital required or expected to be maintained by the Bank or any corporation controlling the Bank and (taking into consideration such Bank's or such corporation's policies with respect to capital adequacy and such Bank's desired return on capital) determines that the amount of such capital is increased as a consequence of its Commitments, Loans, credits or obligations under this Agreement, then, upon demand of such Bank to the Borrower through the Administrative Agent, the Borrower shall pay to the Bank, from time to time as specified by the Bank, additional amounts sufficient to compensate the Bank for such increase.

Section 3.04 Funding Losses. The Borrower shall reimburse each Bank and hold each Bank harmless from any loss or expense which each Bank may sustain or incur as a consequence of:

(a) the failure of the Borrower to make on a timely basis any payment of principal of any Eurodollar Rate Loan;

(b) the failure of the Borrower to borrow, continue or convert a Loan after the Borrower has given (or is deemed to have given) a Notice of Borrowing or a Notice of Conversion/ Continuation;

(c) the failure of the Borrower to make any prepayment in accordance with any notice delivered under Section 2.05;

(d) the prepayment (including pursuant to Section 2.06 or 2.14) or other payment (including after acceleration thereof) of a Eurodollar Rate Loan on a day that is not the last day of the relevant Interest Period; or

(e) the automatic conversion under Section 2.04 of any Eurodollar Rate Loan to a Base Rate Loan on a day that is not the last day of the relevant Interest Period;

including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its Eurodollar Rate Loans or from fees payable to terminate the deposits from which such funds were obtained. Such reimbursement of funding losses or expenses shall be paid by the Borrower to the Administrative Agent within 15 days after demand therefor. For purposes of calculating amounts payable by the Borrower to the Banks under this Section and under subsection 3.03(a), each Eurodollar Rate Loan made by a Bank (and each related reserve, special deposit or similar requirement) shall be conclusively deemed to have been funded at the LIBOR used in determining the Eurodollar Rate for such Eurodollar Rate Loan by a matching deposit or other borrowing in the interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan is in fact so funded.

Section 3.05 Inability to Determine Rates. If the Administrative Agent determines that for any reason adequate and reasonable means do not exist for determining the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan or that the Eurodollar Rate applicable pursuant to subsection 2.09(a) for any requested Interest Period with respect to a proposed Eurodollar Rate Loan does not adequately and fairly reflect the cost to such Banks of funding such Loan, the Administrative Agent will promptly so notify the Borrower and each Bank. Thereafter, the obligation of the Banks to make or maintain Eurodollar Rate Loans, hereunder shall be suspended until the Administrative Agent upon the instruction of the Majority Banks revokes such notice in writing. Upon receipt of such notice, the Borrower may revoke any Notice of Borrowing or Notice of Conversion/Continuation then submitted by it. If the Borrower does not revoke such Notice, the Banks shall make, convert or continue the Loans, as proposed by the Borrower, in the amount specified in the applicable notice submitted by the Borrower, but such Loans shall be made, converted or continued as Base Rate Loans instead of Eurodollar Rate Loans.

Section 3.06 Survival. The agreements and obligations of the Borrower in this Article III shall survive the payment of all other Obligations.

ARTICLE IV

CONDITIONS PRECEDENT

Section 4.01 Conditions to Effectiveness. The effectiveness of this Agreement is subject to the satisfaction of the following conditions precedent, including the condition that the Administrative Agent shall have received on or before January 31, 2000 all of the following, in form and substance satisfactory to the Administrative Agent and, where provided below, each Bank, and in sufficient copies for each Bank:

(a) Loan Documents. This Agreement, the TWCI Guaranty, the Fee Letters and any Notes requested by the Banks, executed by each party thereto.

(b) Acquisition Documents. The Purchase Agreement (including all schedules and exhibits thereto), certified by a Responsible Officer as true, complete and in full force and effect, together with copies of all other documents, instruments, notices (including any notice required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976), certificates, opinions and other material writings

executed and delivered in connection with the transactions contemplated by the Purchase Agreement. The Purchase Agreement and all such other documents shall be in form and substance satisfactory to the Administrative Agent and, in the case of opinions, shall be accompanied by a letter from the Person delivering the same authorizing reliance thereon by the Administrative Agent and the Banks. The Purchase Agreement shall not have been altered, amended or otherwise changed or supplemented or any condition therein waived without the prior written consent of the Administrative Agent.

The transactions contemplated by the Purchase Agreement shall have been consummated on the Effective Date in accordance with the terms thereof and in compliance with applicable Requirements of Law.

(c) Certain Information. The Administrative Agent shall have received and reviewed, with results satisfactory to the Administrative Agent and its counsel, information regarding litigation, tax, accounting, labor, insurance, pension liabilities (actual or contingent), real estate leases, environmental matters, material contracts, debt agreements, property ownership, contingent liabilities and management of Thermogas and Ferrellgas and their respective Subsidiaries.

(d) Resolutions; Incumbency.

(i) Copies of the resolutions of each of TWCI and Thermogas (or, if applicable, of the managing member of Thermogas) authorizing the transactions contemplated by the Loan Documents, certified as of the Effective Date by the Secretary or an Assistant Secretary of TWCI and Thermogas, respectively; and

(ii) A certificate of the Secretary or Assistant Secretary of each of TWCI and Thermogas certifying the names and true signatures of the officers of TWCI and Thermogas authorized to execute, deliver and perform, as applicable, on behalf of TWCI and Thermogas, this Agreement and all other Loan Documents to be delivered by TWCI and Thermogas hereunder.

(e)

Organization Documents; Good Standing. Each of the following documents:

(i) The LLC Agreement as in effect on the Effective Date, certified by the Secretary or Assistant Secretary of Thermogas as of the Effective Date;

(ii) A copy of the articles or certificate of incorporation or other charter documents of TWCI and the certificate of formation of Thermogas, certified by the Secretary of State (or other applicable Governmental Authority) of its state of incorporation as of a recent date;

(iii) A copy of the bylaws of TWCI as in effect on the Effective Date, certified by the Secretary or Assistant Secretary of TWCI as of the Effective Date; and

(iv) A good standing and tax good standing certificate for each of TWCI and Thermogas from the Secretary of State (or other, applicable Governmental Authority) of its state of incorporation or organization, as applicable, and (with respect to Thermogas only) each other state designated by Administrative Agent where Thermogas conducts significant business, in each case as of a recent date.

(f) Financial Statements. The Administrative Agent shall have received and reviewed, with results satisfactory to the Administrative Agent, the consolidated financial statements of TWCI and its Subsidiaries, Thermogas and its Subsidiaries and Ferrellgas and its Subsidiaries, in each case for the immediately preceding two fiscal years for which such financial statements are available (or, in the case of Thermogas and its Subsidiaries, for the fiscal year ending December 31, 1998 and the nine-month period ending September 30, 1999) including balance sheets and income and cash flow statements, which financial statements (x) have been prepared in conformity with GAAP (subject to ordinary, good faith year-end audit adjustments) and (y) in the case of TWCI and its Subsidiaries and Ferrellgas and its Subsidiaries, have been audited by independent public accountants of recognized national standing.

(g) [Intentionally omitted.]

(h) Funds for Acquisition; No other Obligations. Evidence satisfactory to the Administrative Agent that (i) Thermogas shall receive as of the Effective Date net proceeds of $133,830,627.50 in connection with the sale by it of propane tanks that will be leased back to it pursuant to a Synthetic Lease, (ii) the MLP shall receive as of the Effective Date net proceeds of at least $175 million from the issuance of its senior common units, and (iii) Thermogas shall have no Synthetic Lease Obligations or Indebtedness outstanding as of the Effective Date other than Synthetic Lease Obligations in respect of the Synthetic Lease referred to above in this paragraph and Indebtedness under this Agreement.

(i) Consents. Evidence that all governmental, shareholder and third party consents (including Hart-Scott Rodino clearance) and approvals necessary or desirable in connection with the transactions contemplated hereby and by the Purchase Agreement shall have been obtained; all such consents and approvals shall be in force and effect; and all applicable waiting periods shall have expired without any action being taken by any authority that could restrain, prevent or impose any material adverse conditions on the transactions or that could seek or threaten any of the foregoing, and no law or regulation shall be applicable which in the judgment of the Banks could have such effect.

(j) Litigation. There shall not exist (i) any order, decree, judgment, ruling or injunction which restrains the consummation of the transactions contemplated hereby or by the Purchase Agreement, or (ii) any pending or threatened action, suit, investigation or proceeding, which, if adversely determined, could materially and adversely affect TWCI, Thermogas, the General Partner, the MLP, Ferrellgas or their respective Subsidiaries, any transaction contemplated hereby or by the Purchase Agreement, or the ability of TWCI, Thermogas, Ferrellgas or the General Partner to perform their respective obligations under the Loan Documents or the ability of the Administrative Agent or any of the Banks to exercise its rights thereunder.

(k) Legal Opinion. The opinion of the Senior Vice President and General Counsel of TWCI and Thermogas or of such other counsel as are acceptable to the Administrative Agent and the Banks, addressed to the Administrative Agent and the Banks, substantially in the form of Exhibit D-1.

(l) Payment of Fees. Evidence of payment by the Borrower of all accrued and unpaid fees, costs and expenses to the extent due and payable as of the Effective Date, together with Attorney Costs of the Administrative Agent to the extent invoiced prior to or on the Effective Date, plus such additional amounts of Attorney Costs as shall constitute the Administrative Agent's reasonable estimate of Attorney Costs incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude final settling of accounts between the Borrower and the Administrative Agent); including any such costs, fees and expenses arising under or referenced in the Fee Letters or otherwise in Sections 2.10 and 11.04.

(m) Certificate. A certificate signed by an authorized officer of Thermogas, dated as of the Effective Date, stating that:

(i) the representations and warranties contained in Article V are true and correct on and as of such date, as though made on and as of such date; and

(ii) no Default or Event of Default exists or would result from the Credit Extensions to be made on such date.

(n) No Material Change. There shall have been no material adverse change since the end of the most recent fiscal year for which audited financial statements are available, respectively, for TWCI, Thermogas and Ferrellgas, in the business, assets, liabilities (actual or contingent), operations, condition (financial or otherwise) or prospects of TWCI, Thermogas or Ferrellgas, as the case may be, in each case together with their respective Subsidiaries taken as a whole, or in the facts and information regarding such Persons as represented to date.

(o) Contingent Payment Agreement. The Seller shall have confirmed in writing to Ferrellgas and BofA that the obligations of (i) Ferrellgas under the Contingent Payment Agreement and (ii) BofA under the related Assignment Agreement dated as of November 7, 1999 between the Seller and BofA, have in each case been terminated as of the Effective Date.

(p) Year 2000 Readiness. The Administrative Agent shall have received and reviewed, with results satisfactory to the Administrative Agent, information confirming that (i) Thermogas, the General Partner, the MLP, Ferrellgas and their respective Subsidiaries are taking all necessary and appropriate steps to ascertain the extent of, and to quantify and successfully address, business and financial risks facing Thermogas, the General Partner, the MLP, Ferrellgas and their respective Subsidiaries as a result of the Year 2000 Problem, including risks resulting from the failure of key vendors and customers of Thermogas, the General Partner, the MLP, Ferrellgas and their respective Subsidiaries to successfully address the Year 2000 Problem, and (ii) the material computer applications of Thermogas, the General Partner, the MLP, Ferrellgas and their respective Subsidiaries, and those of the key vendors and customers of such Persons will, on a timely basis, adequately address the Year 2000 Problem in all material respects.

(q) Trading Policies. The trading position policy and the supply inventory position policy of Ferrellgas as in effect on the Effective Date, as evidenced by the written policies delivered to the Administrative Agent, shall be satisfactory to the Administrative Agent and the Majority Banks.

(r) No Material Disruption. There shall have been no material disruption or material adverse change in the financial, banking or capital markets.

(s) Clear Market. There shall have been no competing offering, placement or arrangement of any debt securities, bank financings or other Indebtedness by or on behalf of Thermogas or Ferrellgas (other than the financing arrangements referred to in subsection (h) above).

(t) Ferrellgas Representations. Evidence satisfactory to the Administrative Agent that Ferrellgas and the General Partner will be able to make the representations set forth in Article VI on the Effective Date at the time of the Ferrellgas Joinder Event.

(u) Other Documents. Such other approvals, opinions, documents or materials as the Administrative Agent or any Bank may request.

Section 4.02 Conditions to All Credit Extensions. The obligation of each Bank to make any Loan to be made by it on the Effective Date or to thereafter continue or convert any Loan under Section 2.04 is subject to the satisfaction of the following conditions precedent on the Effective Date or the relevant Conversion/Continuation Date, as applicable:

(a) Notice, Application. The Administrative Agent shall have received (with, in the case of the Loans to be made on the Effective Date, a copy for each Bank) a Notice of Borrowing or a Notice of Conversion/Continuation, as applicable;

(b) Representations and Warranties. The representations and warranties of the Borrower in this Agreement (other than, after the Ferrellgas Joinder Event, the

representations and warranties made in Article V) and by the Guarantors (if any) and the General Partner in any Loan Document shall be true and correct in all material respects on and as of the Effective Date or such Conversion/Continuation Date with the same effect as if made on and as of the Effective Date or such Conversion/Continuation Date (except to the extent such representations and warranties expressly refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date); and

(c) No Existing Default. No Default or Event of Default shall exist or shall result from such Borrowing, continuation or conversion.

Each Notice of Borrowing and Notice of Conversion/Continuation submitted by the Borrower hereunder shall constitute a representation and warranty by the Borrower hereunder, as of the date of each such notice and as of the Effective Date and each Conversion/Continuation Date, as applicable, that the conditions in this Section 4.02 have been satisfied.

Section 4.03 Conditions to Release of Guaranty. Upon the satisfaction of each of the following conditions (in form and substance acceptable to the Majority Banks) at or before 5:00 p.m. San Francisco time on the Effective Date, the Administrative Agent, on behalf of itself and each of the Banks, shall execute and deliver (and each of the Banks hereby authorize the Administrative Agent to execute and deliver) to TWCI on the Effective Date a Release of Guaranty in favor of TWCI:

(a) MLP Contribution to Ferrellgas and Merger. Evidence that all of the Capital Interests in Thermogas acquired by the MLP from the Seller pursuant to the Purchase Agreement shall have been transferred to Ferrellgas as a contribution of capital and that the Thermogas Merger will occur as of the Effective Date (including a copy of any and all documents and instruments effecting such tansfer and merger).

(b) Ferrellgas Joinder Documents. Receipt by the Administrative Agent of (i) an Assumption Agreement duly executed by Ferrellgas and the General Partner, and (ii) replacement Notes duly executed by Ferrellgas for any Bank requesting the same.

(c) Resolutions; Incumbency.

(i) Copies of partnership authorizations for Ferrellgas and resolutions of the board of directors of the General Partner authorizing the transactions contemplated hereby, certified as of the Effective Date by the Secretary or an Assistant Secretary of the General Partner; and

(ii) A certificate of the Secretary or Assistant Secretary of the General Partner certifying the names and true signatures of the officers of the General Partner authorized to execute, deliver and perform, as applicable, on behalf of Ferrellgas and the General Partner, this Agreement and all other Loan Documents to be delivered by Ferrellgas and the General Partner hereunder.

(d) Organization Documents; Good Standing. Each of the following documents:

(i) The articles or certificate of incorporation and the bylaws of the General Partner and the Certificate of Limited Partnership and the Partnership Agreement of Ferrellgas, in each case as in effect on the Effective Date, certified by the Secretary or Assistant Secretary of the General Partner as of the Effective Date;

(ii) A good standing and tax good standing certificate for the General Partner and the Borrower from the Secretary of State (or similar, applicable Governmental Authority) of its state of incorporation or organization, as applicable, and each other state designated by Administrative Agent where the General Partner or the Borrower conducts significant business, in each case as of a recent date.

(e) Legal Opinion. The opinion of Bracewell & Patterson LLP, special counsel to Ferrellgas and the General Partner or of such other counsel as are acceptable to the Administrative Agent and the Banks, addressed to the Administrative Agent and the Banks, substantially in the form of Exhibit D-2.

(f) Certificate. A certificate signed by a Responsible Officer, dated as of the

Effective Date, stating that:

(i) the representations and warranties contained in Article VI are true and correct on and as of such date, as though made on and as of such date;

(ii) no Default or Event of Default exists or would result from the Credit Extensions to be made on such date; and

(iii) there has not occurred since July 31, 1999 any event or circumstance that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(g) Solvency Certificate. A certificate executed by a Responsible Officer in form and substance satisfactory to the Administrative Agent as to the financial condition, solvency and related matters with respect to Ferrellgas, in each case after giving effect to the Ferrellgas Joinder Event, this Agreement, the Borrowings to be made under this Agreement on the Effective Date and the other transactions contemplated by this Agreement (including the distribution to the Seller of certain of the proceeds of Loans as contemplated by Section 7.11).

(h) Existing Indebtedness. Evidence that the commitments of the lenders under the Short-Term Revolving Credit Agreement dated as April 30, 1999 among Ferrellgas, the General Partner, the financial institutions party thereto (as lenders), BofA (as administrative agent for such Lenders) and the Arranger, shall have been irrevocably terminated and the loans and all other obligations thereunder paid in full as of the Effective Date.

(i) 1996 Indenture; 1998 Note Purchase Agreement. The incurrence and maintenance of the Indebtedness of the Borrower under this Agreement and of the Synthetic Lease Obligations referred to in subsection 4.01(h) shall be permitted under the 1996 Indenture and the 1998 Note Purchase Agreement, and Ferrellgas shall have delivered to the Administrative Agent a certificate of a Responsible Officer demonstrating compliance with the applicable provisions of the 1996 Indenture and the 1998 Note Purchase Agreement.

(j) Other Conditions Satisfied. Each of the conditions set forth in Sections 4.01 and 4.02 shall ----------
have been satisfied.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THERMOGAS

Thermogas hereby represents and warrants to the Administrative Agent and each Bank that:

Section 5.01 Corporate or Partnership Existence and Power. Thermogas and each of its Subsidiaries: ----------

(a) is a corporation, limited liability company or partnership duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

(b) has the power and authority and all governmental licenses, authorizations, consents and approvals to own its assets, carry on its business as now being or as proposed to be conducted and to execute, deliver, and perform its obligations under the Loan Documents;

(c) is duly qualified as a foreign corporation, limited liability company or partnership and is licensed and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification or license or where the failure so to qualify would have a Material Adverse Effect; and

(d) is in compliance with all material Requirements of Law.

Section 5.02 Authorization; No Contravention. The execution, delivery and performance by Thermogas of this Agreement and each other Loan Document to which Thermogas or any Subsidiary is a party, have been duly authorized by all necessary action on behalf of Thermogas, and do not and will not:

(a) contravene the terms of any of Thermogas' or any Subsidiary's Organization Documents;

(b) conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any Contractual Obligation to which Thermogas or any Subsidiary is a party or any order, injunction, writ or decree of any Governmental Authority to which such Person or its property is subject, where such conflict, breach, contravention or Lien could reasonably be expected to have a Material Adverse Effect; or

(c) violate any material Requirement of Law.

Section 5.03 Governmental Authorization. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority is necessary or required in connection with the execution, delivery or performance by, or enforcement against, Thermogas or any Subsidiary of this Agreement or any other Loan Document.

Section 5.04 Binding Effect. This Agreement and each other Loan Document to which Thermogas or any Subsidiary is a party constitute the legal, valid and binding obligations of such Person, enforceable against such Person in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

(a) Litigation. There are no actions, suits, proceedings, claims or disputes pending, or to the best knowledge of Thermogas, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against Thermogas or any of its Subsidiaries or any of their respective properties which purport to affect or pertain to this Agreement or any other Loan Document or any of the transactions contemplated hereby or thereby. No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Loan Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

Section 5.05 No Default. No Default or Event of Default exists or would result from the incurring of any Obligations by Thermogas.

Section 5.06 Use of Proceeds; Margin Regulations. The proceeds of the Loans are to be used solely for the purposes set forth in and permitted by Section 7.11. Neither Thermogas nor any Subsidiary of Thermogas is generally engaged in the business of purchasing or selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock.

Section 5.07 Title to Properties. Thermogas and each Subsidiary have good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of their respective businesses, except for such defects in title as could not, individually or in the aggregate, have a Material Adverse Effect.

Section 5.08 Taxes. Thermogas has filed all Federal and other material tax returns and reports required to be filed, and has paid all Federal and other material taxes, assessments, fees and other governmental charges levied or imposed upon it or its properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against Thermogas that would, if made, have a Material Adverse Effect.

Section 5.09 Financial Condition. (a) The unaudited consolidated financial statements of Thermogas and its Subsidiaries dated December 31, 1998 and September 30, 1999, in each case together with the related consolidated statements of income or operations, shareholders' equity and cash flows for the fiscal year and nine-month period ended on those respective dates:

(i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, subject to ordinary, good faith year end audit adjustments;

(ii) fairly present the financial condition of Thermogas and its Subsidiaries as of the date thereof and results of operations for the period covered thereby; and

(iii) show all material indebtedness and other liabilities, direct or contingent, of Thermogas and its consolidated Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Contingent Obligations.

(b) Since December 31, 1998, there has been no Material Adverse Effect.

(c) Thermogas and each of the Subsidiaries of Thermogas are each Solvent, both before and after giving effect to the consummation of each of the transactions contemplated by the Loan Documents.

Section 5.10 Regulated Entities. None of Thermogas or any Affiliate of the Borrower, is an "Investment Company" within the meaning of the Investment Company Act of 1940. Thermogas is not subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, any state public utilities code, or any other Federal or state

statute or regulation limiting its ability to incur Indebtedness.

Section 5.11 Full Disclosure. None of the representations or warranties made by Thermogas or any Affiliate of Thermogas in the Loan Documents as of the date such representations and warranties are made or deemed made, and none of the statements contained in any exhibit, report, statement or certificate furnished by or on behalf of Thermogas or any Affiliate of Thermogas in connection with the Loan Documents contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered.

Section 5.12 Year 2000. Thermogas and its Subsidiaries have reviewed the areas within their business and operations which could be adversely affected by, and have developed or are developing a program to address on a timely basis, the "Year 2000 Problem" (that is, the risk that computer applications used by any relevant Person may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date on or after December 31, 1999), and have made related appropriate inquiry of material suppliers and vendors. Based on such review and program, Thermogas believes that the Year 2000 Problem will not have a Material Adverse Effect.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF FERRELLGAS

Ferrellgas (upon its becoming the Borrower under this Agreement by execution and delivery of the Assumption Agreement) and the General Partner (by execution and delivery of the Assumption Agreement), from and after the Ferrellgas Joinder Event, hereby represent and warrant to the Administrative Agent and each Bank that:

Section 6.01 Corporate or Partnership Existence and Power. The General Partner, the MLP, the Borrower and each of its Subsidiaries:

(a) is a corporation or partnership duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

(b) has the power and authority and all governmental licenses, authorizations, consents and approvals to own its assets, carry on its business as now being or as proposed to be conducted and to execute, deliver, and perform its obligations under the Loan Documents;

(c) is duly qualified as a foreign corporation or partnership and is licensed and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification or license or where the failure so to qualify would have a Material Adverse Effect; and

(d) is in compliance with all material Requirements of Law.

Section 6.02 Corporate or Partnership Authorization; No Contravention. The execution, delivery and performance by the Borrower and the General Partner of this Agreement and each other Loan Document to which the General Partner, the Borrower or any Subsidiary is party, have been duly authorized by all necessary partnership action on behalf of the Borrower and all necessary corporate action on behalf of the General Partner and any Subsidiary, and do not and will not:

(a) contravene the terms of any of the General Partner's, the MLP's, the Borrower's or any Subsidiary's Organization Documents;

(b) conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any Contractual Obligation to which the General Partner, the MLP, the Borrower or any Subsidiary is a party or any order, injunction, writ or decree of any Governmental Authority to which such Person or its property is subject, where such conflict, breach, contravention or Lien could reasonably be expected to have a Material Adverse Effect; or

(c) violate any material Requirement of Law.

Section 6.03 Governmental Authorization. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority is necessary or required in connection with (a) the execution, delivery or performance by, or enforcement against, the General Partner, the Borrower or any Subsidiary of this Agreement or any other Loan Document, or (b) the continued operation of Borrower's business as contemplated to be conducted after the date hereof by the Loan Documents, except in each case such approvals, consents, exemptions, authorizations or other actions, notices or filings (i) as have been obtained, (ii) as may be required under state securities or Blue Sky laws, (iii) as are of a routine or administrative nature and are either (A) not customarily obtained or made prior to the consummation of transactions such as the transactions described in clauses (a) or (b) or (B) expected in the judgment of the Borrower to be obtained in the ordinary course of business subsequent to the consummation of the transactions described in clauses (a) or (b), or (iv) that, if not obtained, could not reasonably be expected to have a Material Adverse Effect.

Section 6.04 Binding Effect. This Agreement and each other Loan Document to which the General Partner, the Borrower or any Subsidiary is a party constitute the legal, valid and binding obligations of such Person, enforceable against such Person in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

Section 6.05 Litigation. There are no actions, suits, proceedings, claims or disputes pending, or to the best knowledge of the Borrower, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against the General Partner, the MLP, the Borrower or any of its Subsidiaries or any of their respective properties which:

(a) purport to affect or pertain to this Agreement or any other Loan Document or any of the transactions contemplated hereby or thereby; or

(b) if determined adversely to the Borrower or its Subsidiaries, would reasonably be expected to have a Material Adverse Effect. No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Loan Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

Section 6.06 No Default. No Default or Event of Default exists or would result from the incurring, continuing or converting of any Obligations by the Borrower. As of the Effective Date, neither the Borrower nor any Affiliate of the Borrower is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect, or that would, if such default had occurred after the Effective Date, create an Event of Default under subsection 8.01(e).

Section 6.07 ERISA Compliance. (a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law. Each Plan which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS and to the best knowledge of the Borrower and the General Partner, nothing has occurred which would cause the loss of such qualification.

(b) There are no pending, or to the best knowledge of Borrower and the General Partner, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect. There has been no prohibited transaction or other violation of the fiduciary responsibility rule with respect to any Plan which could reasonably result in a Material Adverse Effect.

(c) No ERISA Event has occurred or is reasonably expected to occur with respect to any Pension Plan.

(d) No Pension Plan has any Unfunded Pension Liability, except that the Ferrellgas, Inc. Retirement Income Plan has an Unfunded Pension Liability not in excess of $448,221; however, the Ferrellgas, Inc. Retirement Income Plan is not underfunded.

(e) The Borrower has not incurred, nor does it reasonably expect to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA).

(f) The Borrower has not transferred any Unfunded Pension Liability to any Person or otherwise engaged in a transaction that could be subject to Section 4069 of ERISA.

(g) Except as specifically disclosed in Schedule 6.07, no trade or business (whether or not incorporated under common control with the Borrower within the meaning of Section 414(b), (c), (m) or (o) of the Code) maintains or contributes to any Pension Plan or other Plan subject to Section 412 of the Code. Except as specifically disclosed in Schedule 6.07, neither the Borrower nor any Person under common control with the Borrower (as defined in the preceding sentence) has ever contributed to any multiemployer plan within the meaning of Section 4001(a)(3) of ERISA.

Section 6.08 Use of Proceeds; Margin Regulations. The proceeds of the Loans are to be used solely for the purposes set forth in and permitted by Section 7.11. Neither the Borrower nor any Affiliate of the Borrower is generally engaged in the business of purchasing or selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock.

Section 6.09 Title to Properties. The Borrower and each Subsidiary have good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of their respective businesses, except for such defects in title as could not, individually or in the aggregate, have a Material Adverse Effect. As of the Effective Date and subject to the preceding sentence, the property of the Borrower and its

Subsidiaries is subject to no Liens other than Permitted Liens.

Section 6.10 Taxes. The General Partner has filed all Federal and other material tax returns and reports required to be filed, for itself and for the Borrower, and has paid all Federal and other material taxes, assessments, fees and other governmental charges levied or imposed upon it or its properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against the Borrower that would, if made, have a Material Adverse Effect.

Section 6.11 Financial Condition. (a) The audited consolidated financial statements of the General Partner, the Borrower, the MLP and their respective Subsidiaries dated July 31, 1999 and the unaudited consolidated financial statements of the General Partner, the Borrower, the MLP and their respective Subsidiaries dated October 31, 1999, in each case together with the related consolidated statements of income or operations, shareholders' equity and cash flows for the fiscal periods ended on those respective dates:

(i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, subject to ordinary, good faith year end audit adjustments;

(ii) fairly present the financial condition of the Borrower and its Subsidiaries as of the date thereof and results of operations for the period covered thereby; and

(iii) show all material indebtedness and other liabilities, direct or contingent, of the Borrower and its consolidated Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Contingent Obligations.

(b) Since July 31, 1999, there has been no Material Adverse Effect.

(c) The General Partner, the MLP, the Borrower and each of the other Subsidiaries of the Borrower are each Solvent, both before and after giving effect to the Ferrellgas Joinder Event and consummation of each of the transactions contemplated by the Loan Documents.

Section 6.12 Environmental Matters. The Borrower conducts in the ordinary course of business a review of the effect of existing Environmental Laws and existing Environmental Claims on its business, operations and properties, and as a result thereof the Borrower has reasonably concluded that such Environmental Laws and Environmental Claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 6.13 Regulated Entities. None of the Borrower or any Affiliate of the Borrower, is an "Investment Company" within the meaning of the Investment Company Act of 1940. The Borrower is not subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, any state public utilities code, or any other Federal or state statute or regulation limiting its ability to incur Indebtedness.

Section 6.14 No Burdensome Restrictions. Neither the Borrower nor any Subsidiary is a party to or bound by any Contractual Obligation, or subject to any restriction in any Organization Document, or any Requirement of Law, which could reasonably be expected to have a Material Adverse Effect.

Section 6.15 Copyrights, Patents, Trademarks and Licenses, etc. The Borrower and its Subsidiaries own or are licensed or otherwise have the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other rights that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person. To the best knowledge of the Borrower, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by the Borrower or any Subsidiary infringes upon any rights held by any other Person. No claim or litigation regarding any of the foregoing is pending or, to the best knowledge of the Borrower, threatened, and no patent, invention, device, application, principle or any statute, law, rule, regulation, standard or code is pending or, to the knowledge of the Borrower, proposed, which, in either case, could reasonably be expected to have a Material Adverse Effect.

Section 6.16 Subsidiaries and Affiliates. The Borrower (a) has no Subsidiaries or other Affiliates except (i) those specifically disclosed in part (a) of Schedule 6.16 hereto, (ii) one or more SPEs established in connection with Accounts Receivable Securitizations permitted by Section 8.05, (iii) Subsidiaries established in compliance with Section 8.20 and (iv) Thermogas (but only for so long as Thermogas shall be permitted to be operated as a Wholly-Owned Subsidiary of the Borrower as set forth in the proviso to Section

8.20) and (b) has no equity investments in any corporation or entity other than Subsidiaries and Affiliates disclosed in subsection (a) above and those Permitted Investments specifically disclosed in part (b) of Schedule 6.16.

Section 6.17 Insurance. The properties of the Borrower and its Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of the Borrower, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Borrower or such Subsidiary operates.

Section 6.18 Tax Status. The Borrower is subject to taxation under the Code only as a partnership and not as a corporation.

Section 6.19 Full Disclosure. None of the representations or warranties made by the Borrower or any Affiliate of the Borrower in the Loan Documents as of the date such representations and warranties are made or deemed made, and none of the statements contained in any exhibit, report, statement or certificate furnished by or on behalf of the Borrower or any Affiliate of the Borrower in connection with the Loan Documents contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered.

Section 6.20 Fixed Price Supply Contracts. None of the Borrower and its Subsidiaries is a party to any contract for the supply of propane or other product except where (a) the purchase price is set with reference to a spot index or indices substantially contemporaneously with the delivery of such product or (b) delivery of such propane or other product is to be made no more than two years after the purchase price is agreed to.

Section 6.21 Trading Policies. The Borrower has provided to the Administrative Agent an accurate and complete summary of its trading position policy and supply inventory position policy as currently in effect and the Borrower has complied in all material respects with such policies.

Section 6.22 Year 2000. The Borrower, the MLP, the General Partner and their Subsidiaries have reviewed the areas within their business and operations which could be adversely affected by, and have developed or are developing a program to address on a timely basis, the Year 2000 Problem, and have made related appropriate inquiry of material suppliers and vendors. Based on such review and program, the Borrower, the MLP, the General Partner and their Subsidiaries believe that the Year 2000 Problem will not have a Material Adverse Effect.

ARTICLE VII

AFFIRMATIVE COVENANTS

Ferrellgas (upon its becoming the Borrower under this Agreement by execution and delivery of the Assumption Agreement) and the General Partner (by execution and delivery of the Assumption Agreement) hereby covenant and agree that, from and after the Ferrellgas Joinder Event, so long as any Bank shall have any Commitment hereunder, or any Loan or other Obligation shall remain unpaid or unsatisfied, unless the Majority Banks waive compliance in writing:

Section 7.01 Financial Statements. The Borrower shall deliver, or cause to be delivered to the Administrative Agent, in form and detail satisfactory to the Administrative Agent and the Majority Banks and consistent with the form and detail of financial statements and projections provided to the Administrative Agent by the Borrower and its Affiliates prior to the Effective Date, with sufficient copies for each Bank:

(a) as soon as available, but not later than 100 days after the end of each fiscal year (commencing with the first such fiscal year ending after the date of this Agreement), a copy of the audited consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such year and the related consolidated statements of income or operations, partners' or shareholders' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, and accompanied by the opinion of a nationally-recognized independent public accounting firm (the "Independent Auditor") which report shall state that such consolidated financial statements present fairly the financial position for the periods indicated in conformity with GAAP applied on a basis consistent with prior years. Such opinion shall not be qualified or limited in any manner, including on account of any limitation on it because of a restricted or limited examination by the Independent Auditor of any material portion of the Borrower's or any Subsidiary's records;

(b) as soon as available, but not later than 45 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the first such fiscal quarter ending after the date of this Agreement), a copy of the unaudited consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such quarter and the related consolidated statements of income, partners' or shareholders' equity and cash flows for the period commencing on the first day and ending on the last day of such quarter, and certified by a Responsible Officer as fairly presenting, in accordance with GAAP (subject to ordinary, good faith year-end audit adjustments), the financial position and the results of operations of the Borrower and the Subsidiaries; (c) as soon as

available, but not later than 100 days after the end of each fiscal year (commencing with the first fiscal year during all or any part of which the Borrower had one or more Significant Subsidiaries), a copy of an unaudited consolidating balance sheet of the Borrower and its Subsidiaries as at the end of such year and the related consolidating statement of income, partners' or shareholders' equity and cash flows for such year, certified by a Responsible Officer as having been developed and used in connection with the preparation of the financial statements referred to in subsection 7.01(a);

(d) as soon as available, but not later than 45 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the first fiscal quarter during all or any part of which the Borrower had one or more Significant Subsidiaries), a copy of the unaudited consolidating balance sheets of the Borrower and its Subsidiaries, and the related consolidating statements of income, partners' or shareholders' equity and cash flows for such quarter, all certified by a Responsible Officer as having been developed and used in connection with the preparation of the financial statements referred to in subsection 7.01(b);

(e) as soon as available, but not later than 60 days after the end of each fiscal year (commencing with the first such fiscal year ending after the date of this Agreement), projected consolidated balance sheets of the Borrower and its Subsidiaries as at the end of each of the current and following two fiscal years and related projected consolidated statements of income, partners' or shareholders' equity and cash flows for each such fiscal year, including therein a budget for the current fiscal year, certified by a Responsible Officer as having been developed and prepared by the Borrower in good faith and based upon the Borrower's best estimates and best available information;

(f) as soon as available, but not later than 100 days after the end of each fiscal year of the General Partner (commencing with the first such fiscal year ending after the date of this Agreement), a copy of the unaudited (or audited, if available) consolidated balance sheets of the General Partner as of the end of such fiscal year and the related consolidated statements of income, shareholders' equity and cash flows for such fiscal year, certified by a Responsible Officer as fairly presenting, in accordance with GAAP, the financial position and the results of operations of the General Partner and its Subsidiaries (or, if available, accompanied by an opinion of an Independent Auditor as described in subsection 7.01(a));

(g) as soon as available, but not later than 45 days after the end of each of the first three fiscal quarters of each fiscal year and, with respect to the final fiscal quarter, concurrently with the financial statements referred to in subsection 7.01(a), a trading position report as of the last day of each fiscal quarter, certified by a Responsible Officer; and

(h) as soon as available, but not later than 75 days after the Effective Date, a copy of the MLP's Current Report on Form 8-K filed with the SEC in connection with the Ferrellgas Acquisition of Thermogas (including all pro forma financial statements required to be filed with the SEC in connection therewith).

Section 7.02 Certificates; Other Information. The Borrower shall furnish, or cause to be furnished to the Administrative Agent, with sufficient copies for each Bank:

(a) concurrently with the delivery of the financial statements referred to in subsection 7.01(a), a certificate of the Independent Auditor stating that in making the examination necessary therefor no knowledge was obtained of any Default or Event of Default, except as specified in such certificate;

(b) concurrently with the delivery of the financial statements referred to in subsections 7.01(a) and (b), a Compliance Certificate executed by a Responsible Officer with respect to the periods covered by such financial statements together with supporting calculations and such other supporting detail as the Administrative Agent and Majority Banks shall require;

(c) promptly, copies of all financial statements and reports that the Borrower, the General Partner, the MLP or any Subsidiary sends to its partners or shareholders, and copies of all financial statements and regular, periodic or special reports (including Forms 10-K, 10-Q and 8-K) that the Borrower or any Affiliate of the Borrower, the General Partner, the MLP or any Subsidiary may make to, or file with, the SEC; and

(d) promptly, such additional information regarding the business, financial or corporate affairs of the Borrower, the General Partner, the MLP or any Subsidiary as the Administrative Agent, at the request of any Bank, may from time to time request.

Section 7.03 Notices. The Borrower shall promptly notify the Administrative Agent and each Bank: -------

(a) of the occurrence of any Default or Event of Default, and of the occurrence or existence of any event or circumstance that foreseeably will become a Default or Event of Default;

(b) of any matter that has resulted or may reasonably be expected to result in a Material Adverse Effect, including (i) breach or non-performance of, or any

default under, a Contractual Obligation of the Borrower, the General Partner, the MLP or any Subsidiary; (ii) any dispute, litigation, investigation, proceeding or suspension between the Borrower, the General Partner, the MLP or any Subsidiary and any Governmental Authority; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting the Borrower, the General Partner, the MLP or any Subsidiary, including pursuant to any applicable Environmental Laws;

(c) of any of the following events affecting the Borrower, the General Partner, the MLP or any Subsidiary, together with a copy of any notice with respect to such event that may be required to be filed with a Governmental Authority and any notice delivered by a Governmental Authority to such Person with respect to such event:

(i) an ERISA Event;

(ii) if any of the representations and warranties in Section 6.07 ceases to be true and correct;

(iii) the adoption of any new Pension Plan or other Plan subject to Section 412 of the Code;

(iv) the adoption of any amendment to a Pension Plan or other Plan subject to Section 412 of the Code, if such amendment results in a material increase in contributions or Unfunded Pension Liability; or

(v) the commencement of contributions to any Pension Plan or other Plan subject to Section 412 of the Code;

(d) of any material change in accounting policies or financial reporting practices by the Borrower or any of its consolidated Subsidiaries; and

(e) not later than five Business Days after the effective date of a change in the Borrower's trading position policy or inventory supply position policy, of any change in either policy.

Each notice under this Section shall be accompanied by a written statement by a Responsible Officer setting forth details of the occurrence referred to therein, and stating what action the Borrower or any affected Affiliate proposes to take with respect thereto and at what time. Each notice under subsection 7.03(a) shall describe with particularity any and all clauses or provisions of this Agreement or other Loan Document that have been (or foreseeably will be) breached or violated.

Section 7.04 Preservation of Corporate or Partnership Existence, Etc. The General Partner and the Borrower shall, and the Borrower shall cause each Subsidiary to:

(a) preserve and maintain in full force and effect its partnership or corporate existence and good standing under the laws of its state or jurisdiction of organization or incorporation except in connection with transactions permitted by Section 8.03;

(b) preserve and maintain in full force and effect all governmental rights, privileges, qualifications, permits, licenses and franchises necessary or desirable in the normal conduct of its business except in connection with transactions permitted by Section 8.03 and sales of assets permitted by Section 8.02;

(c) use reasonable efforts, in the ordinary course of business, to preserve its business organization and goodwill; and

(d) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

Section 7.05 Maintenance of Property. The Borrower shall maintain, and shall cause each Subsidiary to maintain, and preserve all its property which is used or useful in its business in good working order and condition, ordinary wear and tear excepted. The Borrower and each Subsidiary shall use the standard of care typical in the industry in the operation and maintenance of its facilities.

Section 7.06 Insurance. The Borrower shall maintain, and shall cause each Subsidiary to maintain, with financially sound and reputable independent insurers, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons.

Section 7.07 Payment of Obligations. The Borrower and the General Partner shall, and shall cause each Subsidiary to, pay and discharge as the same shall become due and payable (except to the extent the failure to so pay and discharge could not reasonably be expected to have a Material Adverse Effect), all their

respective obligations and liabilities, including:

(a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by the Borrower, the General Partner or such Subsidiary;

(b) all lawful claims which, if unpaid, would by law become a Lien upon its property, unless such claims are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by the Borrower, the General Partner or such Subsidiary; and

(c) all Indebtedness, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness.

Section 7.08 Compliance with Laws. The Borrower shall comply, and shall cause each Subsidiary to comply, in all material respects with all Requirements of Law of any Governmental Authority having jurisdiction over it or its business (including the Federal Fair Labor Standards Act), except such as may be contested in good faith or as to which a bona fide dispute may exist.

Section 7.09 Inspection of Property and Books and Records. The Borrower shall maintain and shall cause each Subsidiary to maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Borrower and such Subsidiary. The Borrower shall permit, and shall cause each Subsidiary to permit, representatives and independent contractors of the Administrative Agent or any Bank to visit and inspect any of their respective properties, to examine their respective corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss their respective affairs, finances and accounts with their respective directors, officers, and independent public accountants, all at the expense of the Borrower and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Borrower; provided, however, when an Event of Default exists the Administrative Agent or any Bank may do any of the foregoing at the expense of the Borrower at any time during normal business hours and without advance notice.

Section 7.10 Environmental Laws. The Borrower shall, and shall cause each Subsidiary to, conduct its operations and keep and maintain its property in material compliance with all Environmental Laws.

Section 7.11 Use of Proceeds. The proceeds of the Loans in an amount equal to $123,669,372.50 may be distributed by Thermogas to the Seller on the Effective Date, and any and all remaining proceeds of the Loans shall be used solely for the general partnership purposes of the Borrower following the Ferrellgas Joinder Event, in each case not in contravention of any Requirement of Law or of any Loan Document.

Section 7.12 Financial Covenants.

(a) Leverage Ratio. The Borrower shall maintain as of the last day of each fiscal quarter a Leverage Ratio equal to or less than 5.25 to 1.00 as of the last day of each fiscal quarter ending on or prior to January 31, 2000 and (ii) 5.10 to 1.00 as of the last day of each fiscal quarter ending after January 31, 2000. For purposes of this Section 7.12(a), (x) Funded Debt and Synthetic Lease Obligations shall be calculated as of the last day of such fiscal quarter and (y) Consolidated Cash Flow shall be calculated for the most recently ended four consecutive fiscal quarters; provided, however, that prior to or concurrently with each delivery of a Compliance Certificate pursuant to Section 7.02(b), the Borrower may elect to calculate Consolidated Cash Flow for the most recently ended eight consecutive fiscal quarters (in which case Consolidated Cash Flow shall be divided by two).

(b) Interest Coverage Ratio. The Borrower shall maintain, as of the last day of each fiscal quarter of the Borrower, an Interest Coverage Ratio for the fiscal period consisting of such fiscal quarter and the three immediately preceding fiscal quarters of at least 2.25 to 1.00.

Section 7.13 Trading Policies. The Borrower and its Affiliates shall comply with the Borrower's trading position policy and supply inventory position policy as in effect on March 31, 1999, copies of which have been provided to the Administrative Agent on or prior to the Effective Date; provided, however, that the Borrower and its Affiliates may, during any period of four consecutive fiscal quarters, (a) increase the stop loss limit specified in either the trading position or supply inventory position policy by up to 100% of the amount of such limit as in effect on July 5, 1994 and (b) increase the volume limit specified in either of such policies on the number of barrels of a single product or of all products in the aggregate by up to 100% of each such number as in effect on July 5, 1994.

Section 7.14 Other General Partner Obligations.

(a) The General Partner shall cause the Borrower to pay and perform each of its Obligations when due. The General Partner acknowledges and agrees that it is

executing this Agreement as a principal as well as the general partner on behalf of the Borrower, and that its obligations hereunder as general partner are full recourse obligations to the same extent as those of the Borrower.

(b) The General Partner represents, warrants and covenants that it is Solvent, both before and after giving effect to the consummation of the transactions contemplated by the Loan Documents, and that it will remain Solvent until all Obligations hereunder shall have been repaid in full and all commitments shall have terminated.

(c) The General Partner, for so long as it is the general partner of the Borrower, (i) agrees that its sole business will be to act as the general partner of the Borrower, the MLP and any further limited partnership of which the Borrower or the MLP is, directly or indirectly, a limited partner and to undertake activities that are ancillary or related thereto (including being a limited partner in the Borrower), (ii) shall not enter into or conduct any business or incur any debts or liabilities except in connection with or incidental to (A) its performance of the activities required or authorized by the partnership agreement of the MLP or the Partnership Agreement or described in or contemplated by the MLP Registration Statement, and (B) the acquisition, ownership or disposition of partnership interests in the Borrower or partnership interests in the MLP or any further limited partnership of which the Borrower or the MLP is, directly or indirectly, a limited partner, except that, notwithstanding the foregoing, employees of the General Partner may perform services for Ferrell Companies, Inc. and its Affiliates.

(d) The General Partner agrees that, until all Obligations hereunder shall have been repaid in full and all commitments shall have terminated, it will not exercise any rights it may have (at law, in equity, by contract or otherwise) to terminate, limit or otherwise restrict (whether through repurchase or otherwise and whether or not the General Partner shall remain a general partner in the Borrower) the ability of the Borrower to use the name "Ferrellgas".

(e) The General Partner shall not take any action or refuse to take any reasonable action the effect of which, if taken or not taken, as the case may be, would be to cause the Borrower to be treated as an association taxable as a corporation or otherwise to be taxed as an entity other than a partnership for federal income tax purposes.

Section 7.15 Monetary Judgments. If one or more judgments, orders, decrees or arbitration awards is entered against the Borrower or any Subsidiary involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage other than through a standard reservation of rights letter) as to any single or related series of transactions, incidents or conditions, of more than $10 million, then the Borrower shall reserve for such amount in excess of $10 million, on a quarterly basis, with each quarterly reserve being at least equal to one-twelfth of such amount in excess of $10 million. Such amount so reserved shall be treated as establishment of a reserve for purposes of calculating Available Cash hereunder.

Section 7.16

Year 2000 Compliance. The Borrower shall ensure that all of the computer software, computer firmware, computer hardware (whether general or special purpose), and other similar or related items of automated, computerized, and/or software system(s) that are used or relied on by the Borrower, the MLP, the General Partner or any Subsidiary in the conduct of its business will not malfunction, will not cease to function, will not generate incorrect data, and will not produce material incorrect results when processing, providing and/or receiving date-related data in connection with any valid date in the twentieth and twenty-first centuries. From time to time, at the request of any Bank, the Borrower, the MLP, the General Partner and their Subsidiaries shall provide to such Bank such updated information or documentation as is requested regarding the status of their efforts to address the Year 2000 Problem (as defined in Section 6.22).

Section 7.17 Thermogas Merger. The Borrower shall cause the Thermogas Merger to occur within 30 days after the Effective Date.

ARTICLE VIII

NEGATIVE COVENANTS

Ferrellgas (upon its becoming the Borrower under this Agreement by execution and delivery of the Assumption Agreement) and the General Partner (by execution and delivery of the Assumption Agreement) hereby covenant and agree that, from and after the Ferrellgas Joinder Event, so long as any Bank shall have any Commitment hereunder, or any Loan or other Obligation shall remain unpaid or unsatisfied, unless the Majority Banks waive compliance in writing:

Section 8.01 Limitation on Liens. The Borrower shall not, and shall not suffer or permit any Subsidiary to, directly or indirectly, make, create, incur, assume or suffer to exist any Lien upon or with respect to any part of its property or sell any of its accounts receivable, whether now owned or hereafter acquired, other than the following ("Permitted Liens"):

(a) Liens existing on the Effective Date set forth in the schedule referred to in subsection 8.01(a) of that certain Second Amended and Restated Credit Agreement, dated as of July 2, 1998, among the Borrower, the General Partner, the Administrative Agent and the other financial institutions a party thereto ;

(b) Liens in favor of the Borrower or Liens to secure Indebtedness of a Subsidiary to the Borrower or a Wholly-Owned Subsidiary;

(c) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Borrower or any Subsidiary, provided that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Borrower;

(d) Liens on property existing at the time acquired by the Borrower or any Subsidiary, provided that such Liens were in existence prior to the contemplation of such acquisition and do not extend to any assets other than those of the Person acquired;

(e) Liens on any property or asset acquired by the Borrower or any Subsidiary in favor of the seller of such property or asset and construction mortgages on property, in each case, created within six months after the date of acquisition, construction or improvement of such property or asset by the Borrower or such Subsidiary to secure the purchase price or other obligation of the Borrower or such Subsidiary to the seller of such property or asset or the construction or improvement cost of such property in an amount up to 80% of the total cost of the acquisition, construction or improvement of such property or asset; provided that in each case such Lien does not extend to any other property or asset of the Borrower and its Subsidiaries;

(f) Liens incurred or pledges and deposits made in connection with worker's compensation, unemployment insurance and other social security benefits and Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature, in each case, incurred in the ordinary course of business;

(g) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, provided that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;

(h) Liens imposed by law, such as mechanics', carriers', warehousemen's, materialmen's, and vendors' Liens, incurred in good faith in the ordinary course of business with respect to amounts not yet delinquent or being contested in good faith by appropriate proceedings if a reserve or other appropriate provisions, if any, as shall be required by GAAP shall have been made therefor;

(i) zoning restrictions, easements, licenses, covenants, reservations, restrictions on the use of real property or minor irregularities of title incident thereto that do not, in the aggregate, materially detract from the value of the property or the assets of the Borrower or any of its Subsidiaries or impair the use of such property in the operation of the business of the Borrower or any of its Subsidiaries;

(j) Liens of landlords or mortgages of landlords, arising solely by operation of law, on fixtures and movable property located on premises leased by the Borrower or any of its Subsidiaries in the ordinary course of business;

(k) Liens incurred and financing statements filed or recorded, in each case with respect to personal property leased by the Borrower and its Subsidiaries to the owners of such personal property which are either (i) operating leases (including Synthetic Leases) or (ii) capital leases to the extent (but only to the extent) permitted by Section 7.05; provided, that in each case such Lien does not extend to any other property or asset of the Borrower and its Subsidiaries;

(l) judgment Liens to the extent that such judgments do not cause or constitute a Default or an Event of Default;

(m) Liens incurred in the ordinary course of business of the Borrower or any Subsidiary with respect to obligations that do not exceed $5,000,000 in the aggregate at any one time outstanding and that (i) are not incurred in connection with the borrowing of money or the obtaining of advances or credit (other than trade credit in the ordinary course of business) and (ii) do not in the aggregate materially detract from the value of the property or materially impair the use thereof in the operation of business by the Borrower or such Subsidiary;

(n) Liens securing Indebtedness incurred to refinance Indebtedness that has been secured by a Lien otherwise permitted under this Agreement, provided that (i) any such Lien shall not extend to or cover any assets or property not securing the Indebtedness so refinanced and (ii) the refinancing Indebtedness secured by such Lien shall have been permitted to be incurred under Section 8.05 hereof and shall not have a principal amount in excess of the Indebtedness so refinanced;

(o) any extension or renewal, or successive extensions or renewals, in whole or in part, of Liens permitted pursuant to the foregoing clauses (a) through (n); provided that no such extension or renewal Lien shall (i) secure more than the amount of Indebtedness or other obligations secured by the Lien being so extended or renewed or (ii) extend to any property or assets not subject to the Lien being so extended or renewed;

(p) Liens in favor of the Administrative Agent and the Banks relating to the Cash Collateralization of the Borrower's Obligations; and

(q) Liens securing Indebtedness of an SPE in connection with an Accounts Receivable Securitization permitted by Section 8.05 (including the filing of any related financing statements naming the Borrower as the debtor thereunder in connection with the sale of accounts receivable by the Borrower to such SPE in connection with any such permitted Accounts Receivable Securitization); provided that the aggregate amount of accounts receivable subject to all such Liens shall at no time exceed 133% of the amount of Accounts Receivable Securitizations permitted to be outstanding under such Section 8.05.

Section 8.02 Asset Sales. The Borrower shall not, and shall not permit any of its Subsidiaries to, (i) sell, lease, convey or otherwise dispose of any assets (including by way of a sale-and-leaseback) other than sales of inventory in the ordinary course of business consistent with past practice (provided that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Borrower shall be governed by the provisions of Section 8.03 hereof and not by the provisions of this Section 8.02), or (ii) issue or sell Equity Interests of any of its Subsidiaries, in the case of either clause (i) or (ii) above, whether in a single transaction or a series of related transactions, (A) that have a fair market value in excess of $5,000,000, or (B) for net proceeds in excess of $5,000,000 (each of the foregoing, an "Asset Sale"), unless (X) the Borrower (or the Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the fair market value (evidenced by a resolution of the board of directors of the General Partner (and, if applicable, the audit committee of such board of directors) set forth in a certificate signed by a Responsible Officer and delivered to the Administrative Agent) of the assets sold or otherwise disposed of and (Y) at least 80% of the consideration therefor received by the Borrower or such Subsidiary is in the form of cash; provided, however, that the amount of (1) any liabilities (as shown on the Borrower's or such Subsidiary's most recent balance sheet or in the notes thereto), of the Borrower or any Subsidiary (other than liabilities that are by their terms subordinated in right of payment to the Obligations hereunder) that are assumed by the transferee of any such assets and (2) any notes or other obligations received by the Borrower or any such Subsidiary from such transferee that are immediately converted by the Borrower or such Subsidiary into cash (to the extent of the cash received), shall be deemed to be cash for purposes of this provision; and provided, further, that the 80% limitation referred to in this clause (Y) shall not apply to any Asset Sale in which the cash portion of the consideration received therefrom, determined in accordance with the foregoing proviso, is equal to or greater than

what the after-tax proceeds would have been had such Asset Sale complied with the aforementioned 80% limitation. Notwithstanding the foregoing, Asset Sales shall not be deemed to include (w) sales or transfers of accounts receivable by the Borrower to an SPE and by an SPE to any other Person in connection with any Accounts Receivable Securitization permitted by Section 8.05 (provided that the aggregate amount of such accounts receivable that shall have been transferred to and held by all SPEs at any time shall not exceed 133% of the amount of Accounts Receivable Securitizations permitted to be outstanding under Section 8.05), (x) any transfer of assets by the Borrower or any of its Subsidiaries to a Subsidiary of the Borrower that is a Guarantor, (y) any transfer of assets by the Borrower or any of its Subsidiaries to any Person in exchange for other assets used in a line of business permitted under Section 8.15 and having a fair market value not less than that of the assets so transferred and (z) any transfer of assets pursuant to a Permitted Investment or any sale-leaseback (including sale-leasebacks involving Synthetic Leases) permitted by Section 8.17.

Section 8.03 Consolidations and Mergers.

(a) The Borrower shall not consolidate or merge with or into (whether or not the Borrower is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions, to another Person unless (i) the Borrower is the surviving Person, or the Person formed by or surviving any such consolidation or merger (if other than the Borrower) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a corporation or partnership organized or existing under the laws of the United States, any state thereof or the District of Columbia; and (ii) the Person formed by or surviving any such consolidation or merger (if other than the Borrower) or Person to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made assumes all the Obligations of the Borrower pursuant to an assumption agreement in a form reasonably satisfactory to the Administrative Agent, under this Agreement; (iii) immediately after such transaction no Default or Event of Default exists; and (iv) the Borrower or any Person formed by or surviving any such consolidation or merger, or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made (A) shall have Consolidated Net Worth (immediately after the transaction but prior to any purchase accounting adjustments resulting from the transaction) equal to or greater than the Consolidated Net Worth of the Borrower immediately preceding the transaction and (B) shall, at the time of such transaction and after giving effect thereto, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Leverage Ratio test set forth in Section 7.12(a).

(b) The Borrower shall deliver to the Administrative Agent prior to the consummation of the proposed transaction pursuant to the foregoing paragraphs (a) an officers' certificate to the foregoing effect signed by a Responsible Officer and an opinion of counsel satisfactory to the Administrative Agent stating that the proposed transaction complies with this Agreement. The Administrative Agent and the Banks shall be entitled to conclusively rely upon such officer's certificate and opinion of counsel.

(c) Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of the Borrower in accordance with this Section 8.03, the successor Person formed by such consolidation or into or with which the Borrower is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Agreement referring to the "Borrower" shall refer to or include instead the successor Person and not the Borrower), and may exercise every right and power of the Borrower under this Agreement with the same effect as if such successor Person had been named as the Borrower herein; provided, however, that the predecessor Borrower shall not be relieved from the obligation to pay the principal of, premium, if any, and interest on the Obligations except in the case of a sale of all of such Borrower's assets that meets the requirements of Section 8.02 hereof.

Section 8.04 Acquisitions. Without limiting the generality of any other provision of this Agreement, neither the Borrower nor any Subsidiary shall consummate any Acquisition unless (i) the acquiree is primarily a retail propane distribution business; (ii) such Acquisition is undertaken in accordance with all applicable Requirements of Law; (iii) the prior, effective written consent or approval to such Acquisition of the board of directors or equivalent governing body of the acquiree is obtained; and (iv) immediately after giving effect thereto, no Default or Event of Default will occur or be continuing and each of the representations and warranties of the Borrower herein is true on and as of the date of such Acquisition, both before and after giving effect thereto. Nothing in Section 8.21 shall prohibit (x) the making by the Borrower of a Permitted Acquisition indirectly through the General Partner, the MLP or any of its or their Affiliates in a series of substantially contemporaneous transactions in which the Borrower shall ultimately own the assets that are the subject of such Permitted Acquisition or (y) the assumption of Acquired Debt in connection therewith to the extent such Acquired Debt is provided by a Bank and, upon such assumption, is (to the extent such Acquired Debt is not otherwise permitted to be incurred by the Borrower pursuant to this Agreement) immediately repaid (with the proceeds of the Loans or otherwise).

Section 8.05 Limitation on Indebtedness. The Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, create, incur, issue, assume, suffer to exist, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness (including Acquired Debt) or any Synthetic Leases and the Borrower shall not issue any Disqualified Interests and shall not permit any of its Subsidiaries to issue any shares of preferred stock; provided, however, that the Borrower and any Subsidiary of the Borrower may create, incur, issue, assume, suffer to exist, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness or any Synthetic Lease to the extent that the Leverage Ratio is maintained in accordance with Section 7.12(a), both before and after giving effect to the incurrence of such Indebtedness or such Synthetic Lease, as the case may be, and, provided, further, that (x) the aggregate principal amount of (1) all Capitalized Lease Obligations and all Synthetic Lease Obligations (other than Capitalized Lease Obligations and Synthetic Lease Obligations in respect of Growth-Related Capital Expenditures) of the Borrower and its Subsidiaries and (2) all Indebtedness for which the Borrower and any Subsidiary of the Borrower become liable in connection with Acquisitions of retail propane businesses in favor of the sellers of such businesses and secured by any Lien on any property of the Borrower or any of its Subsidiaries, shall not exceed $65,000,000 at any one time outstanding, and (y) the principal amount of any Indebtedness for which the Borrower or any Subsidiary of the Borrower becomes liable in connection with Acquisitions of retail propane businesses in favor of the sellers of such businesses shall not exceed the fair market value of the assets so acquired, and (z) the aggregate amount of Indebtedness of the Borrower and its Subsidiaries through one or more SPEs in connection with Accounts Receivable Securitizations shall not exceed $60,000,000 at any one time outstanding.

Section 8.06 Transactions with Affiliates. The Borrower shall not, and shall not permit any of its Subsidiaries to, sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into any contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate, including any Non-Recourse Subsidiary (each of the foregoing, an "Affiliate Transaction"), unless (a) such Affiliate Transaction is on terms that are no less favorable to the Borrower or the relevant Subsidiary than those that would have been obtained in a comparable transaction by the Borrower or such Subsidiary with an unrelated Person and (b) with respect to (i) any Affiliate Transaction with an aggregate value in excess of $500,000, a majority of the directors of the General Partner having no direct or indirect economic interest in such Affiliate Transaction determines by resolution that such Affiliate Transaction complies with clause (a) above and approves such Affiliate Transaction and (ii) any Affiliate Transaction involving the purchase or other acquisition or sale, lease, transfer or other disposition of properties or assets other than in the ordinary course of business, in each case, having a fair market value or for net proceeds in excess of $15,000,000, the Borrower delivers to the Administrative Agent an opinion as to the fairness to the Borrower or such Subsidiary from a financial point of view issued by an investment banking firm of national standing; provided, however, that (i) any employment agreement or stock option agreement entered into by the Borrower or any of its Subsidiaries in the ordinary course of business and consistent with the past practice of the Borrower (or the General Partner) or such Subsidiary, Restricted Payments permitted by the provisions of Section 8.12, and transactions entered into by the Borrower in the ordinary course of business in connection with reinsuring the self-insurance programs or other similar forms of retained insurable risks of the retail propane businesses operated by the Borrower, its Subsidiaries and its Affiliates, in each case, shall not be deemed Affiliate Transactions, and (ii) nothing herein shall authorize the payments by the Borrower to the General Partner or any other Affiliate of the Borrower for administrative expenses incurred by such Person other than such out-of-pocket administrative expenses as such Person shall incur and the Borrower shall pay in the ordinary course of business; and provided, further, that the foregoing provisions of this Section 8.06 shall not apply to transfers of accounts receivable of the Borrower to an SPE in connection with any Accounts Receivable Securitization permitted by Section 8.05.

Section 8.07 Use of Proceeds. The Borrower shall not, and shall not suffer or permit any Subsidiary to, use any portion of the Loan proceeds, directly or indirectly, (i) to purchase or carry Margin Stock, (ii) to repay or otherwise refinance indebtedness of the Borrower or others incurred to purchase or carry Margin Stock, (iii) to extend credit for the purpose of purchasing or carrying any Margin Stock, or (iv) to acquire any security in any transaction that is subject to Section 13 or 14 of the Exchange Act.

Section 8.08 Use of Proceeds - Ineligible Securities. The Borrower shall not, directly or indirectly, use any portion of the Loan proceeds (i) knowingly to purchase Ineligible Securities from the Arranger or the Documentation Agent during any period in which the Arranger or the Documentation Agent makes a market in such Ineligible Securities, (ii) knowingly to purchase during the underwriting or placement period Ineligible Securities being underwritten or privately placed by the Arranger or the Documentation Agent, or (iii) to make payments of principal or interest on Ineligible Securities underwritten or privately placed by the Arranger or the Documentation Agent and issued by or for the benefit of the Borrower or any Affiliate of the Borrower.

Section 8.09 Contingent Obligations. The Borrower shall not, and shall not suffer or permit any Subsidiary to, create, incur, assume or suffer to exist any Contingent Obligations except:

(a) endorsements for collection or deposit in the ordinary course of business;

(b) subject to compliance with the trading policies in effect from time to time as submitted to the Administrative Agent, Hedging Obligations entered into in the ordinary course of business as bona fide hedging transactions;

(c) the Guaranties hereunder; and

(d) Guaranty Obligations to the extent not prohibited by Section 8.05.

Section 8.10 Joint Ventures. The Borrower shall not, and shall not suffer or permit any Subsidiary to enter into any Joint Venture.

Section 8.11 Lease Obligations. The aggregate obligations of the Borrower and its Subsidiaries for the payment of rent for any property under lease or agreement to lease (excluding obligations of the Borrower and its Subsidiaries under or with respect to Synthetic Leases) for any fiscal year shall not exceed the greater of (a) $25,000,000 or (b) 20% of (i) Consolidated Cash Flow of the Borrower for the most recently ended eight consecutive fiscal quarters divided by (ii) two; provided, however, that any payment of rent for any property under lease or agreement to lease for a term of less than one year (after giving effect to all automatic renewals) shall not be subject to this Section 8.11. For purposes of this Section 8.11, the calculation of Consolidated Cash Flow shall give pro forma effect to Acquisitions (including all mergers and consolidations), Asset Sales and other dispositions and discontinuances of businesses or assets that have been made by the Borrower or any of its Subsidiaries during the reference period or subsequent to such reference period and on or prior to the date of calculation of Consolidated Cash Flow assuming that all such Acquisitions, Asset Sales and other dispositions and discontinuances of businesses or assets had occurred on the first day of the reference period.

Section 8.12 Restricted Payments. The Borrower shall not and shall not permit any of its Subsidiaries to, directly or indirectly (i) declare or pay any dividend or make any distribution on account of the Borrower's or any Subsidiary's Equity Interests (other than (x) dividends or distributions payable in Equity Interests (other than Disqualified Interests) of the Borrower, (y) dividends or distributions payable to the Borrower or a Wholly-Owned Subsidiary of the Borrower that is a Guarantor or (z) distributions or dividends payable pro rata to all holders of Capital Interests of any such Subsidiary); (ii) purchase, redeem, call or otherwise acquire or retire for value any Equity Interests of the Borrower or any Subsidiary or other Affiliate of the Borrower (other than, subject to compliance with Section 8.20, any such Equity Interests owned by a Wholly-Owned Subsidiary of the Borrower that is a Guarantor); (iii) make any investment other than a Permitted Investment; or (iv) prepay, purchase, redeem, retire, defease or refinance the 1998 Fixed Rate Senior Notes (all payments and other actions set forth in clauses (i) through (iv) above being collectively referred to as "Restricted Payments"), except to the extent that, at the time of such Restricted Payment:

(a) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof and each of the representations and warranties of the Borrower set forth herein is true on and as of the date of such Restricted Payment both before and after giving effect thereto; and

(b) the Fixed Charge Coverage Ratio of the Borrower for the Borrower's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such Restricted Payment is made, calculated on a pro forma basis as if such Restricted Payment had been made at the beginning of such four-quarter period, would have been more than 2.25 to 1; and

(c) such Restricted Payment (the amount of any such payment, if other than cash, to be determined by the Board of Directors, whose determination shall be conclusive and evidenced by a resolution in an officer's certificate signed by a Responsible Officer and delivered to the Administrative Agent), together with the aggregate of all other Restricted Payments (other than any Restricted Payments permitted by the provisions of clause (ii) of the penultimate paragraph of this Section 8.12) made by the Borrower and its Subsidiaries in the fiscal quarter during which such Restricted Payment is made shall not exceed an amount equal to (x) Available Cash of the Borrower for the immediately preceding fiscal quarter plus (y) the lesser of (i) the amount of any Available Cash of the Borrower during the first 45 days of such fiscal quarter and (ii) the excess of the aggregate amount of Loans that the Borrower could have borrowed over the actual amount of Loans outstanding, in each case as of the last day of the immediately preceding fiscal quarter; and

(d) such Restricted Payment (other than (x) Restricted Payments described in clause (i) of the first paragraph of this Section 8.12 made during the fiscal quarter ending January 31, 1997 that do not exceed $26,000,000 in the aggregate or (y) any Restricted Payments described in clauses (iii) or (iv) of the first paragraph of this Section 8.12) the amount of which, if made other than with cash, to be determined in accordance with clause (c) of this Section 8.12, shall not exceed an amount equal to (1) Consolidated Cash Flow of the Borrower and its Subsidiaries for the period from and after October 31, 1996 through and

including the last day of the fiscal quarter ending immediately preceding the date of the proposed Restricted Payment (the "Determination Period"), minus (2) the sum of Consolidated Interest Expense of the Borrower and its Subsidiaries for the Determination Period plus all capital expenditures (other than Growth-Related Capital Expenditures and net of capital asset sales in the ordinary course of business) made by the Borrower and its Subsidiaries during the Determination Period plus the aggregate of all other Restricted Payments (other than (x) Restricted Payments described in clause (i) of the first paragraph of this Section 8.12 made during the fiscal quarter ending January 31, 1997 that do not exceed $26,000,000 in the aggregate or (y) any Restricted Payments described in clauses (iii) or (iv) of the first paragraph of this Section 8.12) made by the Borrower and its Subsidiaries during the period from and after October 31, 1996 through and including the date of the proposed Restricted Payment, plus (3) $30,000,000, plus (4) the excess, if any, of consolidated working capital of the Borrower and its Subsidiaries at July 31, 1996 over consolidated working capital of the Borrower and its Subsidiaries at the end of the fiscal year immediately preceding the date of the proposed Restricted Payment, minus (5) the excess, if any, of consolidated working capital of the Borrower and its Subsidiaries at the end of the fiscal year immediately preceding the date of the proposed Restricted Payment over consolidated working capital of the Borrower and its Subsidiaries at July 31, 1996. For purposes of this subsection 8.12(d), the calculation of Consolidated Cash Flow shall give pro forma effect to Acquisitions (including all mergers and consolidations), Asset Sales and other dispositions and discontinuances of businesses or assets that have been made by such Person or any of its Subsidiaries during the reference period or subsequent to such reference period and on or prior to the date of calculation of Consolidated Cash Flow assuming that all such Acquisitions, Asset Sales and other dispositions and discontinuances of businesses or assets had occurred on the first day of the reference period.

The foregoing provisions will not prohibit (i) the payment of any distribution within 60 days after the date on which the Borrower becomes committed to make such distribution, if at said date of commitment such payment would have complied with the provisions of this Agreement; and (ii) the redemption, repurchase, retirement or other acquisition of any Equity Interests of the Borrower in exchange for, or out of the proceeds of, the substantially concurrent sale (other than to a Subsidiary of the Borrower) of other Equity Interests of the Borrower (other than any Disqualified Interests).

Not later than the date of making any Restricted Payment, the General Partner shall deliver to the Administrative Agent an officer's certificate signed by a Responsible Officer stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this Section 7.12 were computed, which calculations may be based upon the Borrower's latest available financial statements.

Section 8.13 Prepayments of Subordinated Indebtedness. The Borrower shall not, and shall not permit any of its Subsidiaries to, (a) purchase, redeem, retire or otherwise acquire for value, or set apart any money for a sinking, defeasance or other analogous fund for, the purchase, redemption, retirement or other acquisition of, or make any payment or prepayment of the principal of or interest on, or any other amount owing in respect of, any Indebtedness that is subordinated to the Obligations, except for regularly scheduled payments of interest in respect of such Indebtedness required pursuant to the instruments evidencing such Indebtedness that are not made in contravention of the terms and conditions of subordination set forth on part II of Schedule 8.05 or (b) directly or indirectly, make any payment in respect of, or set apart any money for a sinking, defeasance or other analogous fund on account of, Guaranty Obligations subordinated to the Obligations. The foregoing provisions will not prohibit the defeasance, redemption or repurchase of subordinated Indebtedness with the proceeds of Permitted Refinancing Indebtedness.

Section 8.14 Dividend and Other Payment Restrictions Affecting Subsidiaries. The Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Subsidiary to (a) pay dividends or make any other distributions to the Borrower or any of its Subsidiaries (1) on its Capital Interests or (2) with respect to any other interest or participation in, or interest measured by, its profits, (b) pay any Indebtedness owed to the Borrower or any of its Subsidiaries, (c) make loans or advances to the Borrower or any of its Subsidiaries or (d) transfer any of its properties or assets to the Borrower or any of its Subsidiaries, except for such encumbrances or restrictions existing under or by reason of (i) Existing Indebtedness, (ii) this Agreement, the 1998 Note Purchase Agreement and the 1998 Fixed Rate Senior Notes, (iii) applicable law, (iv) any instrument governing Indebtedness or Capital Interests of a Person acquired by the Borrower or any of its Subsidiaries as in effect at the time of such Acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such Acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, provided that the Consolidated Cash Flow of such Person to the extent that dividends, distributions, loans, advances or transfers thereof is limited by such encumbrance or restriction on the date of acquisition is not taken into account in determining whether such acquisition was permitted by the terms of this Agreement, (v) customary non-assignment provisions in leases entered into in the ordinary course of

business and consistent with past practices, (vi) purchase money obligations for property acquired in the ordinary course of business that impose restrictions of the nature described in clause (d) above on the property so acquired, (vii) Permitted Refinancing Indebtedness of any Existing Indebtedness, provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive than those contained in the agreements governing the Indebtedness being refinanced or (viii) other Indebtedness permitted to be incurred subsequent to the Effective Date pursuant to the provisions of Section 8.05 hereof, provided that such restrictions are no more restrictive than those contained in this Agreement.

Section 8.15 Change in Business. The Borrower shall not, and shall not suffer or permit any Subsidiary to, engage in any material line of business substantially different from those lines of business carried on by the Borrower and its Subsidiaries on the date hereof.

Section 8.16 Accounting Changes. The Borrower shall not, and shall not suffer or permit any Subsidiary to, make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change the fiscal year of the Borrower or of any Subsidiary except as required by the Code.

Section 8.17 Limitation on Sale and Leaseback Transactions. The Borrower will not, and will not permit any of its Subsidiaries to, enter into any arrangement with any Person providing for the leasing by the Borrower or such Subsidiary of any property that has been or is to be sold or transferred by the Borrower or such Subsidiary to such Person in contemplation of such leasing; provided, however, that the Borrower or such Subsidiary may enter into such sale and leaseback transaction if: (i) the Borrower could have (A) incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and leaseback transaction pursuant to the Leverage Ratio test set forth in Section 7.12(a) and (B) secured a Lien on such Indebtedness pursuant to Section 8.01; (ii) the lease in such sale and leaseback transaction is for a term not in excess of the lesser of (A) three years and (B) 60% of the remaining useful life of such property; or (iii) such sale and leaseback transaction is otherwise permitted by the last sentence of Section 4.17 of the 1996 Indenture as in effect as of the date hereof.

Section 8.18 Amendments of Organization Documents or 1996 Indenture or 1998 Note Purchase Agreement. The Borrower shall not modify, amend, supplement or replace, nor permit any modification, amendment, supplement or replacement of the Organization Documents of the General Partner, the Borrower or any Subsidiary of the Borrower, the MLP Senior Notes, the 1996 Indenture, the 1998 Fixed Rate Senior Notes or the 1998 Note Purchase Agreement or any document executed and delivered in connection with any of the foregoing, in any respect that would adversely affect the Banks, the Borrower's ability to perform the Obligations, or any Guarantor's ability to perform its obligations under its Guaranty, in each such case without the prior written consent of the Administrative Agent and the Majority Banks. Furthermore, the Borrower shall not permit any modification, amendment, supplement or replacement of the Organization Documents of the MLP that would have a material effect on the Borrower without the prior written consent of the Administrative Agent and the Majority Banks.

Section 8.19 Fixed Price Supply Contracts. None of the Borrower and its Subsidiaries shall at any time be a party or subject to any contract for the supply of propane or other product except where (a) the purchase price is set with reference to a spot index or indices substantially contemporaneously with the delivery of such product or (b) delivery of such propane or other product is to be made no more than two years after the purchase price is agreed to.

Section 8.20 Operations through Subsidiaries. The Borrower shall not conduct any of its operations through Subsidiaries unless: (a) such Subsidiary executes a Guaranty substantially in the form of Exhibit G guaranteeing payment of the Obligations, accompanied by an opinion of counsel to the Subsidiary addressed to the Administrative Agent and the Banks as to the due authorization, execution, delivery and enforceability of the Guaranty; (b) such Subsidiary agrees not to incur any Indebtedness other than (i) trade debt and (ii) Acquired Debt permitted by Section 7.05; (c) the Consolidated Cash Flow of such Subsidiary, when added to Consolidated Cash Flow of all other Subsidiaries for any fiscal year, shall not exceed 10% of the Consolidated Cash Flow of the Borrower and its Subsidiaries for such fiscal year; and (d) the value of the assets of such Subsidiary, when added to the value of the assets of all other Subsidiaries for any fiscal year, shall not exceed 10% of the consolidated value of the assets of the Borrower and its Subsidiaries for such fiscal year, as determined in accordance with GAAP; provided, however, that the Borrower may, without regard to the foregoing provisions of this Section 8.20, (x) establish and operate SPEs solely in connection with Accounts Receivable Securitizations permitted by Section 8.05 and (y) operate Thermogas as a Wholly-Owned Subsidiary for a period of up to (but not exceeding) 30 days following the Effective Date pending the merger of Thermogas with and into the Ferrellgas.

Section 8.21 Operations of MLP. Except in connection with an indirect Acquisition permitted by Section 8.04, the General Partner and the Borrower shall not permit the MLP or any of its Affiliates (including any Non-Recourse Subsidiary) to operate or conduct any business substantially similar to that conducted by the Borrower and its Subsidiaries within a 25 mile radius of any business conducted by the Borrower and its Subsidiaries. In order to comply with this Section 8.21, the Borrower may enter into one or more transactions by which

its assets and properties are "swapped" or "exchanged" for assets and properties of another Person prior to or concurrently with another transaction which, but for such swap or exchange would violate this Section; provided, that (i) if the value of the MLP's assets or units to be so swapped or exchanged exceeds $15 million, as determined by the audit committee of the Board of Directors of the General Partner, the Borrower shall have first obtained at its expense an opinion from a nationally recognized investment banking firm, addressed to it, the Administrative Agent and the Banks and opining without material qualification and based on assumptions that are realistic at the time, that the exchange or swap transactions are fair to the Borrower and its Subsidiaries, and (ii) if the value of the MLP's assets or units to be so swapped or exchanged exceeds $50 million, as determined by the audit committee of the Board of Directors of the General Partner, at the option of the Majority Banks, the Administrative Agent shall have first retained, at the Borrower's expense, an investment banking firm on behalf of the Banks who shall also have rendered an opinion containing the statements and content referred to in clause (i).

ARTICLE IX

EVENTS OF DEFAULT

Section 9.01 Event of Default. Any of the following shall constitute an "Event of Default": ----------

(a) Non-Payment. The Borrower or the General Partner fails to pay, (i) when and as required to be paid herein, any amount of principal of any Loan, or (ii) within 5 days after the same becomes due, any interest, fee or any other amount payable hereunder or under any other Loan Document; or

(b) Representation or Warranty. Any representation or warranty by the Borrower, the General Partner or any Subsidiary made or deemed made herein, in any other Loan Document, or which is contained in any certificate, document or financial or other statement by the Borrower, the General Partner, any Subsidiary, or any Responsible Officer, furnished at any time under this Agreement, or in or under any other Loan Document, is incorrect in any material respect on or as of the date made or deemed made; or

(c) Specific Defaults. The Borrower fails to perform or observe any term, covenant or agreement contained in any of Sections 7.01, 7.02, 7.03, 7.04, 7.06, 7.09, 7.12, 7.13, 7.15, 7.16 or in any Section in Article VIII; or

(d) Other Defaults. The Borrower, the General Partner or any Subsidiary fails to perform or observe any other term or covenant contained in this Agreement or any other Loan Document, and such default shall continue unremedied for a period of 20 days after the earlier of (i) the date upon which a Responsible Officer knew or reasonably should have known of such failure or (ii) the date upon which written notice thereof is given to the Borrower by the Administrative Agent or any Bank; or

(e) Cross-Default. The Borrower, the General Partner or any Subsidiary (i) fails to make any payment in respect of any Indebtedness or Contingent Obligation having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than $10,000,000 when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure; or (ii) fails to perform or observe any other condition or covenant, or any other event (including any termination or similar event in respect of any Accounts Receivable Securitization) shall occur or condition exist, under any agreement or instrument relating to any such Indebtedness or Contingent Obligation, and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure if the effect of such failure, event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause such Indebtedness to be declared to be due and payable prior to its stated maturity or to cause such Indebtedness or Contingent Obligation to be prepaid, purchased or redeemed by the Borrower, the MLP, the General Partner or any Subsidiary, or such Contingent Obligation to become payable or cash collateral in respect thereof to be demanded; or

(f) Insolvency; Voluntary Proceedings. The General Partner, the MLP, the Borrower or any Subsidiary (i) ceases or fails to be solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise; (ii) voluntarily ceases to conduct its business in the ordinary course; (iii) commences any Insolvency Proceeding with respect to itself; or (iv) takes any action to effectuate or authorize any of the foregoing; or

(g) Involuntary Proceedings. (i) Any involuntary Insolvency Proceeding is commenced or filed against the General Partner, the MLP, the Borrower or any Subsidiary, or any writ, judgment, warrant of attachment, execution or similar process, is issued or levied against a substantial part of any such Person's properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within 60 days after commencement, filing or levy; (ii) the General Partner, the MLP, the Borrower or any Subsidiary admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any Insolvency Proceeding; or (iii) the General Partner, the MLP, the Borrower or any Subsidiary acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or other similar Person for itself or a substantial portion of its property or business; or

(h) ERISA. (i) An ERISA Event occurs with respect to a Pension Plan which has resulted or could reasonably be expected to result in liability of the Borrower or the General Partner under Title IV of ERISA to the Pension Plan or the PBGC in an aggregate amount in excess of $5 million; or (ii) the commencement or

increase of contributions to, or the adoption of or the amendment of a Pension Plan by the Borrower, the General Partner or any of their Affiliates which has resulted or could reasonably be expected to result in an increase in Unfunded Pension Liability among all Pension Plans in an aggregate amount in excess of $5 million; or

(i) Monetary Judgments. One or more judgments, orders, decrees or arbitration awards is entered against the Borrower, the General Partner or any Subsidiary involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) as to any single or related series of transactions, incidents or conditions, of more than $40,000,000; or

(j) Non-Monetary Judgments. Any non-monetary judgment, order or decree is entered against the Borrower, the General Partner or any Subsidiary which does or would reasonably be expected to have a Material Adverse Effect, and there shall be any period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(k) Loss of Licenses. Any Governmental Authority revokes or fails to renew any material license, permit or franchise of the Borrower or any Subsidiary, or the Borrower or any Subsidiary for any reason loses any material license, permit or franchise, or the Borrower or any Subsidiary suffers the imposition of any restraining order, escrow, suspension or impound of funds in connection with any proceeding (judicial or administrative) with respect to any material license, permit or franchise; or

(l) Adverse Change. There occurs a Material Adverse Effect; or

(m) Certain Indenture Defaults, Etc. (i) To the extent not otherwise within the scope of subsection 9.01(e) above, any "Event of Default" shall occur and be continuing under and as defined in the 1998 Note Purchase Agreement or (ii) any of the following shall occur under or with respect to the 1996 Indenture or any other Indebtedness guaranteed by the Borrower or its Subsidiaries (collectively, the "Guaranteed Indebtedness"): (A) any demand for payment shall be made under any such Guaranty Obligation with respect to the Guaranteed Indebtedness or (B) so long as any such Guaranty Obligation shall be in effect (x) the Borrower or any such Subsidiary shall fail to pay principal of or premium, if any, or interest on such Guaranteed Indebtedness after the expiration of any applicable notice or cure periods or (y) any "Event of Default" (however defined) shall occur and be continuing under such Guaranteed Indebtedness which results in the acceleration of such Guaranteed Indebtedness; or

(n) Guarantor Defaults. Any Guarantor fails in any material respect to perform or observe any term, covenant or agreement in its Guaranty; or any Guaranty is for any reason partially (including with respect to future advances) or wholly revoked or invalidated, or otherwise ceases to be in full force and effect (except to the extent released pursuant to the express terms of this Agreement), or any Guarantor or any other Person contests in any manner the validity or enforceability thereof or denies that it has any further liability or obligation thereunder; or any event described at subsections (f) or (g) of this Section occurs with respect to the Guarantor; or

(o) Ferrellgas Joinder Event. The Ferrellgas Joinder Event shall not have occurred on or before the Effective Date.

Section 9.02 Remedies. If any Event of Default occurs, the Administrative Agent shall, at the request of, or may, with the consent of, the Majority Banks,

(a) declare the commitment of each Bank to make Loans to be terminated, whereupon such commitments and obligation shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable (including amounts due under Section 3.04), without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower; and

(c) exercise on behalf of itself and the Banks all rights and remedies available to it and the Banks under the Loan Documents or applicable law;

provided, however, that upon the occurrence of any event specified in subsection (f) or (g) of Section 9.01 (in the case of clause (i) of subsection (g) upon the expiration of the 60-day period mentioned therein), the obligation of each Bank to make Loans shall automatically terminate and the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable without further act of the Administrative Agent or any Bank.

Section 9.03 Rights Not Exclusive. The rights provided for in this Agreement and the other Loan Documents are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

Section 9.04 Certain Financial Covenant Defaults. In the event that, after

taking into account any extraordinary charge to earnings taken or to be taken as of the end of any fiscal period of the Borrower (a "Charge"), and if solely by virtue of such Charge, there would exist an Event of Default due to the breach of any of subsections 7.12(a) or 7.12(b) as of such fiscal period end date, such Event of Default shall be deemed to arise upon the earlier of (a) the date after such fiscal period end date on which the Borrower announces publicly it will take, is taking or has taken such Charge (including an announcement in the form of a statement in a report filed with the SEC) or, if such announcement is made prior to such fiscal period end date, the date that is such fiscal period end date, and (b) the date the Borrower delivers to the Administrative Agent its audited annual or unaudited quarterly financial statements in respect of such fiscal period reflecting such Charge as taken.

ARTICLE X

THE ADMINISTRATIVE AGENT

Section 10.01 Appointment and Authorization. Each of the Banks hereby irrevocably appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Administrative Agent have or be deemed to have any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent.

Section 10.02 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

Section 10.03 Liability of Administrative Agent. None of the Agent-Related Persons shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (ii) be responsible in any manner to any of the Banks for any recital, statement, representation or warranty made by the Borrower or any Subsidiary or Affiliate of the Borrower, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of the Borrower or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Borrower or any of the Borrower's Subsidiaries or Affiliates.

Section 10.04 Reliance by Administrative Agent. (a) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Majority Banks as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Majority Banks and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Banks.

(b) For purposes of determining compliance with the conditions specified in Section 4.01, each Bank that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by the Administrative Agent to such Bank for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Bank.

Section 10.05 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees

required to be paid to the Administrative Agent for the account of the Banks, unless the Administrative Agent shall have received written notice from a Bank or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". The Administrative Agent will notify the Banks of its receipt of any such notice. The Administrative Agent shall take such action with respect to such Default or Event of Default as may be requested by the Majority Banks in accordance with Article VIII; provided, however, that unless and until the Administrative Agent has received any such request, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Banks.

Section 10.06 Credit Decision. Each Bank acknowledges that none of the Agent-Related Persons has made any representation or warranty to it, and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Borrower and its Subsidiaries, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Bank. Each Bank represents to the Administrative Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower and its Subsidiaries, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrower hereunder. Each Bank also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower. Except for notices, reports and other documents to be furnished to the Banks by the Administrative Agent as specified on Schedule 10.06, the Administrative Agent shall have any duty or responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Borrower which may come into the possession of any of the Agent-Related Persons. The Administrative Agent shall promptly deliver to the Banks the items specified on Schedule 10.06 that are required to be provided by the Borrower only to the extent such items are actually provided by the Borrower.

Section 10.07 Indemnification. Whether or not the transactions contemplated hereby are consummated, the Banks shall indemnify upon demand the Agent-Related Persons (to the extent not reimbursed by or on behalf of the Borrower and without limiting the obligation of the Borrower to do so), pro rata in accordance with its Pro Rata Share on the date the Borrower's reimbursement obligation arises, from and against any and all Indemnified Liabilities; provided, however, that no Bank shall be liable for the payment to the Agent-Related Persons of any portion of such Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank shall reimburse the Administrative Agent upon demand for their ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by them in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Borrower. The undertaking in this Section shall survive the payment of all Obligations hereunder and the resignation or replacement of the Administrative Agent.

Section 10.08 Administrative Agent in Individual Capacity. BofA and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Borrower and its Subsidiaries and Affiliates as though BofA were not the Administrative Agent hereunder and without notice to or consent of the Banks. The Banks acknowledge that, pursuant to such activities, BofA or its Affiliates may receive information regarding the Borrower or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Borrower or such Subsidiary) and acknowledge that the Administrative Agent shall be under no obligation to provide such information to them. With respect to its Loans, BofA shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it were not the Administrative Agent.

Section 10.09 Successor Administrative Agent. The Administrative Agent may, and at the request of the Majority Banks shall, resign as Administrative Agent upon 30 days' notice to the Banks. If the Administrative Agent resigns under this Agreement, the Majority Banks shall appoint from among the Banks a successor agent for the Banks. If no successor agent is appointed prior to the effective date of the resignation of the Administrative Agent, the Administrative Agent may appoint, after consulting with the Banks and the Borrower, a successor agent from among the Banks. Upon the acceptance of its appointment as successor agent

hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent and the term "Administrative Agent" shall mean such successor agent and the retiring Administrative Agent's appointment, powers and duties as Administrative Agent shall be terminated. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article X and Sections 11.04 and 11.05 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor agent has accepted appointment as Administrative Agent by the date which is 30 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Majority Banks appoint a successor agent as provided for above.

Section 10.10 Withholding Tax. (a) If any Bank is a "foreign corporation, partnership or trust" within the meaning of the Code and such Bank claims exemption from, or a reduction of, U.S. withholding tax under Sections 1441 or 1442 of the Code, such Bank agrees with and in favor of the Administrative Agent, to deliver to the Administrative Agent:

(i) if such Bank claims an exemption from, or a reduction of, withholding tax under a United States tax treaty, properly completed IRS Forms 1001 and W-8 (or any successor forms) before the payment of any interest in the first calendar year and before the payment of any interest in each third succeeding calendar year during which interest may be paid under this Agreement;

(ii) if such Bank claims that interest paid under this Agreement is exempt from United States withholding tax because it is effectively connected with a United States trade or business of such Bank, two properly completed and executed copies of IRS Form 4224 (or any successor form) before the payment of any interest is due in the first taxable year of such Bank and in each succeeding taxable year of such Bank during which interest may be paid under this Agreement, and IRS Form W-9 (or any successor form); and

(iii) such other form or forms as may be required under the Code or other laws of the United States as a condition to exemption from, or reduction of, United States withholding tax.

Such Bank agrees to promptly notify the Administrative Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(b) If any Bank claims exemption from, or reduction of, withholding tax under a United States tax treaty by providing IRS Form 1001 and such Bank sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Borrower to such Bank, such Bank agrees to notify the Administrative Agent of the percentage amount in which it is no longer the beneficial owner of Obligations of the Borrower to such Bank. To the extent of such percentage amount, the Administrative Agent will treat such Bank's IRS Form 1001 as no longer valid.

(c) If any Bank claiming exemption from United States withholding tax by filing IRS Form 4224 with the Administrative Agent sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Borrower to such Bank, such Bank agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by Sections 1441 and 1442 of the Code.

(d) If any Bank is entitled to a reduction in the applicable withholding tax, the Administrative Agent may withhold from any interest payment to such Bank an amount equivalent to the applicable withholding tax after taking into account such reduction. If the forms or other documentation required by subsection (a) of this Section are not delivered to the Administrative Agent, then the Administrative Agent may withhold from any interest payment to such Bank not providing such forms or other documentation an amount equivalent to the applicable withholding tax.

(e) If the IRS or any other Governmental Authority of the United States or other jurisdiction asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Bank (because the appropriate form was not delivered, was not properly executed, or because such Bank failed to notify the Administrative Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason) such Bank shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Administrative Agent under this Section, together with all costs and expenses (including Attorney Costs). The obligation of the Banks under this subsection shall survive the payment of all Obligations and the resignation or replacement of the Administrative Agent.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Amendments and Waivers. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent with respect to any departure by the Borrower or the General Partner therefrom, shall be effective unless the same shall be in writing and signed by the Majority Banks (or by the Administrative Agent at the written request of the Majority Banks) and the Borrower and acknowledged by the Administrative Agent, and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such waiver, amendment, or consent shall, unless in writing and signed by all the Banks, the Borrower and the General Partner and acknowledged by the Administrative Agent, do any of the following:

(a) increase or extend the Commitment of any Bank (or reinstate any Commitment terminated pursuant to Section 9.02);

(b) postpone or delay any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Banks (or any of them) hereunder or under any other Loan Document;

(c) reduce the principal of, or the rate of interest specified herein on any Loan, or (subject to clause (ii) below) any fees or other amounts payable hereunder or under any other Loan Document;

(d) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans which is required for the Banks or any of them to take any action hereunder;

(e) amend this Section, or Section 2.13, or any provision herein providing for consent or other action by all Banks; or

(f) release any Guaranty (other than the TWCI Guaranty, which TWCI Guaranty shall be released as provided in Section 4.03);

and, provided, further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Majority Banks or all the Banks, as the case may be, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document, and (ii) the Fee Letters may be amended, or rights or privileges thereunder waived, in a writing executed solely by the parties thereto.

Section 11.02 Notices. (a) Except as otherwise specifically provided in Section 3.02, all notices, requests and other communications shall be in writing (including, unless the context expressly otherwise provides, by facsimile transmission; provided, that any matter transmitted by the Borrower by facsimile (i) shall be immediately confirmed by a telephone call to the recipient at the number specified on Schedule 11.02, and (ii) shall be followed promptly by delivery of a hard copy original thereof) and mailed, faxed or delivered, to the address or facsimile number specified for notices on Schedule 11.02; or, as directed to the Borrower or the Administrative Agent, to such other address as shall be designated by such party in a written notice to the other parties, and as directed to any other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Administrative Agent.

(b) All such notices, requests and communications shall, when transmitted by overnight delivery, or faxed, be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon the third Business Day after the date deposited into the U.S. mail, or if delivered, upon delivery; except that notices pursuant to Article II or X shall not be effective until actually received by the Administrative Agent.

(c) Any agreement of the Administrative Agent and the Banks herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Borrower. The Administrative Agent and the Banks shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Borrower to give such notice and the Administrative Agent and the Banks shall not have any liability to the Borrower or other Person on account of any action taken or not taken by the Administrative Agent or the Banks in reliance upon such telephonic or facsimile notice. The obligation of the Borrower to repay the Loans shall not be affected in any way or to any extent by any failure by the Administrative Agent and the Banks to receive written confirmation of any telephonic or facsimile notice or the receipt by the Administrative Agent and the Banks of a confirmation which is at variance with the terms understood by the Administrative Agent and the Banks to be contained in the telephonic or facsimile notice.

Section 11.03 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Bank, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 11.04 Costs and Expenses. The Borrower shall:

(a) whether or not the transactions contemplated hereby are consummated, pay or reimburse BofA (including in its capacity as Administrative Agent) and the Arranger within five Business Days after demand (subject to subsection 4.01(e)) for all costs and expenses incurred by BofA (including in its capacity as Administrative Agent) and the Arranger in connection with the development (including due diligence), preparation, delivery, administration, syndication and execution of, and any amendment, supplement, waiver or modification to (in each case, whether or not consummated), this Agreement, any Loan Document and any other documents prepared in connection herewith or therewith, and the consummation of the transactions contemplated hereby and thereby, including reasonable (giving due regard to the prevailing circumstances) Attorney Costs incurred by BofA (including in its capacity as Administrative Agent) and the Arranger with respect thereto (other than, with respect to the preparation, delivery, syndication and execution of such documents, the allocated cost of internal legal services); and

(b) pay or reimburse the Administrative Agent, the Arranger and each Bank within five Business Days after demand for all costs and expenses (including Attorney Costs) incurred by them in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or any other Loan Document during the existence of an Event of Default or after acceleration of the Loans (including in connection with any "workout" or restructuring regarding the Loans, and including in any Insolvency Proceeding or appellate proceeding).

Section 11.05 Indemnity. Whether or not the transactions contemplated hereby are consummated, the Borrower shall indemnify and hold the Agent-Related Persons, the Arranger and each Bank and each of their respective officers, directors, employees, counsel, agents and attorneys-in-fact (each, an "Indemnified Person") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits and reasonable (giving due regard to the prevailing circumstances) costs, charges, expenses and disbursements (including Attorney Costs) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Loans and the termination, resignation or replacement of the Administrative Agent or replacement of any Bank) be imposed on, incurred by or asserted against any such Person in any way relating to or arising out of the transactions contemplated by the Purchase Agreement, the Merger, the Loans, the Borrower's use of loan proceeds or the commitments pursuant to this Agreement or any document contemplated by or referred to herein, or the transactions contemplated hereby, or any action taken or omitted by any such Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any Insolvency Proceeding or appellate proceeding) related to or arising out of this Agreement or the Loans or the actual or proposed use of the proceeds thereof, whether or not any Indemnified Person is a party thereto (all the foregoing, collectively, the "Indemnified Liabilities"); provided, that the Borrower shall have no obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities resulting solely from the gross negligence or willful misconduct of such Indemnified Person. The agreements in this Section shall survive payment of all other Obligations.

Section 11.06 Payments Set Aside. To the extent that the Borrower makes a payment to the Administrative Agent or the Banks, or the Administrative Agent or the Banks exercise their right of set-off, and such payment or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Bank in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any Insolvency Proceeding or otherwise, then (a) to the extent of such recovery the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Bank severally agrees to pay to the Administrative Agent upon demand its pro rata share of any amount so recovered from or repaid by the Administrative Agent.

Section 11.07 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, that the Borrower may not assign or transfer any of its rights or obligations under this Agreement to any other Person (other than on the Effective Date to Ferrellgas and the General Partner pursuant to the Assumption Agreement) without the prior written consent of the Administrative Agent and each Bank. Any attempted or purported assignment in contravention of the preceding sentence shall be null and void.

Section 11.08 Assignments, Participations, Etc. (a) Any Bank may, with the written consent of the Administrative Agent, which consent shall not be unreasonably withheld, at any time assign and delegate to one or more Eligible Assignees (provided that no written consent of the Administrative Agent shall be required in connection with any assignment and delegation by a Bank to an Eligible Assignee that is an Affiliate of such Bank) (each an "Assignee") all, or any ratable part of all, of the Loans, the Commitments and the other rights and obligations of such Bank hereunder in an aggregate minimum amount of $3,000,000 or a lesser amount to be agreed upon by the Administrative Agent and the Borrower (unless to an existing Bank, in which case no minimum assignment

shall apply); provided that such Bank shall retain an aggregate amount of not less than $3,000,000 in respect thereof, unless such Bank assigns and delegates all of its rights and obligations hereunder to one or more Eligible Assignees at the time and subject to the conditions set forth herein; and provided, further, however, that the Borrower and the Administrative Agent may continue to deal solely and directly with such Bank in connection with the interest so assigned to an Assignee until (i) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Borrower and the Administrative Agent by such Bank and the Assignee; (ii) such Bank and its Assignee shall have delivered to the Borrower and the Administrative Agent an Assignment and Acceptance in the form of Exhibit E ("Assignment and Acceptance"), together with any Note or Notes subject to such assignment; and (iii) the assignor Bank has paid to the Administrative Agent a processing fee in the amount of $3,500.

(b) From and after the date that the Administrative Agent notifies the assignor Bank that it has received (and provided its consent with respect to) an executed Assignment and Acceptance and payment of the above-referenced processing fee, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Bank under the Loan Documents, and (ii) the assignor Bank shall, to the extent that rights and obligations hereunder and under the other Loan Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under the Loan Documents.

(c) Within five Business Days after its receipt of notice by the Administrative Agent that it has received an executed Assignment and Acceptance and payment of the processing fee (and provided that it consents to such assignment in accordance with subsection 11.08(a)), if the Assignee so requests, the Borrower shall execute and deliver to the Administrative Agent, new Notes evidencing such Assignee's assigned Loans and Commitments and, if the assignor Bank has retained a portion of its Loans and its Commitments and so requests, replacement Notes in the principal amount or amounts of the Loans retained by the assignor Bank (such Notes to be in exchange for, but not in payment of, the Notes held by such Bank). Immediately upon each Assignee's making its processing fee payment under the Assignment and Acceptance, this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Commitments arising therefrom. The Commitments allocated to each Assignee shall reduce such Commitments of the assigning Bank pro tanto and the Administrative Agent shall promptly prepare and distribute a new Schedule 2.01 reflecting the new commitments.

(d) Any Bank may at any time sell to one or more commercial banks or other Persons not Affiliates of the Borrower (a "Participant") participating interests in any Loans, the Commitments of that Bank and the other interests of that Bank (the "originating Bank") hereunder and under the other Loan Documents; provided, however, that (i) the originating Bank's obligations under this Agreement shall remain unchanged, (ii) the originating Bank shall remain solely responsible for the performance of such obligations, (iii) the Borrower and the Administrative Agent shall continue to deal solely and directly with the originating Bank in connection with the originating Bank's rights and obligations under this Agreement and the other Loan Documents, and (iv) no Bank shall transfer or grant any participating interest under which the Participant has rights to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other Loan Document, except to the extent such amendment, consent or waiver would require unanimous consent of the Banks as described in the first proviso to Section 11.01. In the case of any such participation, the Participant shall be entitled to the benefit of Sections 3.01, 3.03 and 11.05 as though it were also a Bank hereunder, and if amounts outstanding under this Agreement are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Bank under this Agreement.

(e) Each Bank agrees to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all information identified as "confidential" or "secret" by the Borrower and provided to it by the Borrower or any Subsidiary, or by the Administrative Agent on such Borrower's or Subsidiary's behalf, under this Agreement or any other Loan Document, and neither it nor any of its Affiliates shall use any such information other than in connection with or in enforcement of this Agreement and the other Loan Documents; except to the extent such information (i) was or becomes generally available to the public other than as a result of disclosure by the Bank, or (ii) was or becomes available on a non-confidential basis from a source other than the Borrower, provided that such source is not bound by a confidentiality agreement with the Borrower known to the Bank; provided, however, that any Bank may disclose such information (A) at the request or pursuant to any requirement of any Governmental Authority to which the Bank is subject or in connection with an examination of such Bank by any such authority; (B) pursuant to subpoena or other court process; (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; (D) to the extent reasonably required in connection with any litigation or proceeding to

which the Administrative Agent, any Bank or their respective Affiliates may be party; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Loan Document; (F) to such Bank's independent auditors and other professional advisors; (G) to any Affiliate of such Bank, or to any Participant or Assignee, actual or potential, provided that such Affiliate, Participant or Assignee agrees to keep such information confidential to the same extent required of the Banks hereunder, and (H) as to any Bank, as expressly permitted under the terms of any other document or agreement regarding confidentiality to which the Borrower is party or is deemed party with such Bank.

(f) Notwithstanding any other provision in this Agreement, any Bank may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement and any Note held by it in favor of any Federal Reserve Bank in accordance with Regulation A of the FRB or U.S. Treasury Regulation 31 CFR ss.203.14, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law.

Section 11.09 Set-off. In addition to any rights and remedies of the Banks provided by law, if an Event of Default exists or the Loans have been accelerated, each Bank is authorized at any time and from time to time, without prior notice to the Borrower, any such notice being waived by the Borrower to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Bank to or for the credit or the account of the Borrower against any and all Obligations owing to such Bank, now or hereafter existing, irrespective of whether or not the Administrative Agent or such Bank shall have made demand under this Agreement or any Loan Document and although such Obligations may be contingent or unmatured. Each Bank agrees promptly to notify the Borrower and the Administrative Agent after any such set-off and application made by such Bank; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

Section 11.10 Notification of Addresses, Lending Offices, Etc. Each Bank shall notify the Administrative Agent in writing of any changes in the address to which notices to the Bank should be directed, of addresses of any Lending Office, of payment instructions in respect of all payments to be made to it hereunder and of such other administrative information as the Administrative Agent shall reasonably request.

Section 11.11 Counterparts. This Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument. Transmission by telecopier of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart. The parties hereto shall deliver to each other an original counterpart of this Agreement promptly after the delivery by telecopier; provided, however, that the failure by any party to so deliver an original counterpart shall not affect the sufficiency of a telecopy of such counterpart (and the fact that such telecopy constitutes the due and sufficient delivery of such counterpart), as provided above.

Section 11.12 Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

Section 11.13 No Third Parties Benefited. This Agreement is made and entered into for the sole protection and legal benefit of the Borrower, the Banks, the Administrative Agent and the Agent-Related Persons, the Arranger and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents.

Section 11.14 Governing Law and Jurisdiction. (a) THIS AGREEMENT AND ALL NOTES ISSUED HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK; PROVIDED THAT THE ADMINISTRATIVE AGENT AND THE BANKS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE BORROWER, THE GENERAL PARTNER, THE ADMINISTRATIVE AGENT AND THE BANKS CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE BORROWER, THE GENERAL PARTNER, THE ADMINISTRATIVE AGENT AND THE BANKS IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. THE BORROWER, THE GENERAL PARTNER, THE ADMINISTRATIVE AGENT AND THE BANKS EACH WAIVE PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

Section 11.15 Waiver of Jury Trial. THE BORROWER, THE GENERAL PARTNER, THE BANKS

AND THE ADMINISTRATIVE AGENT EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY AGENT-RELATED PERSON, PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE BORROWER, THE GENERAL PARTNER, THE BANKS AND THE ADMINISTRATIVE AGENT EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

Section 11.16 Entire Agreement. This Agreement, together with the other Loan Documents, embodies the entire agreement and understanding between and among the Borrower, the General Partner (from and after the Ferrellgas Joinder Event), the Banks and the Administrative Agent, and supersedes all other understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof including all term sheets and commitment letters relating to the credit facilities provided herein.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

THERMOGAS L.L.C.

By:
Name: Don R. Wellendorf
Title: Vice President

Address for Notices for the Borrower:

One Williams Center, Suite 3000
Tulsa, Oklahoma 74172
Attention: Don R. Wellendorf
Telephone: (918) 573-4119
Facsimile: (918) 573-3864

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

By:
Name: Daryl G. Patterson
Title: Managing Director

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

By:
Name: Daryl G. Patterson
Title: Managing Director

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ASSUMPTION AGREEMENT

THIS ASSUMPTION AGREEMENT, dated as of December 17, 1999 (the "Agreement"), is made and entered into by and among THERMOGAS L.L.C., a Delaware limited liability company ("Thermogas"), FERRELLGAS, L.P., a Delaware limited partnership ("Ferrellgas"), FERRELLGAS, INC., a Delaware corporation and the sole general partner of Ferrellgas ("FGI"), and BANK OF AMERICA, N.A., in its capacity as Administrative Agent for the Banks under the Credit Agreement referred to below. Capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Credit Agreement.

WITNESSETH

WHEREAS, pursuant to that certain Credit Agreement, dated as of December 17, 1999 (as amended, modified, extended, renewed or replaced from time to time, the "Credit Agreement"), among Thermogas, as Borrower, the several financial institutions party thereto (the "Banks") and Bank of America, N.A., as Administrative Agent, the Banks have agreed to provide Thermogas with a $183,000,000 credit facility;

WHEREAS, Ferrellgas Partners, L.P. (the "MLP"), an Affiliate of Ferrellgas, has acquired all of the limited liability company interests of Thermogas from Williams Natural Gas Liquids, Inc. and, immediately following the consummation of such acquisition, the MLP contributed all of such limited liability company interests to Ferrellgas;

WHEREAS, the Credit Agreement contemplates that, following the contribution of the limited liability company interests of Thermogas to Ferrellgas, Ferrellgas will assume all of the obligations of Thermogas and become liable as the "Borrower" under the Loan Documents and Thermogas will be merged with and into Ferrellgas;

WHEREAS, Ferrellgas now desires to assume all of the rights, obligations, duties and responsibilities of Thermogas under the Credit Agreement and the other Loan Documents; and

WHEREAS, FGI, as the sole general partner of Ferrellgas, now desires to assume all of the rights, obligations, duties and responsibilities of the "General Partner" under the Credit Agreement and the other Loan Documents;

NOW, THEREFORE, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Assumption by Ferrellgas. Effective as of the date hereof, Ferrellgas hereby (i) assumes all of the rights, duties and obligations of Thermogas under the Credit Agreement and the Loan Documents, (ii) irrevocably and unconditionally agrees with the Administrative Agent and the Banks to be bound by all of the terms and conditions of the Credit Agreement and the Loan Documents and to perform all of the obligations and discharge all of the liabilities of Thermogas existing at or accrued prior to the date hereof or hereafter arising under the Credit Agreement and the Loan Documents and (iii) without limiting any of the foregoing, ratifies, and agrees to be bound by, (A) the representations and warranties set forth in Article VI of the Credit Agreement and (B) all of the affirmative and negative covenants set forth in Articles VII and VIII of the Credit Agreement. Without limiting the generality of the foregoing terms of this Section 1, Ferrellgas hereby promises to pay to each Bank the principal balance of, and accrued interest on, each Loan made under the Loan Documents and the other Obligations in accordance with the terms of the Loan Documents.

SECTION 2. Assumption by FGI. Effective as of the date hereof, FGI hereby (i) assumes all of the rights, duties and obligations of the General Partner under the Credit Agreement and the other Loan Documents, (ii) irrevocably and unconditionally agrees with the Administrative Agent and the Banks to be bound by all of the terms and conditions of the Credit Agreement and the Loan Documents and to perform all of the obligations and discharge all of the liabilities of the General Partner existing at or accrued prior to the date hereof or hereafter arising under the Credit Agreement and the Loan Documents and (iii) without limiting any of the foregoing, ratifies, and agrees to be bound by, (A) the representations and warranties set forth in Article VI of the Credit Agreement and (B) all of the affirmative and negative covenants set forth in Articles VII and VIII of the Credit Agreement.

SECTION 3. No Release of Thermogas. Notwithstanding the agreements of Ferrellgas set forth in Section 1 above, Thermogas shall not be released from its rights, duties and obligations under the Credit Agreement and the other Loan Documents.

SECTION 4. References in the Loan Documents. From and after the execution and delivery of this Agreement, (a) Ferrellgas shall have succeeded Thermogas as the "Borrower" under the Loan Documents, and all references to the "Borrower" in the Loan Documents shall refer to Ferrellgas and not to Thermogas, (b) all references to the "General Partner" in the Loan Documents shall refer to FGI and (c) all references to the "Credit Agreement" in any Loan Documents shall

refer to the Credit Agreement, as modified by this Agreement. Except as expressly modified by this Agreement, all of the terms and provisions of the Credit Agreement and the other Loan Documents shall remain in full force and effect.

SECTION 5. Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SECTION 6. Waiver of Jury Trial. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 7. Severability If any provision of this Agreement is determined to be illegal, invalid or unenforceable, such provisions shall be fully severable and the remaining provisions shall remain in full force and effect and shall be construed in without giving effect to the illegal, invalid or unenforceable provisions.

SECTION 8. Counterparts. This Agreement may be executed in any number of counterparts, each of which where so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

[Remainder of page intentionally left blank]

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

THERMOGAS L.L.C.
a Delaware limited liability company

By:_____
Name:
Title:

FERRELLGAS, L.P.,
a Delaware limited partnership

By: Ferrellgas, Inc.
Its: General Partner

By:_____
Name:
Title:

FERRELLGAS, INC.,
a Delaware corporation

By:_____
Name:
Title:

ADMINISTRATIVE AGENT:
BANK OF AMERICA, N.A.,
as Administrative Agent

By:_____
Name: Daryl G. Patterson

Title: Managing Director

For release: Immediate
Contacts: Kenneth A. Heinz, Investor Relations, 816-792-6907
Pam Blase, Media Relations, 816-792-7902

Ferrellgas completes Thermogas acquisition, creating largest retail propane marketer in the United States

Liberty, Mo. (December 17, 1999)--Ferrellgas Partners, L.P. (NYSE:FGP) announced today that it has completed the previously announced acquisition of Thermogas from Williams (NYSE:WMB) of Tulsa, Oklahoma, for $432.5 million. At closing, Williams received $257.5 million cash and $175 million newly issued Senior Common Units of Ferrellgas Partners, L.P. This transaction makes Ferrellgas the nation's largest retail propane marketer, with sales approaching 1 billion gallons and serving more than 1 million Customers in 45 states.

"The transaction solidifies our position as the leading consolidator in our industry and gives us a great platform from which to continue our aggressive acquisition activities," said Danley K. Sheldon, Ferrellgas' President and Chief Executive Officer. "It will immediately provide a large boost to our cash flow and earnings. The transaction is accretive and we expect the ongoing increased cash flow will support future quarterly distributions to our unitholders. Moreover, the acquisition was completed just as we move into the full winter heating season."

Ferrellgas currently pays a $.50 per quarter cash distribution on each of the partnership's publicly traded Common Units. The Senior Common Units held by Williams will receive quarterly distributions of additional partnership Senior Common Units instead of a cash distribution for a period of up to two years at an annual rate of 10 percent. Further, the partnership estimates that cash distributions on Common Units are

deferred from federal income tax for a period of five years. Ferrellgas Employees own approximately 50 percent of the partnership through an Employee Stock Ownership Plan.

"This transaction benefits both Williams and Ferrellgas," said Don Wellendorf, Vice President of Strategic Development and Planning for Williams Energy Services. "Williams can invest the sales proceeds in its core businesses and Ferrellgas' management team has a proven ability to integrate large propane acquisitions and deliver strong financial results."

"We enthusiastically welcome Thermogas' 1,400 Employees and look forward to working with them as Employee-Owners of the largest propane company in the United States," Sheldon said.

Banc of America Securities LLC acted as financial advisor to Ferrellgas in connection with this transaction.

Thermogas was the nation's fifth largest propane retailer with 180 retail outlets in 18 states, annual sales of approximately 300 million gallons, and more than 330,000 residential, industrial/commercial, and agricultural Customers. Thermogas' strongest geographic areas of concentration are in the upper-Midwest.

Prior to the transaction, Ferrellgas was the nation's second largest retail propane company. The combined operation now has approximately 6,000 Employees in more than 700 retail locations in 45 states.