

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended April 30, 2022

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file numbers: 001-11331, 333-06693-02, 000-50182 and 000-50183

Ferrelgas Partners, L.P.
Ferrelgas Partners Finance Corp.
Ferrelgas, L.P.
Ferrelgas Finance Corp.

(Exact name of registrants as specified in their charters)

Delaware Delaware Delaware Delaware _____ (States or other jurisdictions of incorporation or organization)	43-1698480 43-1742520 43-1698481 14-1866671 _____ (I.R.S. Employer Identification Nos.)
One Liberty Plaza, Liberty, Missouri _____ (Address of principal executive office)	64068 _____ (Zip Code)

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "Large Accelerated Filer," "Accelerated Filer," "Smaller Reporting Company," and "Emerging Growth Company" in Rule 12b-2 of the Exchange Act.

Ferrelgas Partners, L.P.:	Accelerated Filer <input type="checkbox"/>	Non-accelerated Filer <input checked="" type="checkbox"/>	Smaller Reporting Company <input checked="" type="checkbox"/>
Large Accelerated Filer <input type="checkbox"/>			Emerging Growth Company <input type="checkbox"/>
Ferrelgas Partners Finance Corp, Ferrelgas, L.P. and Ferrelgas Finance Corp.:			
Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-accelerated Filer <input checked="" type="checkbox"/>	Smaller Reporting Company <input checked="" type="checkbox"/>
			Emerging Growth Company <input type="checkbox"/>

If an Emerging Growth Company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Ferrelgas Partners, L.P. and Ferrelgas, L.P.

Ferrelgas Partners Finance Corp. and Ferrelgas Finance Corp.

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act).

Ferrelgas Partners, L.P. and Ferrelgas, L.P. Yes No

Ferrelgas Partners Finance Corp. and Ferrelgas Finance Corp. Yes No

Indicate by check mark whether the registrants have filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

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

Ferrelgas, L.P. and Ferrelgas Finance Corp. N/A

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol	Name of each exchange on which registered:
N/A	N/A	N/A
At May 31, 2022, the registrants had Class A Units, Class B Units or shares of common stock outstanding as follows:		
Ferrelgas Partners, L.P.	4,857,605	Class A Units
Ferrelgas Partners Finance Corp.	1,300,000	Class B Units
Ferrelgas, L.P.	1,000	Common Stock
Ferrelgas Finance Corp.	n/a	n/a
	1,000	Common Stock

Documents Incorporated by Reference: None

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

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

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (unaudited)

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except unit data)
(unaudited)

	April 30, 2022	July 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents (including \$11,215 and \$11,500 of restricted cash at April 30, 2022 and July 31, 2021, respectively)	\$ 229,095	\$ 281,952
Accounts and notes receivable, net	219,251	131,574
Inventories	100,554	88,379
Price risk management asset	78,787	78,001
Prepaid expenses and other current assets	35,363	39,092
Total current assets	663,050	618,998
Property, plant and equipment, net	594,362	582,118
Goodwill, net	251,065	246,946
Intangible assets (net of accumulated amortization of \$438,161 and \$432,032 at April 30, 2022 and July 31, 2021, respectively)	99,283	100,743
Operating lease right-of-use assets	77,695	87,611
Other assets, net	87,058	93,228
Total assets	\$ 1,772,513	\$ 1,729,644
LIABILITIES, MEZZANINE AND EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 80,955	\$ 47,913
Broker margin deposit liability	67,200	79,178
Current portion of long-term debt	1,979	1,670
Current operating lease liabilities	26,041	25,363
Other current liabilities	158,682	166,822
Total current liabilities	334,857	320,946
Long-term debt	1,448,830	1,444,890
Operating lease liabilities	51,650	74,349
Other liabilities	49,428	61,189
Contingencies and commitments (Note M)		
Mezzanine equity:		
Senior preferred units, net of issue discount and offering costs (700,000 units outstanding at April 30, 2022 and July 31, 2021)	651,349	651,349
Equity (Deficit):		
Limited partner unitholders		
Class A (4,857,605 units outstanding at April 30, 2022 and July 31, 2021)	(1,145,259)	(1,214,813)
Class B (1,300,000 units outstanding at April 30, 2022 and July 31, 2021)	383,012	383,012
General partner unitholder (49,496 units outstanding at April 30, 2022 and July 31, 2021)	(70,971)	(72,178)
Accumulated other comprehensive income	76,454	88,866
Total Ferrellgas Partners, L.P. deficit	(756,764)	(815,113)
Noncontrolling interest	(6,837)	(7,966)
Total deficit	(763,601)	(823,079)
Total liabilities, mezzanine and deficit	\$ 1,772,513	\$ 1,729,644

See notes to condensed consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per unit data)
(unaudited)

	For the three months ended April 30,		For the nine months ended April 30,	
	2022	2021	2022	2021
Revenues:				
Propane and other gas liquids sales	\$ 622,211	\$ 542,036	\$ 1,652,419	\$ 1,351,519
Other	25,332	22,694	74,568	67,665
Total revenues	647,543	564,730	1,726,987	1,419,184
Costs and expenses:				
Cost of sales - propane and other gas liquids sales	362,958	298,386	966,709	706,790
Cost of sales - other	3,176	2,985	10,343	10,156
Operating expense - personnel, vehicle, plant and other	147,293	124,624	392,418	348,898
Operating expense - equipment lease expense	5,775	6,770	17,487	20,462
Depreciation and amortization expense	23,067	21,281	65,306	63,920
General and administrative expense	10,962	15,205	39,321	48,760
Non-cash employee stock ownership plan compensation charge	776	811	2,436	2,281
(Gain) loss on asset sales and disposals	1,299	1,345	(6,566)	2,238
Operating income	92,237	93,323	239,533	215,679
Interest expense	(23,965)	(42,189)	(74,499)	(149,010)
Loss on extinguishment of debt	—	(109,922)	—	(109,922)
Other income, net	99	553	4,406	4,169
Reorganization expense - professional fees	—	(9,007)	—	(10,207)
Earnings (loss) before income taxes	68,371	(67,242)	169,440	(49,291)
Income tax expense	248	193	825	606
Net earnings (loss)	68,123	(67,435)	168,615	(49,897)
Net earnings (loss) attributable to noncontrolling interest	537	(641)	1,230	(308)
Net earnings (loss) attributable to Ferrellgas Partners, L.P.	\$ 67,586	\$ (66,794)	\$ 167,385	\$ (49,589)
Class A unitholders' interest in net earnings (loss) (Note N)	\$ 7,336	\$ (74,057)	\$ 16,668	\$ (57,024)
Basic and diluted net earnings (loss) per Class A Unit (Note N)	\$ 1.51	\$ (15.25)	\$ 3.43	\$ (11.74)

See notes to condensed consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)
(unaudited)

	<u>For the three months ended April 30,</u>		<u>For the nine months ended April 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net earnings (loss)	\$ 68,123	\$ (67,435)	\$ 168,615	\$ (49,897)
Other comprehensive income (loss):				
Change in value of risk management derivatives	29,355	20,446	84,427	63,170
Reclassification of gains on derivatives to earnings, net	(44,145)	(22,383)	(96,965)	(28,674)
Other comprehensive income (loss)	<u>(14,790)</u>	<u>(1,937)</u>	<u>(12,538)</u>	<u>34,496</u>
Comprehensive income (loss)	53,333	(69,372)	156,077	(15,401)
Comprehensive (income) loss attributable to noncontrolling interest	148	20	126	(348)
Comprehensive income (loss) attributable to Ferrellgas Partners, L.P.	<u>\$ 53,481</u>	<u>\$ (69,352)</u>	<u>\$ 156,203</u>	<u>\$ (15,749)</u>

See notes to condensed consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF EQUITY (DEFICIT)
(in thousands)
(unaudited)

	Number of units			Class A unitholders	Class B unitholders	General partner unitholder	Accumulated other comprehensive income	Total Ferrelgas Partners, L.P. partners' deficit	Non-controlling interest	Total partners' deficit
	Class A unitholders	Class B unitholders	General partner unitholder							
Balance at July 31, 2021	4,857.6	1,300.0	49.5	\$ (1,214,813)	\$ 383,012	\$ (72,178)	\$ 88,866	\$ (815,113)	\$ (7,966)	\$ (823,079)
Contributions in connection with non-cash ESOP compensation charges	—	—	—	892	(49,998)	8	—	900	9	909
Distributions to Class B unitholders	—	—	—	—	—	—	—	(49,998)	—	(49,998)
Net earnings allocated to preferred units	—	—	—	(16,835)	—	(170)	—	(17,005)	—	(17,005)
Net loss	—	—	—	(8,520)	—	(86)	—	(8,606)	(254)	(8,860)
Other comprehensive income	—	—	—	—	—	—	49,813	49,813	509	50,322
Balance at October 31, 2021	4,857.6	1,300.0	49.5	\$ (1,239,276)	\$ 333,014	\$ (72,426)	\$ 138,679	\$ (840,009)	\$ (7,702)	\$ (847,711)
Contributions in connection with non-cash ESOP compensation charges	—	—	—	736	—	7	—	743	8	751
Net earnings allocated to preferred units	—	—	—	(16,154)	—	(163)	—	(16,317)	—	(16,317)
Net earnings	—	—	—	57,323	49,998	1,084	—	108,405	947	109,352
Other comprehensive loss	—	—	—	—	—	—	(47,583)	(47,583)	(487)	(48,070)
Balance at January 31, 2022	4,857.6	1,300.0	49.5	\$ (1,197,371)	\$ 383,012	\$ (71,498)	\$ 91,096	\$ (794,761)	\$ (7,234)	\$ (801,995)
Contributions in connection with non-cash ESOP compensation charges	—	—	—	759	—	9	—	768	8	776
Net earnings allocated to preferred units	—	—	—	(15,558)	—	(157)	—	(15,715)	—	(15,715)
Net earnings	—	—	—	66,911	—	675	—	67,586	537	68,123
Other comprehensive loss	—	—	—	—	—	—	(14,642)	(14,642)	(148)	(14,790)
Balance at April 30, 2022	4,857.6	1,300.0	49.5	\$ (1,145,259)	\$ 383,012	\$ (70,971)	\$ 76,454	\$ (756,764)	\$ (6,837)	\$ (763,601)

	Number of units			Class A unitholders	Class B unitholders	General partner unitholder	Accumulated other comprehensive income (loss)	Total Ferrelgas Partners, L.P. partners' deficit	Non-controlling interest	Total partners' deficit
	Class A unitholders	Class B unitholders	General partner unitholder							
Balance at July 31, 2020	4,857.6	—	49.5	\$ (1,126,452)	—	\$ (71,287)	\$ (2,303)	\$ (1,200,042)	\$ (8,226)	\$ (1,208,268)
Contributions in connection with non-cash ESOP compensation charges	—	—	—	694	—	7	—	701	7	708
Net loss	—	—	—	(45,601)	—	(461)	—	(46,062)	(391)	(46,453)
Other comprehensive income	—	—	—	—	—	—	7,837	7,837	80	7,917
Balance at October 31, 2020	4,857.6	—	49.5	\$ (1,171,359)	—	\$ (71,741)	\$ 5,534	\$ (1,237,566)	\$ (8,530)	\$ (1,246,096)
Contributions in connection with non-cash ESOP compensation charges	—	—	—	746	—	8	—	754	8	762
Net earnings	—	—	—	62,634	—	633	—	63,267	724	63,991
Other comprehensive income	—	—	—	—	—	—	28,228	28,228	288	28,516
Balance at January 31, 2021	4,857.6	—	49.5	\$ (1,107,979)	—	\$ (71,100)	\$ 33,762	\$ (1,145,317)	\$ (7,510)	\$ (1,152,827)
Contributions in connection with non-cash ESOP compensation charges	—	—	—	795	—	8	—	803	8	811
Issuance of Class B units	—	1,300.0	—	—	388,147	—	—	388,147	—	388,147
Net earnings allocated to preferred units	—	—	—	(8,011)	—	—	—	(8,011)	—	(8,011)
Net loss	—	—	—	(66,046)	—	(748)	—	(66,794)	(641)	(67,435)
Other comprehensive loss	—	—	—	—	—	—	(1,917)	(1,917)	(20)	(1,937)
Balance at April 30, 2021	4,857.6	1,300.0	49.5	\$ (1,181,241)	\$ 388,147	\$ (71,840)	\$ 31,845	\$ (833,089)	\$ (8,163)	\$ (841,252)

See notes to condensed consolidated financial statements.

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

	For the nine months ended April 30,	
	2022	2021
Cash flows from operating activities:		
Net earnings (loss)	\$ 168,615	\$ (49,897)
Reconciliation of net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization expense	65,306	63,920
Non-cash employee stock ownership plan compensation charge	2,436	2,281
(Gain) loss on asset sales and disposals	(6,566)	2,238
Loss on extinguishment of debt	—	109,922
Provision for expected credit losses	1,456	3,479
Deferred income tax benefit	(3)	—
Other	5,596	6,524
Changes in operating assets and liabilities, net of effects from business acquisitions:		
Accounts and notes receivable, net of securitization	(89,133)	(72,557)
Inventories	(12,175)	2,922
Prepaid expenses and other current assets	3,731	(11,273)
Accounts payable	32,758	20,520
Accrued interest expense	(20,803)	(12,986)
Other current liabilities	(7,880)	31,213
Other assets and liabilities	(15,167)	6,650
Net cash provided by operating activities	<u>128,171</u>	<u>102,956</u>
Cash flows from investing activities:		
Business acquisitions, net of cash acquired	(9,610)	—
Capital expenditures	(69,611)	(50,470)
Proceeds from sale of assets	2,170	3,707
Cash payments to construct assets in connection with future lease transactions	(1,425)	(603)
Cash receipts in connection with leased vehicles	1,663	391
Net cash used in investing activities	<u>(76,813)</u>	<u>(46,975)</u>
Cash flows from financing activities:		
Proceeds from sale of preferred units, net of issue discount and offering cost	—	670,429
Preferred unit distributions	(47,783)	—
Distributions to Class B unitholders	(49,998)	—
Fees in connection with Class B Unit exchange	—	(1,954)
Proceeds from issuance of long-term debt	—	1,475,000
Payments on long-term debt	(1,208)	(1,540)
Payment for settlement and early extinguishment of liabilities	—	(2,175,000)
Payment of redemption premium on debt extinguishment	—	(83,072)
Make-whole payments	—	(1,954)
Cash paid for financing costs	(337)	(43,520)
Cash payments for principal portion of lease liability	(4,889)	(5,282)
Net cash used in financing activities	<u>(104,215)</u>	<u>(166,893)</u>
Net change in cash, cash equivalents and restricted cash	<u>(52,857)</u>	<u>(110,912)</u>
Cash, cash equivalents and restricted cash - beginning of period	281,952	333,761
Cash, cash equivalents and restricted cash - end of period	<u>\$ 229,095</u>	<u>\$ 222,849</u>

See notes to condensed consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per unit data, unless otherwise designated)
(unaudited)

A. Partnership organization and formation

Ferrellgas Partners, L.P. (“Ferrellgas Partners”) was formed on April 19, 1994, and is a publicly traded limited partnership. Ferrellgas Partners is a holding entity that conducts no operations and has two direct subsidiaries, Ferrellgas Partners Finance Corp. and Ferrellgas, L.P. (the “operating partnership”). Ferrellgas Partners owns a 100% equity interest in Ferrellgas Partners Finance Corp., whose only business activity is to act as the co-issuer and co-obligor of any debt securities issued by Ferrellgas Partners. Our activities are primarily conducted through the operating partnership. Ferrellgas Partners and the holders of Preferred Units (as defined in Note F – Preferred units) are the only limited partners of the operating partnership. Ferrellgas Partners and the operating partnership, collectively referred to as “Ferrellgas,” are both Delaware limited partnerships and are governed by their respective partnership agreements. Ferrellgas Partners was formed to acquire and hold a limited partner interest in the operating partnership.

Ferrellgas, Inc. (the “general partner”), a Delaware corporation and a wholly-owned subsidiary of Ferrell Companies, is the sole general partner of Ferrellgas Partners and the operating partnership and, excluding the economic interests attributable to Ferrellgas Partners’ Class B Units and the operating partnership’s Preferred Units, owns an approximate 1% general partner economic interest in each, and, therefore, an effective 2% general partner economic interest in the operating partnership. Excluding the economic interests attributable to the Preferred Units, Ferrellgas Partners owns an approximate 99% limited partner interest in the operating partnership. Our general partner performs all management functions for us. Unless contractually provided for, creditors of the operating partnership have no recourse with regards to Ferrellgas Partners. As of April 30, 2022, Ferrell Companies Inc., a Kansas corporation (“Ferrell Companies”), the parent company of our general partner, currently beneficially owns approximately 23.4% of Ferrellgas Partners’ outstanding Class A Units. Ferrell Companies is owned 100% by an employee stock ownership trust.

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

The operating partnership was formed on April 22, 1994, and accounts for substantially all of our consolidated assets, sales and operating earnings.

Due to seasonality, the results of operations for the nine months ended April 30, 2022 are not necessarily indicative of the results to be expected for the full fiscal year ending July 31, 2022.

The condensed consolidated financial statements of Ferrellgas reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the interim periods presented. All adjustments to the condensed consolidated financial statements were of a normal recurring nature. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with (i) the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and (ii) the consolidated financial statements and accompanying notes included in Ferrellgas’ Annual Report on Form 10-K for fiscal 2021.

B. Summary of significant accounting policies

(1) **Accounting estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. Significant estimates impacting the condensed consolidated financial statements include accruals that have been established for contingent liabilities, pending claims and legal actions arising in the normal course of business, useful lives of property, plant and equipment, residual values of tanks, capitalization of customer tank installation costs, amortization methods of intangible assets, valuation methods used to value sales returns and allowances, allowance for expected credit losses, fair value of reporting units, fair value of Class B units, recoverability of long-lived assets, assumptions used to value business combinations, determination of incremental borrowing rate used to measure right-of-use asset and lease liability, fair values of derivative contracts and stock-based compensation calculations.

(2) **Goodwill, net:** The operating partnership tests goodwill for impairment annually during the second fiscal quarter or more frequently if events or changes in circumstances indicate that it is more likely than not the fair value of a reporting unit is less than the carrying value. During the most recent impairment testing conducted during the fiscal quarter ended January 31, 2022, the operating partnership determined that goodwill was not impaired.

(3) New accounting standards:

No new accounting standards were adopted during the nine months ended April 30, 2022.

C. Supplemental financial statement information

Inventories consist of the following:

	April 30, 2022	July 31, 2021
Propane gas and related products	\$ 86,663	\$ 75,848
Appliances, parts and supplies, and other	13,891	12,531
Inventories	<u>\$ 100,554</u>	<u>\$ 88,379</u>

In addition to inventories on hand, Ferrellgas enters into contracts to take delivery of propane for supply procurement purposes with terms that generally do not exceed 36 months. Most of these contracts call for payment based on market prices at the date of delivery. As of April 30, 2022, Ferrellgas had committed, for supply procurement purposes, to deliver approximately 1.3 million gallons of propane at fixed prices, net of contracts to deliver.

Prepaid expenses and other current assets consist of the following:

	April 30, 2022	July 31, 2021
Broker margin deposit assets	\$ 11,938	\$ 21,068
Other	23,425	18,024
Prepaid expenses and other current assets	<u>\$ 35,363</u>	<u>\$ 39,092</u>

Other current liabilities consist of the following:

	April 30, 2022	July 31, 2021
Accrued interest	\$ 8,292	\$ 29,095
Customer deposits and advances	31,765	35,734
Accrued payroll	23,246	28,143
Accrued insurance	22,735	11,104
Accrued senior preferred units distributions	16,873	16,013
Other	55,771	46,733
Other current liabilities	<u>\$ 158,682</u>	<u>\$ 166,822</u>

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

	For the three months ended April 30,		For the nine months ended April 30,	
	2022	2021	2022	2021
Operating expense - personnel, vehicle, plant and other	\$ 71,487	\$ 56,989	\$ 184,128	\$ 161,242
Depreciation and amortization expense	3,934	3,347	10,270	9,828
Operating expense - equipment lease expense	4,054	5,551	11,721	17,227
	<u>\$ 79,475</u>	<u>\$ 65,887</u>	<u>\$ 206,119</u>	<u>\$ 188,297</u>

Cash and cash equivalents consist of the following:

	April 30, 2022	July 31, 2021
Cash and cash equivalents	\$ 217,880	\$ 270,452
Restricted cash (1)	11,215	11,500
Cash, cash equivalents and restricted cash	<u>\$ 229,095</u>	<u>\$ 281,952</u>

(1) As of April 30, 2022 and July 31, 2021, restricted cash consists of an \$11.2 million and \$11.5 million cash deposit made with the administrative agent under the operating partnership's senior secured credit facility that was terminated in April 2020, which may be used by the administrative agent to pay contingent obligations arising under the financing agreement that governed the terminated senior secured credit facility.

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

	For the nine months ended April 30,	
	2022	2021
Cash paid for:		
Interest	\$ 85,867	\$ 154,834
Income taxes	\$ 650	\$ 438
Non-cash investing and financing activities:		
Liabilities incurred in connection with acquisitions	\$ 644	\$ —
Change in accruals for property, plant and equipment additions	\$ 426	\$ (48)
Lease liabilities arising from operating right-of-use assets	\$ 11,240	\$ 7,315
Lease liabilities arising from finance right-of-use assets	\$ 1,872	\$ 1,904
Accrued fees relating to senior preferred units	\$ —	\$ 18,575
Accrued senior preferred units distributions	\$ 16,873	\$ 8,011

D. Accounts and notes receivable, net

Accounts and notes receivable, net consist of the following:

	April 30, 2022	July 31, 2021
Accounts receivable	\$ 223,349	\$ 135,182
Note receivable	2,635	13,648
Less: Allowance for expected credit losses	(6,733)	(17,256)
Accounts and notes receivable, net	<u>\$ 219,251</u>	<u>\$ 131,574</u>

E. Debt

Long-term debt

Long-term debt consists of the following:

	April 30, 2022	July 31, 2021
Unsecured senior notes		
Fixed rate, 5.375%, due 2026 (1)	\$ 650,000	\$ 650,000
Fixed rate, 5.875%, due 2029 (1)	825,000	825,000
Notes payable		
9.0% and 8.8% weighted average interest rate at April 30, 2022 and July 31, 2021, respectively, due 2022 to 2029, net of unamortized discount of \$497 and \$573 at April 30, 2022 and July 31, 2021, respectively		
Total debt, excluding unamortized debt issuance and other costs	4,719	3,882
Unamortized debt issuance and other costs	1,479,719	1,478,882
Less: current portion of long-term debt	(28,910)	(32,322)
Long-term debt	1,979	1,670
	<u>\$ 1,448,830</u>	<u>\$ 1,444,890</u>

(1) On March 30, 2021 (the "Effective Date"), two wholly-owned subsidiaries of the operating partnership (referred to herein as the Escrow Issuers) issued \$650.0 million aggregate principal amount of 5.375% senior notes due 2026 (referred to herein as the "2026 Notes") and \$825.0 million aggregate principal amount of 5.875% senior notes due 2029 (referred to herein as the "2029 Notes"). On the Effective Date and immediately after the issuance of the 2026 Notes and 2029 Notes by the Escrow Issuers, (i) the Escrow Issuers were merged into the operating partnership and Ferrellgas Finance Corp., respectively, and the operating partnership and Ferrellgas Finance Corp. assumed the obligations of the Escrow Issuers as co-issuers of the 2026 Notes and the 2029 Notes, and (ii) the general partner and certain subsidiaries of the operating partnership guaranteed the 2026 Notes and the 2029 Notes. The 2026 Notes and 2029 Notes bear interest from the date of issuance, payable semi-annually in arrears on October 1 and April 1 of each year. The 2026 Notes will mature on April 1, 2026, and the 2029 Notes will mature on April 1, 2029. See "--Senior unsecured notes" below for additional discussion.

Senior secured revolving credit facility

On the Effective Date, the operating partnership, the general partner and certain of the operating partnership's subsidiaries entered into a credit agreement (the "Credit Agreement"), which provides for a four-year revolving credit facility (the "Credit Facility") in an aggregate principal amount of up to \$350.0 million, including a sublimit not to exceed \$225.0 million for the issuance of letters of credit for a period of 60 days after March 30, 2021, reducing to \$200.0 million thereafter.

All borrowings under the Credit Facility are guaranteed by the general partner and the direct and indirect subsidiaries of the operating partnership (other than Ferrellgas Finance Corp. and Ferrellgas Receivables, LLC) and a limited-recourse guaranty from Ferrellgas Partners (limited to its equity interests in the operating partnership). Additionally, all borrowings are secured, on a first priority basis, by substantially all of the assets of the operating partnership and its subsidiaries and all of the equity interests in the operating partnership held by the general partner and Ferrellgas Partners.

Availability under the Credit Facility is, at any time, an amount equal to (a) the lesser of the revolving commitment (initially \$350.0 million) and the Borrowing Base (as defined below) minus (b) the sum of the aggregate outstanding amount of borrowings under the Credit Facility plus the undrawn amount of outstanding letters of credit under the Credit Facility plus unreimbursed drawings in respect of letters of credit (unless otherwise converted into revolving loans). The "Borrowing Base" equals the sum of: (a) \$200.0 million, plus (b) 80% of the eligible accounts receivable of the operating partnership and its subsidiaries, plus (c) 70% of the eligible propane inventory of the operating partnership and its subsidiaries, valued at weighted average cost, less (d) certain reserves, as determined and subject to certain modifications by the administrative agent in its permitted discretion.

Amounts borrowed under the Credit Facility bear interest, at the operating partnership's option, at either (a) for base rate loans, (i) a base rate determined by reference to the highest of (A) the rate of interest last quoted by *The Wall Street Journal* in the U.S. as the prime rate in effect, (B) the NYFRB Rate from time to time plus 0.50% per annum and (C) the Adjusted LIBO Rate for a one-month interest period plus 1.00% per annum plus (ii) a margin of 1.50% to 2.00% per annum depending on total net leverage or (b) for Eurodollar rate loans, (i) a rate determined by reference to the Adjusted LIBO Rate plus (ii) a margin of 2.50% to 3.00% per annum depending on total net leverage. The operating partnership is required to pay an undrawn fee to the lenders on the average daily unused amount of the Credit Facility at a rate of 0.375% to 0.50% per annum depending on total net leverage.

The Credit Agreement contains customary representations, warranties, covenants and events of default.

The financial covenants in the Credit Agreement require the operating partnership to maintain: (1) a minimum interest coverage ratio (defined generally as the ratio of adjusted EBITDA to cash interest expense) of 2.50 to 1.00, (2) a maximum secured leverage ratio (defined generally as the ratio of total first priority secured indebtedness to adjusted EBITDA) of 2.50 to 1.00, and (3) a maximum total net leverage ratio (defined generally as the ratio of total indebtedness (net of unrestricted cash, subject to certain limits) to adjusted EBITDA) of 5.50 to 1.00 initially. The maximum total net leverage ratio adjusts to 5.25 to 1.00 starting with the quarter ending April 30, 2022, 5.00 to 1.00 starting with the quarter ending October 31, 2022, and 4.75 to 1.00 starting with the quarter ending April 30, 2023.

In addition to the financial covenants, the Credit Agreement includes covenants that may (or if not met will) restrict the ability of the operating partnership to, among other things: incur indebtedness or liens; effect certain fundamental changes, including mergers, consolidations, liquidations, dissolutions and changes in line of business; make certain restricted payments, including distributions to holders of Preferred Units, Ferrellgas Partners and the general partner and redemptions of Preferred Units; make investments, loans or advances; dispose of assets; effect sale and leaseback transactions; enter into swap agreements; make optional payments and modifications of subordinated and other debt instruments; enter into transactions with affiliates; agree to negative pledge clauses and burdensome agreements; and effect amendments to organizational documents.

In particular, under these covenants, subject to certain exceptions and additional requirements, the operating partnership is permitted to make cash distributions to holders of Preferred Units, Ferrellgas Partners and the general partner, redemptions of Preferred Units and other restricted payments (i) only in limited amounts specified in the Credit Agreement and (ii) only if availability under the Credit Facility exceeds the greater of \$50.0 million and 15% of the Borrowing Base and the operating partnership's total net leverage ratio is not greater than 5.0 to 1.0 (or 4.75 to 1.0 starting on April 30, 2023). As of April 30, 2022, the operating partnership is in compliance with all of its debt covenants.

On June 11, 2021, the operating partnership, the general partner and certain of the operating partnership's subsidiaries entered into a First Amendment to the Credit Agreement (the "Credit Agreement Amendment"), with an effective date of April 30, 2021. Among other matters, the Credit Agreement Amendment amended the minimum-interest-coverage-ratio covenant described above by (i) waiving compliance with the covenant for the trailing four fiscal quarters ended April 30, 2021 and (ii) annualizing the cash interest expense component of the covenant for (a) the fiscal quarter ended on July 31, 2021, (b) the two fiscal quarters ending October 31, 2021, and (c) the three fiscal quarters ending January 31, 2022.

Senior unsecured notes

On the Effective Date, (i) the Escrow Issuers issued \$650.0 million aggregate principal amount of 2026 Notes and \$825.0 million aggregate principal amount of 2029 Notes, and (ii) the operating partnership and Ferrellgas Finance Corp. assumed the obligations of the Escrow Issuers as co-issuers of the 2026 Notes and the 2029 Notes upon the merger of the Escrow Issuers into the operating partnership and Ferrellgas Finance Corp., respectively. The operating partnership received aggregate net proceeds from the issuance and sale of the 2026 Notes and the 2029 Notes of approximately \$1,441.2 million, after deducting the initial purchasers' discount and estimated offering expenses. The operating partnership used such net proceeds, together with the net proceeds of the issuance and sale of the Preferred Units, as discussed in Note F – Preferred units, and cash on hand, (i) to redeem (or satisfy and discharge the indentures governing and subsequently redeem) all of the issued and outstanding 6.50% senior unsecured notes due 2021 (the "2021 Notes"), 6.75% senior unsecured notes due 2022 (the "2022 Notes"), 6.75% senior unsecured notes due 2023 (the "2023 Notes") and 10.00% senior secured notes due 2025 (the "2025 Notes"), in the aggregate combined principal amount for all such notes of \$2,175.0 million, and (ii) to repay all outstanding obligations under the agreement governing the accounts receivable securitization facility (the "Accounts Receivables Facility") in connection with the termination of that facility.

The 2026 Notes and 2029 Notes are the senior unsecured obligations of the operating partnership and Ferrellgas Finance Corp. and are unconditionally guaranteed, jointly and severally, on a senior unsecured basis by the general partner and all domestic subsidiaries of the operating partnership other than Ferrellgas Finance Corp. and Ferrellgas Receivables, LLC.

The 2026 Notes may be redeemed prior to April 1, 2023 and the 2029 Notes may be redeemed prior to April 1, 2024 at the issuers' option, in whole or in part, at a redemption price of par plus the applicable make-whole premium and accrued and unpaid interest. On and after April 1, 2023 and April 1, 2024, the 2026 Notes and the 2029 Notes, respectively, may be redeemed at the issuers' option, in whole or in part, at the redemption prices set forth in the respective indenture governing such notes, plus accrued and unpaid interest. Beginning on April 1, 2025 and April 1, 2026, the 2026 Notes and 2029 Notes, respectively, may be redeemed at par plus accrued and unpaid interest.

The indentures governing the 2026 Notes and 2029 Notes contain customary affirmative and negative covenants restricting, among other things, the ability of the operating partnership and its restricted subsidiaries to: incur additional indebtedness and guarantee indebtedness; pay dividends or make other distributions (including distributions to holders of Preferred Units, Ferrellgas Partners and the general partner) or repurchase or redeem their equity interests (including redemptions of Preferred Units); repurchase or redeem certain debt; make certain other restricted payments or investments; sell assets, incur liens, enter into transactions with affiliates, enter into agreements restricting the operating partnership's subsidiaries' ability to pay dividends; and consolidate, merge or sell all or substantially all of their assets. The indentures also restrict the ability of the general partner to engage in certain activities.

In particular, under these covenants, subject to certain exceptions and additional requirements, the operating partnership is permitted to make cash distributions to holders of Preferred Units, Ferrellgas Partners and the general partner, redemptions of Preferred Units and other restricted payments (i) only in limited amounts specified in the indentures and (ii) only if the operating partnership's net leverage ratio (defined generally to mean the ratio of consolidated total net debt to trailing four quarters consolidated EBITDA, both as adjusted for certain, specified items) is not greater than 5.0 to 1.0, on a pro forma basis giving effect to the restricted payment and, if applicable, certain other specified events. Further, if the operating partnership's consolidated fixed charge coverage ratio (defined generally to mean the ratio of trailing four quarters consolidated EBITDA to consolidated fixed charges, both as adjusted for certain, specified items) is equal to or less than 1.75 to 1.00 (on a pro forma basis giving effect to the restricted payment and, if applicable, certain other specified events), the amount of distributions and other restricted payments the operating partnership is permitted to make under the indentures is further limited. As of April 30, 2022, the operating partnership is in compliance with all of its debt covenants.

The scheduled annual principal payments on long-term debt are as follows:

Payment due by fiscal year	Scheduled principal payments
2022	\$ 462
2023	1,709
2024	1,139
2025	930
2026	650,710
Thereafter	825,266
Total	\$ 1,480,216

Letters of credit outstanding at April 30, 2022 and July 31, 2021 totaled \$90.8 million and \$107.7 million, respectively, and were used to secure insurance arrangements, product purchases and commodity hedges. As of April 30, 2022, Ferrellgas had available borrowing capacity under its Credit Facility of \$259.2 million.

F. Preferred units

On the Effective Date, pursuant to an Investment Agreement with certain purchasers named therein, the operating partnership issued and sold an aggregate of 700,000 Preferred Units (the "Preferred Units"), having an aggregate initial liquidation preference of \$700.0 million. The purchase price per Preferred Unit was \$1,000 less a 3.0% purchase price discount, for an aggregate purchase price of \$679.0 million. The operating partnership received net proceeds from the issuance and sale of the Preferred Units of approximately \$651.3 million, after deduction of the purchase price discount and certain expenses.

The operating partnership used such net proceeds, together with the net proceeds of the issuance and sale of the 2026 Notes and the 2029 Notes and cash on hand, (i) to redeem (or satisfy and discharge the indentures governing and subsequently redeem) all of the issued and outstanding 2021 Notes, 2022 Notes, 2023 Notes and 2025 Notes, as described in Note E - Debt, and (ii) to repay all outstanding obligations under the Accounts Receivable Facility in connection with the termination of that facility.

Redemption of the Preferred Units in the near term is not probable because of the high redemption price in the first three to five years. As described in greater detail under "Issuer Redemption Right" below, the Redemption Price for the Preferred Units is based upon the greater of the amount that would result in a 1.47x MOIC (defined below) and the amount that would result in a 12.25% internal rate of return. If the Preferred Units were redeemed at any time during the first three to four years after issuance, the 1.47x MOIC would require a large premium payment and that large premium payment would result in an internal rate of return far in excess of the minimum 12.25%. Consequently, it is unlikely that Ferrellgas would be able to achieve any savings in its cost of capital by redeeming the Preferred Units during the first three to four years after issuance.

"MOIC" means, with respect to a Preferred Unit, a multiple on invested capital equal to the quotient determined by dividing (A) the sum of (x) the aggregate amount of all distributions made in cash with respect to such Preferred Unit prior to the applicable date of determination, with certain exclusions, plus (y) each Redemption Price paid in cash in respect of such Preferred Unit, on or prior to the applicable date of determination, by (B) the Purchase Price (defined below) of such Preferred Unit.

On the Effective Date the general partner entered into (i) the Fifth Amended and Restated Agreement of Limited Partnership of Ferrellgas, L.P. (the "Amended OpCo LPA"), which amended and restated in its entirety the Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas L.P., and (ii) the First Amendment to the Amended OpCo LPA (the "OpCo LPA Amendment"), which sets forth the preferences, rights, privileges and other terms of the Preferred Units.

Issuer Redemption Right

The operating partnership has the right to redeem all or a portion of the Preferred Units for cash, pro rata and at any time and from time to time, including in connection with a Change of Control (as defined in the OpCo LPA Amendment), at an amount per Preferred Unit (the "Redemption Price") equal to, without duplication, the sum of (a) the greater of (i) the amount necessary to result in a MOIC of 1.47x in respect of the purchase price, before discount, of such Preferred Unit, which is \$1,000 per Preferred Unit (the "Purchase Price"), and (ii) the amount necessary to result in the applicable internal rate of return equal to 12.25%, which is increased by 150 basis points if the operating partnership has elected to pay more than four Quarterly Distributions (as defined below) in PIK Units (as defined below) and (b) the accumulated but unpaid Quarterly Distributions to the date of redemption, if any. A partial redemption of the Preferred Units is permitted only in the event the aggregate amount to be paid in respect of all Preferred Units included in such partial redemption is at least \$25.0 million.

Investor Redemption Right

In the event that (i) any Class B Units are outstanding, or (ii) (x) no Class B Units are outstanding and (y) no more than 233,300 Preferred Units are outstanding, at any time on and after the tenth anniversary of the Effective Date the Required Holders may elect, by delivery of written notice, to have the operating partnership fully redeem each remaining outstanding Preferred Unit for an amount in cash equal to the Redemption Price. "Required Holders" refers to both (i) holders owning at least 33.3% of the total Preferred Units outstanding at any time and (ii) certain initial affiliated purchasers, for so long as such initial affiliated purchasers collectively own at least 25% of the Preferred Units outstanding at such time.

In the event that (i) no Class B Units are outstanding and (ii) more than 233,300 Preferred Units are outstanding, the Required Holders will have the right to trigger a sale of the operating partnership after the tenth anniversary of the Effective Date. If the operating partnership fails to consummate a sale that would pay the Redemption Price in full within 180 days of written notice requiring such sale, the Required Holders will have the right to appoint a majority of the members of the Board of Directors of the general partner and initiate a sale of the operating partnership.

Change of Control

Upon a Change of Control (as defined in the OpCo LPA Amendment), the Required Holders will have the option to require the redemption of all or a portion of the Preferred Units in cash in an amount equal to the Redemption Price; provided, that such Redemption Price shall not be payable unless the operating partnership shall have first made any required change of control offer pursuant to the indentures governing the 2026 Notes and the 2029 Notes and purchased all such 2026 Notes and 2029 Notes tendered pursuant to such offer (unless otherwise waived by such noteholders); provided, further that the Redemption Price shall be paid immediately following the purchase of such tendered Notes (if any).

Fair Value of Embedded Derivatives

Ferrellgas identified the investor redemption right and the change in control option as embedded derivatives that require bifurcation as they are not clearly and closely related to the debt host contract and has concluded that the fair values at issuance and at April 30, 2022, are immaterial to the financial statements.

Distributions

Pursuant to the OpCo LPA Amendment, the operating partnership is required to pay to the holders of each Preferred Unit a cumulative, quarterly distribution (the "Quarterly Distribution") at the Distribution Rate (as defined below) on the Purchase Price.

"Distribution Rate" means, for the first five years after March 30, 2021, a rate per annum equal to 8.956%, with certain increases in the Distribution Rate on each of the 5th, 6th and 7th anniversaries of March 30, 2021, subject to a maximum rate of 11.125% and certain other adjustments and exceptions.

The Quarterly Distribution may be paid in cash or, at the election of the operating partnership, "in kind" through the issuance of additional Preferred Units ("PIK Units") at the quarterly Distribution Rate plus an applicable premium that escalates each year from 75 bps to 300 bps so long as the Preferred Units remain outstanding. In the event the operating partnership fails to make any Quarterly Distribution in cash, such Quarterly Distribution will automatically be paid in PIK Units.

The Distribution Rate on the Preferred Units will increase upon violation of certain protective provisions for the benefit of Preferred Unit holders notwithstanding the cap mentioned above.

On February 15, 2022 and May 15, 2022, \$15.4 million of the Quarterly Distribution was paid for each quarter in cash to holders of Preferred Units. As of April 30, 2022, the Quarterly Distribution accrued was \$16.9 million. The remaining Quarterly Distribution accrual of \$1.5 million represents additional amounts payable to certain holders of Preferred Units pursuant to the side letters outlined in the OpCo LPA Amendment.

Tax Distributions

For any quarter in which the operating partnership makes a Quarterly Distribution in PIK Units in lieu of cash, it will be required to make a subsequent cash tax distribution for such quarter in an amount equal to the (i) the lesser of (x) 25% and (y) the highest combined federal, state and local tax rate applicable for corporations organized in New York, multiplied by (ii) the excess (if any) of (A) one-fourth (1/4th) of the estimated taxable income to be allocated to the holders of Preferred Units for the year in which the Quarterly Tax Payment Date (which refers to certain specified dates that next follow a Quarterly Distribution date on which PIK Units were issued) occurs, over (B) any cash paid on the Quarterly Distribution date immediately preceding the Quarterly Tax Payment Date on which a quarterly tax amount would otherwise be paid (such amount, the "Tax Distribution"). Tax Distributions are treated as advances against, and reduce, future cash distributions for any reason, including payments in redemption of Preferred Units or PIK Units, or payments to the holders in their capacity as such pursuant to any side letter or other agreement.

Additional Amounts for Certain Purchasers

The operating partnership is required to pay certain additional amounts of cash (the "Additional Amounts") as necessary to certain holders of Preferred Units that hold their interests through a "blocker," which is a U.S. entity that is owned and organized by certain original purchasers of Preferred Units who are non-U.S. persons or tax exempt for U.S. tax purposes and is treated as a corporation for U.S. tax purposes. Only certain original purchasers of Preferred Units who hold their Preferred Units through such blockers are, and none of their transferees is, entitled to Additional Amounts. Additional Amounts are capped at the lesser of: (a) the product of 20% multiplied by taxable income allocated to a "blocker" (as defined) divided by 0.8, and (b) the actual taxes payable by the "blocker" as a result of holding Senior Preferred Units.

Board Rights

For so long as at least 140,000 Preferred Units remain outstanding, holders of the Preferred Units have the right to designate one director to the Board of the general partner, subject to approval by the general partner.

Protective Provisions

The OpCo LPA Amendment and the Amended Ferrellgas Partners LPA (as defined in Note G – Equity (Deficit)) include, among other things, certain covenants for the benefit of holders of Preferred Units applicable to the operating partnership and, in certain instances, Ferrellgas Partners, for so long as at least \$35,000,000 of Preferred Units and PIK Units remain outstanding. These covenants include, among other things, limitations on (i) effecting a Change of Control, (ii) amending organizational documents, (iii) issuing certain equity securities, (iv) issuing Preferred Units, (v) filing for bankruptcy, (vi) non-ordinary course investments, and (vii) incurring certain levels of indebtedness.

Ranking and Liquidation Preference

The Preferred Units rank senior to any other class or series of equity interests of the operating partnership (including the partnership interests held by Ferrellgas Partners and the general partner). Upon a liquidation, dissolution or winding up of the operating partnership, each holder of Preferred Units will be entitled to receive, prior and in preference to any distribution of any assets of the operating partnership to the holders of any other class or series of equity interests in the operating partnership (including Ferrellgas Partners and the general partner), an amount per Preferred Unit equal to the Redemption Price.

Restrictions on Cash Distributions to Ferrellgas Partners and the General Partner

The operating partnership is permitted to make distributions of Available Cash (as defined in the Amended OpCo LPA) to Ferrellgas Partners only if (i) the operating partnership has made all required Quarterly Distributions (in cash or PIK Units), Tax Distributions and payments of Additional Amounts, (ii) the operating partnership has redeemed all PIK Units issued, (iii) the operating partnership's consolidated net leverage (defined generally to mean the ratio of the operating partnership's consolidated total net debt (including the total redemption price of all outstanding Preferred Units and PIK Units but excluding certain letters of credit and capital lease obligations) as of each Quarterly Distribution Date to trailing four quarters consolidated EBITDA, both as adjusted for certain, specified items) is below 7.25x through May 15, 2022 and 7.00x thereafter, net of cash, immediately before and after giving effect to such distribution, (iv) the operating partnership has at least \$100 million of liquidity, consisting of unrestricted cash on hand and available capacity under the Credit Agreement or any replacement thereof, and (v) the operating partnership is in compliance with the other protective provisions in the OpCo LPA Amendment.

G. Equity (Deficit)

Reverse Unit Split

On the Effective Date, Ferrellgas Partners effected a 1-for-20 reverse unit split in which holders of its then-outstanding common units received one Class A Unit for every twenty common units held. No fractional Class A Units were issued in connection with the reverse unit split. If, as a result of the reverse unit split, a unitholder would otherwise have been entitled to a fractional Class A Unit, the number of Class A Units such unitholder received was rounded up or down to the nearest whole Class A Unit, with a fraction of one-half or less being rounded down. The reverse unit split resulted in a reduction of our previously outstanding common units from 97,152,665 common units to 4,857,605 Class A Units.

Class B Units

On the Effective Date, Ferrellgas Partners issued 1.3 million Class B Units to the holders of the \$357.0 million aggregate principal amount of its 8.625% senior unsecured notes due June 2020 (the "Ferrellgas Partners Notes") in exchange for such holders' contribution of the Ferrellgas Partners Notes to Ferrellgas Partners as a capital contribution and in satisfaction of such holders' claims in respect of the Ferrellgas Partners Notes. The terms of the Class B Units are set forth in the Sixth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P. (the "Amended Ferrellgas Partners LPA"), which the general partner entered into on the Effective Date and which amended and restated in its entirety the Fifth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P.

Ferrellgas Partners may, subject to certain conditions, issue additional Class A Units to such parties as determined at the discretion of Ferrellgas Partners, upon consent by the holders of the requisite percentage of Class B Units as specified in the Amended Ferrellgas Partners LPA (the "Requisite Class B Units"), which refers to: (i) if the initial majority holder of Class B Units holds at least 50% of Class B Units, holders of at least 50% of the outstanding Class B Units, or (ii) if the initial majority holder of Class B Units holds less than 50% of Class B Units, holders of at least one-third of the outstanding Class B Units.

Pursuant to the Amended Ferrellgas Partners LPA, while any Class B Units remain outstanding, any distributions by Ferrellgas Partners to its partners must be made such that the ratio of (i) the amount of distributions made to holders of Class B Units to (ii) the amount of distributions made to holders of Class A Units and the general partner is not less than 6:1.

Once holders of Class B Units receive distributions in the aggregate amount of \$357.0 million (which was the outstanding principal amount of the Ferrellgas Partners Notes), the Class B Units will be (i) convertible into Class A Units at the option of Ferrellgas Partners, if that distribution threshold is reached prior to the fifth anniversary of the Effective Date, or (ii) converted automatically into Class A Units, if the distribution threshold is reached on or after the fifth anniversary of the Effective Date, in each case at the applicable conversion rate set forth in the following table:

<i>Year Post-Emergence</i>	<i>Conversion Factor</i>
Year 1	1.75x
Year 2	2.00x
Year 3	3.50x
Year 4	4.00x
Year 5	5.00x
Year 6	6.00x
Year 7	7.00x
Year 8	10.00x
Year 9	12.00x
Year 10	25.00x

In the first five years after the Effective Date, Ferrellgas Partners may redeem the Class B Units, in full, at a price equal to an amount that will result in an internal rate of return with respect to the Class B Units equal to the sum of (i) 300 basis points and (ii) the internal rate of return for the Preferred Units as specified in the Amended Ferrellgas Partners LPA, subject to the minimum redemption price of \$302.08 per unit, less any cash distributed prior to the redemption, if called in the first year after issuance. The total internal rate of return required to redeem the Class B Units is 15.85%, but that amount increases under certain circumstances, including if the operating partnership paid distributions on the Preferred Units in-kind rather than in cash for a certain number of quarters. There have not been any in-kind distributions through April 30, 2022.

During the first five years following the Effective Date, after Ferrellgas Partners has distributed \$356 million in distributions to holders of the Class B Units, Ferrellgas Partners will have the option to hold cash for six months at either Ferrellgas Partners or Ferrellgas Partners Finance Corp. for the sole purpose of redeeming the Class B Units. However, if the funds held are not used to redeem the Class B Units, the funds must either be distributed to holders of the Class B Units and, if applicable, holders of the Class A Units and the general partner or returned to the operating partnership.

Ferrellgas Partners will only be able to redeem the Class B Units to the extent it receives sufficient distributions from the operating partnership, and the operating partnership is limited in its ability to make distributions by the indentures that govern the 2026 Notes and the 2029 Notes, the Credit Agreement and the OpCo LPA Amendment governing the Preferred Units.

The holders of Class B Units will have the right to acquire the general partner interests in Ferrellgas Partners and the operating partnership, without the approval of the general partner, Ferrellgas Partners, the holders of the Class A Units or the operating partnership, if the Class B Units are still outstanding and have not been converted to Class A Units by the earlier of (i) a material breach of the covenants in favor of the Class B Units under the Amended Ferrellgas Partners LPA or the Amended OpCo LPA that is not cured within the time period specified therein and (ii) the 10th anniversary of the Effective Date.

Board Rights

The holders of Class B Units will be permitted to designate one independent director to the Board of the general partner in accordance with a voting agreement among the general partner, Ferrell Companies, Inc. ("FCI"), the sole stockholder of the general partner, and the holders of the Class B Units and the general partner's bylaws.

Class A Units

As of April 30, 2022 and July 31, 2021, Class A Units were beneficially owned by the following:

	April 30, 2022	July 31, 2021
Public Class A Unitholders (1)	3,480,621	3,480,621
Ferrell Companies (2)	1,126,468	1,126,468
FCI Trading Corp. (3)	9,784	9,784
Ferrell Propane, Inc. (4)	2,560	2,560
James E. Ferrell (5)	238,172	238,172

- (1) These Class A Units are traded on the OTC Pink Market under the symbol "FGPR".
- (2) Ferrell Companies is the owner of the general partner and an approximate 23% direct owner of Ferrellgas Partners' Class A Units and thus a related party. Ferrell Companies also beneficially owns 9,784 and 2,560 Class A Units of Ferrellgas Partners held by FCI Trading Corp. ("FCI Trading") and Ferrell Propane, Inc. ("Ferrell Propane"), respectively, bringing Ferrell Companies' total beneficial ownership of Class A Units to 23.4%.
- (3) FCI Trading is an affiliate of the general partner and thus a related party.
- (4) Ferrell Propane is controlled by the general partner and thus a related party.
- (5) James E. Ferrell is the Chief Executive Officer and President of our general partner; and is the Chairman of the Board of Directors of our general partner and a related party. JEF Capital Management owns 237,942 of these Class A Units and is owned by the James E. Ferrell Revocable Trust Two and other family trusts, all of which James E. Ferrell and/or his family members are the trustees and beneficiaries. James E. Ferrell holds all voting common stock of JEF Capital Management. The remaining 230 Class A Units are held by Ferrell Resources Holdings, Inc., which is wholly-owned by the James E. Ferrell Revocable Trust One, for which James E. Ferrell is the trustee and sole beneficiary.

Together these Class A Units represent (i) a 99% limited partner economic interest in Ferrellgas Partners, excluding the economic interest attributable to the Class B Units, and (ii) an effective 98% economic interest in the operating partnership, excluding the economic interests attributable to the Class B Units and the Preferred Units. In liquidation, allocations and distributions will be made in accordance with each Class A Unitholder's positive capital account.

The Class A Units of Ferrellgas Partners represent limited partner interests in Ferrellgas Partners, which give the holders thereof the right to participate in distributions made by Ferrellgas Partners, subject to the rights of holders of Class B Units, and to exercise the other rights or privileges available to such holders under the Amended Ferrellgas Partners LPA. Under the terms of the Amended Ferrellgas Partners LPA, holders of Class A Units have limited voting rights on matters affecting the business of Ferrellgas Partners. Generally, persons or groups owning 20% or more of Ferrellgas Partners' outstanding Class A Units cannot vote any of their Class A Units in excess of the 20% threshold. However, this limitation does not apply under certain circumstances and does not apply to Class A Units owned by Ferrell Companies, our general partner and its affiliates, and this limitation expires on the later of (a) five years after the Effective Date and (b) the conversion of the Class B Units to Class A Units.

The Amended Ferrellgas Partners LPA allows the general partner to issue an unlimited number of additional general and limited partner interests of Ferrellgas Partners for such consideration and on such terms and conditions as shall be established by the general partner without the approval of any Class A Unitholders.

Partnership distributions

Ferrellgas Partners did not declare or pay any distributions to Class A Unitholders or the general partner for the nine months ended April 30, 2022. On October 8, 2021, Ferrellgas Partners made a cash distribution in the aggregate amount of approximately \$49.9 million to its Class B Unitholders.

Accumulated other comprehensive income (loss) ("AOCI")

See Note K – Derivative instruments and hedging activities for details regarding changes in fair value on risk management financial derivatives recorded within AOCI for the three and nine months ended April 30, 2022 and 2021.

General partner's commitment to maintain its capital account

Ferrellgas' partnership agreements allow the general partner to have an option to maintain its effective 2% general partner interest (excluding the interest attributable to the Class B Units and Preferred Units) concurrent with the issuance of other additional equity.

During the nine months ended April 30, 2022, the general partner made non-cash contributions of \$49.0 thousand to Ferrellgas to maintain its effective 2% general partner interest.

During the nine months ended April 30, 2021, the general partner made non-cash contributions of \$46.0 thousand to Ferrellgas to maintain its effective 2% general partner interest.

H. Leases

The following table provides the operating and financing right-of-use assets and lease liabilities as of April 30, 2022 and July 31, 2021:

Leases	Classification	April 30, 2022		July 31, 2021	
Assets					
Operating lease assets	Operating lease right-of-use assets	\$	77,695	\$	87,611
Financing lease assets	Other assets, net		32,661		34,858
Total leased assets		\$	<u>110,356</u>	\$	<u>122,469</u>
Liabilities					
Current					
Operating	Current operating lease liabilities	\$	26,041	\$	25,363
Financing	Other current liabilities		6,369		7,479
Noncurrent					
Operating	Operating lease liabilities		51,650		74,349
Financing	Other liabilities		26,806		28,029
Total leased liabilities		\$	<u>110,866</u>	\$	<u>135,220</u>

The following table provides the lease expenses for the three and nine months ended April 30, 2022 and 2021:

Leases expense	Classification	For the three months ended April 30,		For the nine months ended April 30,	
		2022	2021	2022	2021
Operating lease expense	Operating expense - personnel, vehicle, plant and other	\$ 1,667	\$ 1,846	\$ 5,105	\$ 5,126
	Operating expense - equipment lease expense	4,917	6,373	15,377	19,328
	Cost of sales - propane and other gas liquids sales	471	461	1,263	1,479
	General and administrative expense	608	(169)	1,680	307
Total operating lease expense		7,663	8,511	23,425	26,240
Short-term expense	Operating expense - personnel, vehicle, plant and other	3,121	2,003	6,602	5,908
	General and administrative expense	18	111	182	475
Total short-term expense		3,139	2,114	6,784	6,383
Variable lease expense	Operating expense - personnel, vehicle, plant and other	779	784	2,319	2,328
	Operating expense - equipment lease expense	565	397	1,529	1,134
Total variable lease expense		1,344	1,181	3,848	3,462
Finance lease expense:					
Amortization of leased assets	Depreciation and amortization expense	1,900	2,229	4,684	6,583
Interest on lease liabilities	Interest expense	1,283	933	2,893	2,841
Total finance lease expense		3,183	3,162	7,577	9,424
Total lease expense		\$ 15,329	\$ 14,968	\$ 41,634	\$ 45,509

Minimum annual payments under existing operating and finance lease liabilities as of April 30, 2022 are as follows:

Maturities of lease liabilities	Operating leases		Finance leases		Total
2022	\$	7,549	\$	2,323	\$ 9,872
2023		28,100		8,730	36,830
2024		21,918		8,440	30,358
2025		15,188		8,321	23,509
2026		5,836		7,472	13,308
Thereafter		17,740		5,233	22,973
Total lease payments	\$	96,331	\$	40,519	\$ 136,850
Less: Imputed interest		18,640		7,344	25,984
Present value of lease liabilities	\$	77,691	\$	33,175	\$ 110,866

The following table represents the weighted-average remaining lease term and discount rate as of April 30, 2022:

Lease type	As of April 30, 2022	
	Weighted-average remaining lease term (years)	Weighted-average discount rate
Operating leases	4.9	7.6%
Finance leases	4.5	8.3%

Cash flow information is presented below:

	For the nine months ended April 30,	
	2022	2021
Cash paid for amounts included in the measurement of lease liabilities for operating leases:		
Operating cash flows	\$ 13,613	\$ 26,454
Cash paid for amounts included in the measurement of lease liabilities for financing leases:		
Operating cash flows	\$ 2,215	\$ 2,571
Financing cash flows	\$ 4,889	\$ 5,282

I. Revenue from contracts with customers

Disaggregation of revenue

Ferrellgas disaggregates revenues based upon the type of customer and on the type of revenue. The following table presents retail propane revenues, wholesale propane revenues and other revenues. Retail revenues result from sales to end use customers, wholesale revenues result from sales to or through resellers and all other revenues include sales of appliances and other materials, other fees charged to customers and equipment rental charges.

	For the three months ended April 30,		For the nine months ended April 30,	
	2022	2021	2022	2021
Retail - Sales to End Users	\$ 478,807	\$ 392,838	\$ 1,228,062	\$ 945,833
Wholesale - Sales to Resellers	137,148	140,015	405,713	381,357
Other Gas Sales	6,256	9,183	18,644	24,329
Other	25,332	22,694	74,568	67,665
Propane and related equipment revenues	\$ 647,543	\$ 564,730	\$ 1,726,987	\$ 1,419,184

Contract assets and liabilities

Ferrellgas' performance obligations are generally limited to the delivery of propane for our retail and wholesale contracts. Ferrellgas' performance obligations with respect to sales of appliances and other materials and other revenues are limited to the delivery of the agreed upon good or service. Ferrellgas does not have material performance obligations that are delivered over time, thus all of our revenue is recognized at the time the goods, including propane, are delivered or installed. Ferrellgas offers "even pay" billing programs that can create customer deposits or advances, depending on whether Ferrellgas has delivered more propane than the customer has paid for or whether the customer has paid for more propane than what has been delivered. Revenue is recognized from these customer deposits or advances to customers at the time product is delivered. The advance or deposit is considered to be a contract asset or liability. Additionally, from time to time, we have customers that pay in advance for goods or services, and such amounts result in contract liabilities.

Ferrellgas incurs incremental commissions directly related to the acquisition or renewal of customer contracts. The commissions are calculated and paid based upon the number of gallons sold to the acquired or renewed customer. The total amount of commissions that we incur is not material, and the commissions are expensed commensurate with the deliveries to which they relate; therefore, Ferrellgas does not capitalize these costs.

The following table presents the opening and closing balances of our receivables, contract assets, and contract liabilities:

	April 30, 2022	July 31, 2021
Accounts receivable	\$ 204,728	\$ 138,757
Contract assets	\$ 21,257	\$ 10,074
Contract liabilities		
Deferred revenue (1)	\$ 43,061	\$ 49,354

(1) Of the beginning balance of deferred revenue, \$8.6 million was recognized as revenue during the nine months ended April 30, 2022.

Remaining performance obligations

Ferrellgas' remaining performance obligations are generally limited to situations where its customers have remitted payment but have not yet received deliveries of propane. This most commonly occurs in Ferrellgas' even pay billing programs and Ferrellgas expects that these balances will be recognized within a year or less as the customer takes delivery of propane.

J. Fair value measurements

Derivative financial instruments

The following table presents Ferrellgas' financial assets and financial liabilities that are measured at fair value on a recurring basis for each of the fair value hierarchy levels, including both current and noncurrent portions, as of April 30, 2022 and July 31, 2021:

	Asset (Liability)			Total
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
April 30, 2022:				
Assets:				
Derivative financial instruments:				
Commodity derivatives	\$ —	\$ 91,724	\$ —	\$ 91,724
Liabilities:				
Derivative financial instruments:				
Commodity derivatives	\$ —	\$ (14,476)	\$ —	\$ (14,476)
July 31, 2021:				
Assets:				
Derivative financial instruments:				
Commodity derivatives	\$ —	\$ 94,244	\$ —	\$ 94,244
Liabilities:				
Derivative financial instruments:				
Commodity derivatives	\$ —	\$ (4,458)	\$ —	\$ (4,458)

Methodology

The fair values of Ferrellgas' non-exchange traded commodity derivative contracts are based upon indicative price quotations available through brokers, industry price publications or recent market transactions and related market indicators.

Other financial instruments

The carrying amounts of other financial instruments included in current assets and current liabilities (except for current maturities of long-term debt) approximate their fair values because of their short-term nature. At April 30, 2022 and July 31, 2021, the estimated fair value of Ferrellgas' long-term debt instruments was \$1,308.2 million and \$1,466.4 million, respectively. Ferrellgas estimates the fair value of long-term debt based on quoted market prices. The fair value of Ferrellgas' consolidated debt obligations is a Level 2 valuation based on the observable inputs used for similar liabilities.

Ferrellgas has other financial instruments such as trade accounts receivable which could expose it to concentrations of credit risk. The credit risk from trade accounts receivable is limited because of a large customer base which extends across many different U.S. markets.

K. Derivative instruments and hedging activities

Ferrellgas is exposed to certain market risks related to its ongoing business operations. These risks include exposure to changing commodity prices as well as fluctuations in interest rates. Ferrellgas utilizes derivative instruments to manage its exposure to fluctuations in commodity prices. Of these, the propane commodity derivative instruments are designated as cash flow hedges.

Derivative instruments and hedging activity

During the nine months ended April 30, 2022 and 2021, Ferrellgas did not recognize any gain or loss in earnings related to hedge ineffectiveness and did not exclude any component of financial derivative contract gains or losses from the assessment of hedge effectiveness related to commodity cash flow hedges.

The following tables provide a summary of the fair value of derivatives within Ferrellgas' condensed consolidated balance sheets as of April 30, 2022 and July 31, 2021:

Derivative Instrument	Final Maturity Date	April 30, 2022			
		Asset Derivatives		Liability Derivatives	
		Location	Fair value	Location	Fair value
Derivatives designated as hedging instruments	December 2024				
Commodity derivatives-propane		Price risk management asset		Other current liabilities	\$ 13,207
			\$ 78,787		
Commodity derivatives-propane		Other assets, net	12,937	Other liabilities	1,269
		Total	<u>\$ 91,724</u>	Total	<u>\$ 14,476</u>
Derivative Instrument	Final Maturity Date	July 31, 2021			
		Asset Derivatives		Liability Derivatives	
		Location	Fair value	Location	Fair value
Derivatives designated as hedging instruments	December 2023				
Commodity derivatives-propane		Price risk management asset		Other current liabilities	\$ 3,429
			\$ 78,001		
Commodity derivatives-propane		Other assets, net	16,243	Other liabilities	1,029
		Total	<u>\$ 94,244</u>	Total	<u>\$ 4,458</u>

Ferrellgas' exchange traded commodity derivative contracts require cash margin deposit as collateral for contracts that are in a negative mark-to-market position. These cash margin deposits will be returned if mark-to-market conditions improve or will be applied against cash settlement when the contracts are settled. Liabilities represent cash margin deposits received by Ferrellgas for contracts that are in a positive mark-to-market position. The following tables provide a summary of cash margin balances as of April 30, 2022 and July 31, 2021, respectively:

		April 30, 2022			
Description	Assets		Liabilities		
	Location	Amount	Location	Amount	
Margin Balances	Prepaid expense and other current assets	\$ 11,938	Other current liabilities	\$ 67,200	
	Other assets, net	5,456	Other liabilities	11,270	
		<u>\$ 17,394</u>		<u>\$ 78,470</u>	

		July 31, 2021			
Description	Assets		Liabilities		
	Location	Amount	Location	Amount	
Margin Balances	Prepaid expense and other current assets	\$ 21,068	Other current liabilities	\$ 79,178	
	Other assets, net	3,036	Other liabilities	15,489	
		<u>\$ 24,104</u>		<u>\$ 94,667</u>	

The following tables provide a summary of the effect on Ferrellgas' condensed consolidated statements of comprehensive income (loss) for the three and nine months ended April 30, 2022 and 2021 due to derivatives designated as cash flow hedging instruments:

Derivative Instrument	For the three months ended April 30, 2022			
	Amount of Gain Recognized in AOCI	Location of Gain Reclassified from AOCI into Income	Amount of Gain Reclassified from AOCI into Income	
			Effective portion	Ineffective portion
Commodity derivatives	\$ 29,355	Cost of sales - propane and other gas liquids sales	\$ 44,145	\$ —

Derivative Instrument	For the three months ended April 30, 2021			
	Amount of Gain Recognized in AOCI	Location of Gain Reclassified from AOCI into Income	Amount of Gain Reclassified from AOCI into Income	
			Effective portion	Ineffective portion
Commodity derivatives	\$ 20,446	Cost of sales - propane and other gas liquids sales	\$ 22,383	\$ —

Derivative Instrument	For the nine months ended April 30, 2022			
	Amount of Gain Recognized in AOCI	Location of Gain Reclassified from AOCI into Income	Amount of Gain Reclassified from AOCI into Income	
			Effective portion	Ineffective portion
Commodity derivatives	\$ 84,427	Cost of sales - propane and other gas liquids sales	\$ 96,965	\$ —

Derivative Instrument	For the nine months ended April 30, 2021			
	Amount of Gain Recognized in AOCI	Location of Gain Reclassified from AOCI into Income	Amount of Gain Reclassified from AOCI into Income	
			Effective portion	Ineffective portion
Commodity derivatives	\$ 63,170	Cost of sales - propane and other gas liquids sales	\$ 28,674	\$ —

The changes in derivatives included in AOCI for the nine months ended April 30, 2022 and 2021 were as follows:

Gains and losses on derivatives included in AOCI	For the nine months ended April 30,	
	2022	2021
Beginning balance (1)	\$ 89,786	\$ (2,313)
Change in value of risk management commodity derivatives	84,427	63,170
Reclassification of gains on commodity hedges to cost of sales - propane and other gas liquids sales, net	(96,965)	(28,674)
Ending balance (1)	\$ 77,248	\$ 32,183

(1) Beginning balances in the table above include AOCI activity related to non-controlling interest of \$0.9 million and \$10.0 thousand for fiscal 2022 and 2021, respectively. Ending balances for the nine months ended April 30, 2022 and April 30, 2021 include AOCI activity related to non-controlling interest of \$0.8 million and \$0.3 million, respectively.

Ferrellgas expects to reclassify net gains of approximately \$65.6 million to earnings during the next 12 months. These net gains are expected to be offset by decreased margins on propane sales commitments Ferrellgas has with its customers that qualify for the normal purchase normal sale exception.

During the nine months ended April 30, 2022 and 2021, Ferrellgas had no reclassifications to operations resulting from the discontinuance of any cash flow hedges arising from the probability of the original forecasted transactions not occurring within the originally specified period of time defined within the hedging relationship.

As of April 30, 2022, Ferrellgas had financial derivative contracts covering 4.9 million barrels of propane that were entered into as cash flow hedges of forward and forecasted purchases of propane.

Derivative financial instruments credit risk

Ferrellgas is exposed to credit loss in the event of nonperformance by counterparties to derivative financial and commodity instruments. Ferrellgas' counterparties principally consist of major energy companies and major U.S. financial institutions. Ferrellgas maintains credit policies with regard to its counterparties that it believes reduce its overall credit risk. These policies include evaluating and monitoring its counterparties' financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits. Certain of these agreements call for the posting of collateral by the counterparty or by Ferrellgas in the forms of letters of credit, parent guarantees or cash. Ferrellgas has concentrations of credit risk associated with derivative financial instruments held by certain derivative financial instrument counterparties. If these counterparties that make up the concentration failed to perform according to the terms of their contracts at April 30, 2022, the maximum amount of loss due to credit risk that Ferrellgas would incur based upon the gross fair values of the derivative financial instruments is zero.

From time to time Ferrellgas enters into derivative contracts that have credit-risk-related contingent features which dictate credit limits based upon Ferrellgas' debt rating. There were no open derivative contracts with credit-risk-related contingent features as of April 30, 2022.

L. Transactions with related parties

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

	For the three months ended April 30,		For the nine months ended April 30,	
	2022	2021	2022	2021
Operating expense	\$ 73,224	\$ 64,242	\$ 209,976	\$ 195,817
General and administrative expense	\$ 6,898	\$ 6,194	\$ 21,913	\$ 23,348

See additional discussions about transactions with the general partner and related parties in Note G – Equity (Deficit).

Term loan credit agreement with Ferrellgas Partners, L.P.

On January 8, 2021, Ferrellgas Partners, L.P. entered into a term loan credit agreement with Ferrellgas, L.P., pursuant to which Ferrellgas, L.P. extended to Ferrellgas Partners, L.P. an unsecured, non-amortizing term loan in the aggregate principal amount of \$19.9 million. The term loan bears interest at a rate of 20% per annum, and all interest on the term loan will be added to the outstanding principal amount of the term loan. The term loan will mature on July 1, 2022. During July 2021, Ferrellgas Partners made an optional principal prepayment of \$9.0 million on the term loan. The outstanding principal and accrued interest at April 30, 2022 was \$15.2 million. Subsequent to April 30, 2022, the term loan was repaid. See Note O – Subsequent events for more information.

M. Contingencies and commitments*Litigation*

Ferrellgas' operations are subject to all operating hazards and risks normally incidental to handling, storing, transporting and otherwise providing for use by consumers of combustible liquids such as propane and, prior to the sales of midstream operations in fiscal 2018, crude oil. As a result, at any given time, Ferrellgas can be threatened with or named as a defendant in various lawsuits arising in the ordinary course of business. Other than as discussed below, Ferrellgas is not a party to any legal proceedings other than various claims and lawsuits arising in the ordinary course of business. It is not possible to determine the ultimate disposition of these matters; however, management is of the opinion that there are no known claims or contingent claims that are reasonably expected to have a material adverse effect on the consolidated financial condition, results of operations and cash flows of Ferrellgas.

Ferrellgas and Bridger Logistics, LLC ("Bridger"), have been named, along with two former officers ("Rios and Gamboa"), in a lawsuit (the "EDPA Lawsuit") filed by Eddystone Rail Company ("Eddystone") on February 2, 2017 in the U.S. District Court for the Eastern District of Pennsylvania (the "Court"). Eddystone indicated that it has prevailed in or settled an arbitration against Jamex Transfer Services ("JTS"), previously named Bridger Transfer Services, a former subsidiary of Bridger. The arbitration involved a claim against JTS for money due for deficiency payments under a contract for the use of an Eddystone facility used to offload crude from rail onto barges. Eddystone alleges that Ferrellgas transferred assets out of JTS prior to the sale of the membership interest in JTS to Jamex Transfer Holdings, and that those transfers should be avoided so that the assets can be used to satisfy the amount owed by JTS to Eddystone as a result of the arbitration. Eddystone also alleges that JTS was an "alter ego" of Bridger and Ferrellgas and that Bridger and Ferrellgas breached both an implicit contract as well as fiduciary duties allegedly owed to Eddystone as a creditor of JTS. Ferrellgas believes that Ferrellgas and Bridger have valid defenses to these claims and to Eddystone's primary claim against JTS for breach of contract. If Eddystone ultimately prevails, however, Ferrellgas believes that the amount of damages awarded could be material to Ferrellgas. Ferrellgas intends to vigorously defend this claim.

On August 24, 2017, Ferrellgas filed a third-party complaint against JTS, Jamex Transfer Holdings, and other related persons and entities (the "Third-Party Defendants"), asserting claims for breach of contract, indemnification of any losses in the EDPA Lawsuit, tortious interference with contract, and contribution. On June 25, 2018, Ferrellgas entered into an agreement with the Third-Party Defendants which, among other things, resulted in a dismissal of the claims against the Third-Party Defendants from the lawsuit.

On December 10, 2021, the Court dismissed Eddystone's claims against Rios and Gamboa, pursuant to a settlement agreement with Eddystone.

The Court decided summary judgment motions in March 2022 and has set this matter for trial. A bench trial will proceed in segments, with the first segment to take place in September 2022 and a second segment to take place in December 2022. The Court has not made any decision as to how many segments will be needed to complete the trial. As such, management does not currently believe a loss is probable or reasonably estimable at this time. However, we may enter into settlement discussions at any time.

Long-term debt related commitments

Ferrellgas has long and short-term payment obligations under agreements such as the indentures governing its senior notes. See Note E – Debt for a description of these debt obligations and a schedule of future maturities.

N. Net earnings (loss) per unitholders' interest

Below is a calculation of the basic and diluted net earnings (loss) per Class A Unitholders' interest in the condensed consolidated statements of operations for the periods indicated:

	For the three months ended April 30,		For the nine months ended April 30,	
	2022	2021	2022	2021
Net earnings (loss) attributable to Ferrellgas Partners, L.P.	\$ 67,586	\$ (66,794)	\$ 167,385	\$ (49,589)
Less: Distributions to preferred unitholders	15,558	8,011	49,037	8,011
Less: Distribution to Class B unitholders	—	—	49,998	—
Less: Allocation of undistributed net earnings to Class B units	44,017	—	50,009	—
Less: General partner's interest in net earnings (loss)	675	(748)	1,673	(576)
Undistributed net earnings (loss) attributable to Class A unitholders	7,336	(74,057)	16,668	(57,024)
Weighted average Class A Units outstanding (in thousands)	4,857.6	4,857.6	4,857.6	4,857.6
Basic and diluted net earnings (loss) per Class A Unit	\$ 1.51	\$ (15.25)	\$ 3.43	\$ (11.74)

Class B Units considerations

The Class B Units meet the definition of a participating security and the two-class method is required. For any periods in which earnings are recognized, the earnings will first be allocated 100% to the Class B Units until the allocation equals the cumulative amount of all distributions paid to the Class B Units. Any remaining undistributed net earnings will be allocated between the Class B Units and the Class A Units on a six-to-one basis as if all undistributed earnings had been distributed to each class of units in accordance with their distribution rights. For any periods in which losses are recognized, no effect is given to the Class B Units as they do not contractually participate in the losses of Ferrellgas.

In addition, Ferrellgas has the option to redeem all, but not less than all, of the Class B Units outstanding at any time on or prior to the fifth anniversary of the Effective Date for cash. This call option does not impact the dilutive effect of net loss per Class A Unit due to the cash-only redemption provision, which is assumed, and therefore there would be no dilutive effect.

O. Subsequent events

Ferrellgas has evaluated events and transactions occurring after the balance sheet date through the date Ferrellgas' condensed consolidated financial statements were issued and concluded that there were no events or transactions occurring during this period that required recognition or disclosure in its condensed consolidated financial statements, except as follows.

On May 16, 2022, Ferrellgas Partners, L.P. repaid Ferrellgas, L.P. the full amount of the term loan of \$15.3 million, which represented the outstanding principal and accrued interest. The term loan was scheduled to mature on July 1, 2022. Additionally, Ferrellgas Partners, L.P. paid Ferrellgas, L.P. \$3.9 million for separate intercompany receivables related to expenses incurred during the 2021 debt transactions.

FERRELLGAS PARTNERS FINANCE CORP.
(a wholly-owned subsidiary of Ferrelgas Partners, L.P.)
CONDENSED BALANCE SHEETS
(unaudited)

	April 30, 2022	July 31, 2021
ASSETS		
Cash	\$ 302	\$ 1,000
Total assets	\$ 302	\$ 1,000
LIABILITIES AND EQUITY (DEFICIT)		
Current liabilities:		
Other current liabilities	\$ 1,382	\$ —
Total current liabilities	\$ 1,382	\$ —
Contingencies and commitments (Note B)		
STOCKHOLDER'S EQUITY (DEFICIT)		
Common stock, \$1.00 par value; 2,000 shares authorized; 1,000 shares issued and outstanding	\$ 1,000	\$ 1,000
Additional paid in capital	39,486	39,486
Accumulated deficit	(41,566)	(39,486)
Total stockholder's equity (deficit)	(1,080)	1,000
Total liabilities and equity (deficit)	\$ 302	\$ 1,000

See notes to condensed financial statements.

FERRELLGAS PARTNERS FINANCE CORP.
(a wholly-owned subsidiary of Ferrelgas Partners, L.P.)
CONDENSED STATEMENTS OF OPERATIONS
(unaudited)

	<u>For the three months ended April 30,</u>		<u>For the nine months ended April 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
General and administrative expense	\$ 665	\$ 341	\$ 2,080	\$ 2,490
Net loss	\$ (665)	\$ (341)	\$ (2,080)	\$ (2,490)

See notes to condensed financial statements.

FERRELLGAS PARTNERS FINANCE CORP.
(a wholly-owned subsidiary of Ferrelgas Partners, L.P.)
CONDENSED STATEMENTS OF CASH FLOWS
(unaudited)

	For the nine months ended April 30,	
	2022	2021
Cash flows from operating activities:		
Net loss	\$ (2,080)	\$ (2,490)
Changes in operating assets and liabilities:		
Other current liabilities	1,382	—
Prepaid expenses and other current assets	—	1,850
Cash used in operating activities	<u>(698)</u>	<u>(640)</u>
Cash flows from financing activities:		
Capital contribution	—	640
Cash provided by financing activities	<u>—</u>	<u>640</u>
Net change in cash	(698)	—
Cash - beginning of period	1,000	1,000
Cash - end of period	<u>\$ 302</u>	<u>\$ 1,000</u>

See notes to condensed financial statements.

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

NOTES TO CONDENSED FINANCIAL STATEMENTS

A. Formation

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

Ferrellgas Partners contributed \$1,000 to the Finance Corp. on April 8, 1996 in exchange for 1,000 shares of common stock.

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

B. Contingencies and commitments

The Finance Corp. serves as co-issuer and co-obligor for debt securities of Ferrellgas Partners. At July 31, 2020, the Finance Corp. was liable as co-issuer and co-obligor for the \$357.0 million aggregate principal amount of Ferrellgas Partners' unsecured senior notes due June 15, 2020 (the "Ferrellgas Partners Notes"), which Ferrellgas Partners failed to repay, and which obligation was only reported on Ferrellgas Partners' condensed consolidated balance sheet. On March 30, 2021, Ferrellgas Partners issued 1.3 million of its Class B Units in exchange for the holders' contribution of the Ferrellgas Partners Notes to Ferrellgas Partners as a capital contribution and in satisfaction of such holders' claims in respect of the Ferrellgas Partners Notes. As of April 30, 2022, Ferrellgas Partners had no debt securities outstanding, and the Finance Corp. therefore was not liable as co-issuer for any such debt securities.

C. Subsequent events

The Finance Corp. has evaluated events and transactions occurring after the balance sheet date through the date the Finance Corp.'s condensed consolidated financial statements were issued and concluded that there were no events or transactions occurring during this period that required recognition or disclosure in its condensed consolidated financial statements.

FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)
(unaudited)

	April 30, 2022	July 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents (including \$11,215 and \$11,500 of restricted cash at April 30, 2022 and July 31, 2021, respectively)	\$ 228,857	\$ 281,688
Accounts and notes receivable, net	219,251	131,574
Inventories	100,554	88,379
Price risk management asset	78,787	78,001
Loan receivable - Ferrellgas Partners, L.P.	19,091	—
Prepaid expenses and other current assets	35,344	39,073
Total current assets	681,884	618,715
Property, plant and equipment, net	594,362	582,118
Goodwill, net	251,065	246,946
Intangible assets (net of accumulated amortization of \$438,161 and \$432,032 at April 30, 2022 and July 31, 2021, respectively)	99,283	100,743
Operating lease right-of-use assets	77,695	87,611
Loan receivable - Ferrellgas Partners, L.P.	—	17,001
Other assets, net	87,058	93,228
Total assets	\$ 1,791,347	\$ 1,746,362
LIABILITIES, MEZZANINE AND EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 80,955	\$ 47,913
Broker margin deposit liability	67,200	79,178
Current portion of long-term debt	1,979	1,670
Current operating lease liabilities	26,041	25,363
Other current liabilities	158,407	166,604
Total current liabilities	334,582	320,728
Long-term debt	1,448,830	1,444,890
Operating lease liabilities	51,650	74,349
Other liabilities	49,428	61,189
Contingencies and commitments (Note M)		
Mezzanine equity:		
Senior preferred units, net of issue discount and offering costs (700,000 units outstanding at April 30, 2022 and July 31, 2021)	651,349	651,349
Equity (Deficit):		
Limited partners	(814,109)	(887,043)
General partner	(7,631)	(8,886)
Accumulated other comprehensive income	77,248	89,786
Total deficit	(744,492)	(806,143)
Total liabilities, mezzanine and deficit	\$ 1,791,347	\$ 1,746,362

See notes to condensed consolidated financial statements.

FERRELGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands)
(unaudited)

	For the three months ended April 30,		For the nine months ended April 30,	
	2022	2021	2022	2021
Revenues:				
Propane and other gas liquids sales	\$ 622,211	\$ 542,036	\$ 1,652,419	\$ 1,351,519
Other	25,332	22,694	74,566	67,665
Total revenues	647,543	564,730	1,726,985	1,419,184
Costs and expenses:				
Cost of sales - propane and other gas liquids sales	362,958	298,386	966,709	706,790
Cost of sales - other	3,176	2,985	10,343	10,156
Operating expense - personnel, vehicle, plant and other	147,293	124,624	392,418	348,898
Operating expense - equipment lease expense	5,775	6,770	17,487	20,462
Depreciation and amortization expense	23,067	21,281	65,306	63,920
General and administrative expense	10,959	15,203	39,312	48,533
Non-cash employee stock ownership plan compensation charge	776	811	2,436	2,281
(Gain) loss on asset sales and disposals	1,299	1,345	(6,566)	2,238
Operating income	92,240	93,325	239,540	215,906
Interest expense	(23,965)	(42,189)	(74,499)	(135,239)
Loss on extinguishment of debt	—	(107,968)	—	(107,968)
Other income, net	840	1,552	6,569	5,419
Earnings (loss) before income taxes	69,115	(55,280)	171,610	(21,882)
Income tax expense	243	193	820	592
Net earnings (loss)	\$ 68,872	\$ (55,473)	\$ 170,790	\$ (22,474)

See notes to condensed consolidated financial statements.

FERRELGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)
(unaudited)

	<u>For the three months ended April 30,</u>		<u>For the nine months ended April 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net earnings (loss)	\$ 68,872	\$ (55,473)	\$ 170,790	\$ (22,474)
Other comprehensive income (loss):				
Change in value of risk management derivatives	29,355	20,446	84,427	63,170
Reclassification of gains on derivatives to earnings, net	(44,145)	(22,383)	(96,965)	(28,674)
Other comprehensive income (loss)	<u>(14,790)</u>	<u>(1,937)</u>	<u>(12,538)</u>	<u>34,496</u>
Comprehensive income (loss)	<u>\$ 54,082</u>	<u>\$ (57,410)</u>	<u>\$ 158,252</u>	<u>\$ 12,022</u>

See notes to condensed consolidated financial statements.

FERRELLGAS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF PARTNERS' DEFICIT
(in thousands)
(unaudited)

	Limited partner	General partner	Accumulated other comprehensive income	Total partners' deficit
Balance at July 31, 2021	\$ (887,043)	\$ (8,886)	\$ 89,786	\$ (806,143)
Contributions in connection with non-cash ESOP compensation charges	900	9	—	909
Distributions	(50,000)	—	—	(50,000)
Net earnings allocated to preferred units	(17,005)	—	—	(17,005)
Net loss	(7,913)	(254)	—	(8,167)
Other comprehensive income	—	—	50,322	50,322
Balance at October 31, 2021	(961,061)	(9,131)	140,108	(830,084)
Contributions in connection with non-cash ESOP compensation charges	743	8	—	751
Net earnings allocated to preferred units	(16,317)	—	—	(16,317)
Net earnings	109,138	947	—	110,085
Other comprehensive loss	—	—	(48,070)	(48,070)
Balance at January 31, 2022	(867,497)	(8,176)	92,038	(783,635)
Contributions in connection with non-cash ESOP compensation charges	768	8	—	776
Net earnings allocated to preferred units	(15,715)	—	—	(15,715)
Net earnings	68,335	537	—	68,872
Other comprehensive loss	—	—	(14,790)	(14,790)
Balance at April 30, 2022	\$ (814,109)	\$ (7,631)	\$ 77,248	\$ (744,492)

	Limited partner	General partner	Accumulated other comprehensive income (loss)	Total partners' deficit
Balance at July 31, 2020	\$ (821,462)	\$ (8,216)	\$ (2,313)	\$ (831,991)
Contributions in connection with non-cash ESOP compensation charges	701	7	—	708
Net loss	(38,360)	(391)	—	(38,751)
Other comprehensive income	—	—	7,917	7,917
Balance at October 31, 2020	(859,121)	(8,600)	5,604	(862,117)
Contributions in connection with non-cash ESOP compensation charges	754	8	—	762
Net earnings	71,026	724	—	71,750
Other comprehensive income	—	—	28,516	28,516
Balance at January 31, 2021	(787,341)	(7,868)	34,120	(761,089)
Contributions in connection with non-cash ESOP compensation charges	803	8	—	811
Net earnings allocated to preferred units	(8,011)	—	—	(8,011)
Net loss	(54,832)	(641)	—	(55,473)
Other comprehensive loss	—	—	(1,937)	(1,937)
Balance at April 30, 2021	\$ (849,381)	\$ (8,501)	\$ 32,183	\$ (825,699)

See notes to condensed consolidated financial statements.

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

	For the nine months ended April 30,	
	2022	2021
Cash flows from operating activities:		
Net earnings (loss)	\$ 170,790	\$ (22,474)
Reconciliation of net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization expense	65,306	63,920
Non-cash employee stock ownership plan compensation charge	2,436	2,281
(Gain) loss on asset sales and disposals	(6,566)	2,238
Loss on extinguishment of debt	—	107,968
Provision for expected credit losses	1,456	3,479
Deferred income tax benefit	(3)	—
Other	5,598	6,524
Changes in operating assets and liabilities, net of effects from business acquisitions:		
Accounts and notes receivable, net of securitization	(89,133)	(72,557)
Inventories	(12,175)	2,922
Prepaid expenses and other current assets	3,730	(11,300)
Accounts payable	32,758	20,520
Accrued interest expense	(20,803)	(26,757)
Other current liabilities	(7,937)	28,099
Other assets and liabilities	(17,258)	5,401
Net cash provided by operating activities	<u>128,199</u>	<u>110,264</u>
Cash flows from investing activities:		
Business acquisitions, net of cash acquired	(9,610)	—
Capital expenditures	(69,611)	(50,470)
Proceeds from sale of assets	2,170	3,707
Cash payments to construct assets in connection with future lease transactions	(1,425)	(603)
Cash receipts in connection with leased vehicles	1,663	391
Loan to Ferrellgas Partners, L.P.	—	(23,808)
Net cash used in investing activities	<u>(76,813)</u>	<u>(70,783)</u>
Cash flows from financing activities:		
Distributions to Ferrellgas Partners	(50,000)	—
Preferred unit distributions	(47,783)	—
Proceeds from sale of preferred units, net of issue discount and offering costs	—	670,429
Proceeds from issuance of long-term debt	—	1,475,000
Payments on long-term debt	(1,208)	(1,540)
Payment for settlement and early extinguishment of liabilities	—	(2,175,000)
Payment of redemption premium on debt extinguishment	—	(83,072)
Cash payments for principal portion of finance lease liability	(4,889)	(5,282)
Cash paid for financing costs	(337)	(43,520)
Net cash used in financing activities	<u>(104,217)</u>	<u>(162,985)</u>
Net change in cash, cash equivalents and restricted cash	<u>(52,831)</u>	<u>(123,504)</u>
Cash, cash equivalents and restricted cash - beginning of period	281,688	333,755
Cash, cash equivalents and restricted cash - end of period	<u>\$ 228,857</u>	<u>\$ 210,251</u>

See notes to condensed consolidated financial statements.

FERRELLGAS, L.P. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, unless otherwise designated)
(unaudited)

A. Partnership organization and formation

Ferrellgas, L.P. (the “operating partnership”) is a limited partnership that owns and operates propane distribution and related assets. Ferrellgas Partners, L.P. (“Ferrellgas Partners”) is a holding entity that conducts no operations and was formed to acquire and hold a limited partner interest in the operating partnership. Ferrellgas Partners and the holders of the Preferred Units (as defined in Note F – Preferred units) are the only limited partners of the operating partnership. Ferrellgas, Inc. (the “general partner”), a Delaware corporation and a wholly-owned subsidiary of Ferrell Companies, is the sole general partner of Ferrellgas Partners and the operating partnership and excluding the economic interests attributable to Ferrellgas Partners’ Class B Units and the operating partnership’s Preferred Units, owns an approximate 1% general partner economic interest in each and, therefore, an effective 2% general partner economic interest in the operating partnership.

Excluding the economic interests attributable to the Preferred Units, Ferrellgas Partners owns an approximate 99% limited partner interest in the operating partnership. Our general partner performs all management functions for us. The operating partnership and Ferrellgas Partners, collectively referred to as “Ferrellgas,” are both Delaware limited partnerships and are governed by their respective partnership agreements. These agreements contain specific provisions for the allocation of net earnings and loss to each of the partners for purposes of maintaining the partner capital accounts.

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

The operating partnership is primarily engaged in the retail distribution of propane and related equipment sales. The propane distribution market is seasonal because propane is used primarily for heating in residential and commercial buildings. Ferrellgas serves residential, industrial/commercial, portable tank exchange, agricultural, wholesale and other customers in all 50 states, the District of Columbia, and Puerto Rico.

Due to seasonality, the results of operations for the nine months ended April 30, 2022 are not necessarily indicative of the results to be expected for the full fiscal year ending July 31, 2022.

The condensed consolidated financial statements of the operating partnership and subsidiaries reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the interim periods presented. All adjustments to the condensed consolidated financial statements were of a normal recurring nature. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with (i) the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and (ii) the consolidated financial statements and accompanying notes included in Ferrellgas, L.P.’s Annual Report on Form 10-K for fiscal 2021.

B. Summary of significant accounting policies

(1) **Accounting estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. Significant estimates impacting the condensed consolidated financial statements include accruals that have been established for contingent liabilities, pending claims and legal actions arising in the normal course of business, useful lives of property, plant and equipment, residual values of tanks, capitalization of customer tank installation costs, amortization methods of intangible assets, valuation methods used to value sales returns and allowances, allowance for expected credit losses, fair value of reporting units, recoverability of long-lived assets, assumptions used to value business combinations, determination of incremental borrowing rate used to measure right-of-use asset and lease liability, fair values of derivative contracts and stock-based compensation calculations.

(2) **Goodwill, net:** The operating partnership tests goodwill for impairment annually during the second fiscal quarter or more frequently if events or changes in circumstances indicate that it is more likely than not the fair value of a reporting unit is less than the carrying value. During the most recent impairment testing conducted during the fiscal quarter ended January 31, 2022, the operating partnership determined that goodwill was not impaired.

(3) New accounting standards:

No new accounting standards were adopted during the nine months ended April 30, 2022.

C. Supplemental financial statement information

Inventories consist of the following:

	April 30, 2022	July 31, 2021
Propane gas and related products	\$ 86,663	\$ 75,848
Appliances, parts and supplies, and other	13,891	12,531
Inventories	<u>\$ 100,554</u>	<u>\$ 88,379</u>

In addition to inventories on hand, Ferrellgas, L.P. enters into contracts to take delivery of propane for supply procurement purposes with terms that generally do not exceed 36 months. Most of these contracts call for payment based on market prices at the date of delivery. As of April 30, 2022, Ferrellgas, L.P. had committed, for supply procurement purposes, to deliver approximately 1.3 million gallons of propane at fixed prices, net of contracts to take delivery.

Prepaid expenses and other current assets consist of the following:

	April 30, 2022	July 31, 2021
Broker margin deposit assets	\$ 11,938	\$ 21,068
Other	23,406	18,005
Prepaid expenses and other current assets	<u>\$ 35,344</u>	<u>\$ 39,073</u>

Other current liabilities consist of the following:

	April 30, 2022	July 31, 2021
Accrued interest	\$ 8,292	\$ 29,095
Customer deposits and advances	31,765	35,734
Accrued payroll	23,246	28,143
Accrued insurance	22,735	11,104
Accrued senior preferred units distributions	16,873	16,013
Other	55,496	46,515
Other current liabilities	<u>\$ 158,407</u>	<u>\$ 166,604</u>

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

	For the three months ended April 30,		For the nine months ended April 30,	
	2022	2021	2022	2021
Operating expense - personnel, vehicle, plant and other	\$ 71,487	\$ 56,989	\$ 184,128	\$ 161,242
Depreciation and amortization expense	3,934	3,347	10,270	9,828
Operating expense - equipment lease expense	4,054	5,551	11,721	17,227
	<u>\$ 79,475</u>	<u>\$ 65,887</u>	<u>\$ 206,119</u>	<u>\$ 188,297</u>

Cash and cash equivalents consist of the following:

	April 30, 2022	July 31, 2021
Cash and cash equivalents	\$ 217,642	\$ 270,188
Restricted cash (1)	11,215	11,500
Cash, cash equivalents and restricted cash	<u>\$ 228,857</u>	<u>\$ 281,688</u>

(1) As of April 30, 2022 and July 31, 2021, restricted cash consists of an \$11.2 million and \$11.5 million cash deposit made with the administrative agent under the operating partnership's senior secured credit facility that was terminated in April 2020, which may be used by the administrative agent to pay contingent obligations arising under the financing agreement that governed the terminated senior secured credit facility.

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

	For the nine months ended April 30,	
	2022	2021
Cash paid for:		
Interest	\$ 85,867	\$ 154,834
Income taxes	\$ 646	\$ 424
Non-cash investing and financing activities:		
Liabilities incurred in connection with acquisitions	\$ 644	\$ —
Change in accruals for property, plant and equipment additions	\$ 426	\$ (48)
Lease liabilities arising from operating right-of-use assets	\$ 11,240	\$ 7,315
Lease liabilities arising from finance right-of-use assets	\$ 1,872	\$ 1,904
Accrued fees relating to senior preferred units	\$ —	\$ 18,575
Accrued senior preferred units distributions	\$ 16,873	\$ 8,011

D. Accounts and notes receivable, net

Accounts and notes receivable, net consist of the following:

	April 30, 2022	July 31, 2021
Accounts receivable	\$ 223,349	\$ 135,182
Note receivable	2,635	13,648
Less: Allowance for expected credit losses	(6,733)	(17,256)
Accounts and notes receivable, net	<u>\$ 219,251</u>	<u>\$ 131,574</u>

E. Debt

Long-term debt

Long-term debt consists of the following:

	April 30, 2022	July 31, 2021
Unsecured senior notes		
Fixed rate, 5.375%, due 2026 (1)	\$ 650,000	\$ 650,000
Fixed rate, 5.875%, due 2029 (1)	825,000	825,000
Notes payable		
9.0% and 8.8% weighted average interest rate at April 30, 2022 and July 31, 2021, respectively, due 2022 to 2029, net of unamortized discount of \$497 and \$573 at April 30, 2022 and July 31, 2021, respectively	4,719	3,882
Total debt, excluding unamortized debt issuance and other costs	1,479,719	1,478,882
Unamortized debt issuance and other costs	(28,910)	(32,322)
Less: current portion of long-term debt	1,979	1,670
Long-term debt	<u>\$ 1,448,830</u>	<u>\$ 1,444,890</u>

(1) On March 30, 2021 (the "Effective Date"), two wholly-owned subsidiaries of the operating partnership (referred to herein as the Escrow Issuers) issued \$650.0 million aggregate principal amount of 5.375% senior notes due 2026 (referred to herein as the "2026 Notes") and \$825.0 million aggregate principal amount of 5.875% senior notes due 2029 (referred to herein as the "2029 Notes"). On the Effective Date and immediately after the issuance of the 2026 Notes and 2029 Notes by the Escrow Issuers, (i) the Escrow Issuers were merged into the operating partnership and Ferrellgas Finance Corp., respectively, and the operating partnership and Ferrellgas Finance Corp. assumed the obligations of the Escrow Issuers as co-issuers of the 2026 Notes and the 2029 Notes, and (ii) the general partner and certain subsidiaries of the operating partnership guaranteed the 2026 Notes and the 2029 Notes. The 2026 Notes and 2029 Notes bear interest from the date of issuance, payable semi-annually in arrears on October 1 and April 1 of each year. The 2026 Notes will mature on April 1, 2026, and the 2029 Notes will mature on April 1, 2029. See "--Senior unsecured notes" below for additional discussion.

Senior secured revolving credit facility

On the Effective Date, the operating partnership, the general partner and certain of the operating partnership's subsidiaries entered into a credit agreement (the "Credit Agreement"), which provides for a four-year revolving credit facility (the "Credit Facility") in an aggregate principal amount of up to \$350.0 million, including a sublimit not to exceed \$225.0 million for the issuance of letters of credit for a period of 60 days after March 30, 2021, reducing to \$200.0 million thereafter.

All borrowings under the Credit Facility are guaranteed by the general partner and the direct and indirect subsidiaries of the operating partnership (other than Ferrellgas Finance Corp. and Ferrellgas Receivables, LLC) and a limited-recourse guaranty from Ferrellgas Partners (limited to its equity interests in the operating partnership). Additionally, all borrowings are secured, on a first priority basis, by substantially all of the assets of the operating partnership and its subsidiaries and all of the equity interests in the operating partnership held by the general partner and Ferrellgas Partners.

Availability under the Credit Facility is, at any time, an amount equal to (a) the lesser of the revolving commitment (initially \$350.0 million) and the Borrowing Base (as defined below) minus (b) the sum of the aggregate outstanding amount of borrowings under the Credit Facility plus the undrawn amount of outstanding letters of credit under the Credit Facility plus unreimbursed drawings in respect of letters of credit (unless otherwise converted into revolving loans). The "Borrowing Base" equals the sum of: (a) \$200.0 million, plus (b) 80% of the eligible accounts receivable of the operating partnership and its subsidiaries, plus (c) 70% of the eligible propane inventory of the operating partnership and its subsidiaries, valued at weighted average cost, less (d) certain reserves, as determined and subject to certain modifications by the administrative agent in its permitted discretion.

Amounts borrowed under the Credit Facility bear interest, at the operating partnership's option, at either (a) for base rate loans, (i) a base rate determined by reference to the highest of (A) the rate of interest last quoted by *The Wall Street Journal* in the U.S. as the prime rate in effect, (B) the NYFRB Rate from time to time plus 0.50% per annum and (C) the Adjusted LIBO Rate for a one-month interest period plus 1.00% per annum plus (ii) a margin of 1.50% to 2.00% per annum depending on total net leverage or (b) for Eurodollar rate loans, (i) a rate determined by reference to the Adjusted LIBO Rate plus (ii) a margin of 2.50% to 3.00% per annum depending on total net leverage. The operating partnership is required to pay an undrawn fee to the lenders on the average daily unused amount of the Credit Facility at a rate of 0.375% to 0.50% per annum depending on total net leverage.

The Credit Agreement contains customary representations, warranties, covenants and events of default.

The financial covenants in the Credit Agreement require the operating partnership to maintain: (1) a minimum interest coverage ratio (defined generally as the ratio of adjusted EBITDA to cash interest expense) of 2.50 to 1.00, (2) a maximum secured leverage ratio (defined generally as the ratio of total first priority secured indebtedness to adjusted EBITDA) of 2.50 to 1.00, and (3) a maximum total net leverage ratio (defined generally as the ratio of total indebtedness (net of unrestricted cash, subject to certain limits) to adjusted EBITDA) of 5.50 to 1.00 initially. The maximum total net leverage ratio adjusts to 5.25 to 1.00 starting with the quarter ending April 30, 2022, 5.00 to 1.00 starting with the quarter ending October 31, 2022, and 4.75 to 1.00 starting with the quarter ending April 30, 2023.

In addition to the financial covenants, the Credit Agreement includes covenants that may (or if not met will) restrict the ability of the operating partnership to, among other things: incur indebtedness or liens; effect certain fundamental changes, including mergers, consolidations, liquidations, dissolutions and changes in line of business; make certain restricted payments, including distributions to holders of Preferred Units, Ferrellgas Partners and the general partner and redemptions of Preferred Units; make investments, loans or advances; dispose of assets; effect sale and leaseback transactions; enter into swap agreements; make optional payments and modifications of subordinated and other debt instruments; enter into transactions with affiliates; agree to negative pledge clauses and burdensome agreements; and effect amendments to organizational documents.

In particular, under these covenants, subject to certain exceptions and additional requirements, the operating partnership is permitted to make cash distributions to holders of Preferred Units, Ferrellgas Partners and the general partner, redemptions of Preferred Units and other restricted payments (i) only in limited amounts specified in the Credit Agreement and (ii) only if availability under the Credit Facility exceeds the greater of \$50.0 million and 15% of the Borrowing Base and the operating partnership's total net leverage ratio is not greater than 5.0 to 1.0 (or 4.75 to 1.0 starting on April 30, 2023). As of April 30, 2022, the operating partnership is in compliance with all of its debt covenants.

On June 11, 2021, the operating partnership, the general partner and certain of the operating partnership's subsidiaries entered into a First Amendment to the Credit Agreement (the "Credit Agreement Amendment"), with an effective date of April 30, 2021. Among other matters, the Credit Agreement Amendment amended the minimum-interest-coverage-ratio covenant described above by (i) waiving compliance with the covenant for the trailing four fiscal quarters ended April 30, 2021 and (ii) annualizing the cash interest expense component of the covenant for (a) the fiscal quarter ended on July 31, 2021, (b) the two fiscal quarters ending October 31, 2021, and (c) the three fiscal quarters ending January 31, 2022.

Senior unsecured notes

On the Effective Date, (i) the Escrow Issuers issued \$650.0 million aggregate principal amount of 2026 Notes and \$825.0 million aggregate principal amount of 2029 Notes, and (ii) the operating partnership and Ferrellgas Finance Corp. assumed the obligations of the Escrow Issuers as co-issuers of the 2026 Notes and the 2029 Notes upon the merger of the Escrow Issuers into the operating partnership and Ferrellgas Finance Corp., respectively. The operating partnership received aggregate net proceeds from the issuance and sale of the 2026 Notes and the 2029 Notes of approximately \$1,441.2 million, after deducting the initial purchasers' discount and estimated offering expenses. The operating partnership used such net proceeds, together with the net proceeds of the issuance and sale of the Preferred Units, as discussed in Note F – Preferred units, and cash on hand, (i) to redeem (or satisfy and discharge the indentures governing and subsequently redeem) all of the issued and outstanding 6.50% senior unsecured notes due 2021 (the "2021 Notes"), 6.75% senior unsecured notes due 2022 (the "2022 Notes"), 6.75% senior unsecured notes due 2023 (the "2023 Notes") and 10.00% senior secured notes due 2025 (the "2025 Notes"), in the aggregate combined principal amount for all such notes of \$2,175.0 million, and (ii) to repay all outstanding obligations under the agreement governing the accounts receivable securitization facility (the "Accounts Receivables Facility") in connection with the termination of that facility.

The 2026 Notes and 2029 Notes are the senior unsecured obligations of the operating partnership and Ferrellgas Finance Corp. and are unconditionally guaranteed, jointly and severally, on a senior unsecured basis by the general partner and all domestic subsidiaries of the operating partnership other than Ferrellgas Finance Corp. and Ferrellgas Receivables, LLC.

The 2026 Notes may be redeemed prior to April 1, 2023 and the 2029 Notes may be redeemed prior to April 1, 2024 at the issuers' option, in whole or in part, at a redemption price of par plus the applicable make-whole premium and accrued and unpaid interest. On and after April 1, 2023 and April 1, 2024, the 2026 Notes and the 2029 Notes, respectively, may be redeemed at the issuers' option, in whole or in part, at the redemption prices set forth in the respective indenture governing such notes, plus accrued and unpaid interest. Beginning on April 1, 2025 and April 1, 2026, the 2026 Notes and 2029 Notes, respectively, may be redeemed at par plus accrued and unpaid interest.

The indentures governing the 2026 Notes and 2029 Notes contain customary affirmative and negative covenants restricting, among other things, the ability of the operating partnership and its restricted subsidiaries to: incur additional indebtedness and guarantee indebtedness; pay dividends or make other distributions (including distributions to holders of Preferred Units, Ferrellgas Partners and the general partner) or repurchase or redeem their equity interests (including redemptions of Preferred Units); repurchase or redeem certain debt; make certain other restricted payments or investments; sell assets, incur liens, enter into transactions with affiliates, enter into agreements restricting the operating partnership's subsidiaries' ability to pay dividends; and consolidate, merge or sell all or substantially all of their assets. The indentures also restrict the ability of the general partner to engage in certain activities.

In particular, under these covenants, subject to certain exceptions and additional requirements, the operating partnership is permitted to make cash distributions to holders of Preferred Units, Ferrellgas Partners and the general partner, redemptions of Preferred Units and other restricted payments (i) only in limited amounts specified in the indentures and (ii) only if the operating partnership's net leverage ratio (defined generally to mean the ratio of consolidated total net debt to trailing four quarters consolidated EBITDA, both as adjusted for certain, specified items) is not greater than 5.0 to 1.0, on a pro forma basis giving effect to the restricted payment and, if applicable, certain other specified events. Further, if the operating partnership's consolidated fixed charge coverage ratio (defined generally to mean the ratio of trailing four quarters consolidated EBITDA to consolidated fixed charges, both as adjusted for certain, specified items) is equal to or less than 1.75 to 1.00 (on a pro forma basis giving effect to the restricted payment and, if applicable, certain other specified events), the amount of distributions and other restricted payments the operating partnership is permitted to make under the indentures is further limited. As of April 30, 2022, the operating partnership is in compliance with all of its debt covenants.

The scheduled annual principal payments on long-term debt are as follows:

<u>Payment due by fiscal year</u>	<u>Scheduled principal payments</u>
2022	\$ 462
2023	1,709
2024	1,139
2025	930
2026	650,710
Thereafter	825,266
Total	\$ 1,480,216

Letters of credit outstanding at April 30, 2022 and July 31, 2021 totaled \$90.8 million and \$107.7 million, respectively, and were used to secure insurance arrangements, product purchases and commodity hedges. As of April 30, 2022, Ferrellgas, L.P. had available borrowing capacity under its Credit Facility of \$259.2 million.

F. Preferred units

On the Effective Date, pursuant to an Investment Agreement with certain purchasers named therein, the operating partnership issued and sold an aggregate of 700,000 Preferred Units (the "Preferred Units"), having an aggregate initial liquidation preference of \$700.0 million. The purchase price per Preferred Unit was \$1,000 less a 3.0% purchase price discount, for an aggregate purchase price of \$679.0 million. The operating partnership received net proceeds from the issuance and sale of the Preferred Units of approximately \$651.3 million, after deduction of the purchase price discount and certain expenses.

The operating partnership used such net proceeds, together with the net proceeds of the issuance and sale of the 2026 Notes and the 2029 Notes and cash on hand, (i) to redeem (or satisfy and discharge the indentures governing and subsequently redeem) all of the issued and outstanding 2021 Notes, 2022 Notes, 2023 Notes and 2025 Notes, as described in Note E - Debt, and (ii) to repay all outstanding obligations under the Accounts Receivable Facility in connection with the termination of that facility.

Redemption of the Preferred Units in the near term is not probable because of the high redemption price in the first three to five years. As described in greater detail under "Issuer Redemption Right" below, the Redemption Price for the Preferred Units is based upon the greater of the amount that would result in a 1.47x MOIC (defined below) and the amount that would result in a 12.25% internal rate of return. If the Preferred Units were redeemed at any time during the first three to four years after issuance, the 1.47x MOIC would require a large premium payment and that large premium payment would result in an internal rate of return far in excess of the minimum 12.25%. Consequently, it is unlikely that Ferrellgas would be able to achieve any savings in its cost of capital by redeeming the Preferred Units during the first three to four years after issuance.

"MOIC" means, with respect to a Preferred Unit, a multiple on invested capital equal to the quotient determined by dividing (A) the sum of (x) the aggregate amount of all distributions made in cash with respect to such Preferred Unit prior to the applicable date of determination, with certain exclusions, plus (y) each Redemption Price paid in cash in respect of such Preferred Unit, on or prior to the applicable date of determination, by (B) the Purchase Price (defined below) of such Preferred Unit.

On the Effective Date the general partner entered into (i) the Fifth Amended and Restated Agreement of Limited Partnership of Ferrellgas, L.P. (the "Amended OpCo LPA"), which amended and restated in its entirety the Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas L.P., and (ii) the First Amendment to the Amended OpCo LPA (the "OpCo LPA Amendment"), which sets forth the preferences, rights, privileges and other terms of the Preferred Units.

Issuer Redemption Right

The operating partnership has the right to redeem all or a portion of the Preferred Units for cash, pro rata and at any time and from time to time, including in connection with a Change of Control (as defined in the OpCo LPA Amendment), at an amount per Preferred Unit (the "Redemption Price") equal to, without duplication, the sum of (a) the greater of (i) the amount necessary to result in a MOIC of 1.47x in respect of the purchase price, before discount, of such Preferred Unit, which is \$1,000 per Preferred Unit (the "Purchase Price"), and (ii) the amount necessary to result in the applicable internal rate of return equal to 12.25%, which is increased by 150 basis points if the operating partnership has elected to pay more than four Quarterly Distributions (as defined below) in PIK Units (as defined below) and (b) the accumulated but unpaid Quarterly Distributions to the date of redemption, if any. A partial redemption of the Preferred Units is permitted only in the event the aggregate amount to be paid in respect of all Preferred Units included in such partial redemption is at least \$25.0 million.

Investor Redemption Right

In the event that (i) any Class B Units are outstanding, or (ii) (x) no Class B Units are outstanding and (y) no more than 233,300 Preferred Units are outstanding, at any time on and after the tenth anniversary of the Effective Date the Required Holders may elect, by delivery of written notice, to have the operating partnership fully redeem each remaining outstanding Preferred Unit for an amount in cash equal to the Redemption Price. "Required Holders" refers to both (i) holders owning at least 33.3% of the total Preferred Units outstanding at any time and (ii) certain initial affiliated purchasers, for so long as such initial affiliated purchasers collectively own at least 25% of the Preferred Units outstanding at such time.

In the event that (i) no Class B Units are outstanding and (ii) more than 233,300 Preferred Units are outstanding, the Required Holders will have the right to trigger a sale of the operating partnership after the tenth anniversary of the Effective Date. If the operating partnership fails to consummate a sale that would pay the Redemption Price in full within 180 days of written notice requiring such sale, the Required Holders will have the right to appoint a majority of the members of the Board of Directors of the general partner and initiate a sale of the operating partnership.

Change of Control

Upon a Change of Control (as defined in the OpCo LPA Amendment), the Required Holders will have the option to require the redemption of all or a portion of the Preferred Units in cash in an amount equal to the Redemption Price; provided, that such Redemption Price shall not be payable unless the operating partnership shall have first made any required change of control offer pursuant to the indentures governing the 2026 Notes and the 2029 Notes and purchased all such 2026 Notes and 2029 Notes tendered pursuant to such offer (unless otherwise waived by such noteholders); provided, further that the Redemption Price shall be paid immediately following the purchase of such tendered Notes (if any).

Fair Value of Embedded Derivatives

Ferrellgas identified the investor redemption right and the change in control option as embedded derivatives that require bifurcation as they are not clearly and closely related to the debt host contract and has concluded that the fair values at issuance and at April 30, 2022, are immaterial to the financial statements.

Distributions

Pursuant to the OpCo LPA Amendment, the operating partnership is required to pay to the holders of each Preferred Unit a cumulative, quarterly distribution (the "Quarterly Distribution") at the Distribution Rate (as defined below) on the Purchase Price.

"Distribution Rate" means, for the first five years after March 30, 2021, a rate per annum equal to 8.956%, with certain increases in the Distribution Rate on each of the 5th, 6th and 7th anniversaries of March 30, 2021, subject to a maximum rate of 11.125% and certain other adjustments and exceptions.

The Quarterly Distribution may be paid in cash or, at the election of the operating partnership, "in kind" through the issuance of additional Preferred Units ("PIK Units") at the quarterly Distribution Rate plus an applicable premium that escalates each year from 75 bps to 300 bps so long as the Preferred Units remain outstanding. In the event the operating partnership fails to make any Quarterly Distribution in cash, such Quarterly Distribution will automatically be paid in PIK Units.

The Distribution Rate on the Preferred Units will increase upon violation of certain protective provisions for the benefit of Preferred Unit holders notwithstanding the cap mentioned above.

On February 15, 2022 and May 15, 2022, \$15.4 million of the Quarterly Distribution was paid for each quarter in cash to holders of Preferred Units. As of April 30, 2022, the Quarterly Distribution accrued was \$16.9 million. The remaining Quarterly Distribution accrual of \$1.5 million represents additional amounts payable to certain holders of Preferred Units pursuant to the side letters outlined in the OpCo LPA Amendment.

Tax Distributions

For any quarter in which the operating partnership makes a Quarterly Distribution in PIK Units in lieu of cash, it will be required to make a subsequent cash tax distribution for such quarter in an amount equal to the (i) the lesser of (x) 25% and (y) the highest combined federal, state and local tax rate applicable for corporations organized in New York, multiplied by (ii) the excess (if any) of (A) one-fourth (1/4th) of the estimated taxable income to be allocated to the holders of Preferred Units for the year in which the Quarterly Tax Payment Date (which refers to certain specified dates that next follow a Quarterly Distribution date on which PIK Units were issued) occurs, over (B) any cash paid on the Quarterly Distribution date immediately preceding the Quarterly Tax Payment Date on which a quarterly tax amount would otherwise be paid (such amount, the "Tax Distribution"). Tax Distributions are treated as advances against, and reduce, future cash distributions for any reason, including payments in redemption of Preferred Units or PIK Units, or payments to the holders in their capacity as such pursuant to any side letter or other agreement.

Additional Amounts for Certain Purchasers

The operating partnership is required to pay certain additional amounts of cash (the "Additional Amounts") as necessary to certain holders of Preferred Units that hold their interests through a "blocker," which is a U.S. entity that is owned and organized by certain original purchasers of Preferred Units who are non-U.S. persons or tax exempt for U.S. tax purposes and is treated as a corporation for U.S. tax purposes. Only certain original purchasers of Preferred Units who hold their Preferred Units through such blockers are, and none of their transferees is, entitled to Additional Amounts. Additional Amounts are capped at the lesser of: (a) the product of 20% multiplied by taxable income allocated to a "blocker" (as defined) divided by 0.8, and (b) the actual taxes payable by the "blocker" as a result of holding Senior Preferred Units.

Board Rights

For so long as at least 140,000 Preferred Units remain outstanding, holders of the Preferred Units have the right to designate one director to the Board of the general partner, subject to approval by the general partner.

Protective Provisions

The OpCo LPA Amendment and the Sixth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P. include, among other things, certain covenants for the benefit of holders of Preferred Units applicable to the operating partnership and, in certain instances, Ferrellgas Partners, for so long as at least \$35,000,000 of Preferred Units and PIK Units remain outstanding. These covenants include, among other things, limitations on (i) effecting a Change of Control, (ii) amending organizational documents, (iii) issuing certain equity securities, (iv) issuing Preferred Units, (v) filing for bankruptcy, (vi) non-ordinary course investments, and (vii) incurring certain levels of indebtedness.

Ranking and Liquidation Preference

The Preferred Units rank senior to any other class or series of equity interests of the operating partnership (including the partnership interests held by Ferrellgas Partners and the general partner). Upon a liquidation, dissolution or winding up of the operating partnership, each holder of Preferred Units will be entitled to receive, prior and in preference to any distribution of any assets of the operating partnership to the holders of any other class or series of equity interests in the operating partnership (including Ferrellgas Partners and the general partner), an amount per Preferred Unit equal to the Redemption Price.

Restrictions on Cash Distributions to Ferrellgas Partners and the General Partner

The operating partnership is permitted to make distributions of Available Cash (as defined in the Amended OpCo LPA) to Ferrellgas Partners only if (i) the operating partnership has made all required Quarterly Distributions (in cash or PIK Units), Tax Distributions and payments of Additional Amounts, (ii) the operating partnership has redeemed all PIK Units issued, (iii) the operating partnership's consolidated net leverage (defined generally to mean the ratio of the operating partnership's consolidated total net debt (including the total redemption price of all outstanding Preferred Units and PIK Units but excluding certain letters of credit and capital lease obligations) as of each Quarterly Distribution Date to trailing four quarters consolidated EBITDA, both as adjusted for certain, specified items) is below 7.25x through May 15, 2022 and 7.00x thereafter, net of cash, immediately before and after giving effect to such distribution, (iv) the operating partnership has at least \$100 million of liquidity, consisting of unrestricted cash on hand and available capacity under the Credit Agreement or any replacement thereof, and (v) the operating partnership is in compliance with the other protective provisions in the OpCo LPA Amendment.

G. Equity (Deficit)*Partnership distributions*

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

	<u>For the three months ended April 30,</u>		<u>For the nine months ended April 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Ferrellgas Partners	\$ —	\$ —	\$ 50,000	\$ —
General partner	—	—	—	—

See additional discussions about transactions with related parties in Note L – Transactions with related parties.

Accumulated other comprehensive income (loss) ("AOCI")

See Note K – Derivative instruments and hedging activities for details regarding changes in fair value on risk management financial derivatives recorded within AOCI for the three and nine months ended April 30, 2022 and 2021.

General partner's commitment to maintain its capital account

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

During the nine months ended April 30, 2022, the general partner made non-cash contributions of \$25.0 thousand to Ferrellgas, L.P. to maintain its 1.0101% general partner interest.

During the nine months ended April 30, 2021, the general partner made non-cash contributions of \$23.0 thousand to Ferrellgas, L.P. to maintain its 1.0101% general partner interest.

H. Leases

The following table provides the operating and financing right-of-use assets and lease liabilities as of April 30, 2022 and July 31, 2021:

Leases	Classification	April 30, 2022		July 31, 2021	
Assets					
Operating lease assets	Operating lease right-of-use assets	\$	77,695	\$	87,611
Financing lease assets	Other assets, net		32,661		34,858
Total leased assets		\$	110,356	\$	122,469
Liabilities					
Current					
Operating	Current operating lease liabilities	\$	26,041	\$	25,363
Financing	Other current liabilities		6,369		7,479
Noncurrent					
Operating	Operating lease liabilities		51,650		74,349
Financing	Other liabilities		26,806		28,029
Total leased liabilities		\$	110,866	\$	135,220

The following table provides the lease expenses for the three and nine months ended April 30, 2022 and 2021:

Leases expense	Classification	For the three months ended April 30,		For the nine months ended April 30,	
		2022	2021	2022	2021
Operating lease expense	Operating expense - personnel, vehicle, plant and other	\$ 1,667	\$ 1,846	\$ 5,105	\$ 5,126
	Operating expense - equipment lease expense	4,917	6,373	15,377	19,328
	Cost of sales - propane and other gas liquids sales	471	461	1,263	1,479
	General and administrative expense	608	(169)	1,680	307
Total operating lease expense		7,663	8,511	23,425	26,240
Short-term expense	Operating expense - personnel, vehicle, plant and other	3,121	2,003	6,602	5,908
	General and administrative expense	18	111	182	475
Total short-term expense		3,139	2,114	6,784	6,383
Variable lease expense	Operating expense - personnel, vehicle, plant and other	779	784	2,319	2,328
	Operating expense - equipment lease expense	565	397	1,529	1,134
Total variable lease expense		1,344	1,181	3,848	3,462
Finance lease expense:					
Amortization of leased assets	Depreciation and amortization expense	1,900	2,229	4,684	6,583
Interest on lease liabilities	Interest expense	1,283	933	2,893	2,841
Total finance lease expense		3,183	3,162	7,577	9,424
Total lease expense		\$ 15,329	\$ 14,968	\$ 41,634	\$ 45,509

Minimum annual payments under existing operating and finance lease liabilities as of April 30, 2022 are as follows:

Maturities of lease liabilities		Operating leases		Finance leases		Total	
2022	\$	7,549	\$	2,323	\$	9,872	
2023		28,100		8,730		36,830	
2024		21,918		8,440		30,358	
2025		15,188		8,321		23,509	
2026		5,836		7,472		13,308	
Thereafter		17,740		5,233		22,973	
Total lease payments	\$	96,331	\$	40,519	\$	136,850	
Less: Imputed interest		18,640		7,344		25,984	
Present value of lease liabilities	\$	77,691	\$	33,175	\$	110,866	

The following table represents the weighted-average remaining lease term and discount rate as of April 30, 2022:

Lease type	As of April 30, 2022	
	Weighted-average remaining lease term (years)	Weighted-average discount rate
Operating leases	4.9	7.6%
Finance leases	4.5	8.3%

Cash flow information is presented below:

	For the nine months ended April 30,	
	2022	2021
Cash paid for amounts included in the measurement of lease liabilities for operating leases:		
Operating cash flows	\$ 13,613	\$ 26,454
Cash paid for amounts included in the measurement of lease liabilities for financing leases:		
Operating cash flows	\$ 2,215	\$ 2,571
Financing cash flows	\$ 4,889	\$ 5,282

I. Revenue from contracts with customers

Disaggregation of revenue

Ferrellgas, L.P. disaggregates revenues based upon the type of customer and on the type of revenue. The following table presents retail propane revenues, wholesale propane revenues and other revenues. Retail revenues result from sales to end use customers, wholesale revenues result from sales to or through resellers and all other revenues include sales of appliances and other materials, other fees charged to customers and equipment rental charges.

	For the three months ended April 30,		For the nine months ended April 30,	
	2022	2021	2022	2021
Retail - Sales to End Users	\$ 478,807	\$ 392,838	\$ 1,228,062	\$ 945,833
Wholesale - Sales to Resellers	137,148	140,015	405,713	381,357
Other Gas Sales	6,256	9,183	18,644	24,329
Other	25,332	22,694	74,566	67,665
Propane and related equipment revenues	\$ 647,543	\$ 564,730	\$ 1,726,985	\$ 1,419,184

Contract assets and liabilities

Ferrellgas, L.P.'s performance obligations are generally limited to the delivery of propane for our retail and wholesale contracts. Ferrellgas, L.P.'s performance obligations with respect to sales of appliances and other materials and other revenues are limited to the delivery of the agreed upon good or service. Ferrellgas, L.P. does not have material performance obligations that are delivered over time, thus all of our revenue is recognized at the time the goods, including propane, are delivered or installed. Ferrellgas, L.P. offers "even pay" billing programs that can create customer deposits or advances, depending on whether Ferrellgas, L.P. has delivered more propane than the customer has paid for or whether the customer has paid for more propane than what has been delivered. Revenue is recognized from these customer deposits or advances to customers at the time product is delivered. The advance or deposit is considered to be a contract asset or liability. Additionally, from time to time, we have customers that pay in advance for goods or services, and such amounts result in contract liabilities.

Ferrellgas, L.P. incurs incremental commissions directly related to the acquisition or renewal of customer contracts. The commissions are calculated and paid based upon the number of gallons sold to the acquired or renewed customer. The total amount of commissions that we incur is not material, and the commissions are expensed commensurate with the deliveries to which they relate; therefore, Ferrellgas, L.P. does not capitalize these costs.

The following table presents the opening and closing balances of our receivables, contract assets, and contract liabilities:

	April 30, 2022	July 31, 2021
Accounts receivable	\$ 204,728	\$ 138,757
Contract assets	\$ 21,257	\$ 10,074
Contract liabilities		
Deferred revenue (1)	\$ 43,061	\$ 49,354

(1) Of the beginning balance of deferred revenue, \$8.6 million was recognized as revenue during the nine months ended April 30, 2022.

Remaining performance obligations

Ferrellgas, L.P.'s remaining performance obligations are generally limited to situations where its customers have remitted payment but have not yet received deliveries of propane. This most commonly occurs in Ferrellgas, L.P.'s even pay billing programs and Ferrellgas expects that these balances will be recognized within a year or less as the customer takes delivery of propane.

J. Fair value measurements

Derivative financial instruments

The following table presents Ferrellgas, L.P.'s financial assets and financial liabilities that are measured at fair value on a recurring basis for each of the fair value hierarchy levels, including both current and noncurrent portions, as of April 30, 2022 and July 31, 2021:

	Asset (Liability)			Total
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
April 30, 2022:				
Assets:				
Derivative financial instruments:				
Commodity derivatives	\$ —	\$ 91,724	\$ —	\$ 91,724
Liabilities:				
Derivative financial instruments:				
Commodity derivatives	\$ —	\$ (14,476)	\$ —	\$ (14,476)
July 31, 2021:				
Assets:				
Derivative financial instruments:				
Commodity derivatives	\$ —	\$ 94,244	\$ —	\$ 94,244
Liabilities:				
Derivative financial instruments:				
Commodity derivatives	\$ —	\$ (4,458)	\$ —	\$ (4,458)

Methodology

The fair values of Ferrellgas, L.P.'s non-exchange traded commodity derivative contracts are based upon indicative price quotations available through brokers, industry price publications or recent market transactions and related market indicators.

Other financial instruments

The carrying amounts of other financial instruments included in current assets and current liabilities (except for current maturities of long-term debt) approximate their fair values because of their short-term nature. At April 30, 2022 and July 31, 2021, the estimated fair value of Ferrellgas, L.P.'s long-term debt instruments was \$1,308.2 million and \$1,466.4 million, respectively. Ferrellgas, L.P. estimates the fair value of long-term debt based on quoted market prices. The fair value of our consolidated debt obligations is a Level 2 valuation based on the observable inputs used for similar liabilities.

Ferrellgas, L.P. has other financial instruments such as trade accounts receivable which could expose it to concentrations of credit risk. The credit risk from trade accounts receivable is limited because of a large customer base which extends across many different U.S. markets.

K. Derivative instruments and hedging activities

Ferrellgas, L.P. is exposed to certain market risks related to its ongoing business operations. These risks include exposure to changing commodity prices as well as fluctuations in interest rates. Ferrellgas, L.P. utilizes derivative instruments to manage its exposure to fluctuations in commodity prices. Of these, the propane commodity derivative instruments are designated as cash flow hedges.

Derivative instruments and hedging activity

During the nine months ended April 30, 2022 and 2021, Ferrellgas, L.P. did not recognize any gain or loss in earnings related to hedge ineffectiveness and did not exclude any component of financial derivative contract gains or losses from the assessment of hedge effectiveness related to commodity cash flow hedges.

The following tables provide a summary of the fair value of derivatives within Ferrellgas, L.P.'s condensed consolidated balance sheets as of April 30, 2022 and July 31, 2021:

Derivative Instrument	Final Maturity Date	April 30, 2022			
		Asset Derivatives		Liability Derivatives	
		Location	Fair value	Location	Fair value
Derivatives designated as hedging instruments	December 2024				
Commodity derivatives-propane		Price risk management asset		Other current liabilities	\$ 13,207
			\$ 78,787		
Commodity derivatives-propane		Other assets, net	12,937	Other liabilities	1,269
		Total	<u>\$ 91,724</u>	Total	<u>\$ 14,476</u>
Derivative Instrument	Final Maturity Date	July 31, 2021			
		Asset Derivatives		Liability Derivatives	
		Location	Fair value	Location	Fair value
Derivatives designated as hedging instruments	December 2023				
Commodity derivatives-propane		Price risk management asset		Other current liabilities	\$ 3,429
			\$ 78,001		
Commodity derivatives-propane		Other assets, net	16,243	Other liabilities	1,029
		Total	<u>\$ 94,244</u>	Total	<u>\$ 4,458</u>

Ferrellgas, L.P.'s exchange traded commodity derivative contracts require cash margin deposit as collateral for contracts that are in a negative mark-to-market position. These cash margin deposits will be returned if mark-to-market conditions improve or will be applied against cash settlement when the contracts are settled. Liabilities represent cash margin deposits received by Ferrellgas, L.P. for contracts that are in a positive mark-to-market position. The following tables provide a summary of cash margin balances as of April 30, 2022 and July 31, 2021, respectively:

Description	April 30, 2022			
	Assets		Liabilities	
	Location	Amount	Location	Amount
Margin Balances	Prepaid expense and other current assets	\$ 11,938	Other current liabilities	\$ 67,200
	Other assets, net	5,456	Other liabilities	11,270
		<u>\$ 17,394</u>		<u>\$ 78,470</u>
Description	July 31, 2021			
	Assets		Liabilities	
	Location	Amount	Location	Amount
Margin Balances	Prepaid expense and other current assets	\$ 21,068	Other current liabilities	\$ 79,178
	Other assets, net	3,036	Other liabilities	15,489
		<u>\$ 24,104</u>		<u>\$ 94,667</u>

The following tables provide a summary of the effect on Ferrellgas, L.P.'s condensed consolidated statements of comprehensive income (loss) for the three and nine months ended April 30, 2022 and 2021 due to derivatives designated as cash flow hedging instruments:

For the three months ended April 30, 2022				
Derivative Instrument	Amount of Gain Recognized in AOCI	Location of Gain Reclassified from AOCI into Income	Amount of Gain Reclassified from AOCI into Income	
			Effective portion	Ineffective portion
Commodity derivatives	\$ 29,355	Cost of sales - propane and other gas liquids sales	\$ 44,145	\$ —

For the three months ended April 30, 2021				
Derivative Instrument	Amount of Gain Recognized in AOCI	Location of Gain Reclassified from AOCI into Income	Amount of Gain Reclassified from AOCI into Income	
			Effective portion	Ineffective portion
Commodity derivatives	\$ 20,446	Cost of sales - propane and other gas liquids sales	\$ 22,383	\$ —

For the nine months ended April 30, 2022				
Derivative Instrument	Amount of Gain Recognized in AOCI	Location of Gain Reclassified from AOCI into Income	Amount of Gain Reclassified from AOCI into Income	
			Effective portion	Ineffective portion
Commodity derivatives	\$ 84,427	Cost of sales - propane and other gas liquids sales	\$ 96,965	\$ —

For the nine months ended April 30, 2021				
Derivative Instrument	Amount of Gain Recognized in AOCI	Location of Gain Reclassified from AOCI into Income	Amount of Gain Reclassified from AOCI into Income	
			Effective portion	Ineffective portion
Commodity derivatives	\$ 63,170	Cost of sales - propane and other gas liquids sales	\$ 28,674	\$ —

The changes in derivatives included in AOCI for the nine months ended April 30, 2022 and 2021 were as follows:

Gains and losses on derivatives included in AOCI	For the nine months ended April 30,	
	2022	2021
Beginning balance	\$ 89,786	\$ (2,313)
Change in value of risk management commodity derivatives	84,427	63,170
Reclassification of gains on commodity hedges to cost of sales - propane and other gas liquids sales, net	(96,965)	(28,674)
Ending balance	\$ 77,248	\$ 32,183

Ferrellgas, L.P. expects to reclassify net gains of approximately \$65.6 million to earnings during the next 12 months. These net gains are expected to be offset by decreased margins on propane sales commitments Ferrellgas, L.P. has with its customers that qualify for the normal purchase normal sale exception.

During the nine months ended April 30, 2022 and 2021, Ferrellgas, L.P. had no reclassifications to operations resulting from the discontinuance of any cash flow hedges arising from the probability of the original forecasted transactions not occurring within the originally specified period of time defined within the hedging relationship.

As of April 30, 2022, Ferrellgas, L.P. had financial derivative contracts covering 4.9 million barrels of propane that were entered into as cash flow hedges of forward and forecasted purchases of propane.

Derivative financial instruments credit risk

Ferrellgas, L.P. is exposed to credit loss in the event of nonperformance by counterparties to derivative financial and commodity instruments. Ferrellgas, L.P.'s counterparties principally consist of major energy companies and major U.S. financial institutions. Ferrellgas, L.P. maintains credit policies with regard to its counterparties that it believes reduce its overall credit risk. These policies include evaluating and monitoring its counterparties' financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits. Certain of these agreements call for the posting of collateral by the counterparty or by Ferrellgas, L.P. in the forms of letters of credit, parent guarantees or cash. Ferrellgas, L.P. has concentrations of credit risk associated with derivative financial instruments held by certain derivative financial instrument counterparties. If these counterparties that make up the concentration failed to perform according to the terms of their contracts at April 30, 2022, the maximum amount of loss due to credit risk that Ferrellgas, L.P. would incur based upon the gross fair values of the derivative financial instruments is zero.

From time to time Ferrellgas, L.P. enters into derivative contracts that have credit-risk-related contingent features which dictate credit limits based upon Ferrellgas, L.P.'s debt rating. There were no open derivative contracts with credit-risk-related contingent features as of April 30, 2022.

L. Transactions with related parties

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

	For the three months ended April 30,		For the nine months ended April 30,	
	2022	2021	2022	2021
Operating expense	\$ 73,224	\$ 64,242	\$ 209,976	\$ 195,817
General and administrative expense	\$ 6,898	\$ 6,194	\$ 21,913	\$ 23,348

See additional discussions about transactions with the general partner and related parties in Note G – Equity (Deficit).

Term loan credit agreement with Ferrellgas Partners, L.P.

On January 8, 2021, Ferrellgas, L.P. entered into a term loan credit agreement pursuant to which Ferrellgas, L.P. extended to Ferrellgas Partners, L.P. an unsecured, non-amortizing term loan in the aggregate principal amount of \$19.9 million. The term loan bears interest at a rate of 20% per annum, and all interest on the term loan will be added to the outstanding principal amount of the term loan. The term loan will mature on July 1, 2022. During July 2021, Ferrellgas Partners made an optional principal prepayment of \$9.0 million on the term loan. The outstanding principal and accrued interest at April 30, 2022 was \$15.2 million. Subsequent to April 30, 2022, the term loan was repaid. See Note N – Subsequent events for more information.

M. Contingencies and commitments

Litigation

Ferrellgas, L.P.'s operations are subject to all operating hazards and risks normally incidental to handling, storing, transporting and otherwise providing for use by consumers of combustible liquids such as propane and, prior to the sales of midstream operations in fiscal 2018, crude oil. As a result, at any given time, Ferrellgas, L.P. can be threatened with or named as a defendant in various lawsuits arising in the ordinary course of business. Other than as discussed below, Ferrellgas, L.P. is not a party to any legal proceedings other than various claims and lawsuits arising in the ordinary course of business. It is not possible to determine the ultimate disposition of these matters; however, management is of the opinion that there are no known claims or contingent claims that are reasonably expected to have a material adverse effect on the consolidated financial condition, results of operations and cash flows of Ferrellgas, L.P.

Ferrellgas, L.P. and Bridger Logistics, LLC ("Bridger"), have been named, along with two former officers ("Rios and Gamboa"), in a lawsuit (the "EDPA Lawsuit") filed by Eddystone Rail Company ("Eddystone") on February 2, 2017 in the U.S. District Court for the Eastern District of Pennsylvania (the "Court"). Eddystone indicated that it has prevailed in or settled an arbitration against Jamex Transfer Services ("JTS"), previously named Bridger Transfer Services, a former subsidiary of Bridger. The arbitration involved a claim against JTS for money due for deficiency payments under a contract for the use of an Eddystone facility used to offload crude from rail onto barges. Eddystone alleges that Ferrellgas transferred assets out of JTS prior to the sale of the membership interest in JTS to Jamex Transfer Holdings, and that those transfers should be avoided so that the assets can be used to satisfy the amount owed by JTS to Eddystone as a result of the arbitration. Eddystone also alleges that JTS was an "alter ego" of Bridger and Ferrellgas and that Bridger and Ferrellgas breached both an implicit contract as well as fiduciary duties allegedly owed to Eddystone as a creditor of JTS. Ferrellgas believes that Ferrellgas and Bridger have valid defenses to these claims and to Eddystone's primary claim against JTS for breach of contract. If Eddystone ultimately prevails, however, Ferrellgas believes that the amount of damages awarded, could be material to Ferrellgas. Ferrellgas intends to vigorously defend this claim.

On August 24, 2017, Ferrellgas filed a third-party complaint against JTS, Jamex Transfer Holdings, and other related persons and entities (the "Third-Party Defendants"), asserting claims for breach of contract, indemnification of any losses in the EDPA Lawsuit, tortious interference with contract, and contribution. On June 25, 2018, Ferrellgas entered into an agreement with the Third-Party Defendants which, among other things, resulted in a dismissal of the claims against the Third-Party Defendants from the lawsuit.

On December 10, 2021, the Court dismissed Eddystone's claims against Rios and Gamboa, pursuant to a settlement agreement with Eddystone.

The Court decided summary judgment motions in March 2022 and has set this matter for trial. A bench trial will proceed in segments, with the first segment to take place in September 2022 and a second segment to take place in December 2022. The Court has not made any decision as to how many segments will be needed to complete the trial. As such, management does not currently believe a loss is probable or reasonably estimable at this time. However, we may enter into settlement discussions at any time.

Long-term debt-related commitments

Ferrellgas, L.P. has long and short-term payment obligations under agreements such as the indentures governing its senior notes. See Note E – Debt for a description of these debt obligations and a schedule of future maturities.

N. Subsequent events

Ferrellgas, L.P. has evaluated events and transactions occurring after the balance sheet date through the date Ferrellgas, L.P.'s condensed consolidated financial statements were issued and concluded that there were no events or transactions occurring during this period that require recognition or disclosure in its condensed consolidated financial statements, except as follows.

On May 16, 2022, Ferrellgas Partners, L.P. repaid Ferrellgas, L.P. the full amount of the term loan of \$15.3 million, which represented the outstanding principal and accrued interest. The term loan was scheduled to mature on July 1, 2022. Additionally, Ferrellgas Partners, L.P. paid Ferrellgas, L.P. \$3.9 million for separate intercompany receivables related to expenses incurred during the 2021 debt transactions.

FERRELGAS FINANCE CORP.
(a wholly-owned subsidiary of Ferrelgas, L.P.)
CONDENSED BALANCE SHEETS
(unaudited)

	April 30, 2022	July 31, 2021
ASSETS		
Cash	\$ 129	\$ 1,100
Total assets	\$ 129	\$ 1,100
LIABILITIES AND EQUITY (DEFICIT)		
Current liabilities:		
Other current liabilities	\$ 1,110	\$ —
Total current liabilities	\$ 1,110	\$ —
Contingencies and commitments (Note B)		
Equity (Deficit):		
Common stock, \$1.00 par value; 2,000 shares authorized; 1,000 shares issued and outstanding	\$ 1,000	\$ 1,000
Additional paid in capital	102,947	102,628
Accumulated deficit	(104,928)	(102,528)
Total stockholder's equity (deficit)	\$ (981)	\$ 1,100
Total liabilities and equity (deficit)	\$ 129	\$ 1,100

See notes to condensed financial statements.

FERRELGAS FINANCE CORP.
(a wholly-owned subsidiary of Ferrelgas, L.P.)
CONDENSED STATEMENTS OF OPERATIONS
(unaudited)

	<u>For the three months ended April 30,</u>		<u>For the nine months ended April 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
General and administrative expense	\$ 932	\$ 17,419	\$ 2,400	\$ 19,275
Net loss	\$ (932)	\$ (17,419)	\$ (2,400)	\$ (19,275)

See notes to condensed financial statements.

FERRELGAS FINANCE CORP.
(a wholly-owned subsidiary of Ferrelgas, L.P.)
CONDENSED STATEMENTS OF CASH FLOWS
(unaudited)

	<u>For the nine months ended April 30,</u>	
	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net loss	\$ (2,400)	\$ (19,275)
Changes in operating assets and liabilities:		
Other current liabilities	1,110	—
Prepaid expenses and other current assets	—	1,500
Cash used in operating activities	<u>(1,290)</u>	<u>(17,775)</u>
Cash flows from financing activities:		
Capital contribution	319	17,775
Cash provided by financing activities	<u>319</u>	<u>17,775</u>
Net change in cash	(971)	—
Cash - beginning of period	1,100	1,100
Cash - end of period	<u>\$ 129</u>	<u>\$ 1,100</u>

See notes to condensed financial statements.

FERRELGAS FINANCE CORP.
(a wholly-owned subsidiary of Ferrelgas, L.P.)
(unaudited)

NOTES TO CONDENSED FINANCIAL STATEMENTS

A. Formation

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

The Partnership contributed \$1,000 to the Finance Corp. on January 24, 2003 in exchange for 1,000 shares of common stock.

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

B. Contingencies and commitments

The Finance Corp. serves as co-issuer and co-obligor for debt securities of the operating partnership. At July 31, 2020, the Finance Corp. was liable as co-issuer and co-obligor for the operating partnership's (i) \$500 million aggregate principal amount of unsecured senior notes due 2021, (ii) \$475 million aggregate principal amount of unsecured senior notes due 2022, (iii) \$500 million aggregate principal amount of unsecured senior notes due 2023, and (iv) \$700 million aggregate principal amount of senior secured notes due 2025, which obligations were only reported on the operating partnership's condensed consolidated balance sheet. The senior notes due 2021, senior notes due 2022 and senior notes due 2023 were redeemed on April 5, 2021, and the senior secured notes due 2025 were redeemed on March 30, 2021. As of April 30, 2022, the Finance Corp. was liable as co-issuer and co-obligor for the operating partnership's (i) \$650 million aggregate principal amount of unsecured senior notes due 2026 and (ii) \$825 million aggregate principal amount of unsecured senior notes due 2029, each of which were issued on March 30, 2021 and which obligations are only reported on the operating partnership's condensed consolidated balance sheet.

C. Subsequent events

The Finance Corp. has evaluated events and transactions occurring after the balance sheet date through the date the Finance Corp.'s condensed consolidated financial statements were issued and concluded that there were no events or transactions occurring during this period that required recognition or disclosure in its condensed consolidated financial statements.

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

References and Defined Terms

In this Item 2 of this Quarterly Report on Form 10-Q, unless the context indicates otherwise:

- "us," "we," "our," "ours," "consolidated," or "Ferrellgas" are references to Ferrellgas Partners, L.P. together with its consolidated subsidiaries, including Ferrellgas Partners Finance Corp., Ferrellgas, L.P. and Ferrellgas Finance Corp., except when used in connection with "Class A Units" or "Class B Units," in which case these terms refer to Ferrellgas Partners, L.P. without its consolidated subsidiaries;
- "Ferrellgas Partners" refers to Ferrellgas Partners, L.P. itself, without its consolidated subsidiaries;
- the "operating partnership" refers to Ferrellgas, L.P., together (except where the context indicates otherwise) with its consolidated subsidiaries, including Ferrellgas Finance Corp.;
- our "general partner" refers to Ferrellgas, Inc.;
- "Ferrell Companies" refers to Ferrell Companies, Inc., the sole shareholder of our general partner;
- "Board of Directors" or "Board" refers to the board of directors of our general partner;
- "GAAP" refers to accounting principles generally accepted in the United States;
- "retail sales" refers to Propane and other gas liquid sales: Retail - Sales to End Users, or the volume of propane sold primarily to our residential, industrial/commercial and agricultural customers;
- "wholesale sales" refers to Propane and other gas liquid sales: Wholesale - Sales to Resellers, or the volume of propane sold primarily to our portable tank exchange customers and bulk propane sold to wholesale customers;
- "other gas sales" refers to Propane and other gas liquid sales: Other Gas Sales, or the volume of bulk propane sold to other third-party propane distributors or marketers and the volume of refined fuel sold;
- "propane sales volume" refers to the volume of propane sold to our retail sales and wholesale sales customers;
- "Class A Units" refers to the Class A Units of Ferrellgas Partners, one of which was issued for every twenty of Ferrellgas Partners' then-outstanding common units in a 1-for-20 reverse unit split effected on March 30, 2021;
- "Class B Units" refers to the Class B Units of Ferrellgas Partners;
- "Preferred Units" refers to the Senior Preferred Units of the operating partnership;
- "Unitholders" or "unitholders" refers to holders of Class A Units, holders of Class B Units or holders of Preferred Units, as indicated or as the context requires for each such reference; and
- references to any fiscal year are to the fiscal year ended or ending on July 31 of the applicable year.

Also, the following terms are defined in this Item 2 of this Quarterly Report on Form 10-Q:

- Amended Ferrellgas Partners LPA
- Credit Agreement

- Credit Facility
- Effective Date
- Ferrellgas Partners Notes
- OpCo LPA Amendment

Cautionary Note Regarding Forward-looking Statements

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

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

- the effect of weather conditions on the demand for propane;
- the prices of wholesale propane, motor fuel and crude oil;
- disruptions to the supply of propane;
- competition from other industry participants and other energy sources;
- energy efficiency and technology advances;
- adverse changes in our relationships with our national tank exchange customers;
- significant delays in the collection of accounts or notes receivable;
- customer, counterparty, supplier or vendor defaults;
- changes in demand for, and production of, hydrocarbon products;
- disruptions to railroad operations on the railroads we use;
- increased trucking and rail regulations;
- inherent operating and litigation risks in gathering, transporting, handling and storing propane;
- our inability to complete acquisitions or to successfully integrate acquired operations;
- costs of complying with, or liabilities imposed under, environmental, health and safety laws;
- the impact of pending and future legal proceedings;

- the interruption, disruption, failure or malfunction of our information technology systems including due to cyber-attack;
- the impact of changes in tax law that could adversely affect the tax treatment of Ferrellgas Partners for federal income tax purposes;
- economic and political instability, particularly in areas of the world tied to the energy industry;
- disruptions in the capital and credit markets; and
- access to available capital to meet our operating and debt-service requirements.

When considering any forward-looking statement, you should also keep in mind the risk factors set forth in “Item 1A. Risk Factors” of our Annual Report on Form 10-K for fiscal 2021 and in any more recent filings with the SEC. Any of these risks could impair our business, financial condition or results of operations. Any such impairment may affect our ability to make distributions to our unitholders or pay interest on the principal of any of our debt securities. In addition, the trading price of our securities could decline as a result of any such impairment.

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

Overview

Our management’s discussion and analysis of financial condition and results of operations relates to Ferrellgas Partners and the operating partnership.

Ferrellgas Partners is a holding entity that conducts no operations and has two direct subsidiaries, Ferrellgas Partners Finance Corp. and the operating partnership. Ferrellgas Partners Finance Corp. and Ferrellgas Finance Corp. have nominal assets, do not conduct any operations and have no employees other than officers. Our activities are primarily conducted through the operating partnership. Ferrellgas Partners Finance Corp. has served as co-issuer and co-obligor for debt securities of Ferrellgas Partners, while Ferrellgas Finance Corp., a subsidiary of the operating partnership, serves as co-issuer and co-obligor for debt securities of the operating partnership. Accordingly, and due to the reduced disclosure format, a discussion of the results of operations, liquidity and capital resources of Ferrellgas Partners Finance Corp. and Ferrellgas Finance Corp. is not presented in this section.

Ferrellgas Partners and the Preferred Unitholders are the only limited partners of the operating partnership. Ferrellgas, Inc. is the sole general partner of Ferrellgas Partners and the operating partnership and, excluding the economic interests attributable to the Class B Units and the Preferred Units, owns an approximate 1% general partner economic interest in each, and, therefore, an effective 2% general partner economic interest in the operating partnership. Excluding the economic interests attributable to the Preferred Units, Ferrellgas Partners owns an approximate 99% limited partner interest in the operating partnership. For information regarding the economic and other terms of the Class B Units and the Preferred Units, see Note G – Equity (Deficit) and Note F – Preferred units to our condensed consolidated financial statements included elsewhere herein.

Our Class A Units of Ferrellgas Partners are traded on the OTC Pink Market under the symbol “FGPR”.

Our general partner performs all management functions for us. The parent of our general partner, Ferrell Companies, currently beneficially owns approximately 23.4% of our outstanding Class A units. Ferrell Companies is owned 100% by an employee stock ownership trust.

The operating partnership was formed on April 22, 1994, and accounts for substantially all of our consolidated assets, sales and operating earnings, except for interest expense related to the \$357.0 million aggregate principal amount of Ferrellgas Partners’ unsecured senior notes due June 15, 2020 (the “Ferrellgas Partners Notes”) during the relevant historical periods.

We file annual, quarterly, and current reports and other information with the Securities and Exchange Commission (the "SEC"). You may read and download our SEC filings over the Internet from several commercial document retrieval services as well as at the SEC's website at www.sec.gov. Our SEC filings are also available on our website at www.ferrellgas.com at no cost as soon as reasonably practicable after our electronic filing or furnishing thereof with the SEC. Please note that any Internet addresses provided in this Quarterly Report on Form 10-Q are for informational purposes only and are not intended to be hyperlinks. Accordingly, no information found and/or provided at such Internet addresses is intended or deemed to be incorporated by reference herein.

The following is a discussion of our historical financial condition and results of operations and should be read in conjunction with our audited historical consolidated financial statements and accompanying Notes thereto included in our Annual Report on Form 10-K for fiscal 2021 and in our unaudited historical condensed consolidated financial statements and accompanying Notes thereto included elsewhere in this Quarterly Report on Form 10-Q.

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

Ferrellgas Partners entered into a term loan credit agreement with the operating partnership, pursuant to which the operating partnership extended to Ferrellgas Partners an unsecured, non-amortizing term loan in the aggregate principal amount of \$19.9 million. The term loan bore interest at a rate of 20% per annum, all interest on the term loan was added to the outstanding principal amount, and the term loan's maturity date was July 1, 2022. During July 2021, Ferrellgas Partners made an optional principal prepayment of \$9.0 million on the term loan. The outstanding principal and accrued interest at April 30, 2022 was \$15.2 million. As of April 30, 2022, the operating partnership had additional intercompany receivables from Ferrellgas Partners not related to the term loan totaling \$3.9 million. Ferrellgas Partners repaid the term loan and the additional intercompany receivables on May 16, 2022. See Note O – Subsequent events to our condensed consolidated financial statements for more information.

Recent developments

COVID-19

The coronavirus disease 2019 (COVID-19), which has been declared by the World Health Organization as a "Public Health Emergency of International Concern," continues to impact the economy of the United States and other countries around the world. COVID-19 poses the risk that we or our employees, contractors, suppliers, customers and other business partners may be prevented from or limited in conducting business activities for an indefinite period of time. The outbreak of COVID-19 has already resulted in significant governmental measures being implemented to control the spread of the virus, including quarantines, travel restrictions, manufacturing restrictions, declarations of national emergency and states of emergency, business shutdowns and restrictions on the movement of people throughout the United States and the world. While some of our business operations and support systems are deemed essential in many jurisdictions, we are continuing to assess the impact that COVID-19 may have on our results of operations and financial condition and cannot at this time accurately predict what effects these conditions will have on our operations and sales due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak and the length of the travel restrictions and business closures imposed by governments in different jurisdictions. Additionally, initiatives we have implemented or may implement to slow and/or reduce the impact of COVID-19, such as using staggered start times for drivers, may increase our operating expenses and reduce the efficiency of our operations.

How We Evaluate Our Operations

We evaluate our overall business performance based primarily on a metric we refer to as "Adjusted EBITDA", which is not defined by GAAP and should not be considered an alternative to earnings measures defined by GAAP. We do not utilize depreciation, depletion and amortization expense in our key measures because we focus our performance management on cash flow generation and our revenue generating assets have long useful lives. For the definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net earnings (loss) attributable to Ferrellgas Partners, L.P., the most directly comparable GAAP measure, see the subheading "Non-GAAP Financial Measures" below.

Based on our propane sales volumes in fiscal 2021, we believe that we are the second largest retail marketer of propane in the United States and a leading national provider of propane by portable tank exchange. We serve residential, industrial/commercial, portable tank exchange, agricultural, wholesale and other customers in all 50 states, the District of Columbia and Puerto Rico. Our operations primarily include the retail distribution and sale of propane and related equipment and supplies with concentrations in the Midwest, Southeast, Southwest and Northwest regions of the United States.

We use information on temperatures to understand how our results of operations are affected by temperatures that are warmer or colder than normal. Normal temperatures computed by us are the average of the last 10 years of information published by the National Oceanic and Atmospheric Administration. Based on this information we calculate a ratio of actual heating degree days to normal heating degree days. Heating degree days are a general indicator of weather impacting propane usage.

Weather conditions have a significant impact on demand for propane for heating purposes primarily during the months of November through March (the "winter heating season"). Accordingly, the volume of propane used by our customers for this purpose is directly affected by the severity of the winter weather in the regions we serve and can vary substantially from year to year. In any given region, sustained warmer-than-normal temperatures will tend to result in reduced propane usage, while sustained colder-than-normal temperatures will tend to result in greater usage. Although there is a strong correlation between weather and customer usage, general economic conditions in the United States and the wholesale price of propane can have a significant impact on this correlation. Additionally, there is a natural time lag between the onset of cold weather and increased sales to customers. If the United States were to experience a cooling trend we could expect nationwide demand for propane to increase which could lead to greater sales, income and liquidity availability. Conversely, if the United States were to experience a continued warming trend, we could expect nationwide demand for propane for heating purposes to decrease which could lead to a reduction in our sales, income and liquidity availability as well as impact our ability to maintain compliance with our debt covenants.

We employ risk management activities that attempt to mitigate price risks related to the purchase, storage, transport and sale of propane generally in the contract and spot markets from major domestic energy companies. We attempt to mitigate these price risks through the use of financial derivative instruments and forward propane purchase and sales contracts. We enter into propane sales commitments with a portion of our customers that provide for a contracted price agreement for a specified period of time. These commitments can expose us to product price risk if not immediately hedged with an offsetting propane purchase commitment.

Our open financial derivative propane purchase commitments are designated as hedges primarily for fiscal 2022 and 2023 sales commitments and, as of April 30, 2022, we have experienced net mark-to-market gains of approximately \$77.2 million. Because these financial derivative purchase commitments qualify for hedge accounting treatment, the resulting asset, liability and related mark-to-market gains or losses are recorded on the condensed consolidated balance sheets as "Prepaid expenses and other current assets," "Other assets, net," "Other current liabilities," "Other liabilities" and "Accumulated other comprehensive loss," respectively, until settled. Upon settlement, realized gains or losses on these contracts will be reclassified to "Cost of sales-propane and other gas liquid sales" in the condensed consolidated statements of operations as the underlying inventory is sold. These financial derivative purchase commitment net gains are expected to be offset by decreased margins on propane sales commitments that qualify for the normal purchase normal sale exception. At April 30, 2022, we estimate 74% of currently open financial derivative purchase commitments, the related propane sales commitments and the resulting gross margin will be realized into earnings during the next twelve months.

Summary Discussion of Results of Operations:

Executive Overview

For the three months ended April 30, 2022 and 2021

During the three months ended April 30, 2022, we recognized net earnings attributable to Ferrellgas Partners, L.P. of \$67.6 million, compared to a net loss attributable to Ferrellgas Partners, L.P. of \$66.8 million during the three months ended April 30, 2021. This increase was primarily driven by \$109.9 million in “Loss on extinguishment of debt” and \$9.0 million in “Reorganization expense – professional fees,” both of which were recorded in the prior year period, and an \$18.2 million decrease in “Interest expense”.

“Interest expense” for Ferrellgas Partners decreased \$18.2 million primarily due to (i) a decrease in interest on the Ferrellgas Partners Notes and (ii) lower interest expense in 2022 as a result of the March 30, 2021 refinancing transactions.

Distributable cash flow attributable to equity investors increased to \$86.4 million for the three months ended April 30, 2022 compared to \$78.5 million for the prior year period, primarily due to a \$12.1 million decrease in net cash interest expense, which was partially offset by a \$2.1 million decrease in Adjusted EBITDA, a \$1.4 million increase in maintenance capital expenditures and a \$0.6 million decrease in proceeds from asset sales.

Distributable cash flow excess was flat at \$69.0 million in the current period compared to \$68.9 million in the prior year period, primarily due to the \$7.9 million increase in distributable cash flow attributable to equity investors noted above, partially offset by a \$7.7 million increase in distributions accrued or paid to preferred unitholders.

For the nine months ended April 30, 2022 and 2021

During the nine months ended April 30, 2022, we recognized net earnings attributable to Ferrellgas Partners, L.P. of \$167.4 million, compared to net loss attributable to Ferrellgas Partners, L.P. of \$49.6 million during the nine months ended April 30, 2021. This increase primarily reflects \$109.9 million in “Loss on extinguishment of debt” and \$10.2 million in “Reorganization expense – professional fees,” both of which were recorded in the prior year period, and a \$74.5 million decrease in “Interest expense” and a \$23.9 million increase in “Operating income.”

“Interest expense” for Ferrellgas Partners decreased \$74.5 million primarily due to (i) a decrease in interest on the Ferrellgas Partners Notes and (ii) lower interest expense in 2022 as a result of the March 30, 2021 refinancing transactions.

The \$23.9 million increase in “Operating income” was primarily attributable to a \$47.7 million increase in “Gross margin,” a \$9.4 million decrease in “General and administrative expenses,” and an \$8.8 million increase in “(Gain) loss on asset sales and disposals, which was partially offset by a \$43.5 million increase in “Operating expense – personnel, vehicle, plant and other.”

Distributable cash flow attributable to equity investors increased to \$223.1 million for the nine months ended April 30, 2022 compared to \$145.0 million for the prior year period, primarily due to a \$65.3 million decrease in net cash interest expense and an \$11.9 million increase in Adjusted EBITDA.

Distributable cash flow excess decreased to \$119.6 million in the current period from \$134.1 million in the prior year period, primarily due to a \$50.0 million distribution paid to Class B Unitholders in the first fiscal quarter and a \$41.0 million increase in distributions accrued or paid to preferred unitholders, partially offset by the \$78.1 million increase in distributable cash flow attributable to equity investors noted above.

Consolidated Results of Operations

(amounts in thousands)	Three months ended April 30,		Nine months ended April 30,	
	2022	2021	2022	2021
Total revenues	\$ 647,543	\$ 564,730	\$ 1,726,987	\$ 1,419,184
Total cost of sales	366,134	301,371	977,052	716,946
Operating expense - personnel, vehicle, plant and other	147,293	124,624	392,418	348,898
Depreciation and amortization expense	23,067	21,281	65,306	63,920
General and administrative expense	10,962	15,205	39,321	48,760
Operating expense - equipment lease expense	5,775	6,770	17,487	20,462
Non-cash employee stock ownership plan compensation charge	776	811	2,436	2,281
(Gain) loss on asset sales and disposals	1,299	1,345	(6,566)	2,238
Operating income	92,237	93,323	239,533	215,679
Interest expense	(23,965)	(42,189)	(74,499)	(149,010)
Loss on extinguishment of debt	—	(109,922)	—	(109,922)
Other income, net	99	553	4,406	4,169
Reorganization expense - professional fees	—	(9,007)	—	(10,207)
Earnings (loss) before income taxes	68,371	(67,242)	169,440	(49,291)
Income tax expense	248	193	825	606
Net earnings (loss)	68,123	(67,435)	168,615	(49,897)
Net earnings (loss) attributable to noncontrolling interest	537	(641)	1,230	(308)
Net earnings (loss) attributable to Ferrelgas Partners, L.P.	\$ 67,586	\$ (66,794)	\$ 167,385	\$ (49,589)

Non-GAAP Financial Measures

In this Quarterly Report we present the following Non-GAAP financial measures: Adjusted EBITDA, Distributable cash flow attributable to equity investors, Distributable cash flow attributable to Class A and B Unitholders, and Distributable cash flow excess.

Adjusted EBITDA. Adjusted EBITDA for Ferrelgas Partners is calculated as net earnings (loss) attributable to Ferrelgas Partners, L.P., plus the sum of the following: income tax expense, interest expense, depreciation and amortization expense, non-cash employee stock ownership plan compensation charge, (gain) loss on asset sales and disposals, loss on extinguishment of debt, other income, net, reorganization expense – professional fees, severance costs, legal fees and settlements related to non-core businesses, provision for doubtful accounts related to non-core businesses, and net earnings (loss) attributable to noncontrolling interest. Management believes the presentation of this measure is relevant and useful because it allows investors to view the partnership's performance in a manner similar to the method management uses, adjusted for items management believes make it easier to compare its results with other companies that have different financing and capital structures. Adjusted EBITDA, as management defines it, may not be comparable to similarly titled measurements used by other companies. Items added into our calculation of Adjusted EBITDA that will not occur on a continuing basis may have associated cash payments. This method of calculating Adjusted EBITDA should be viewed in conjunction with measurements that are computed in accordance with GAAP.

Distributable Cash Flow Attributable to Equity Investors. Distributable cash flow attributable to equity investors is calculated as Adjusted EBITDA minus net cash interest expense, maintenance capital expenditures and cash paid for income taxes, plus proceeds from certain asset sales. Management considers distributable cash flow attributable to equity investors a meaningful measure of Ferrelgas' ability to declare and pay quarterly distributions to equity investors, including holders of the operating partnership's Preferred Units. Distributable cash flow attributable to equity investors, as management defines it, may not be comparable to similarly titled measurements used by other companies. Items added into our calculation of distributable cash flow attributable to equity investors that will not occur on a continuing basis may have associated cash payments. Distributable cash flow attributable to equity investors should be viewed in conjunction with measurements that are computed in accordance with GAAP.

Distributable Cash Flow Attributable to Class A and B Unitholders. Distributable cash flow attributable to Class A and B Unitholders is calculated as Distributable cash flow attributable to equity investors minus distributions accrued or paid to Preferred Unitholders and distributable cash flow attributable to general partner and noncontrolling interest. Management considers Distributable cash flow attributable to Class A and B Unitholders a meaningful measure of the partnership's ability to declare and pay quarterly distributions to Class A and B Unitholders. Distributable cash flow attributable to Class A and B Unitholders, as management defines it, may not be comparable to similarly titled measurements used by other companies. Items added into our calculation of distributable cash flow attributable to Class A and B Unitholders that will not occur on a continuing basis may have associated cash payments. Distributable cash flow attributable to Class A and B Unitholders should be viewed in conjunction with measurements that are computed in accordance with GAAP.

Distributable Cash Flow Excess. Distributable cash flow excess is calculated as Distributable cash flow attributable to Class A and B Unitholders minus Distributions paid to Class A and B Unitholders. Distributable cash flow excess, if any, is retained to establish reserves, to reduce debt, to fund capital expenditures and for other partnership purposes and any shortage is funded from previously established reserves, cash on hand or borrowings under our Credit Facility or, previously, under our terminated accounts receivable securitization facility. Management considers Distributable cash flow excess a meaningful measure of the partnership's ability to effectuate those purposes. Distributable cash flow excess, as management defines it, may not be comparable to similarly titled measurements used by other companies. Items added into our calculation of distributable cash flow excess that will not occur on a continuing basis may have associated cash payments. Distributable cash flow excess should be viewed in conjunction with measurements that are computed in accordance with GAAP.

The following table reconciles Adjusted EBITDA, Distributable cash flow attributable to equity investors, Distributable cash flow attributable to Class A and B Unitholders and Distributable cash flow excess to Net earnings (loss) attributable to Ferrellgas Partners, L.P., the most directly comparable GAAP measure, for the three and nine months ended April 30, 2022 and 2021:

<i>(amounts in thousands)</i>	Three months ended April 30,		Nine months ended April 30,	
	2022	2021	2022	2021
Net earnings (loss) attributable to Ferrellgas Partners, L.P.	\$ 67,586	\$ (66,794)	\$ 167,385	\$ (49,589)
Income tax expense	248	193	825	606
Interest expense	23,965	42,189	74,499	149,010
Depreciation and amortization expense	23,067	21,281	65,306	63,920
EBITDA	114,866	(3,131)	308,015	163,947
Non-cash employee stock ownership plan compensation charge	776	811	2,436	2,281
(Gain) loss on asset sales and disposals	1,299	1,345	(6,566)	2,238
Loss on extinguishment of debt	—	109,922	—	109,922
Other income, net	(99)	(553)	(4,406)	(4,169)
Reorganization expense - professional fees	—	9,007	—	10,207
Severance costs	49	—	546	1,761
Legal fees and settlements related to non-core businesses	(303)	2,436	4,635	8,572
Provision for doubtful accounts related to non-core businesses	—	—	—	(500)
Net earnings (loss) attributable to noncontrolling interest	537	(641)	1,230	(308)
Adjusted EBITDA	117,125	119,196	305,890	293,951
Net cash interest expense (a)	(25,654)	(37,757)	(72,393)	(137,716)
Maintenance capital expenditures (b)	(5,477)	(4,058)	(13,116)	(14,517)
Cash paid for income taxes	(243)	(133)	(650)	(438)
Proceeds from certain asset sales	642	1,270	3,368	3,707
Distributable cash flow attributable to equity investors	86,393	78,518	223,099	144,987
Less: Distributions accrued or paid to preferred unitholders	15,715	8,011	49,037	8,011
Distributable cash flow attributable to general partner and non-controlling interest	(1,720)	(1,571)	(4,462)	(2,900)
Distributable cash flow attributable to Class A and B unitholders	68,958	68,936	169,600	134,076
Less: Distributions paid to Class A and B unitholders	—	—	49,998	—
Distributable cash flow excess	\$ 68,958	\$ 68,936	\$ 119,602	\$ 134,076

(a) Net cash interest expense is the sum of interest expense less non-cash interest expense and other income, net. This amount includes interest expense related to the terminated accounts receivable securitization facility.

(b) Maintenance capital expenditures include capitalized expenditures for betterment and replacement of property, plant and equipment, and may from time to time include the purchase of assets that are typically leased.

Operating Results for the three months ended April 30, 2022 and 2021

The following table summarizes propane sales volumes and Adjusted EBITDA results for the periods indicated:

	2022	2021	Increase (Decrease)	
As of April 30,				
Retail customers	695,287	721,562	(26,275)	(4)%
Tank exchange selling locations	60,663	62,372	(1,709)	(3)%
<i>(amounts in thousands)</i>				
Three months ended April 30,				
Propane sales volumes (gallons):				
Retail - Sales to End Users	198,783	200,028	(1,245)	(1)%
Wholesale - Sales to Resellers	52,943	60,128	(7,185)	(12)%
	<u>251,726</u>	<u>260,156</u>	<u>(8,430)</u>	<u>(3)%</u>
Revenues -				
Propane and other gas liquids sales:				
Retail - Sales to End Users	\$ 478,807	\$ 392,838	\$ 85,969	22 %
Wholesale - Sales to Resellers	137,148	140,015	(2,867)	(2)%
Other Gas Sales (a)	6,256	9,183	(2,927)	(32)%
Other (b)	25,332	22,694	2,638	12 %
Propane and related equipment revenues	<u>\$ 647,543</u>	<u>\$ 564,730</u>	<u>\$ 82,813</u>	<u>15 %</u>
Gross Margin -				
Propane and other gas liquids sales gross margin: (c)				
Retail - Sales to End Users (a)	\$ 200,222	\$ 181,000	\$ 19,222	11 %
Wholesale - Sales to Resellers (a)	59,031	62,650	(3,619)	(6)%
Other (b)	22,156	19,709	2,447	12 %
Propane and related equipment gross profit	<u>\$ 281,409</u>	<u>\$ 263,359</u>	<u>\$ 18,050</u>	<u>7 %</u>
Operating, general and administrative expense (d)	\$ 158,255	\$ 139,829	\$ 18,426	13 %
Operating expense - equipment lease expense	5,775	6,770	(995)	(15)%
Operating income	\$ 92,237	\$ 93,323	\$ (1,086)	(1)%
Depreciation and amortization expense	23,067	21,281	1,786	8 %
Non-cash employee stock ownership plan compensation charge	776	811	(35)	(4)%
(Gain) loss on asset sales and disposals	1,299	1,345	(46)	(3)%
Legal fees and settlements related to non-core businesses	(303)	2,436	(2,739)	(112)%
Severance costs	49	—	49	NM
Adjusted EBITDA	<u>\$ 117,125</u>	<u>\$ 119,196</u>	<u>\$ (2,071)</u>	<u>(2)%</u>

NM – Not meaningful

(a) Gross margin for "Other Gas Sales" is allocated to Gross margin "Retail - Sales to End Users" and "Wholesale - Sales to Resellers" based on the volumes in each respective category.

(b) "Other" primarily includes various customer fee income and to a lesser extent appliance and material sales.

(c) Gross margin from "Propane and other gas liquids sales" represents "Revenues - Propane and other gas liquids sales" less "Cost of sales - Propane and other gas liquids sales" and does not include depreciation and amortization.

(d) "Operating, general and administrative expense" above includes both the "Operating expense – personnel, vehicle, plant and other" and the "General and administrative expense" captions in the condensed consolidated statement of operations.

Propane sales volumes during the three months ended April 30, 2022 decreased 3%, or 8.4 million gallons, from the prior year period primarily due to decreased sales volumes to tank exchange customers primarily due to the prior year favorable impact of outdoor living. Based on a ten-year average, weather was relatively stable at only a 0.1% decrease in weighted-average degree days for the third fiscal quarter compared to normal average temperatures.

Our wholesale sales price per gallon partially correlates to the change in the wholesale market price of propane. The wholesale market price at major supply points in Mt. Belvieu, Texas during the three months ended April 30, 2022 averaged 53% more than the prior year period, while at the Conway, Kansas major supply point prices averaged 50% more than the prior year period. The wholesale market price at Mt. Belvieu, Texas averaged \$1.36 and \$0.89 per gallon during the three months ended April 30, 2022 and 2021, respectively, while the wholesale market price at Conway, Kansas averaged \$1.32 and \$0.88 per gallon during the three months ended April 30, 2022 and 2021, respectively. This increase in the wholesale cost of propane contributed to our increase in sales price per gallon and therefore revenues.

Revenues

Retail sales increased \$86.0 million compared to the prior year period primarily due to our strategic initiatives in the right-timed delivery of gallons. This includes using new monitoring technology that allows us to provide more gallons at each stop, thereby optimizing the use of our labor force and vehicle fleet and our fuel efficiency.

Wholesale sales decreased \$2.9 million compared to the prior year period as a result of a decrease in tank exchange revenue primarily due to the prior year favorable impact of outdoor living.

Other gas sales decreased \$2.9 million compared to the prior year period primarily due to a decrease in sales volume.

Other revenues increased \$2.6 million compared to the prior year period primarily due to revenue from services to customers provided in support of final mile operations.

Gross margin - Propane and other gas liquids sales

Gross margin increased \$15.6 million primarily due to an \$80.2 million increase in revenue, as discussed above, offset by a \$64.6 million increase in related cost of sales as a result of increases in price per gallon. Margin per gallon for the quarter increased by \$0.09, or 10%, compared to the prior year period.

Gross margin - other

Gross margin increased \$2.4 million compared to the prior year period primarily due to increased miscellaneous fees billed to customers and increased tank rental income.

Operating income

Operating income decreased \$1.1 million primarily due to an \$18.4 million increase in "Operating general and administrative expense," which is partially offset by a \$15.6 million increase in "Gross margin - Propane and other gas liquid sales" and a \$2.4 million increase in "Gross margin - other," both as discussed above.

"Operating, general and administrative expense" increased due to a \$22.7 million increase in "Operating expense - personnel, vehicle, plant and other," partially offset by a \$4.2 million decrease in "General and administrative expense." "Operating expense - personnel, vehicle, plant and other" increased primarily due to higher fleet costs and fuel costs. Operating expenses as a percentage of total revenue were approximately 1% higher than the prior year period due to higher fuel costs, higher fleet costs, and wage increases. Cost of sales also had an unfavorable increase of \$64.8 million or 21% compared to the prior year period driven by inflationary costs for materials and other commodities.

Adjusted EBITDA

Adjusted EBITDA decreased \$2.1 million for the third fiscal quarter compared to the prior year period. Excluding the impact of approximately \$5.0 million in legal settlements during the third fiscal quarter, adjusted EBITDA would have increased \$2.9 million compared to the prior year period.

Operating Results for the nine months ended April 30, 2022 and 2021

The following table summarizes propane sales volumes and Adjusted EBITDA results for the periods indicated:

	2022	2021	Increase (Decrease)	
As of April 30,				
Retail customers	695,287	721,562	(26,275)	(4)%
Tank exchange selling locations	60,663	62,372	(1,709)	(3)%
(amounts in thousands)				
Nine months ended April 30,				
Propane sales volumes (gallons):				
Retail - Sales to End Users	529,884	536,124	(6,240)	(1)%
Wholesale - Sales to Resellers	158,955	176,970	(18,015)	(10)%
	<u>688,839</u>	<u>713,094</u>	<u>(24,255)</u>	<u>(3)%</u>
Revenues -				
Propane and other gas liquids sales:				
Retail - Sales to End Users	\$ 1,228,062	\$ 945,833	\$ 282,229	30 %
Wholesale - Sales to Resellers	405,713	381,357	24,356	6 %
Other Gas Sales (a)	18,644	24,329	(5,685)	(23)%
Other (b)	74,568	67,665	6,903	10 %
Propane and related equipment revenues	<u>\$ 1,726,987</u>	<u>\$ 1,419,184</u>	<u>\$ 307,803</u>	<u>22 %</u>
Gross Margin -				
Propane and other gas liquids sales gross margin: (c)				
Retail - Sales to End Users (a)	\$ 521,132	\$ 464,343	\$ 56,789	12 %
Wholesale - Sales to Resellers (a)	164,578	180,386	(15,808)	(9)%
Other (b)	64,225	57,509	6,716	12 %
Propane and related equipment gross profit	<u>\$ 749,935</u>	<u>\$ 702,238</u>	<u>\$ 47,697</u>	<u>7 %</u>
Operating, general and administrative expense (d)	\$ 431,739	\$ 397,658	\$ 34,081	9 %
Operating expense - equipment lease expense	17,487	20,462	(2,975)	(15)%
Operating income	<u>\$ 239,533</u>	<u>\$ 215,679</u>	<u>\$ 23,854</u>	<u>11 %</u>
Depreciation and amortization expense	65,306	63,920	1,386	2 %
Non-cash employee stock ownership plan compensation charge	2,436	2,281	155	7 %
(Gain) loss on asset sales and disposals	(6,566)	2,238	(8,804)	NM
Legal fees and settlements related to non-core businesses	4,635	8,572	(3,937)	(46)%
Provision for doubtful accounts related to non-core businesses	-	(500)	500	(100)%
Severance costs	546	1,761	(1,215)	(69)%
Adjusted EBITDA	<u>\$ 305,890</u>	<u>\$ 293,951</u>	<u>\$ 11,939</u>	<u>4 %</u>

NM – Not meaningful

- (a) Gross margin for "Other Gas Sales" is allocated to Gross margin "Retail - Sales to End Users" and "Wholesale - Sales to Resellers" based on the volumes in each respective category.
- (b) "Other" primarily includes various customer fee income and to a lesser extent appliance and material sales.
- (c) Gross margin from "Propane and other gas liquids sales" represents "Revenues - Propane and other gas liquids sales" less "Cost of sales - Propane and other gas liquids sales" and does not include depreciation and amortization.
- (d) "Operating, general and administrative expense" above includes both the "Operating expense – personnel, vehicle, plant and other" and the "General and administrative expense" captions in the condensed consolidated statement of operations.

Propane sales volumes during the nine months ended April 30, 2022 decreased 3%, or 24.3 million gallons, from the prior year period primarily due to decreased sales volumes to tank exchange customers primarily due to the prior year favorable impact of outdoor living. Based on a ten-year average, weather was slightly below normal at a 5.0% decrease in weighted-average degree days for the nine months ended April 30, 2022 compared to normal average temperatures.

Our wholesale sales price per gallon partially correlates to the change in the wholesale market price of propane. The wholesale market price at major supply points in Mt. Belvieu, Texas during the nine months ended April 30, 2022 averaged 83% more than the prior year period, while at the Conway, Kansas major supply point prices averaged 87% more than the prior year period. The wholesale market price at Mt. Belvieu, Texas averaged \$1.26 and \$0.69 per gallon during the nine months ended April 30, 2022 and 2021, respectively, while the wholesale market price at Conway, Kansas averaged \$1.25 and \$0.67 per gallon during the nine months ended April 30, 2022 and 2021, respectively. This increase in the wholesale cost of propane contributed to our increase in sales price per gallon and therefore revenues.

Revenues

Retail sales increased \$282.2 million compared to the prior year period due to continued focus on the management of the sales lifecycle, from asset utilization through final mile optimization and the strategic initiatives described above.

Wholesale sales increased \$24.4 million compared to the prior year period as a result of an increase in volume in non-retail opportunities.

Other gas sales decreased \$5.7 million compared to the prior year period primarily due to a decrease in sales volume.

Other revenues increased \$6.9 million compared to the prior year period primarily due to revenue from services to customers provided in support of final mile operations.

Gross margin - Propane and other gas liquids sales

Gross margin increased \$41.0 million primarily due to a \$300.9 million increase in revenue, as discussed above, offset by a \$259.9 million increase in related cost of sales as a result of increases in price per gallon and increased costs for materials due to high inflationary costs.

Gross margin - other

Gross margin increased \$6.7 million compared to the prior year period primarily due to increased miscellaneous fees billed to customers and increased tank rental income.

Operating income

Operating income increased \$23.9 million primarily due to a \$41.0 million increase in "Gross margin - Propane and other gas liquid sales" and a \$6.7 million increase in "Gross margin - other," both as discussed above, an \$8.8 million increase in "(Gain) loss on asset sales and disposals" and a \$3.0 million decrease in "Operating expense - equipment lease expense," partially offset by a \$34.1 million increase in "Operating, general and administrative expense". The \$8.8 million increase in "(Gain) loss on asset sales and disposals" primarily related to the derecognition of a lease liability and the related asset. The decrease in "Operating expense - equipment lease expense" was due to our entering into more finance leases instead of operating leases, resulting in less lease expense and greater interest expense and amortization expense. "Operating, general and administrative expense" increased due to a \$43.5 million increase in "Operating expense - personnel, vehicle, plant and other," partially offset by a \$9.4 million decrease in "General and administrative expense". "Operating expense - personnel, vehicle, plant and other" increased primarily due to planned increases for workforce and overtime costs and higher fleet expenses and fuel costs.

Adjusted EBITDA

Adjusted EBITDA increased \$11.9 million primarily due to the \$23.9 million increase in "Operating income," partially offset by the \$8.8 million increase in "(Gain) loss on asset sales and disposals," each as discussed above. Excluding the impact of approximately \$5.0 million in legal settlements during the third fiscal quarter, adjusted EBITDA would have increased \$16.9 million compared to the prior year period.

Liquidity and Capital Resources

General

Our primary sources of liquidity and capital resources are cash flows from operating activities, our Credit Facility and funds received from sales of debt and equity securities. As of April 30, 2022, our total liquidity was \$477.1 million, which was comprised of \$217.9 million in unrestricted cash and \$259.2 million of availability under our Credit Facility. These sources of liquidity and short-term capital resources are intended to fund our working capital requirements, acquisitions and capital expenditures. As of April 30, 2022, letters of credit outstanding totaled \$90.8 million. Our access to long-term capital resources, to the extent needed to refinance debt or for other purposes, may be affected by our ability to access the capital markets, covenants in our debt agreements and other financial obligations, unforeseen demands on cash, or other events beyond our control.

As of April 30, 2022, we had \$11.2 million of restricted cash consisting of a cash deposit made with the administrative agent under our prior senior secured credit facility that was terminated in April 2020.

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

Our material known cash requirements continue to be our long-term debt, including current portion, and fixed rate interest obligations. These obligations reflect the operating partnership's issuance of the \$650.0 million aggregate principal amount of 2026 Notes and the \$825.0 million aggregate principal amount of 2029 Notes and the other transactions effected on the Effective Date.

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

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

We believe that the liquidity available from cash flows from operating activities, unrestricted cash and the Credit Facility will be sufficient to meet our capital expenditure, working capital and letter of credit requirements for the foreseeable future.

Distributable Cash Flow

Distributable cash flow attributable to equity investors is reconciled to net earnings (loss) attributable to Ferrelgas Partners, L.P., the most directly comparable GAAP measure, in this Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations under the subheading “Non-GAAP Financial Measures” above. A comparison of distributable cash flow attributable to equity investors to cash distributions accrued or paid to equity investors for the twelve months ended April 30, 2022 to the twelve months ended January 31, 2022 is as follows (in thousands):

	Distributable cash flow attributable to equity investors	Cash reserves approved by our General Partner	Cash distributions accrued or paid to equity investors	DCF ratio (a)
Nine months ended April 30, 2022	\$ 223,099	\$ 174,062	\$ 49,037	4.5
Fiscal 2021	135,654	111,630	24,024	
Less: Nine months ended April 30, 2021	144,987	136,976	8,011	
Twelve months ended April 30, 2022	\$ 213,766	\$ 148,716	\$ 65,050	3.3
Twelve months ended January 31, 2022	205,891	148,545	57,346	3.6
Change	\$ 7,875	\$ 171	\$ 7,704	1.0

(a) DCF ratio is calculated as Distributable cash flow attributable to equity investors divided by Cash distributions accrued or paid to equity investors.

For the twelve months ended April 30, 2022, distributable cash flow attributable to equity investors increased \$7.9 million compared to the twelve months ended January 31, 2022. As of April 30, 2022, the accrued quarterly distribution to Preferred Unitholders was \$16.9 million. We paid \$15.4 million of this distribution on May 15, 2022. The remaining \$1.5 million remains accrued as additional amounts payable to certain holders of Preferred Units, pursuant to the side letters outlined in the OpCo LPA Amendment. No cash distributions have been paid to our Class A Unitholders since the three months ended October 31, 2018. Cash reserves, which we utilize to meet future anticipated expenditures, were flat at \$148.7 million during the twelve months ended April 30, 2022, compared to \$148.5 million in the twelve months ended January 31, 2022.

Operating Activities

Ferrelgas Partners

Net cash provided by operating activities was \$128.2 million for the nine months ended April 30, 2022, compared to net cash provided by operating activities of \$103.0 million for the nine months ended April 30, 2021. The increase in cash provided by operating activities was primarily due to a \$98.4 million increase in cash flow from operations, partially offset by a \$51.4 million increase in working capital requirements and a \$21.8 million outflow associated with other assets and liabilities.

The increase in working capital requirements for the nine months ended April 30, 2022 compared to the nine months ended April 30, 2021 was primarily due to a \$39.1 million increase in requirements for other current liabilities. Additionally, due to rising propane prices in the current period, we had a \$16.6 million increase in requirements for accounts and notes receivable and a \$15.1 million increase in requirements for inventory. The \$7.8 million increase in accrued interest expense related primarily to the timing and nature of the restructuring transactions in March 2021. These increases were partially offset by decreases of \$15.0 million and \$12.2 million in prepaid expenses and other current assets and accounts payable, respectively.

The increase in cash flow from operations was primarily due to a \$74.5 million decrease in "Interest expense," a \$47.7 million increase in gross profit, a \$9.4 million decrease in "General and administrative expense," an \$8.8 million gain on asset sales and disposals and a \$3.0 million decrease in "Operating expense – equipment lease expense," which were partially offset by a net increase in "Operating expense – personnel, vehicle, plant and other" of \$43.5 million.

The operating partnership

Net cash provided by operating activities was \$128.2 million for the nine months ended April 30, 2022, compared to net cash provided by operating activities of \$110.3 million for the nine months ended April 30, 2021. This increase in cash provided by operating activities was primarily due to a \$75.1 million increase in cash flow from operations, partially offset by a \$34.5 million increase in working capital requirements and a \$22.7 million outflow associated with other assets and liabilities.

The increase in working capital requirements for the nine months ended April 30, 2022 compared to the nine months ended April 30, 2021 was primarily due to a \$36.0 million increase in requirements for other current liabilities. Additionally, due to rising propane prices in the current period, we had a \$16.6 million increase in requirements for accounts and notes receivable and a \$15.1 million increase in requirements for inventory. These increases were partially offset by decreases of \$15.0 million and \$12.2 million in prepaid expenses and other current assets and accounts payable, respectively. The \$6.0 million decrease in accrued interest expense related primarily to the timing and nature of the restructuring transactions in March 2021.

The increase in cash flow from operations was primarily due to a \$60.7 million decrease in "Interest expense," a \$47.7 million increase in gross profit, an \$8.8 million gain on asset sales and disposals and a \$3.0 million decrease in "Operating expense – equipment lease expense," which were partially offset by an increase in "Operating expense – personnel, vehicle, plant and other" of \$43.5 million.

Investing Activities

Ferrelgas Partners

Capital Requirements

Our business requires continual investments to upgrade or enhance existing operations and to ensure compliance with safety and environmental regulations. Capital expenditures for our business consist primarily of:

- Maintenance capital expenditures. These capital expenditures include expenditures for betterment and replacement of property, plant and equipment, and may from time to time include assets that are typically leased, rather than purchased to generate incremental distributable cash flow. Examples of maintenance capital expenditures include a routine replacement of a worn-out asset or replacement of major vehicle components; and
- Growth capital expenditures. These expenditures are undertaken primarily to generate incremental distributable cash flow. Examples include expenditures for purchases of both bulk and portable propane tanks and other equipment to facilitate expansion of our customer base and operating capacity.

Net cash used in investing activities was \$76.8 million for the nine months ended April 30, 2022, compared to net cash used in investing activities of \$47.0 million for the nine months ended April 30, 2021. This increase in net cash used in investing activities was primarily due to a \$19.1 million increase in "Capital expenditures" and a \$9.6 million increase in "Business acquisitions, net of cash acquired."

Due to the mature nature of our operations we do not anticipate significant fluctuations in maintenance capital expenditures, with the exception of future decisions regarding lease versus buy financing options. However, future fluctuations in growth capital expenditures could occur due to the opportunistic nature of these projects.

The operating partnership

The investing activities discussed above also apply to the operating partnership, other than the net activity of the term loan credit agreement with Ferrelgas Partners, L.P. See "Disclosures about Effects of Transactions with Related Parties" below for further discussion.

Financing Activities

Ferrellgas Partners

Net cash used in financing activities was \$104.2 million for the nine months ended April 30, 2022, compared to net cash used in financing activities of \$166.9 million for the nine months ended April 30, 2021. This decrease in cash flow used in financing activities was primarily due to financing costs related to the prior year debt transactions (as discussed further in Note F – Debt), partially offset by \$50.0 million in distributions to Class B unitholders and \$47.8 million in preferred unit distributions, both of which occurred in the nine months ended April 30, 2022.

Letters of credit outstanding at April 30, 2022 and July 31, 2021 totaled \$90.8 million and \$107.7 million, respectively, and were used to secure insurance arrangements, product purchases and commodity hedges. As of April 30, 2022, we had available borrowing capacity under our Credit Facility of \$259.2 million.

The operating partnership

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

Distributions

Partnership distributions

The Sixth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P. (the “Amended Ferrellgas Partners LPA”) requires Ferrellgas Partners to make quarterly cash distributions of all of its “available cash”. Available cash is defined in the Amended Ferrellgas Partners LPA as, generally, the sum of Ferrellgas’ Partners cash receipts less consolidated cash disbursements and net changes in reserves established by our general partner for future requirements. In general, the amount of Ferrellgas Partners’ available cash depends primarily on whether and the extent to which Ferrellgas Partners receives cash distributions from the operating partnership, as such distributions generally would be Ferrellgas Partners’ only significant cash receipts.

Pursuant to the Amended Ferrellgas Partners LPA, while any Class B Units remain outstanding, any distributions by Ferrellgas Partners to its partners must be made such that the ratio of (i) the amount of distributions made to holders of Class B Units to (ii) the amount of distributions made to holders of Class A Units and the general partner is not less than 6:1. The Amended Ferrellgas Partners LPA permits Ferrellgas Partners, in the general partner’s discretion, to make distributions to the Class B Unitholders in a greater proportion than the minimum 6:1 ratio, including paying 100% of any such distribution Class B Unitholders. The Class B Units will not be convertible into Class A Units until Class B Unitholders receive distributions in the aggregate amount of \$357.0 million (which was the outstanding principal amount of the Ferrellgas Partners Notes), and the rate at which Class B Units will convert into Class A Units increases annually. Additionally, the price at which Ferrellgas Partners may redeem the Class B Units during the first five years after March 30, 2021 (the “Effective Date”) is based on the Class B Unitholders’ receipt of a specified internal rate of return in respect of their Class B Units. This specified internal rate of return in respect of the Class B Units is 15.85%, but that amount increases under certain circumstances, including if the operating partnership paid distributions on the Preferred Units in-kind rather than in cash for a certain number of quarters. Accordingly, distributing cash to the Class B Unitholders in a greater proportion than the minimum 6:1 ratio could result in the Class B Units becoming convertible into Class A Units more quickly or at a lower conversion rate or reduce the redemption price for the Class B Units. For additional discussion of the terms of the Class B Units, see Note G – Equity (Deficit) in the notes to our condensed consolidated financial statements.

For these reasons, although the general partner has not made any decisions or adopted any policy with respect to the allocation of future distributions by Ferrellgas Partners to its partners, the general partner may determine that it is advisable to pay more than the minimum amount of any distribution, up to 100% of the amount of such distribution, to Class B Unitholders. In fact, on October 8, 2021, Ferrellgas Partners made a cash distribution in the aggregate amount of approximately \$49.9 million entirely to the Class B Unitholders, without making any distribution to Class A Unitholders and the general partner. In our Annual Report on Form 10-K for fiscal 2021, see “Risk Factors—Risks Inherent in an Investment in our Class A or Class B Units or our Debt Securities and Other Risks Related to Our Capital Structure and Financing Arrangements—If Ferrellgas Partners is permitted to make and makes distributions to its partners, while any Class B Units remain outstanding, Class B Unitholders collectively will receive at least approximately 85.7% of the aggregate amount of each such distribution and may receive up to 100% of any such distribution. Accordingly, while any Class B Units remain outstanding, Class A Unitholders may not receive any distributions and, in any case, will not receive collectively more than approximately 14.1% of any distribution.”

Ferrellgas Partners did not pay any distributions to Class A Unitholders or the general partner for the nine months ended April 30, 2022.

The ability of Ferrellgas Partners to make cash distributions to its Class A Unitholders and Class B Unitholders is dependent on the receipt by Ferrellgas Partners of cash distributions from the operating partnership. For so long as any Preferred Units remain outstanding, the amount of cash that otherwise would be available for distribution by the operating partnership to Ferrellgas Partners and the general partner will be reduced by the amount of cash distributions and other payments made by the operating partnership in respect of the Preferred Units, including payments to redeem Preferred Units. Further, the indentures governing the 2026 Notes and 2029 Notes, the credit agreement (the “Credit Agreement”) that provides for a four-year revolving credit facility (the “Credit Facility”) in an aggregate principal amount of up to \$350.0 million, and the First Amendment to the Amended OpCo LPA which sets forth the preferences, rights, privileges and other terms governing the Preferred Units (the “OpCo LPA Amendment”) contain covenants that limit the ability of the operating partnership to make distributions to Ferrellgas Partners and therefore effectively limit the ability of Ferrellgas Partners to make distributions to its Class A Unitholders and Class B Unitholders. See Note E – Debt and Note F – Preferred units for a discussion of these limitations. In our Annual Report on Form 10-K for fiscal 2021, see “Risk Factors—Risks Inherent in an Investment in our Class A or Class B Units or our Debt Securities and Other Risks Related to Our Capital Structure and Financing Arrangements—Our ability to make cash distributions to holders of Class A Units and Class B Units is dependent on the receipt by Ferrellgas Partners of cash distributions from the operating partnership, which are limited by our obligations under the Indentures, the Credit Agreement and the OpCo LPA Amendment and may be limited by a variety of other factors. Accordingly, we may be unable to make cash distributions to holders of Class A Units and Class B Units.”

Preferred unit distributions

Pursuant to the OpCo LPA Amendment, the operating partnership is required to pay to the holders of each Preferred Unit a cumulative, quarterly distribution (the “Quarterly Distribution”) at the Distribution Rate (as defined below) on the unit purchase price of such Preferred Unit, which is \$1,000 per unit.

“Distribution Rate” means, for the first five years after March 30, 2021, a rate per annum equal to 8.956%, with certain increases in the Distribution Rate on each of the 5th, 6th and 7th anniversaries of March 30, 2021, subject to a maximum rate of 11.125% and certain other adjustments and exceptions.

The Quarterly Distribution may be paid in cash or, at the election of the operating partnership, “in kind” through the issuance of additional Preferred Units (“PIK Units”) at the quarterly Distribution Rate plus an applicable premium that escalates each year from 75 bps to 300 bps so long as the Preferred Units remain outstanding. In the event the operating partnership fails to make any Quarterly Distribution in cash, such Quarterly Distribution will automatically be paid in PIK Units.

The Distribution Rate on the Preferred Units will increase upon violation of certain protective provisions for the benefit of Preferred Unit holders notwithstanding the cap mentioned above.

On February 15, 2022 and May 15, 2022, \$15.4 million of the Quarterly Distribution was paid for each quarter in cash to holders of Preferred Units. As of April 30, 2022, the Quarterly Distribution accrued was \$16.9 million. The remaining Quarterly Distribution accrual of \$1.5 million represents additional amounts payable to certain holders of Preferred Units pursuant to the side letters outlined in the OpCo LPA Amendment.

Preferred unit tax distributions

For any quarter in which the operating partnership makes a Quarterly Distribution in PIK Units in lieu of cash, it shall make a subsequent cash tax distribution for such quarter in an amount equal to the (i) the lesser of (x) 25% and (y) the highest combined federal, state and local tax rate applicable for corporations organized in New York, multiplied by (ii) the excess (if any) of (A) one-fourth (1/4th) of the estimated taxable income to be allocated to the holders of Preferred Units for the year in which the Quarterly Tax Payment Date (which refers to certain specified dates that next follow a Quarterly Distribution date on which PIK Units were issued) occurs, over (B) any cash paid on the Quarterly Distribution date immediately preceding the Quarterly Tax Payment Date on which a quarterly tax amount would otherwise be paid (such amount, the "Tax Distribution"). Tax Distributions are treated as advances against, and reduce, future cash distributions for any reason, including payments in redemption of Preferred Units or PIK Units, or payments to the holders in their capacity as such pursuant to any side letter or other agreement.

Cash distributions paid

Ferrellgas Partners did not pay any cash distributions to its Class A Unitholders during the nine months ended April 30, 2022. On October 8, 2021, Ferrellgas Partners paid a cash distribution to holders of the Class B Units in the amount of \$38.46 per Class B Unit or approximately \$49.9 million in the aggregate. As permitted by the Amended Ferrellgas LPA as described above, Ferrellgas Partners made this distribution solely to Class B Unitholders without any contemporaneous distribution to Class A Unitholders and the general partner.

On September 14, 2021, the operating partnership paid a cash distribution to Ferrellgas Partners in the amount of approximately \$49.9 million, which Ferrellgas Partners used to pay the October 8, 2021 distribution to its Class B Unitholders described above. The operating partnership also paid cash distributions for the nine months ended April 30, 2022 in respect of its Preferred Units as discussed above under "Preferred unit distributions."

On May 16, 2022, the operating partnership paid a cash distribution to Ferrellgas Partners in the amount of approximately \$19.2 million. \$15.3 million was used to repay the term loan, as discussed below in "Term loan credit agreement between Ferrellgas Partners and the operating partnership." The remaining \$3.9 million was used to repay separate intercompany receivables related to expenses incurred during the 2021 debt transactions.

The operating partnership

The operating partnership paid cash distributions during the nine months ended April 30, 2022 to Ferrellgas Partners and to holders of the Preferred Units as described above. The operating partnership did not pay any other cash distributions during the nine months ended April 30, 2021.

Disclosures about Effects of Transactions with Related Parties

We have no employees and are managed and controlled by our general partner. Pursuant to our partnership agreements, our general partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on our behalf, and all other necessary or appropriate expenses allocable to us or otherwise reasonably incurred by our general partner in connection with operating our business. These reimbursable costs, which totaled \$231.9 million for the nine months ended April 30, 2022, include operating expenses such as compensation and benefits paid to employees of our general partner who perform services on our behalf as well as related general and administrative expenses.

During the nine months ended April 30, 2022, the operating partnership paid distributions to Ferrellgas Partners as described above.

Term loan credit agreement between Ferrellgas Partners and the operating partnership

As discussed in Note L – Transactions with related parties in the notes to the condensed consolidated financial statements of the operating partnership, on January 8, 2021 Ferrellgas Partners entered into a term loan credit agreement with the operating partnership, pursuant to which the operating partnership extended to Ferrellgas Partners an unsecured, non-amortizing term loan in the aggregate principal amount of \$19.9 million. The term loan bore interest at a rate of 20% per annum, all interest on the term loan was added to the outstanding principal amount of the term loan, and the term loan's maturity date was July 1, 2022. During July 2021, Ferrellgas Partners made an optional principal prepayment of \$9.0 million on the term loan. The outstanding principal and accrued interest at April 30, 2022 was \$15.2 million. Ferrellgas Partners repaid the term loan on May 16, 2022. See Note O – Subsequent events to our condensed consolidated financial statements for more information.

Contractual Obligations

As of April 30, 2022, there have been no material changes to our contractual obligations and commitments from those described under “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations” in our Annual Report on Form 10-K for fiscal 2021. For additional information regarding our debt obligations, see Note E – Debt to our condensed consolidated financial statements.

The operating partnership

The contractual obligations discussed above also apply to the operating partnership.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We did not enter into any risk management trading activities during the nine months ended April 30, 2022. Our remaining market risk sensitive instruments and positions have been determined to be “other than trading.”

Commodity price risk management

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

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

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

Transportation Fuel Price Risk

From time to time, our risk management activities also attempt to mitigate price risks related to the purchase of gasoline and diesel fuel for use in the transport of propane from supply or storage locations and from retail fueling stations. When employed, we attempt to mitigate these price risks through the use of financial derivative instruments.

When employed, our risk management strategy involves taking positions in the financial markets that are not more than the forecasted purchases of fuel for our internal use in supply and retail propane delivery fleet in order to minimize the risk of decreased earnings from an adverse price change. This risk management strategy locks in our purchase price and is successful when our gains or losses in the physical product markets are offset by our losses or gains in the financial markets. Our transport fuel financial derivatives are not designated as cash flow hedges.

Risk Policy and Sensitivity Analysis

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

We have prepared a sensitivity analysis to estimate the exposure to market risk of our energy commodity positions. Forward contracts, futures, swaps and options outstanding as of April 30, 2022 and July 31, 2021, that were used in our risk management activities were analyzed assuming a hypothetical 10% adverse change in prices for the delivery month for all energy commodities. The potential loss in future earnings from these positions due to a 10% adverse movement in market prices of the underlying energy commodities was estimated at \$22.9 million and \$30.1 million as of April 30, 2022 and July 31, 2021, respectively. The preceding hypothetical analysis is limited because changes in prices may or may not equal 10%, thus actual results may differ. Our sensitivity analysis does not include the anticipated transactions associated with these transactions, which we anticipate will be 100% effective.

Credit risk

We maintain credit policies with regard to our counterparties that we believe significantly reduce overall credit risk. These policies include evaluating and monitoring of counterparties' financial condition (including credit ratings), and entering into agreements with counterparties that govern credit guidelines.

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

Interest rate risk

We had variable rate indebtedness outstanding related to our letters of credit under our Credit Facility of \$90.8 million and \$107.7 million as of April 30, 2022 and July 31, 2021, respectively. We had no collateralized note payable borrowings, as we terminated our accounts receivable securitization facility on the Effective Date. Our results of operations, cash flows and financial condition could be materially adversely affected by significant increases in interest rates to the extent that we have variable rate indebtedness (including any disbursements or payments related to letters of credit) outstanding under our Credit Facility.

Critical accounting estimates

Our critical accounting estimates are disclosed under "Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates" in our Form 10-K for fiscal 2021. During the nine months ended April 30, 2022 no modifications were made to these critical accounting estimates.

ITEM 4. CONTROLS AND PROCEDURES

An evaluation was performed by the management of Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp., Ferrellgas, L.P., and Ferrellgas Finance Corp., with the participation of the principal executive officer and principal financial officer of our general partner, of the effectiveness of our disclosure controls and procedures. Based on that evaluation, our management, including our principal executive officer and principal financial officer, concluded that our disclosure controls and procedures, as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act, were effective as of April 30, 2022.

The management of Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp., Ferrellgas, L.P., and Ferrellgas Finance Corp. does not expect that our disclosure controls and procedures will prevent all errors and all fraud. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Based on the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the above mentioned partnerships and corporations have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events. Therefore, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our disclosure controls and procedures are designed to provide such reasonable assurances of achieving our desired control objectives, and the principal executive officer and principal financial officer of our general partner have concluded, as of April 30, 2022, that our disclosure controls and procedures are effective in achieving that level of reasonable assurance.

During the most recent fiscal quarter ended April 30, 2022, there have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) or Rule 15d-15(f) of the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information regarding legal proceedings, see Note M “Contingencies and commitments” in our condensed consolidated financial statements included in Item 1. “Financial Statements.”

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors set forth under Part I, Item 1A. “Risk Factors” in our Annual Report on Form 10-K for fiscal 2021 and in our subsequent SEC filings.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

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

Exhibit Number	Description
2.1	Second Amended Prepackaged Joint Chapter 11 Plan of Reorganization of Ferrellgas Partners, L.P. and Ferrellgas Partners Finance Corp. Incorporated by reference to Exhibit 99.1 to our Quarterly Report on Form 10-Q filed March 8, 2021.
2.2	Transaction Support Agreement, dated December 10, 2020, by and among the Company Parties (as defined therein) and the Consenting Lenders (as defined therein), Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed December 11, 2020.
3.1	Certificate of Limited Partnership of Ferrellgas Partners, L.P. Incorporated by reference to Exhibit 3.1 to our Annual Report on Form 10-K filed September 29, 2015.
3.2	Fifth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P. Incorporated by reference to Exhibit 3.14 to our Quarterly Report on Form 10-Q filed June 7, 2018.
3.3	First Amendment to Fifth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P., dated as of December 11, 2020. Incorporated by reference to Exhibit 3.3 to our Quarterly Report on Form 10-Q filed December 15, 2020.
3.4	Sixth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P., dated as of March 30, 2021. Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed April 5, 2021.
3.5	Certificate of Incorporation of Ferrellgas Partners Finance Corp. filed with the Delaware Division of Corporations on March 28, 1996. Incorporated by reference to Exhibit 3.6 to our registration statement on Form S-3 filed March 6, 2009.
3.6	Bylaws of Ferrellgas Partners Finance Corp. adopted as of April 1, 1996. Incorporated by reference to Exhibit 3.7 to our registration statement on Form S-3 filed March 6, 2009.
3.7	Certificate of Limited Partnership of Ferrellgas, L.P. Incorporated by reference to Exhibit 3.9 to our Annual Report on Form 10-K filed September 29, 2015.
3.8	Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas, L.P., dated as of April 24, 2020. Incorporated by reference to Exhibit 3.1 of our Current Report on Form 8-K filed on April 27, 2020.
3.9	Fifth Amended and Restated Agreement of Limited Partnership of Ferrellgas, L.P., dated as of March 30, 2021. Incorporated by reference to Exhibit 3.2 of our Current Report on Form 8-K filed April 5, 2021.
3.10	First Amendment to the Fifth Amended and Restated Agreement of Limited Partnership of Ferrellgas, L.P., dated as of March 30, 2021. Incorporated by reference to Exhibit 3.3 of our Current Report on Form 8-K filed April 5, 2021.
3.11	Certificate of Incorporation of Ferrellgas Finance Corp. filed with the Delaware Division of Corporations on January 16, 2003. Incorporated by reference to Exhibit 3.8 to our registration statement on Form S-3 filed March 6, 2009.
3.12	Bylaws of Ferrellgas Finance Corp. adopted as of January 16, 2003. Incorporated by reference to Exhibit 3.9 to our registration statement on Form S-3 filed March 6, 2009.
4.1	Specimen Certificate evidencing Common Units representing Limited Partner Interests. Incorporated by reference to Exhibit A of Exhibit 3.1 to our Current Report on Form 8-K filed April 5, 2021.
4.2	Indenture relating to 5.375% Senior Notes due 2026, dated as of March 30, 2021 (with form of Note attached), among Ferrellgas Escrow, LLC and FG Operating Finance Escrow Corp., as co-issuers, and U.S. Bank National Association, as trustee. Incorporated by reference to Exhibit 4.1 of our Current Report on Form 8-K filed April 5, 2021.
4.3	Assumption Supplemental Indenture relating to 5.375% Senior Notes due 2026, dated as of March 30, 2021, among Ferrellgas, L.P. and Ferrellgas Finance Corp., as co-issuers, the guarantors party thereto and U.S. Bank National Association, as trustee. Incorporated by reference to Exhibit 4.2 of our Current Report on Form 8-K filed April 5, 2021.
4.4	Indenture relating to 5.875% Senior Notes due 2029, dated as of March 30, 2021 (with form of Note attached), among Ferrellgas Escrow, LLC and FG Operating Finance Escrow Corp., as co-issuers, and U.S. Bank National Association, as trustee. Incorporated by reference to Exhibit 4.4 of our Current Report on Form 8-K filed April 5, 2021.

4.5	Assumption Supplemental Indenture relating to 5.875% Senior Notes due 2029, dated as of March 30, 2021, among Ferrellgas, L.P. and Ferrellgas Finance Corp., as co-issuers, the guarantors party thereto and U.S. Bank National Association, as trustee. Incorporated by reference to Exhibit 4.5 of our Current Report on Form 8-K filed April 5, 2021.
4.6	Investment Agreement, dated as of March 30, 2021, among Ferrellgas, L.P., Ferrellgas, Inc. and the several purchasers named therein. Incorporated by reference to Exhibit 10.2 of our Current Report on Form 8-K filed April 5, 2021.
4.7	Voting Agreement, dated as of March 30, 2021, among Ferrellgas, Inc., Ferrell Companies, Inc., and the holders of Class B Units of Ferrellgas Partners, L.P. Incorporated by reference to Exhibit 4.1 of our Current Report on Form 8-K filed April 14, 2021.
4.8	Voting Agreement, dated as of March 30, 2021, among Ferrellgas, Inc., Ferrell Companies, Inc., and the purchasers of the Senior Preferred Units of Ferrellgas, L.P. Incorporated by reference to Exhibit 4.2 of our Current Report on Form 8-K filed April 14, 2021.
10.1	Credit Agreement, dated as of March 30, 2021, among Ferrellgas, L.P., Ferrellgas, Inc., certain subsidiaries of Ferrellgas, L.P., as guarantors, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent. Incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed April 5, 2021.
10.2	First Amendment to the Credit Agreement, dated as of June 11, 2021, among Ferrellgas, L.P., Ferrellgas, Inc., the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent. Incorporated by reference to Exhibit 10.29 to our Quarterly Report on Form 10-Q filed June 14, 2021.
# 10.3	Ferrell Companies, Inc. Supplemental Savings Plan, as amended and restated effective January 1, 2010. Incorporated by reference to Exhibit 10.14 to our Quarterly Report on Form 10-Q filed March 10, 2010. File No. 001-11331; 000-50182; 000-50183 and 333-06693.
# 10.4	Ferrell Companies, Inc. 1998 Incentive Compensation Plan, as amended and restated effective October 11, 2004. Incorporated by reference to Exhibit 10.9 to our Annual Report on Form 10-K filed September 29, 2014.
# 10.5	Amendment to Ferrell Companies, Inc. 1998 Incentive Compensation Plan, dated as of March 7, 2010. Incorporated by reference to Exhibit 10.7 to our Quarterly Report on Form 10-Q filed June 9, 2010. File No. 001-11331; 000-50182; 000-50183 and 333-06693.
# 10.6	Employment, Confidentiality and Noncompete Agreement dated as of July 17, 1998 by and among Ferrell Companies, Inc. as the company, Ferrellgas, Inc. as the company, James E. Ferrell as the executive and LaSalle National Bank as trustee of the Ferrell Companies, Inc. Employee Stock Ownership Trust. Incorporated by reference to Exhibit 10.11 to our Annual Report on Form 10-K filed September 29, 2014.
# 10.7	Form of Director/Officer Indemnification Agreement, by and between Ferrellgas, Inc. and each director and executive officer. Incorporated by reference to Exhibit 10.16 to our Quarterly Report on Form 10-Q filed March 9, 2012. File No. 001-11331; 000-50182; 000-50183 and 333-06693.
# 10.8	Ferrell Companies, Inc. 2015 Deferred Appreciation Rights Plan, dated as of July 31, 2015. Incorporated by reference to Exhibit 10.23 to our Annual Report on Form 10-K filed September 29, 2015.
# 10.9	Form of Indemnification Agreement, dated as of November 19, 2019, by and between Ferrellgas Partners, LP and each director and executive officer of Ferrellgas, Inc., its general partner. Incorporated by reference to Exhibit 10.34 to our Quarterly Report on Form 10-Q filed December 6, 2019.
# 10.10	Change in Control Retention Bonus Letter Agreement with Tamria A. Zertuche, Senior Vice President and Chief Operating Officer. Incorporated by reference to Exhibit 10.27 to our Quarterly Report on Form 10-Q filed December 15, 2020.
# 10.11	Offer Letter, effective as of December 30, 2020, by and among Ferrellgas, Inc. and James E. Ferrell. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed January 5, 2021.
# 10.12	Employment Agreement, dated as of December 31, 2020, by and among Ferrellgas, Inc. and James E. Ferrell. Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed January 5, 2021.
# 10.13	Executive Confidentiality and Restrictive Covenants Agreement, dated as of December 31, 2020, by and among Ferrellgas, Inc. and James E. Ferrell. Incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K filed January 5, 2021.
10.14	Term Loan Credit Agreement, dated as of January 8, 2021, between Ferrellgas Partners, L.P., as the borrower, and Ferrellgas, L.P., as the lender. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed January 11, 2021.
# 10.15	Offer Letter, dated as of July 29, 2021, by and among Ferrellgas, Inc. and Dhiraj Cheriai. Incorporated by reference to Exhibit 10.30 to our Annual Report on Form 10-K filed October 15, 2021.

# 10.16	Executive Severance Agreement, dated as of September 20, 2021, by and among Ferrelgas, Inc. and Dhiraj Cherian, Incorporated by reference to Exhibit 10.31 to our Annual Report on Form 10-K filed October 15, 2021.
# 10.17	Ferrelgas, Inc. Short Term Incentive Plan, effective August 1, 2020, Incorporated by reference to Exhibit 10.32 to our Annual Report on Form 10-K filed October 15, 2021.
# 10.18	Separation and Release Agreement, dated as of December 1, 2021, by and among Ferrelgas, Inc. and Dhiraj Cherian, Incorporated by reference to Exhibit 10.18 to our Quarterly Report on Form 10-Q filed December 15, 2021.
* 31.1	Certification of Ferrelgas Partners, L.P. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
* 31.2	Certification of Ferrelgas Partners Finance Corp. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
* 31.3	Certification of Ferrelgas, L.P. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
* 31.4	Certification of Ferrelgas Finance Corp. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
* 32.1	Certification of Ferrelgas Partners, L.P. pursuant to 18 U.S.C. Section 1350.
* 32.2	Certification of Ferrelgas Partners Finance Corp. pursuant to 18 U.S.C. Section 1350.
* 32.3	Certification of Ferrelgas, L.P. pursuant to 18 U.S.C. Section 1350.
* 32.4	Certification of Ferrelgas Finance Corp. pursuant to 18 U.S.C. Section 1350.
* 101.INS	XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
* 101.SCH	XBRL Taxonomy Extension Schema Document.
* 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
* 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
* 101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
* 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
* 104	The cover page from Ferrelgas Partners, L.P.'s Quarterly Report on Form 10-Q for the quarter ended April 30, 2022, formatted in Inline XBRL and contained in Exhibit 101.

* Filed herewith

Management contracts or compensatory plans.

+ Confidential treatment has been granted with respect to certain portions of this exhibit. Omitted portions have been filed separately with the SEC.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

SIGNATURES

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

Date:	June 10, 2022	By	FERRELLGAS PARTNERS, L.P. By Ferrellgas, Inc., its general partner <u>/s/ James E. Ferrell</u> James E. Ferrell Chief Executive Officer and President; Chairman of the Board of Directors
		By	<u>/s/ Wendel Parks</u> Wendel Parks Corporate Controller (Principal Financial and Accounting Officer)
Date:	June 10, 2022	By	FERRELLGAS PARTNERS FINANCE CORP. <u>/s/ James E. Ferrell</u> James E. Ferrell Chief Executive Officer, President, and Sole Director
		By	<u>/s/ Wendel Parks</u> Wendel Parks Corporate Controller (Principal Financial and Accounting Officer)
Date:	June 10, 2022	By	FERRELLGAS, L.P. By Ferrellgas, Inc., its general partner <u>/s/ James E. Ferrell</u> James E. Ferrell Chief Executive Officer and President; Chairman of the Board of Directors
		By	<u>/s/ Wendel Parks</u> Wendel Parks Corporate Controller (Principal Financial and Accounting Officer)
Date:	June 10, 2022	By	FERRELLGAS FINANCE CORP. <u>/s/ James E. Ferrell</u> James E. Ferrell Chief Executive Officer, President, and Sole Director
		By	<u>/s/ Wendel Parks</u> Wendel Parks Corporate Controller (Principal Financial and Accounting Officer)

**CERTIFICATIONS
FERRELLGAS PARTNERS, L.P.**

I, James E. Ferrell, certify that:

1. I have reviewed this report on Form 10-Q for the period ended April 30, 2022 of Ferrellgas Partners, L.P. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: June 10, 2022

/s/ James E. Ferrell
James E. Ferrell
Chief Executive Officer and President;
Chairman of the Board of Directors of Ferrellgas, Inc., general partner of the Registrant

CERTIFICATIONS
FERRELLGAS PARTNERS, L.P.

I, Wendel Parks, certify that:

1. I have reviewed this report on Form 10-Q for the period ended April 30, 2022 of Ferrellgas Partners, L.P. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: June 10, 2022

/s/ Wendel Parks

Wendel Parks
Corporate Controller (Principal Financial and Accounting Officer) of Ferrellgas, Inc.,
general partner of the Registrant

CERTIFICATIONS
FERRELLGAS PARTNERS FINANCE CORP.

I, James E. Ferrell, certify that:

1. I have reviewed this report on Form 10-Q for the period ended April 30, 2022 of Ferrellgas Partners Finance Corp. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: June 10, 2022

/s/ James E. Ferrell
James E. Ferrell
Chief Executive Officer, President, and Sole Director

CERTIFICATIONS
FERRELLGAS PARTNERS FINANCE CORP.

I, Wendel Parks, certify that:

1. I have reviewed this report on Form 10-Q for the period ended April 30, 2022 of Ferrellgas Partners Finance Corp. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: June 10, 2022

/s/ Wendel Parks

Wendel Parks

Corporate Controller (Principal Financial and Accounting Officer)

**CERTIFICATIONS
FERRELLGAS, L.P.**

I, James E. Ferrell, certify that:

1. I have reviewed this report on Form 10-Q for the period ended April 30, 2022 of Ferrellgas, L.P. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: June 10, 2022

/s/ James E. Ferrell

James E. Ferrell
Chief Executive Officer and President; Chairman of the Board of Directors of Ferrellgas,
Inc., the Registrant's general partner

**CERTIFICATIONS
FERRELLGAS, L.P.**

I, Wendel Parks, certify that:

1. I have reviewed this report on Form 10-Q for the period ended April 30, 2022 of Ferrellgas, L.P. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: June 10, 2022

/s/ Wendel Parks

Wendel Parks
Corporate Controller (Principal Financial and Accounting Officer) of Ferrellgas, Inc., the
Registrant's general partner

**CERTIFICATIONS
FERRELLGAS FINANCE CORP.**

I, James E. Ferrell, certify that:

1. I have reviewed this report on Form 10-Q for the period ended April 30, 2022 of Ferrellgas Finance Corp. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: June 10, 2022

/s/ James E. Ferrell
James E. Ferrell
Chief Executive Officer, President, and Sole Director

CERTIFICATIONS
FERRELLGAS FINANCE CORP.

I, Wendel Parks, certify that:

1. I have reviewed this report on Form 10-Q for the period ended April 30, 2022 of Ferrellgas Finance Corp. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
- 5) The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: June 10, 2022

/s/ Wendel Parks
Wendel Parks
Corporate Controller (Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. Section 1350,
AS ADOPTED PURSUANT TO
SECTION 906
OF THE
SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Quarterly Report on Form 10-Q of Ferrellgas Partners, L.P. (the "Registrant") for the period ended April 30, 2022, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

The foregoing certification is made solely for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is subject to the "knowledge" and "willfulness" qualifications contained in 18 U.S.C. Section 1350(c).

This certification is being furnished to the SEC and is not to be deemed "filed" with the SEC for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of Section 18. In addition, this certification is not to be deemed incorporated by reference into any registration statement of the Registrant or other filing of the Registrant made pursuant to the Exchange Act or Securities Act of 1933, as amended, unless specifically identified as being incorporated therein by reference.

Dated: June 10, 2022

/s/ James E. Ferrell
James E. Ferrell
Chief Executive Officer and President; Chairman of the Board of Directors of Ferrellgas, Inc., general partner of the Registrant

Dated: June 10, 2022

/s/ Wendel Parks
Wendel Parks
Corporate Controller (Principal Financial and Accounting Officer) of Ferrellgas, Inc., general partner of the Registrant

**CERTIFICATION PURSUANT TO
18 U.S.C. Section 1350,
AS ADOPTED PURSUANT TO
SECTION 906
OF THE
SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Quarterly Report on Form 10-Q of Ferrellgas Partners Finance Corp. for the period ended April 30, 2022, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Ferrellgas Partners Finance Corp.

The foregoing certification is made solely for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is subject to the "knowledge" and "willfulness" qualifications contained in 18 U.S.C. Section 1350(c).

This certification is being furnished to the SEC and is not to be deemed "filed" with the SEC for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of Section 18. In addition, this certification is not to be deemed incorporated by reference into any registration statement of Ferrellgas Partners Finance Corp. or other filing of Ferrellgas Partners Finance Corp. made pursuant to the Exchange Act or Securities Act of 1933, as amended, unless specifically identified as being incorporated therein by reference.

Dated: June 10, 2022

/s/ James E. Ferrell
James E. Ferrell
Chief Executive Officer, President, and Sole Director

Dated: June 10, 2022

/s/ Wendel Parks
Wendel Parks
Corporate Controller (Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. Section 1350,
AS ADOPTED PURSUANT TO
SECTION 906
OF THE
SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Quarterly Report on Form 10-Q of Ferrellgas, L.P. (the "Registrant") for the period ended April 30, 2022, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

The foregoing certification is made solely for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is subject to the "knowledge" and "willfulness" qualifications contained in 18 U.S.C. Section 1350(c).

This certification is being furnished to the SEC and is not to be deemed "filed" with the SEC for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of Section 18. In addition, this certification is not to be deemed incorporated by reference into any registration statement of the Registrant or other filing of the Registrant made pursuant to the Exchange Act or Securities Act of 1933, as amended, unless specifically identified as being incorporated therein by reference.

Dated: June 10, 2022

/s/ James E. Ferrell

James E. Ferrell

Chief Executive Officer and President; Chairman of the Board of Directors of Ferrellgas, Inc., the Registrant's general partner

Dated: June 10, 2022

/s/ Wendel Parks

Wendel Parks

Corporate Controller (Principal Financial and Accounting Officer) of Ferrellgas, Inc., the Registrant's general partner

**CERTIFICATION PURSUANT TO
18 U.S.C. Section 1350,
AS ADOPTED PURSUANT TO
SECTION 906
OF THE
SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Quarterly Report on Form 10-Q of Ferrellgas Finance Corp. for the period ended April 30, 2022, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Ferrellgas Finance Corp.

The foregoing certification is made solely for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is subject to the "knowledge" and "willfulness" qualifications contained in 18 U.S.C. Section 1350(c).

This certification is being furnished to the SEC and is not to be deemed "filed" with the SEC for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of Section 18. In addition, this certification is not to be deemed incorporated by reference into any registration statement of Ferrellgas Finance Corp. or other filing of Ferrellgas Finance Corp. made pursuant to the Exchange Act or Securities Act of 1933, as amended, unless specifically identified as being incorporated therein by reference.

Dated: June 10, 2022

/s/ James E. Ferrell
James E. Ferrell
Chief Executive Officer, President, and Sole Director

Dated: June 10, 2022

/s/ Wendel Parks
Wendel Parks
Corporate Controller (Principal Financial and Accounting Officer)
