UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended July 31, 2011

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

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

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

(Exact name of registrants as specified in their charters)

Delaware	**43-1698480**
Delaware	**43-1742520**
Delaware	**43-1698481**
Delaware	**14-1866671**
(States or other jurisdictions of incorporation or organization)	(I.R.S. Employer Identification Nos.)
7500 College Boulevard, **Suite 1000, Overland Park, Kansas**	**66210**
(Address of principal executive office)	(Zip Code)

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

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

Title of each class	Name of each exchange on which registered
Common Units of Ferrellgas Partners, L.P.	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act:

Limited Partner Interests of Ferrellgas, L.P.
Common Stock of Ferrellgas Partners Finance Corp.
Common Stock of Ferrellgas Finance Corp.
(Title of class)

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act.

Ferrellgas Partners, L.P.: Yes x No o

Ferrellgas Partners Finance Corp., Ferrellgas, L.P. and Ferrellgas Finance Corp.: Yes o No x

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

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 x No o

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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

Ferrellgas Partners, L.P.:

Large accelerated filer x	Accelerated filer o	Non-accelerated filer o (do not check if a smaller reporting company)	Smaller reporting company o

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

Large accelerated filer o	Accelerated filer o	Non-accelerated filer x (do not check if a smaller reporting company)	Smaller reporting company o

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

Ferrellgas Partners, L.P. and Ferrellgas, L.P. Yes o No x

Ferrellgas Partners Finance Corp. and Ferrellgas Finance Corp. Yes x No o

The aggregate market value as of January 31, 2011, of Ferrellgas Partners, L.P.'s common units held by nonaffiliates of Ferrellgas Partners, L.P., based on the reported closing price of such units on the New York Stock Exchange on such date, was approximately $1,439,757,680. There is no aggregate market value of the common equity of Ferrellgas Partners Finance Corp., Ferrellgas, L.P. and Ferrellgas Finance Corp. as their common equity is not sold or traded.

At August 31, 2011, the registrants had common units or shares of common stock outstanding as follows:

Ferrellgas Partners, L.P.	75,966,353	Common Units
Ferrellgas Partners Finance Corp.	1,000	Common Stock
Ferrellgas, L.P.	n/a	n/a
Ferrellgas Finance Corp.	1,000	Common Stock

Documents Incorporated by Reference: None

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

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

FERRELLGAS FINANCE CORP.

2011 FORM 10-K ANNUAL REPORT

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PART I

ITEM 1. BUSINESS.

Ferrellgas Partners, L.P. is a Delaware limited partnership. Our common units are listed on the New York Stock Exchange and our activities are primarily conducted through our operating partnership, Ferrellgas, L.P., a Delaware limited partnership. We are the sole limited partner of Ferrellgas, L.P. with an approximate 99% limited partner interest.

In this Annual Report on Form 10-K, unless the context indicates otherwise:

- "us," "we," "our," "ours," or "consolidated" are references exclusively to Ferrellgas Partners, L.P. together with its consolidated subsidiaries, including Ferrellgas Partners Finance Corp., Ferrellgas, L.P. and Ferrellgas Finance Corp., except when used in connection with "common units," in which case these terms refer to Ferrellgas Partners, L.P. without its consolidated subsidiaries;
- "Ferrellgas Partners" refers to Ferrellgas Partners, L.P. itself, without its consolidated subsidiaries;
- the "operating partnership" refers to Ferrellgas, L.P., together with its consolidated subsidiaries, including Ferrellgas Finance Corp.;
- our "general partner" refers to Ferrellgas, Inc.;
- "Ferrell Companies" refers to Ferrell Companies, Inc., the sole shareholder of our general partner;
- "unitholders" refers to holders of common units of Ferrellgas Partners;
- "customers" refers to customers other than our wholesale customers or our other bulk propane distributors or marketers;

- “retail sales” refers to Propane and other gas liquid sales: Retail — Sales to End Users or the volume of propane sold primarily to our residential, industrial/commercial and agricultural customers;

- “wholesale sales” refers to Propane and other gas liquid sales: Wholesale — Sales to Resellers or the volume of propane sold primarily to our portable tank exchange customers and bulk propane sold to wholesale customers;

- “other gas sales” refers to Propane and other gas liquid sales: Other Gas Sales or the volume of bulk propane sold to other third party propane distributors or marketers and the volume of refined fuel sold;

- “propane sales volume” refers to the volume of propane sold to our retail sales and wholesale sales customers; and

- “Notes” refers to the notes of the consolidated financial statements of Ferrellgas Partners or the operating partnership, as applicable.

Ferrellgas Partners is a holding entity that conducts no operations and has two direct subsidiaries, Ferrellgas Partners Finance Corp. and the operating partnership. Ferrellgas Partners’ only significant assets are its approximate 99% limited partnership interest in the operating partnership and its 100% equity interest in Ferrellgas Partners Finance Corp.

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

Our general partner performs all management functions for us and our subsidiaries and holds a 1% general partner interest in Ferrellgas Partners and an approximate 1% general partner interest in the operating partnership. The parent company of our general partner, Ferrell Companies, beneficially owns approximately 27% of our outstanding common units. Ferrell Companies is owned 100% by an employee stock ownership trust.

We file annual, quarterly, and other reports and information with the SEC. You may read and download our SEC filings over the Internet from several commercial document retrieval services as well as at the SEC’s website at www.sec.gov. You may also read and copy our SEC filings at the SEC’s Public Reference Room located at 100 F Street, NE, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information concerning the Public Reference Room and any applicable copy charges. Because our common units are traded on the New York Stock Exchange under the ticker symbol of “FGP,” we also provide our SEC filings and particular other information to the New York Stock Exchange. You may obtain copies of these filings and such other information at the offices of the New York Stock Exchange located at 11 Wall Street, New York, New York 10005. In addition, our SEC filings are available on our website at www.ferrellgas.com at no cost as soon as reasonably practicable after our electronic filing or furnishing thereof with the SEC. Please note that any Internet addresses provided in this Annual Report on Form 10-K 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.

General

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

We serve approximately one million residential, industrial/commercial, portable tank exchange, agricultural, wholesale and other customers in all 50 states, the District of Columbia and Puerto Rico. Our operations primarily include the distribution and sale of propane and related equipment and supplies with concentrations in the Midwest, Southeast, Southwest and Northwest regions of the United States. Our propane distribution business consists principally of transporting propane purchased from third parties to our propane distribution locations and then to tanks on customers’ premises or to portable propane tanks delivered to nationwide and local retailers. Our portable tank exchange operations, nationally branded under the name Blue Rhino, are conducted through a network of independent and partnership-owned distribution outlets. Our market areas for our residential and agricultural customers are generally rural, while our market areas for our industrial/commercial and portable tank exchange customers is generally urban.

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

In our past three fiscal years, our total annual propane sales volumes in gallons were:

Fiscal year ended	Propane sales volumes (in millions)
July 31, 2011	900
July 31, 2010	923
July 31, 2009	875

Our History

We were formed in 1994 in connection with our initial public offering. Our operations began in 1939 as a single location propane distributor in Atchison, Kansas. Our initial growth largely resulted from small acquisitions in rural areas of eastern Kansas, northern and central Missouri, Iowa, western Illinois, southern Minnesota, South Dakota and Texas. Since 1986, we have acquired approximately 185 propane distributors. As of July 31, 2011, we distribute product to our propane customers from 866 propane distribution locations. See Item 2. "Properties" for more information about our propane distribution locations.

Business Strategy

Our business strategy is to:

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

Expand our operations through disciplined acquisitions and internal growth.

We expect to continue the expansion of our propane customer base through the acquisition of other propane distributors. We intend to concentrate on acquisition activities in geographical areas within or adjacent to our existing operating areas, and on a selected basis in areas that broaden our geographic coverage. We also intend to focus on acquisitions that can be efficiently combined with our existing propane operations to provide an attractive return on investment after taking into account the economies of scale and cost savings we anticipate will result from those combinations. Our goal is to improve the operations and profitability of our core business as well as the businesses we acquire by integrating best practices and leveraging our established national organization and technology platforms to help reduce costs and enhance customer service. We believe that our enhanced operational synergies, improved customer service and ability to better track the financial performance of acquired operations provide us a distinct competitive advantage and better analysis as we consider future acquisition opportunities.

We believe that we are positioned to successfully compete for growth opportunities within and outside of our existing operating regions. Our efforts will focus on adding density to our existing customer base, providing propane and complementary services to national accounts and providing other product offerings to existing customer relationships. This continued expansion will give us new growth opportunities by leveraging the capabilities of our operating platforms.

Capitalize on our national presence and economies of scale.

We believe our national presence of 866 propane distribution locations in the United States as of July 31, 2011 gives us advantages over our smaller competitors. These advantages include economies of scale in areas such as:

- product procurement;

- transportation;
- fleet purchases;
- propane customer administration; and
- general administration.

We believe that our national presence allows us to be one of the few propane distributors that can competitively serve commercial and portable tank exchange customers on a nationwide basis, including the ability to serve such propane customers through leading home-improvement centers, mass merchants and hardware, grocery and convenience stores. In addition, we believe that our national presence provides us opportunities to make acquisitions of other propane distribution companies whose operations overlap with ours, providing economies of scale and significant cost savings in these markets.

We also believe that investments in technology similar to ours require both a large scale and a national presence, in order to generate sustainable operational savings to produce a sufficient return on investment. For this reason, we believe our technology platforms provide us with an on-going competitive advantage.

Maximize operating efficiencies through utilization of our technology platform.

We believe our significant investments in technology give us a competitive advantage to operate more efficiently and effectively at a lower cost compared to most of our competitors. We do not believe that many of our competitors will be able to justify similar investments in the near term. Our technology advantage has resulted from significant investments made in our retail propane distribution operating platform together with our state-of-the-art tank exchange operating platform.

Our technology platform allows us to efficiently route and schedule our customer deliveries, customer administration and operational workflow for the retail sale and delivery of bulk propane. Our service centers are staffed to provide oversight and management to multiple distribution locations, referred to as service units. Currently we operate a retail distribution network using a structure of 152 service centers and 843 service units. The service unit locations utilize hand-held computers and satellite technology to communicate with management personnel who are typically located at the associated service center. We believe this structure and our technology platform allow us to more efficiently route and schedule customer deliveries and significantly reduce the need for daily on-site management.

The efficiencies gained from operating our technology platform allow us to consolidate our management teams at fewer locations, quickly adjust the sales prices to our customers and manage our personnel and vehicle costs more effectively to meet customer demand.

The technology platform has substantially improved the forecasting of our customers' demand and our routing and scheduling. Our call center support capabilities allow us to accept emergency customer calls 24 hours a day, seven days a week. These combined capabilities provide us cost savings while

improving customer service by reducing customer inconvenience associated with multiple, unnecessary deliveries.

Align employee interests with our investors through significant employee ownership.

In 1998, we established an employee benefit plan that we believe aligns the interests of our employees with those of our investors. Through the Ferrell Companies, Inc. Employee Stock Ownership Trust, our employees beneficially own approximately 27% of our outstanding common units, allowing them to participate directly in our overall success. We believe this plan is unique in the propane distribution industry and that the entrepreneurial culture fostered by employee-ownership provides us with another distinct competitive advantage.

Distribution of Propane and Related Equipment and Supplies

Our propane distribution business consists principally of transporting propane purchased from third parties to our propane distribution locations and then to tanks on customers' premises or to portable

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propane tanks delivered to nationwide and local retailers. Our portable tank exchange operations, nationally branded under the name Blue Rhino, are conducted through a network of independent and partnership-owned distribution outlets. Our market areas for our residential and agricultural customers are generally rural, while our market areas for our industrial/commercial and portable tank exchange customers is generally urban. We utilize marketing programs targeting both new and existing customers by emphasizing:

- our efficiency in delivering propane to customers;
- our employee training and safety programs;
- our enhanced customer service, facilitated by our technology platform and our 24 hours a day, seven days a week emergency retail customer call support capabilities; and
- our national distributor network for our commercial and portable tank exchange customers.

The distribution of propane to residential customers generally involves large numbers of small volume deliveries. Our retail deliveries of propane are typically transported from our retail propane distribution locations to our customers by our fleet of bulk delivery trucks, which are generally fitted with a 3,000 gallon tank. Propane storage tanks located on our customers' premises are then filled from these bulk delivery trucks. We also deliver propane to our industrial/commercial and portable tank exchange customers using our fleet of portable tank and portable tank exchange delivery trucks, truck tractors and portable tank exchange delivery trailers.

A substantial majority of our gross margin from propane and other gas liquids sales is derived from the distribution and sale of propane and related risk management activities, and is derived primarily from five customer groups:

- residential;
- portable tank exchange;
- industrial/commercial;
- agricultural;
- wholesale; and
- other.

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

Approximately 58% of our residential customers rent their tanks from us. Our rental terms and the fire safety regulations in some states require rented bulk tanks to be filled only by the propane supplier owning the tank. The cost and inconvenience of switching bulk tanks helps minimize a customer's tendency to switch suppliers of propane on the basis of minor variations in price, helping us minimize customer loss.

In addition, we lease tanks to some of our independent distributors involved with our delivery of propane by portable tank exchange operations. Our owned and independent distributors provide portable tank exchange customers with a national delivery presence that is generally not available from most of our competitors.

Some of our propane distribution locations also conduct the retail sale of propane appliances and related parts and fittings, as well as other retail propane related services and consumer products. We also

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sell gas grills, patio heaters, fireplace and garden accessories, mosquito traps and other outdoor products through Blue Rhino Global Sourcing, Inc.

In fiscal 2011, no one customer accounted for 10% or more of our consolidated revenues.

Effect of Weather and Seasonality

Weather conditions have a significant impact on demand for propane for heating purposes 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 warming trend, we could expect nationwide demand for propane to decrease which could lead to a reduction in our sales, income and liquidity availability.

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

We believe that our broad geographic distribution helps us minimize exposure to regional weather and economic patterns. During times of colder-than-normal winter weather, we have been able to take advantage of our large, efficient distribution network to avoid supply disruptions, thereby providing us a competitive advantage in the markets we serve.

Risk Management Activities

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

Our risk management activities include the use of financial derivative instruments including, but not limited to, price swaps, options, futures and basis swaps to seek protection from adverse price movements and to minimize potential losses. We enter into these financial derivative instruments directly with third parties in the over-the-counter market and with brokers who are clearing members with the New

York Mercantile Exchange. We also enter into forward propane purchase and sales contracts with counterparties. These forward contracts qualify for the normal purchase normal sales exception within generally accepted accounting principles ("GAAP") guidance and are therefore not recorded on our financial statements until settled.

Through our supply procurement activities, we purchase propane primarily from major domestic energy companies. Supplies of propane from these sources have traditionally been readily available, although no assurance can be given that they will be readily available in the future. We may purchase and store inventories of propane to avoid delivery interruptions during the periods of increased demand and to take advantage of favorable commodity prices. As a result of our ability to buy large volumes of propane and utilize our national distribution system, we believe we are in a position to achieve product cost savings and avoid shortages during periods of tight supply to an extent not generally available to other propane distributors. During fiscal 2011, two suppliers accounted for approximately 28% of our total propane purchases. Because there are numerous alternative suppliers available, we do not believe it is reasonably possible that this supplier concentration could cause a near-term severe impact on our ability to procure propane. No other single supplier accounted for more than 10% of our total propane purchases during fiscal 2011. If supplies were interrupted or difficulties in obtaining alternative transportation were to arise, the cost of procuring replacement supplies may materially increase. These transactions are accounted for at cost in "Cost of product sold — propane and other gas liquids sales" in our consolidated statement of earnings.

A portion of our propane inventory is purchased under supply contracts that typically have a one-year term and a price that fluctuates based on the spot market prices. In order to limit overall price risk, we will enter into fixed price over-the-counter energy commodity forward and swap contracts that generally have terms of less than 24 months. We may also use options to hedge a portion of our forecasted purchases for up to 24 months in the future.

We also incur risks related to the price and availability of propane during periods of much colder-than-normal weather, temporary supply shortages concentrated in certain geographic regions and commodity price distortions between geographic regions. We attempt to mitigate these risks through our transportation activities by utilizing our transport truck and railroad tank car fleet to distribute propane between supply or storage locations and propane distribution locations. The propane we sell to our customers is generally transported from petrochemical processing plants and refineries, pipeline terminals and storage facilities to propane distribution locations or storage facilities by our leased railroad tank cars and our owned or leased highway transport trucks. We use common carrier and owner-operated transport trucks during the peak delivery season in the winter months or to provide service in areas where economic considerations favor their use. We also use a portion of our transport truck fleet during the spring and summer months to transport propane to service our portable tank exchange customers.

Industry

Natural gas liquids are derived from petroleum products and are sold in compressed or liquefied form. Propane, the predominant natural gas liquid, is typically extracted from natural gas or separated during crude oil refining. Although propane is gaseous at normal pressures, it is compressed into liquid form

at relatively low pressures for storage and transportation. Propane is a clean-burning energy source, recognized for its transportability and ease of use relative to alternative forms of stand-alone energy sources.

Based upon industry publications, propane accounts for approximately 3% to 4% of energy consumption in the United States, a level which has remained relatively constant for the past two decades. Propane competes primarily with natural gas, electricity and fuel oil as an energy source principally on the basis of price, availability and portability. Propane serves as an alternative to natural gas in rural and urban areas where natural gas is unavailable or portability of product is required. Propane is generally more expensive than natural gas on an equivalent British Thermal Unit ("BTU") basis in locations served by natural gas, although propane is often sold in such areas as a standby fuel for use during peak demands and during interruption in natural gas service. The expansion of natural gas into traditional

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propane markets has historically been inhibited by the capital costs required to expand distribution and pipeline systems. Although the extension of natural gas pipelines tends to displace propane distribution in the neighborhoods affected, we believe that new opportunities for propane sales arise as more geographically remote neighborhoods are developed.

Propane has historically been less expensive to use than electricity for space heating, water heating and cooking and competes effectively with electricity in the parts of the country where propane is less expensive than electricity on an equivalent BTU basis. Although propane is similar to fuel oil in application, market demand and price, propane and fuel oil have generally developed their own distinct geographic markets. Because residential furnaces and appliances that burn propane will not operate on fuel oil, a conversion from one fuel to the other requires the installation of new equipment. Residential propane customers will have an incentive to switch to fuel oil only if fuel oil becomes significantly less expensive than propane. Conversely, we may be unable to expand our customer base in areas where fuel oil is widely used, particularly the northeast United States, unless propane becomes significantly less expensive than fuel oil. However, many industrial customers who use propane as a heating fuel have the capacity to switch to other fuels, such as fuel oil, on the basis of availability or minor variations in price.

Competition

In addition to competing with marketers of other fuels, we compete with other companies engaged in the propane distribution business. Competition within the propane distribution industry stems from two types of participants: the larger, multi-state marketers, including farmers' cooperatives, and the smaller, local independent marketers, including rural electric cooperatives. Based on our propane sales volumes in fiscal 2011, we believe that we are the second largest marketer of propane in the United States and the largest national provider of propane by portable tank exchange.

Most of our retail propane distribution locations compete with three or more marketers or distributors, primarily on the basis of reliability of service and responsiveness to customer needs, safety and price. Each retail distribution outlet operates in its own competitive environment because propane marketers typically reside in close proximity to their customers to lower the cost of providing service.

Other Activities

Our other activities primarily include the following:

- wholesale marketing of propane appliances;
- the sale of refined fuels; and
- common carrier services.

These other activities comprised less than 10% of our total revenues in fiscal 2011, 2010 and 2009.

Employees

We have no employees and are managed by our general partner pursuant to our partnership agreement. At August 31, 2011, our general partner had 3,588 full-time employees.

Our general partner employed its employees in the following areas:

Propane distribution locations	3,104
Risk management, transportation and wholesale	148
Centralized corporate functions	336
Total	3,588

Less than one percent of these employees are represented by an aggregate of five different local labor unions, which are all affiliated with the International Brotherhood of Teamsters. Our general partner has not experienced any significant work stoppages or other labor problems.

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Governmental Regulation - Environmental and Safety Matters

Propane is not currently subject to any price or allocation regulation and has not been defined by any federal or state environment law as an environmentally hazardous substance.

In connection with all acquisitions of propane distribution businesses that involve the purchase of real property, we conduct a due diligence investigation to attempt to determine whether any substance other than propane has been sold from, stored on or otherwise come into contact with any such real property prior to its purchase. At a minimum, due diligence includes questioning the sellers, obtaining representations and warranties concerning the sellers' compliance with environmental laws and visual inspections of the real property.

With respect to the transportation of propane by truck, we are subject to regulations promulgated under the Federal Motor Carrier Safety Act. These regulations cover the transportation of flammable materials and are administered by the United States Department of Transportation. The National Fire Protection Association Pamphlet No. 58 establishes a national standard for the safe handling and storage of propane. Those rules and procedures have been adopted by us and serve as the industry standard by the states in which we operate.

We believe that we are in material compliance with all governmental regulations and industry standards applicable to environmental and safety matters.

Trademarks and Service Marks

We market our goods and services under various trademarks and trade names, which we own or have a right to use. Those trademarks and trade names include marks or pending marks before the United States Patent and Trademark Office such as Ferrellgas, Ferrell North America, and Ferrellmeter. Our general partner has an option to purchase for a nominal value the trade names "Ferrellgas" and "Ferrell North America" and the trademark "Ferrellmeter" that it contributed to us during 1994, if it is removed as our general partner other than "for cause." If our general partner ceases to serve as our general partner for any reason other than "for cause," it will have the option to purchase our other trade names and trademarks from us for fair market value.

We believe that the Blue Rhino mark and Blue Rhino's other trademarks, service marks and patents are an important part of our consistent growth in both tank exchange and outdoor living product categories. Included in the registered and pending trademarks and service marks are the designations Blue Rhino®, Blue Rhino & Design®, Rhino Design™, Grill Gas & Design®, A Better Way™, Spark Something Fun®, America's Choice for Grill Gas®, RhinoTUFF®, Tri-Safe®, Drop, Swap and Go™, Rhino Power™, Uniflame®, UniGrill®, Patriot®, Grill Aficionado®, Skeetervac®, Fine Tune®, Vac & Tac®, Wavedrawer®, It's Your Backyard. Enjoy It More With Skeetervac®, Less Biting Insects. More Backyard Fun®, DuraClay®, Endless Summer® and Endless Summer Comfort®. In addition, we have patents issued for a Method for Reconditioning a Propane Gas Tank and an Overflow Protection Valve Assembly, which expire in 2017 and 2018, respectively, as well as various other patents and patent applications pending. The protection afforded by our patents furthers our ability to cost-effectively service our customers and to maintain our competitive advantages.

Businesses of Other Subsidiaries

Ferrellgas Partners Finance Corp. is a Delaware corporation formed in 1996 and is our wholly-owned subsidiary. Ferrellgas Partners Finance Corp. has nominal assets, no employees other than officers and does not conduct any operations, but serves as a co-issuer and co-obligor for debt securities of Ferrellgas Partners. Institutional investors that might otherwise be limited in their ability to invest in debt securities of Ferrellgas Partners because it is a partnership are potentially able to invest in debt securities of Ferrellgas Partners because Ferrellgas Partners Finance Corp. acts as a co-issuer and co-obligor. Because of its structure and pursuant to the reduced disclosure format, a discussion of the results of operations, liquidity

and capital resources of Ferrellgas Partners Finance Corp. is not presented in this Annual Report on Form 10-K. See Note B — Commitment — to Ferrellgas Partners Finance Corp.'s financial statements for a discussion of the debt securities with respect to which Ferrellgas Partners Finance Corp. is serving as a co-issuer and co-obligor.

Ferrellgas Finance Corp. is a Delaware corporation formed in 2003 and is a wholly-owned subsidiary of the operating partnership. Ferrellgas Finance Corp. has nominal assets, no employees other than officers and does not conduct any operations, but serves as a co-issuer and co-obligor for debt securities of the operating partnership. Institutional investors that might otherwise be limited in their ability to invest in debt securities of the operating partnership because it is a partnership are potentially able to invest in debt securities of the operating partnership because Ferrellgas Finance Corp. acts as a co-issuer and co-obligor. Because of its structure and pursuant to the reduced disclosure format, a discussion of the results of operations, liquidity and capital resources of Ferrellgas Finance Corp. is not presented in this Annual Report on Form 10-K. See Note B — Commitment — to Ferrellgas Finance Corp.'s financial statements for a discussion of the debt securities with respect to which Ferrellgas Finance Corp. is serving as a co-issuer and co-obligor.

We have agreements to transfer, on an ongoing basis, a portion of our trade accounts receivable through Ferrellgas Receivables, LLC ("Ferrellgas Receivables"), a wholly-owned entity that maintains an accounts receivable securitization facility. We retain servicing responsibilities for transferred accounts receivable but have no other continuing involvement with the transferred receivables. The accounts receivable securitization facility is more fully described in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Financing Activities - Accounts receivable securitization" and in Note F — Accounts and notes receivable, net and accounts receivable securitization — to our consolidated financial statements provided herein.

We also sell gas grills, patio heaters, fireplace and garden accessories, mosquito traps, and other outdoor products. These products are manufactured by independent third parties in Asia and are sold to mass market retailers in Asia or shipped to the United States, where they are sold under our various trade names. These products are sold through Blue Rhino Global Sourcing, Inc., a taxable corporation that is a wholly-owned subsidiary of the operating partnership.

ITEM 1A. RISK FACTORS.

Risks Inherent in the Distribution of Propane

Weather conditions may reduce the demand for propane; our financial condition is vulnerable to warm winters and poor weather in the grilling season.

Weather conditions have a significant impact on the demand for propane for both heating and agricultural purposes. Many of our customers rely heavily on propane as a heating fuel. Accordingly, our sales volumes of propane are highest during the five-month winter-heating season of November through March and are directly affected by the temperatures during these months. During fiscal 2011, approximately 58% of our propane sales volume was attributable to sales during the winter-heating season. Actual weather conditions can vary substantially from year to year, which may significantly affect our

financial performance. Furthermore, variations in weather in one or more regions in which we operate can significantly affect our total propane sales volume and therefore our realized profits. A negative effect on our sales volume may in turn affect our financial position or results of operations. The agricultural demand for propane is also affected by weather, as dry or warm weather during the harvest season may reduce the demand for propane used in some crop drying applications.

Our portable tank exchange operations experience higher volumes in the spring and summer, which includes the majority of the grilling season. Sustained periods of poor weather, particularly in the grilling season, can negatively affect our portable tank exchange revenues. In addition, poor weather may reduce consumers' propensity to purchase and use grills and other propane-fueled appliances thereby reducing demand for portable tank exchange as well as the demand for our outdoor products.

Sudden and sharp propane wholesale price increases cannot be passed on to customers with contracted pricing arrangements and these contracted pricing arrangements will adversely affect our profit margins if they are not immediately hedged with an offsetting propane purchase commitment.

Gross margin from the retail distribution of propane is primarily based on the cents-per-gallon difference between the sales price we charge our customers and our costs to purchase and deliver propane to our propane distribution locations. 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. The wholesale propane price per gallon is subject to various market conditions and may fluctuate based on changes in demand, supply and other energy commodity prices. Propane prices tend to correlate primarily with crude oil and natural gas prices. We employ risk management activities that attempt to mitigate risks related to the purchasing, storing, transporting, and selling of propane. However, sudden and sharp propane price increases cannot be passed on to customers with contracted pricing arrangements. Therefore, these commitments expose us to product price risk and reduced profit margins if those transactions are not immediately hedged with an offsetting propane purchase commitment.

Sudden and sharp wholesale propane price decreases may result in customers not fulfilling their obligations under contracted pricing arrangements previously entered into with us. The decreased sales volumes of these higher sales price arrangements may adversely affect our profit margins.

We may attempt to lock-in a gross margin per gallon on our contracted sales commitments by immediately hedging or entering into a fixed price propane purchase contract. If we were to experience sudden and sharp propane price decreases, our customers may not fulfill their obligation to purchase propane from us at their previously contracted price per gallon and we may not be able to sell the related hedged or fixed price propane at a profitable sales price per gallon in the current pricing environment.

Our failure or our counterparties' failure to perform on obligations under commodity derivative and financial derivative contracts could materially affect our liquidity, cash flows and results of operations.

Volatility in the oil and gas commodities sector for an extended period of time or intense volatility in the near term could impair us or our counterparties' ability to meet margin calls which could cause us or our counterparties to default on commodity and financial derivative contracts. This could have a material adverse effect on our liquidity or our ability to procure product or procure it at prices reasonable to us.

Hurricanes and other natural disasters could have a material adverse effect on our business, financial condition and results of operations.

Hurricanes and other natural disasters can potentially destroy thousands of business structures and homes and, if occurring in the Gulf Coast region of the United States, could disrupt the supply chain for oil and gas products. Disruptions in supply could have a material adverse effect on our business, financial condition, results of operations and cash flow. Damages and higher prices caused by hurricanes and other natural disasters could have an adverse effect on our financial condition due to the impact on the financial condition of our customers.

The propane distribution business is highly competitive, which may negatively affect our sales volumes and/or our results of operations.

Our profitability is affected by the competition for customers among all of the participants in the propane distribution business. We compete with a number of large national and regional firms and several thousand small independent firms. Because of the relatively low barriers to entry into the propane market, there is the potential for small independent propane distributors, as well as other companies not previously engaged in propane distribution, to compete with us. Some rural electric cooperatives and fuel oil distributors have expanded their businesses to include propane distribution. As a result, we are subject to the risk of additional competition in the future. Some of our competitors may have greater financial resources than we do. Should a competitor attempt to increase market share by reducing prices, our operating margins and customer base may be negatively impacted. Generally, warmer-than-normal weather and increasing fuel prices further intensifies competition. We believe that our ability to compete

effectively depends on our service reliability, our responsiveness to customers, and our ability to maintain competitive propane prices and control our operating expenses.

The propane distribution industry is a mature one, which may limit our growth.

The propane distribution industry is a mature one. We foresee only limited growth in total national demand for propane in the near future. Year-to-year industry volumes are primarily impacted by fluctuations in temperatures and economic conditions. Our ability to grow our sales volumes within the propane distribution industry is primarily dependent upon our ability to acquire other propane distributors, to integrate those acquisitions into our operations, and upon the success of our marketing efforts to acquire new customers. If we are unable to compete effectively in the propane distribution business, we may lose existing customers or fail to acquire new customers.

The propane distribution business faces competition from other energy sources, which may reduce the existing demand for our propane.

Propane competes with other sources of energy, some of which can be less costly for equivalent energy value. We compete for customers against suppliers of electricity, natural gas and fuel oil. Electricity is a major competitor of propane, but propane has historically enjoyed a competitive price advantage over electricity. Except for some industrial and commercial applications, propane is generally not competitive with natural gas in areas where natural gas pipelines already exist, because such pipelines generally make it possible for the delivered cost of natural gas to be less expensive than the bulk delivery of propane. The expansion of natural gas into traditional propane markets has historically been inhibited by the capital cost required to expand distribution and pipeline systems, however, the gradual expansion of the nation's natural gas distribution systems has resulted in the availability of natural gas in areas that were previously dependent upon propane. Although propane is similar to fuel oil in some applications and market demand, propane and fuel oil compete to a lesser extent primarily because of the cost of converting from one to the other and due to the fact that both fuel oil and propane have generally developed their own distinct geographic markets. We cannot predict the effect that the development of alternative energy sources might have on our financial position or results of operations.

Energy efficiency and technology advances may affect demand for propane; increases in propane prices may cause our residential customers to increase their conservation efforts.

The national trend toward increased conservation and technological advances, including installation of improved insulation and the development of more efficient furnaces and other heating devices, has reduced the demand for propane in our industry. We cannot predict the materiality of the effect of future conservation measures or the effect that any technological advances in heating, conservation, energy generation or other devices might have on our operations. As the price of propane increases, some of our customers tend to increase their conservation efforts and thereby decrease their consumption of propane.

The continuing world-wide financial crisis may cause disruptions in the capital and credit markets that may adversely affect our business, including the availability and cost of debt and equity issuances for liquidity requirements, our ability to meet long-term commitments and our ability to hedge effectively; each could adversely affect our results of operations, cash flows and financial condition.

We rely on our ability to access the capital and credit markets at rates and terms reasonable to us. If the world-wide financial crisis were to cause disruptions in the capital and credit markets, our ability to access capital and credit markets at rates and terms reasonable to us may be significantly impaired. This could limit our ability to access capital or credit markets for working capital needs, risk management activities and long-term debt maturities, or could force us to access capital and credit markets at rates or terms normally considered to be unreasonable or force us to take other aggressive actions including the suspension of our quarterly distribution.

Current economic and political conditions may harm the energy business disproportionately to other industries.

Deteriorating regional and global economic conditions and the effects of ongoing military actions may cause significant disruptions to commerce throughout the world. If those disruptions occur in areas of the world which are tied to the energy industry, such as the Middle East, it is most likely that our industry will be either affected first or affected to a greater extent than other industries. These conditions or disruptions may:

- impair our ability to effectively market or acquire propane; or
- impair our ability to raise equity or debt capital for acquisitions, capital expenditures or ongoing operations.

A significant increase in motor fuel prices may adversely affect our profits.

Motor fuel is a significant operating expense for us in connection with the delivery of propane to our customers. Because we do not attempt to hedge motor fuel price risk, a significant increase in motor fuel prices will result in increased transportation costs to us. The price and supply of motor fuel is unpredictable and fluctuates based on events we cannot control, such as geopolitical developments, supply and demand for oil and gas, actions by oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and weather concerns. As a result, any increases in these prices may adversely affect our profitability and competitiveness.

The revenues received from our portable tank exchange are concentrated with a limited number of retailers under non-exclusive arrangements that may be terminated at will.

The propane gallons sales that we generate from our delivery of propane by portable tank exchange are concentrated with a limited number of retailers. If one or more of these retailers were to materially reduce or terminate its business with us, the results from our delivery of propane by portable tank exchange operations may decline. For fiscal 2011, three retailers represented approximately 53% of our portable tank exchange's net revenues. None of our significant retail accounts associated with our portable tank exchange operations are contractually bound to offer portable tank exchange service or products. Therefore, retailers can discontinue our delivery of propane to them by portable tank exchange service, or sales of our propane related products, at any time and accept a competitor's delivery of propane by portable tank exchange, or its related propane products or none at all. Continued relations with a retailer depend upon various factors, including price, customer service, consumer demand and competition. In addition, most of our significant retailers have multiple vendor policies and may seek to accept a competitor's delivery of propane by portable tank exchange, or accept products competitive with our propane related products, at new or existing locations of these significant retailers. If any significant retailer materially reduces, terminates or requires price reductions or other adverse modifications in our selling terms, our results from our delivery of propane by portable tank exchange operations may decline.

If the independently-owned distributors that some of our customers rely upon for the delivery of propane by portable tank exchange do not perform up to the expectations of such customers, if we encounter difficulties in managing the operations of these distributors or if we or these distributors are not able to manage growth effectively, our relationships with our customers may be adversely impacted and our delivery of propane by portable tank exchange may decline.

We rely in part on independently-owned distributors to deliver our propane for a retailer's portable tank exchange service. Accordingly, our success depends on our ability to maintain and manage distributor relationships and operations and on the distributors' ability to set up and adequately service accounts. We exercise only limited influence over the resources that the independently-owned distributors devote to the delivery of propane by portable tank exchange. National retailers impose demanding service requirements on us, and we could experience a loss of consumer or retailer goodwill if our distributors

do not adhere to our quality control and service guidelines or fail to ensure the timely delivery of an adequate supply of propane by portable tank exchange at retail locations. The poor performance of a single distributor to a national retailer could jeopardize our entire relationship with that retailer and cause our delivery of propane by portable tank exchange to that particular retailer to decline. In addition, the number of retail locations accepting delivery of our propane by portable tank exchange and, subsequently, the retailer's corresponding sales have historically grown significantly along with the creation of our distributor network.

Accordingly, our distributors must be able to adequately service an increasing number of retail accounts. If we or our independent distributors fail to manage growth effectively, our financial results from our delivery of propane by portable tank exchange may decline.

Potential retail partners may not be able to obtain necessary permits or may be substantially delayed in obtaining necessary permits, which may adversely impact our ability to increase our delivery of propane by portable tank exchange to new retail locations.

Local ordinances, which vary from jurisdiction to jurisdiction, generally require retailers to obtain permits to store and sell propane tanks. These ordinances influence retailers' acceptance of propane by portable tank exchange, distribution methods, propane tank packaging and storage. The ability and time required to obtain permits varies by jurisdiction. Delays in obtaining permits have from time to time significantly delayed the installation of new retail locations. Some jurisdictions have refused to issue the necessary permits, which has prevented some installations. Some jurisdictions may also impose additional restrictions on our ability to market and our distributors' ability to transport propane tanks or otherwise maintain its portable tank exchange services.

Risks Inherent to Our Business

Our substantial debt and other financial obligations could impair our financial condition and our ability to fulfill our obligations.

We have substantial indebtedness and other financial obligations. As of July 31, 2011:

- we had total indebtedness of approximately $1,185.7 million;
- Ferrellgas Partners had partners' capital of approximately $85.6 million;
- we had availability under our credit facility of approximately $223.0 million; and
- we had aggregate future minimum rental commitments under non-cancelable operating leases of approximately $75.3 million; provided, however, if we elect to purchase the underlying assets at the end of the lease terms, such aggregate buyout would be $11.7 million.

We have long and short-term payment obligations with maturity dates ranging from fiscal 2012 to 2021 that bear interest at rates ranging from 6.5% to 9.2%. As of July 31, 2011, the long-term obligations do not contain any sinking fund provisions but do require the following aggregate principal payments, without premium, during the following fiscal years:

- $2.6 million - 2012;
- $2.1 million - 2013;
- $2.1 million - 2014;
- $2.0 million - 2015;
- $2.0 million - 2016; and
- $1,049.0 million - thereafter.

Our secured credit facility provides $400.0 million in revolving credit for loans and has a $200.0 million sublimit for letters of credit. The obligations under this credit facility are secured by substantially all assets of the operating partnership, the general partner and certain subsidiaries of the operating partnership but specifically excluding (a) assets that are subject to the operating partnership's accounts receivable securitization facility, (b) the general partner's equity interest in Ferrellgas Partners, L.P. and (c) equity interest in certain unrestricted subsidiaries. Such obligations are also guaranteed by the general partner and certain subsidiaries of the operating partnership. The secured revolving credit facility will mature in September 2016.

All of the indebtedness and other obligations described above are obligations of the operating partnership except for $182.0 million of senior debt due 2020 issued by Ferrellgas Partners and Ferrellgas Partners Finance Corp.

Subject to the restrictions governing the operating partnership's indebtedness and other financial obligations and the indenture governing Ferrellgas Partners' outstanding senior notes due 2020, we may incur significant additional indebtedness and other financial obligations, which may be secured and/or structurally senior to any debt securities we may issue.

Our substantial indebtedness and other financial obligations could have important consequences to our security holders. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to our securities;
- impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes;
- result in higher interest expense in the event of increases in interest rates since some of our debt is, and will continue to be, at variable rates of interest;

- impair our operating capacity and cash flows if we fail to comply with financial and restrictive covenants in our debt agreements and an event of default occurs as a result of that failure that is not cured or waived;

- require us to dedicate a substantial portion of our cash flow to payments on our indebtedness and other financial obligations, thereby reducing the availability of our cash flow to fund distributions, working capital, capital expenditures and other general partnership requirements;

- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and

- place us at a competitive disadvantage compared to our competitors that have proportionately less debt.

Ferrellgas Partners or the operating partnership may be unable to refinance their indebtedness or pay that indebtedness if it becomes due earlier than scheduled.

If Ferrellgas Partners or the operating partnership is unable to meet their debt service obligations or other financial obligations, they could be forced to:

- restructure or refinance their indebtedness;
- enter into other necessary financial transactions;
- seek additional equity capital; or
- sell their assets.

They may then be unable to obtain such financing or capital or sell their assets on satisfactory terms, if at all. Their failure to make payments, whether after acceleration of the due date of that indebtedness or otherwise, or our failure to refinance the indebtedness would impair their operating capacity and cash flows.

Restrictive covenants in the agreements governing our indebtedness and other financial obligations may reduce our operating flexibility.

The indenture governing the outstanding notes of Ferrellgas Partners and the agreements governing the operating partnership's indebtedness and other financial obligations contain, and any indenture that will govern debt securities issued by Ferrellgas Partners or the operating partnership may contain, various covenants that limit our ability and the ability of specified subsidiaries of ours to, among other things:

- incur additional indebtedness;

- make distributions to our unitholders;

- purchase or redeem our outstanding equity interests or subordinated debt;

- make specified investments;

- create or incur liens;

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- sell assets;

- engage in specified transactions with affiliates;

- restrict the ability of our subsidiaries to make specified payments, loans, guarantees and transfers of assets or interests in assets;

- engage in sale-leaseback transactions;

- effect a merger or consolidation with or into other companies or a sale of all or substantially all of our properties or assets; and

- engage in other lines of business.

These restrictions could limit the ability of Ferrellgas Partners, the operating partnership and our other subsidiaries:

- to obtain future financings;
- to make needed capital expenditures;
- to withstand a future downturn in our business or the economy in general; or
- to conduct operations or otherwise take advantage of business opportunities that may arise.

Some of the agreements governing our indebtedness and other financial obligations also require the maintenance of specified financial ratios and the satisfaction of other financial conditions. Our ability to meet those financial ratios and conditions can be affected by unexpected downturns in business operations beyond our control, such as significantly warmer than normal weather, a volatile energy commodity cost environment or an economic downturn. Accordingly, we may be unable to meet these ratios and conditions. This failure could impair our operating capacity and cash flows and could restrict our ability to incur debt or to make cash distributions, even if sufficient funds were available.

Our breach of any of these covenants or the operating partnership's failure to meet any of these ratios or conditions could result in a default under the terms of the relevant indebtedness, which could cause such indebtedness or other financial obligations, and by reason of cross-default provisions, any of Ferrellgas Partners' or the operating partnership's other outstanding notes or future debt securities, to become immediately due and payable. If we were unable to repay those amounts, the lenders could initiate a bankruptcy proceeding or liquidation proceeding or proceed against the collateral, if any. If the

lenders of the operating partnership's indebtedness or other financial obligations accelerate the repayment of borrowings or other amounts owed, we may not have sufficient assets to repay our indebtedness or other financial obligations, including our outstanding notes and any future debt securities.

Our results of operations and our ability to make distributions or pay interest or principal on debt securities could be negatively impacted by price and inventory risk and management of these risks.

The amount of gross profit we make depends significantly on the excess of the sales price over our costs to purchase and distribute propane. Consequently, our profitability is sensitive to changes in energy prices, in particular, changes in wholesale propane prices. Propane is a commodity whose market price can fluctuate significantly based on changes in supply, changes in other energy prices or other market conditions. We have no control over these market conditions. In general, product supply contracts permit suppliers to charge posted prices plus transportation costs at the time of delivery or the current prices established at major delivery points. Any increase in the price of product could reduce our gross profit because we may not be able to immediately pass rapid increases in such costs, or costs to distribute product, on to our customers.

While we generally attempt to minimize our inventory risk by purchasing product on a short-term basis, we may purchase and store propane or other natural gas liquids depending on inventory and price outlooks. We may purchase large volumes of propane at the then current market price during periods of low demand and low prices, which generally occurs during the summer months. The market price for propane could fall below the price at which we made the purchases, which would adversely affect our profits or cause sales from that inventory to be unprofitable. A portion of our inventory is purchased under

supply contracts that typically have a one-year term and at a price that fluctuates based on the prevailing market prices. Our contracts with our independent portable tank exchange distributors provide for a portion of our payment to the distributor to be based upon a price that fluctuates based on the prevailing propane market prices. To limit our overall price risk, we may purchase and store physical product and enter into fixed price over-the-counter energy commodity forward contracts, swaps and options that have terms of up to 24 months. This strategy may not be effective in limiting our price risk if, for example, weather conditions significantly reduce customer demand, or market or weather conditions prevent the delivery of physical product during periods of peak demand, resulting in excess physical product after the end of the winter heating season and the expiration of related forward or option contracts.

Some of our sales are pursuant to commitments at contracted price agreements. To manage these commitments, we may purchase and store physical product and/or enter into fixed price-over-the-counter energy commodity forward contracts, swaps and options. We may enter into these agreements at volume levels that we believe are necessary to mitigate the price risk related to our anticipated sales volumes under the commitments. If the price of propane declines and our customers purchase less propane than we have purchased from our suppliers, we could incur losses when we sell the excess volumes. If the price of propane increases and our customers purchase more propane than we have purchased from our suppliers, we could incur losses when we are required to purchase additional propane to fulfill our customers' orders. The risk management of our inventory and contracts for the future purchase of product could impair our profitability if the price of product changes in ways we do not anticipate.

The Board of Directors of our general partner has adopted a commodity risk management policy which places specified restrictions on all of our commodity risk management activities such as limits on the types of commodities, loss limits, time limits on contracts and limitations on our ability to enter into derivative contracts. The policy also requires the establishment of a risk management committee of senior executives. This committee is responsible for monitoring commodity risk management activities, establishing and maintaining timely reporting and establishing and monitoring specific limits on the various commodity risk management activities. These limits may be waived on a case-by-case basis by a majority vote of the risk management committee and/or Board of Directors, depending on the specific limit being waived. From time to time, for valid business reasons based on the facts and circumstances, authorization has been granted to allow specific commodity risk management positions to exceed established limits. If we sustain material losses from our risk management activities due to our failure to anticipate future events, a failure of the policy, incorrect waivers or otherwise, our ability to make distributions to our unitholders or pay interest or principal of any debt securities may be negatively impacted as a result of such loss.

We are dependent on our principal suppliers, which increases the risks from an interruption in supply and transportation.

Through our supply procurement activities, we purchased approximately 55% of our propane from six suppliers during fiscal 2011. In addition, during extended periods of colder-than-normal weather, suppliers may temporarily run out of propane necessitating the transportation of propane by truck, rail car or other means from other areas. If supplies from these sources were interrupted or difficulties in alternative transportation were to arise, the cost of procuring replacement supplies and transporting those supplies from alternative locations might be materially higher and, at least on a short-term basis, our margins could be reduced.

The availability of cash from our credit facility may be impacted by many factors beyond our control.

We typically borrow on the operating partnership's credit facility or sell accounts receivable under its accounts receivable securitization facility to fund our working capital requirements. We may also borrow on the operating partnership's credit facility to fund debt service payments, distributions to our unitholders, acquisition and capital expenditures. We purchase product from suppliers and make payments with terms that are typically within five to ten days of delivery. We believe that the availability of cash from the operating partnership's credit facility and the accounts receivable securitization facility will be sufficient to meet our future working capital needs. However, if we were to experience an unexpected significant increase in working capital requirements or have insufficient funds to fund distributions, this need could

exceed our immediately available resources. Events that could cause increases in working capital borrowings or letter of credit requirements may include:

- a significant increase in the wholesale cost of propane;
- a significant delay in the collections of accounts receivable;
- increased volatility in energy commodity prices related to risk management activities;
- increased liquidity requirements imposed by insurance providers;

- a significant downgrade in our credit rating leading to decreased trade credit; or
- a significant acquisition.

As is typical in our industry, our retail customers do not pay upon receipt, but generally pay between 30 and 60 days after delivery. During the winter heating season, we experience significant increases in accounts receivable and inventory levels and thus a significant decline in working capital availability. Although we have the ability to fund working capital with borrowings from the operating partnership's credit facility and sales of accounts receivable under its accounts receivable securitization facility, we cannot predict the effect that increases in propane prices and colder-than-normal winter weather may have on future working capital availability.

We may not be successful in making acquisitions and any acquisitions we make may not result in our anticipated results; in either case, this would potentially limit our growth, limit our ability to compete and impair our results of operations.

We have historically expanded our business through acquisitions. We regularly consider and evaluate opportunities to acquire local, regional and national propane distributors. We may choose to finance these acquisitions through internal cash flow, external borrowings or the issuance of additional common units or other securities. We have substantial competition for acquisitions of propane companies. Although we believe there are numerous potential large and small acquisition candidates in our industry, there can be no assurance that:

- we will be able to acquire any of these candidates on economically acceptable terms;
- we will be able to successfully integrate acquired operations with any expected cost savings;
- any acquisitions made will not be dilutive to our earnings and distributions;
- any additional equity we issue as consideration for an acquisition will not be dilutive to our unitholders; or
- any additional debt we incur to finance an acquisition will not affect the operating partnership's ability to make distributions to Ferrellgas Partners or service the operating partnership's existing debt.

We are subject to operating and litigation risks, which may not be covered by insurance.

Our operations are subject to all operating hazards and risks normally incidental to the handling, storing and delivering of combustible liquids such as propane. As a result, we have been, and are likely to be, a defendant in various legal proceedings arising in the ordinary course of business. We will maintain insurance policies with insurers in such amounts and with such coverages and deductibles as we believe are reasonable and prudent. However, we cannot guarantee that such insurance will be adequate to protect us from all material expenses related to potential future claims for personal injury and property damage or that such levels of insurance will be available in the future at economical prices.

We depend on particular management information systems to effectively manage all aspects of our delivery of propane.

We depend on our management information systems to process orders, manage inventory and accounts receivable collections, maintain distributor and customer information, maintain cost-efficient operations and assist in delivering propane on a timely basis. In addition, our staff of management information systems professionals relies heavily on the support of several key personnel and vendors. Any disruption in the operation of those management information systems, loss of employees knowledgeable about such systems, termination of our relationship with one or more of these key vendors or failure to

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continue to modify such systems effectively as our business expands could negatively affect our business.

Risks Inherent to an Investment in Our Debt Securities

Ferrellgas Partners and the operating partnership are required to distribute all of their available cash to their equity holders and Ferrellgas Partners and the operating partnership are not required to accumulate cash for the purpose of meeting their future obligations to holders of their debt securities, which may limit the cash available to service those debt securities.

Subject to the limitations on restricted payments contained in the indenture that governs Ferrellgas Partners' outstanding notes, the instruments governing the outstanding indebtedness of the operating partnership and any applicable indenture that will govern any debt securities Ferrellgas Partners or the operating partnership may issue, the partnership agreements of both Ferrellgas Partners and the operating partnership require us to distribute all of our available cash each fiscal quarter to our limited partners and our general partner and do not require us to accumulate cash for the purpose of meeting obligations to holders of any debt securities of Ferrellgas Partners or the operating partnership. Available cash is generally all of our cash receipts, less cash disbursements and adjustments for net changes in reserves. As a result of these distribution requirements, we do not expect either Ferrellgas Partners or the operating partnership to accumulate significant amounts of cash. Depending on the timing and amount of our cash distributions and because we are not required to accumulate cash for the purpose of meeting obligations to holders of any debt securities of Ferrellgas Partners or the operating partnership, such distributions could significantly reduce the cash available to us in subsequent periods to make payments on any debt securities of Ferrellgas Partners or the operating partnership.

Debt securities of Ferrellgas Partners will be structurally subordinated to all indebtedness and other liabilities of the operating partnership and its subsidiaries.

Debt securities of Ferrellgas Partners will be effectively subordinated to all existing and future claims of creditors of the operating partnership and its subsidiaries, including:

- the lenders under the operating partnership's indebtedness;
- the claims of lessors under the operating partnership's operating leases;
- the claims of the lenders and their affiliates under the operating partnership's accounts receivable securitization facility;
- debt securities, including any subordinated debt securities, issued by the operating partnership; and

· all other possible future creditors of the operating partnership and its subsidiaries.

This subordination is due to these creditors' priority as to the assets of the operating partnership and its subsidiaries over Ferrellgas Partners' claims as an equity holder in the operating partnership and, thereby, indirectly, the claims of holders of Ferrellgas Partners' debt securities. As a result, upon any distribution to these creditors in a bankruptcy, liquidation or reorganization or similar proceeding relating to Ferrellgas Partners or its property, the operating partnership's creditors will be entitled to be paid in full before any payment may be made with respect to Ferrellgas Partners' debt securities. Thereafter, the holders of Ferrellgas Partners' debt securities will participate with its trade creditors and all other holders of its indebtedness in the assets remaining, if any. In any of these cases, Ferrellgas Partners may have insufficient funds to pay all of its creditors, and holders of its debt securities may therefore receive less, ratably, than creditors of the operating partnership and its subsidiaries. As of July 31, 2011, the operating partnership had approximately $1,003.7 million of outstanding indebtedness and other liabilities to which any of the debt securities of Ferrellgas Partners will effectively rank junior.

All payments on any subordinated debt securities that we may issue will be subordinated to the payments of any amounts due on any senior indebtedness that we may have issued or incurred.

The right of the holders of subordinated debt securities to receive payment of any amounts due to them, whether interest, premium or principal, will be subordinated to the right of all of the holders of our senior indebtedness, as such term will be defined in the applicable subordinated debt indenture, to receive payments of all amounts due to them. If an event of default on any of our senior indebtedness occurs, then until such event of default has been cured, we may be unable to make payments of any amounts due

to the holders of our subordinated debt securities. Accordingly, in the event of insolvency, creditors who are holders of our senior indebtedness may recover more, ratably, than the holders of our subordinated debt securities.

Debt securities of Ferrellgas Partners are expected to be non-recourse to the operating partnership, which will limit remedies of the holders of Ferrellgas Partners' debt securities.

Ferrellgas Partners' obligations under any debt securities are expected to be non-recourse to the operating partnership. Therefore, if Ferrellgas Partners should fail to pay the interest or principal on the notes or breach any of its other obligations under its debt securities or any applicable indenture, holders of debt securities of Ferrellgas Partners will not be able to obtain any such payments or obtain any other remedy from the operating partnership or its subsidiaries. The operating partnership and its subsidiaries will not be liable for any of Ferrellgas Partners' obligations under its debt securities or the applicable indenture.

Ferrellgas Partners or the operating partnership may be unable to repurchase debt securities upon a change of control; it may be difficult to determine if a change of control has occurred.

Upon the occurrence of "change of control" events as may be described from time to time in our filings with the SEC and related to the issuance by Ferrellgas Partners or the operating partnership of debt securities, the applicable issuer or a third party may be required to make a change of control offer to repurchase those debt securities at a premium to their principal amount, plus accrued and unpaid interest. The applicable issuer may not have the financial resources to purchase its debt securities in that circumstance, particularly if a change of control event triggers a similar repurchase requirement for, or results in the acceleration of, other indebtedness. The indenture governing Ferrellgas Partners' outstanding notes contains such a repurchase requirement. Some of the agreements governing the operating partnership's indebtedness currently provide that specified change of control events will result in the acceleration of the indebtedness under those agreements. Future debt agreements of Ferrellgas Partners or the operating partnership may also contain similar provisions. The obligation to repay any accelerated indebtedness of the operating partnership will be structurally senior to Ferrellgas Partners' obligations to repurchase its debt securities upon a change of control. In addition, future debt agreements of Ferrellgas Partners or the operating partnership may contain other restrictions on the ability of Ferrellgas Partners or the operating partnership to repurchase its debt securities upon a change of control. These restrictions could prevent the applicable issuer from satisfying its obligations to purchase its debt securities unless it is able to refinance or obtain waivers under any indebtedness of Ferrellgas Partners or of the operating partnership containing these restrictions. The applicable issuer's failure to make or consummate a change of control repurchase offer or pay the change of control purchase price when due may give the trustee and the holders of the debt securities particular rights as may be described from time to time in our filings with the SEC.

In addition, one of the events that may constitute a change of control is a sale of all or substantially all of the applicable issuer's assets. The meaning of "substantially all" varies according to the facts and circumstances of the subject transaction and has no clearly established meaning under New York law, which is the law that will likely govern any indenture for the debt securities. This ambiguity as to when a sale of substantially all of the applicable issuer's assets has occurred may make it difficult for holders of debt securities to determine whether the applicable issuer has properly identified, or failed to identify, a change of control.

There may be no active trading market for our debt securities, which may limit a holder's ability to sell our debt securities.

We do not intend to list the debt securities we may issue from time to time on any securities exchange or to seek approval for quotations through any automated quotation system. An established market for the debt securities may not develop, or if one does develop, it may not be maintained. Although underwriters may advise us that they intend to make a market in the debt securities, they are not expected to be obligated to do so and may discontinue such market making activity at any time without notice. In addition,

market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. For these reasons, we cannot assure a debt holder that:

· a liquid market for the debt securities will develop;

- a debt holder will be able to sell its debt securities; or
- a debt holder will receive any specific price upon any sale of its debt securities.

If a public market for the debt securities did develop, the debt securities could trade at prices that may be higher or lower than their principal amount or purchase price, depending on many factors, including prevailing interest rates, the market for similar debt securities and our financial performance. Historically, the market for non-investment grade debt, such as our debt securities, has been subject to disruptions that have caused substantial fluctuations in the prices of these securities.

Risks Inherent to an Investment in Ferrellgas Partners' Equity

Ferrellgas Partners may sell additional limited partner interests, diluting existing interests of unitholders.

The partnership agreement of Ferrellgas Partners generally allows Ferrellgas Partners to issue additional limited partner interests and other equity securities. When Ferrellgas Partners issues additional equity securities, a unitholder's proportionate partnership interest will decrease. Such an issuance could negatively affect the amount of cash distributed to unitholders and the market price of common units. The issuance of additional common units will also diminish the relative voting strength of the previously outstanding common units.

Cash distributions are not guaranteed and may fluctuate with our performance and other external factors.

Although we are required to distribute all of our "available cash," we cannot guarantee the amounts of available cash that will be distributed to the holders of our equity securities. Available cash is generally all of our cash receipts, less cash disbursements and adjustments for net changes in reserves. The actual amounts of available cash will depend upon numerous factors, including:

- cash flow generated by operations;
- weather in our areas of operation;
- borrowing capacity under our credit facility;
- principal and interest payments made on our debt;
- the costs of acquisitions, including related debt service payments;
- restrictions contained in debt instruments;
- issuances of debt and equity securities;
- fluctuations in working capital;
- capital expenditures;
- adjustments in reserves made by our general partner in its discretion;
- prevailing economic conditions; and
- financial, business and other factors, a number of which will be beyond our control.

Cash distributions are dependent primarily on cash flow, including from reserves and, subject to limitations, working capital borrowings. Cash distributions are not dependent on profitability, which is affected by non-cash items. Therefore, cash distributions might be made during periods when we record losses and might not be made during periods when we record profits.

Our general partner has broad discretion to determine the amount of "available cash" for distribution to holders of our equity securities through the establishment and maintenance of cash reserves, thereby potentially lessening and limiting the amount of "available cash" eligible for distribution.

Our general partner determines the timing and amount of our distributions and has broad discretion in determining the amount of funds that will be recognized as "available cash." Part of this discretion comes from the ability of our general partner to establish and make additions to our reserves. Decisions as to amounts to be placed in or released from reserves have a direct impact on the amount of available cash for distributions because increases and decreases in reserves are taken into account in computing available cash. Funds within or added to our reserves are not considered to be "available cash" and are therefore not required to be distributed. Each fiscal quarter, our general partner may, in its reasonable discretion, determine the amounts to be placed in or released from reserves, subject to restrictions on the purposes of the reserves. Reserves may be made, increased or decreased for any proper purpose, including, but not limited to, reserves:

- to comply with the terms of any of our agreements or obligations, including the establishment of reserves to fund the payment of interest and principal in the future of any debt securities of Ferrellgas Partners or the operating partnership;
- to provide for level distributions of cash notwithstanding the seasonality of our business; and
- to provide for future capital expenditures and other payments deemed by our general partner to be necessary or advisable.

The decision by our general partner to establish, increase or decrease our reserves may limit the amount of cash available for distribution to holders of our equity securities. Holders of our equity securities will not receive payments required by such securities unless we are able to first satisfy our own

obligations and the establishment of any reserves. See the first risk factor under "Risks Arising from Our Partnership Structure and Relationship with Our General Partner."

The debt agreements of Ferrellgas Partners and the operating partnership may limit their ability to make distributions to holders of their equity securities.

The debt agreements governing Ferrellgas Partners' and the operating partnership's outstanding indebtedness contain restrictive covenants that may limit or prohibit distributions to holders of their equity securities under various circumstances. Ferrellgas Partners' existing indenture generally prohibits it from:

- making any distributions to unitholders if an event of default exists or would exist when such distribution is made;
- distributing amounts in excess of 100% of available cash for the immediately preceding fiscal quarter if its consolidated fixed charge coverage ratio as defined in the indenture is less than 1.75 to 1.00; or
- distributing amounts in excess of $25.0 million less any restricted payments made for the prior sixteen fiscal quarters plus the aggregate cash contributions made to us during that period if its consolidated fixed charge coverage ratio as defined in the indenture is less than or equal to 1.75 to 1.00.

See the first risk factor under "Risks Arising from Our Partnership Structure and Relationship with Our General Partner" for a description of the restrictions on the operating partnership's ability to distribute cash to Ferrellgas Partners. Any indenture applicable to future issuances of debt securities by Ferrellgas Partners or the operating partnership may contain restrictions that are the same as or similar to those in their existing debt agreements.

Persons owning 20% or more of Ferrellgas Partners' common units cannot vote. This limitation does not apply to common units owned by Ferrell Companies, our general partner and its affiliates.

All common units held by a person that owns 20% or more of Ferrellgas Partners' common units cannot be voted. This provision may:

- discourage a person or group from attempting to remove our general partner or otherwise change management; and
- reduce the price at which our common units will trade under various circumstances.

This limitation does not apply to our general partner and its affiliates. Ferrell Companies, the parent of our general partner, beneficially owns all of the outstanding capital stock of our general partner in addition to approximately 27% of our common units.

Risks Arising from Our Partnership Structure and Relationship with Our General Partner

Ferrellgas Partners is a holding entity and has no material operations or assets. Accordingly, Ferrellgas Partners is dependent on distributions from the operating partnership to service its obligations. These distributions are not guaranteed and may be restricted.

Ferrellgas Partners is a holding entity for our subsidiaries, including the operating partnership. Ferrellgas Partners has no material operations and only limited assets. Ferrellgas Partners Finance Corp. is Ferrellgas Partners' wholly-owned finance subsidiary, serves as a co-obligor on any of its debt securities, conducts no business and has nominal assets. Accordingly, Ferrellgas Partners is dependent on cash distributions from the operating partnership and its subsidiaries to service obligations of Ferrellgas Partners. The operating partnership is required to distribute all of its available cash each fiscal quarter, less the amount of cash reserves that our general partner determines is necessary or appropriate in its reasonable discretion to provide for the proper conduct of our business, to provide funds for distributions over the next four fiscal quarters or to comply with applicable law or with any of our debt or other agreements. This discretion may limit the amount of available cash the operating partnership may distribute to Ferrellgas Partners each fiscal quarter. Holders of Ferrellgas Partners' securities will not receive payments required by those securities unless the operating partnership is able to make distributions to Ferrellgas Partners after the operating partnership first satisfies its obligations under the terms of its own borrowing arrangements and reserves any necessary amounts to meet its own financial obligations.

In addition, the various agreements governing the operating partnership's indebtedness and other financing transactions permit quarterly distributions only so long as each distribution does not exceed a specified amount, the operating partnership meets a specified financial ratio and no default exists or would result from such distribution. Those agreements include the indentures governing the operating partnership's existing notes, credit facility and an accounts receivable securitization facility. Each of these agreements contains various negative and affirmative covenants applicable to the operating partnership and some of these agreements require the operating partnership to maintain specified financial ratios. If the operating partnership violates any of these covenants or requirements, a default may result and distributions would be limited. These covenants limit the operating partnership's ability to, among other things:

- incur additional indebtedness;
- engage in transactions with affiliates;
- create or incur liens;
- sell assets;
- make restricted payments, loans and investments;
- enter into business combinations and asset sale transactions; and
- engage in other lines of business.

Unitholders have limits on their voting rights; our general partner manages and operates us, thereby generally precluding the participation of our unitholders in operational decisions.

Our general partner manages and operates us. Unlike the holders of common stock in a corporation, unitholders have only limited voting rights on matters affecting our business. Amendments to the agreement of limited partnership of Ferrellgas Partners may be proposed only by or with the consent of our general partner. Proposed amendments must generally be approved by holders of at least a majority of our outstanding common units.

Unitholders will have no right to elect our general partner, or any directors of our general partner on an annual or other continuing basis, nor will any proxies be received for such voting. Our general partner may not be removed except pursuant to:

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- the vote of the holders of at least 66 2/3% of the outstanding units entitled to vote thereon, which includes the common units owned by our general partner and its affiliates; and

- upon the election of a successor general partner by the vote of the holders of not less than a majority of the outstanding common units entitled to vote.

Because Ferrell Companies is the parent of our general partner and beneficially owns approximately 27% of our outstanding common units and James E. Ferrell, Executive Chairman and Chairman of the Board of Directors of our general partner, indirectly owns approximately 6% of our outstanding common units, amendments to the agreement of limited partnership of Ferrellgas Partners or the removal of our general partner are unlikely if neither Ferrell Companies nor Mr. Ferrell consent to such action.

Our general partner has a limited call right with respect to the limited partner interests of Ferrellgas Partners.

If at any time less than 20% of the then-issued and outstanding limited partner interests of any class of Ferrellgas Partners are held by persons other than our general partner and its affiliates, our general partner has the right, which it may assign to any of its affiliates or to us, to acquire all, but not less than all, of the remaining limited partner interests of such class held by such unaffiliated persons at a price generally equal to the then-current market price of limited partner interests of such class. As a consequence, a unitholder may be required to sell its common units at a time when the unitholder may not desire to sell them or at a price that is less than the price desired to be received upon such sale.

Unitholders may not have limited liability in specified circumstances and may be liable for the return of distributions.

The limitations on the liability of holders of limited partner interests for the obligations of a limited partnership have not been clearly established in some states. If it were determined that we had been conducting business in any state without compliance with the applicable limited partnership statute, or that the right, or the exercise of the right by the limited partners as a group, to:

- remove or replace our general partner;

- make specified amendments to our partnership agreements; or

- take other action pursuant to our partnership agreements that constitutes participation in the “control” of our business,

then the limited partners could be held liable in some circumstances for our obligations to the same extent as a general partner.

In addition, under some circumstances a unitholder may be liable to us for the amount of a distribution for a period of three years from the date of the distribution. Unitholders will not be liable for assessments in addition to their initial capital investment in our common units. Under Delaware General Corporate Law, we may not make a distribution to our unitholders if the distribution causes all our liabilities to exceed the fair value of our assets. Liabilities to partners on account of their partnership interests and liabilities for which recourse is limited to specific property are not counted for purposes of determining whether a distribution is permitted. Delaware law provides that a limited partner who receives such a distribution and knew at the time of the distribution that the distribution violated the Delaware law will be liable to the limited partnership for the distribution amount for three years from the distribution date. Under Delaware law, an assignee that becomes a substituted limited partner of a limited partnership is liable for the obligations of the assignor to make contributions to the partnership. However, such an assignee is not obligated for liabilities unknown to that assignee at the time such assignee became a limited partner if the liabilities could not be determined from the partnership agreements.

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Our general partner’s liability to us and our unitholders may be limited.

The partnership agreements of Ferrellgas Partners and the operating partnership contain language limiting the liability of our general partner to us and to our unitholders. For example, those partnership agreements provide that:

- the general partner does not breach any duty to us or our unitholders by borrowing funds or approving any borrowing; our general partner is protected even if the purpose or effect of the borrowing is to increase incentive distributions to our general partner;

- our general partner does not breach any duty to us or our unitholders by taking any actions consistent with the standards of reasonable discretion outlined in the definitions of available cash and cash from operations contained in our partnership agreements; and

- our general partner does not breach any standard of care or duty by resolving conflicts of interest unless our general partner acts in bad faith.

The modifications of state law standards of fiduciary duty contained in our partnership agreements may significantly limit the ability of unitholders to successfully challenge the actions of our general partner as being a breach of what would otherwise have been a fiduciary duty. These standards include the highest duties of good faith, fairness and loyalty to the limited partners. Such a duty of loyalty would generally prohibit a general partner of a Delaware limited partnership from taking any action or engaging in any transaction for which it has a conflict of interest. Under our partnership agreements, our general partner may exercise its broad discretion and authority in our management and the conduct of our operations as long as our general partner’s actions are in our best interest.

Our general partner and its affiliates may have conflicts with us.

The directors and officers of our general partner and its affiliates have fiduciary duties to manage itself in a manner that is beneficial to its stockholder. At the same time, our general partner has fiduciary duties to manage us in a manner that is beneficial to us and our unitholders. Therefore, our general partner's duties to us may conflict with the duties of its officers and directors to its stockholder.

Matters in which, and reasons that, such conflicts of interest may arise include:

- decisions of our general partner with respect to the amount and timing of our cash expenditures, borrowings, acquisitions, issuances of additional securities and changes in reserves in any quarter may affect the amount of incentive distributions we are obligated to pay our general partner;

- borrowings do not constitute a breach of any duty owed by our general partner to our unitholders even if these borrowings have the purpose or effect of directly or indirectly enabling us to make distributions to the holder of our incentive distribution rights, currently our general partner;

- we do not have any employees and rely solely on employees of our general partner and its affiliates;

- under the terms of our partnership agreements, we must reimburse our general partner and its affiliates for costs incurred in managing and operating us, including costs incurred in rendering corporate staff and support services to us;

- our general partner is not restricted from causing us to pay it or its affiliates for any services rendered on terms that are fair and reasonable to us or causing us to enter into additional contractual arrangements with any of such entities;

- neither our partnership agreements nor any of the other agreements, contracts and arrangements between us, on the one hand, and our general partner and its affiliates, on the other, are or will be the result of arms-length negotiations;

- whenever possible, our general partner limits our liability under contractual arrangements to all or a portion of our assets, with the other party thereto having no recourse against our general partner or its assets;

- our partnership agreements permit our general partner to make these limitations even if we could have obtained more favorable terms if our general partner had not limited its liability;

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- any agreements between us and our general partner or its affiliates will not grant to our unitholders, separate and apart from us, the right to enforce the obligations of our general partner or such affiliates in favor of us; therefore, our general partner will be primarily responsible for enforcing those obligations;

- our general partner may exercise its right to call for and purchase common units as provided in the partnership agreement of Ferrellgas Partners or assign that right to one of its affiliates or to us;

- our partnership agreements provide that it will not constitute a breach of our general partner's fiduciary duties to us for its affiliates to engage in activities of the type conducted by us, other than retail propane sales to end users in the continental United States in the manner engaged in by our general partner immediately prior to our initial public offering, even if these activities are in direct competition with us;

- our general partner and its affiliates have no obligation to present business opportunities to us;

- our general partner selects the attorneys, accountants and others who perform services for us. These persons may also perform services for our general partner and its affiliates. Our general partner is authorized to retain separate counsel for us or our unitholders, depending on the nature of the conflict that arises; and

- James E. Ferrell is the Executive Chairman of our general partner and the Chairman of its Board of Directors. Mr. Ferrell also owns other companies with whom we may, from time to time, conduct transactions within our ordinary course of business. Mr. Ferrell's ownership of these entities may conflict with his duties as an officer and director of our general partner, including our relationship and conduct of business with any of Mr. Ferrell's companies.

See "Conflicts of Interest" and "Fiduciary Responsibilities" below.

Ferrell Companies may transfer the ownership of our general partner which could cause a change of our management and affect the decisions made by our general partner regarding resolutions of conflicts of interest.

Ferrell Companies, the owner of our general partner, may transfer the capital stock of our general partner without the consent of our unitholders. In such an instance, our general partner will remain bound by our partnership agreements. If, however, through share ownership or otherwise, persons not now affiliated with our general partner were to acquire its general partner interest in us or effective control of our general partner, our management and resolutions of conflicts of interest, such as those described above, could change substantially.

Our general partner may voluntarily withdraw or sell its general partner interest.

Our general partner may withdraw as the general partner of Ferrellgas Partners and the operating partnership without the approval of our unitholders. Our general partner may also sell its general partner interest in Ferrellgas Partners and the operating partnership without the approval of our unitholders. Any such withdrawal or sale could have a material adverse effect on us and could substantially change the management and resolutions of conflicts of interest, as described above.

Our general partner can protect itself against dilution.

Whenever we issue equity securities to any person other than our general partner and its affiliates, our general partner has the right to purchase additional limited partner interests on the same terms. This allows our general partner to maintain its partnership interest in us. No other unitholder has a similar right.

Therefore, only our general partner may protect itself against dilution caused by our issuance of additional equity securities.

Tax Risks

The IRS could treat us as a corporation for tax purposes or changes in federal or state laws could subject us to entity level taxation, which would substantially reduce the cash available for distribution to our unitholders.

The anticipated after-tax economic benefit of an investment in us depends largely on our being treated as a partnership for federal income tax purposes. We believe that, under current law, we have been and will continue to be classified as a partnership for federal income tax purposes. One of the requirements for such classification is that at least 90% of our gross income for each taxable year has been and will be "qualifying income" within the meaning of Section 7704 of the Internal Revenue Code. Whether we will continue to be classified as a partnership in part depends on our ability to meet this qualifying income test in the future.

If we were classified as a corporation for federal income tax purposes, we would pay tax on our income at corporate rates, currently 35% at the federal level, and we would probably pay additional state income taxes as well. In addition, distributions would generally be taxable to the recipient as corporate dividends and no income, gains, losses or deductions would flow through to our unitholders. Because a tax would be imposed upon us as a corporation, the cash available for distribution to our unitholders would be substantially reduced. Therefore, treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to our unitholders and thus would likely result in a substantial reduction in the value of our common units.

A change in current law or a change in our business could cause us to be treated as a corporation for federal income tax purposes or otherwise subject us to entity-level taxation. Our partnership agreements provide that if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity-level taxation for federal, state or local income tax purposes, provisions of our partnership agreements will be subject to change. These changes would include a decrease in the minimum quarterly distribution and the target distribution levels to reflect the impact of such law on us.

A successful IRS contest of the federal income tax positions we take may reduce the market value of our common units and the costs of any contest will be borne by us and therefore indirectly by our unitholders and our general partner.

The IRS may adopt positions that differ from those expressed herein or from the positions we take. It may be necessary to resort to administrative or court proceedings in an effort to sustain some or all of the positions we take, and some or all of these positions ultimately may not be sustained. Any contest with the IRS may materially reduce the market value of our common units and the prices at which our common units trade. In addition, our costs of any contest with the IRS will be borne by us and therefore indirectly by our unitholders and our general partner.

Unitholders may be required to pay taxes on income from us even if unitholders do not receive any cash distributions from us.

A unitholder will be required to pay federal income taxes and, in some cases, state and local income taxes on its share of our taxable income, even if it does not receive cash distributions from us. A unitholder may not receive cash distributions equal to its share of our taxable income or even the tax liability that results from that income. Further, a unitholder may incur a tax liability in excess of the amount of cash it receives upon the sale of its units.

The ratio of taxable income to cash distributions could be higher or lower than our estimates, which could result in a material reduction of the market value of our common units.

We estimate that a person who acquires common units in the 2011 calendar year and owns those common units through the record dates for all cash distributions payable for all periods within the 2011 calendar year will be allocated, on a cumulative basis, an amount of federal taxable income that will be less than 10% of the cumulative cash distributed to such person for those periods. The taxable income allocable to a unitholder for subsequent periods may constitute an increasing percentage of distributable cash. These estimates are based on several assumptions and estimates that are subject to factors

beyond our control. Accordingly, the actual percentage of distributions that will constitute taxable income could be higher or lower and any differences could result in a material reduction in the market value of our common units.

There are limits on the deductibility of losses.

In the case of unitholders subject to the passive loss rules (generally, individuals, closely held corporations and regulated investment companies), any losses generated by us will only be available to offset our future income and cannot be used to offset income from other activities, including passive activities or investments. Unused losses may be deducted when the unitholder disposes of its entire investment in us in a fully taxable transaction with an unrelated party. A unitholder's share of our net passive income may be offset by unused losses carried over from prior years, but not by losses from other passive activities, including losses from other publicly-traded partnerships.

Tax gain or loss on the disposition of our common units could be different than expected.

If a unitholder sells their common units, the unitholder will recognize a gain or loss equal to the difference between the amount realized and its tax basis in those common units. Prior distributions in excess of the total net taxable income the unitholder was allocated for a common unit, which decreased its tax basis in that common unit, will, in effect, become taxable income to the unitholder if the common unit is sold at a price greater than its tax basis in that common unit, even if the price received is less than its original cost. A substantial portion of the amount realized, whether or not representing a gain, will likely be ordinary income to that unitholder. Should the IRS successfully contest some positions we take, a selling unitholder could recognize more gain on

the sale of units than would be the case under those positions, without the benefit of decreased income in prior years. In addition, if a unitholder sells its units, the unitholder may incur a tax liability in excess of the amount of cash that unitholder receives from the sale.

Tax-exempt entities, regulated investment companies, and foreign persons face unique tax issues from owning common units that may result in additional tax liability or reporting requirements for them.

An investment in common units by tax-exempt entities, such as employee benefit plans, individual retirement accounts, regulated investment companies, generally known as mutual funds, and non-U.S. persons, raises issues unique to them. For example, virtually all of our income allocated to organizations exempt from federal income tax, including individual retirement accounts and other retirement plans, will be unrelated business taxable income and thus will be taxable to them. Net income from a "qualified publicly-traded partnership" is qualifying income for a regulated investment company, or mutual fund. However, no more than 25% of the value of a regulated investment company's total assets may be invested in the securities of one or more qualified publicly-traded partnerships. We expect to be treated as a qualified publicly-traded partnership. Distributions to non-U.S. persons will be reduced by withholding taxes, at the highest effective tax rate applicable to individuals, and non-U.S. persons will be required to file federal income tax returns and generally pay tax on their share of our taxable income.

Certain information relating to a unitholder's investment may be subject to special IRS reporting requirements.

Treasury regulations require taxpayers to report particular information on Form 8886 if they participate in a "reportable transaction." Unitholders may be required to file this form with the IRS. A transaction may be a reportable transaction based upon any of several factors. The IRS may impose significant penalties on a unitholder for failure to comply with these disclosure requirements. Disclosure and information maintenance obligations are also imposed on "material advisors" that organize, manage or sell interests in reportable transactions, which may require us or our material advisors to maintain and disclose to the IRS certain information relating to unitholders.

An audit of us may result in an adjustment or an audit of a unitholder's own tax return.

We may be audited by the IRS and tax adjustments could be made. The rights of a unitholder owning less than a 1% interest in us to participate in the income tax audit process are very limited. Further, any

adjustments in our tax returns will lead to adjustments in the unitholders' tax returns and may lead to audits of unitholders' tax returns and adjustments of items unrelated to us. A unitholder will bear the cost of any expenses incurred in connection with an examination of its personal tax return.

Reporting of partnership tax information is complicated and subject to audits; we cannot guarantee conformity to IRS requirements.

We will furnish each unitholder with a Schedule K-1 that sets forth that unitholder's allocable share of income, gains, losses and deductions. In preparing these schedules, we will use various accounting and reporting conventions and adopt various depreciation and amortization methods. We cannot guarantee that these schedules will yield a result that conforms to statutory or regulatory requirements or to administrative pronouncements of the IRS. If any of the information on these schedules is successfully challenged by the IRS, the character and amount of items of income, gain, loss or deduction previously reported by unitholders might change, and unitholders might be required to adjust their tax liability for prior years and incur interest and penalties with respect to those adjustments.

Unitholders may lose tax benefits as a result of nonconforming depreciation conventions.

Because we cannot match transferors and transferees of common units, uniformity of the economic and tax characteristics of our common units to a purchaser of common units of the same class must be maintained. To maintain uniformity and for other reasons, we have adopted certain depreciation and amortization conventions which we believe conform to Treasury Regulations under 743(b) of the Internal Revenue Code. A successful IRS challenge to those positions could reduce the amount of tax benefits available to our unitholders. A successful challenge could also affect the timing of these tax benefits or the amount of gain from the sale of common units and could have a negative impact on the value of our common units or result in audit adjustments to a unitholder's tax returns.

As a result of investing in our common units, a unitholder will likely be subject to state and local taxes and return filing requirements in jurisdictions where it does not live.

In addition to federal income taxes, unitholders will likely be subject to other taxes, such as state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we do business or own property. A unitholder will likely be required to file state and local income tax returns and pay state and local income taxes in some or all of the various jurisdictions in which we do business or own property and may be subject to penalties for failure to comply with those requirements. We currently conduct business in all 50 states, the District of Columbia and Puerto Rico. It is a unitholder's responsibility to file all required United States federal, state and local tax returns.

States may subject partnerships to entity-level taxation in the future; thereby decreasing the amount of cash available to us for distributions and potentially causing a decrease in our distribution levels, including a decrease in the minimum quarterly distribution.

Several states have enacted or are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise or other forms of taxation. If additional states were to impose a tax upon us as an entity, the cash available for distribution to unitholders would be reduced. The partnership agreements of Ferrellgas Partners and the operating partnership each provide that if a law is enacted or existing law is modified or interpreted in a manner that subjects one or both partnerships to taxation as a corporation or otherwise subjects one or both partnerships to entity-level taxation for federal, state or local income tax purposes, provisions of one or both partnership agreements will be subject to change. These changes would include a decrease in the minimum quarterly distribution and the target distribution levels to reflect the impact of those taxes.

Unitholders may have negative tax consequences if we default on our debt or sell assets.

If we default on any of our debt, the lenders will have the right to sue us for non-payment. That action could cause an investment loss and negative tax consequences for our unitholders through the realization of taxable income by unitholders without a corresponding cash distribution. Likewise, if we were to dispose of assets and realize a taxable gain while there is substantial debt outstanding and proceeds of the sale were applied to the debt, our unitholders could have increased taxable income without a corresponding cash distribution.

Conflicts of Interest

Conflicts of interest could arise as a result of the relationships between us, on the one hand, and our general partner and its affiliates, on the other. The directors and officers of our general partner have fiduciary duties to manage our general partner in a manner beneficial to its stockholder. At the same time, our general partner has fiduciary duties to manage us in a manner beneficial to us and our unitholders. The duties of our general partner to us and our unitholders, therefore, may conflict with the duties of the directors and officers of our general partner to its stockholder.

Matters in which, and reasons that, such conflicts of interest may arise include:

· decisions of our general partner with respect to the amount and timing of our cash expenditures, borrowings, acquisitions, issuances of additional securities and changes in reserves in any quarter may affect the amount of incentive distributions we are obligated to pay our general partner;

· borrowings do not constitute a breach of any duty owed by our general partner to our unitholders even if these borrowings have the purpose or effect of directly or indirectly enabling us to make distributions to the holder of our incentive distribution rights, currently our general partner;

· we do not have any employees and rely solely on employees of our general partner and its affiliates;

· under the terms of our partnership agreements, we must reimburse our general partner and its affiliates for costs incurred in managing and operating us, including costs incurred in rendering corporate staff and support services to us;

· our general partner is not restricted from causing us to pay it or its affiliates for any services rendered on terms that are fair and reasonable to us or causing us to enter into additional contractual arrangements with any of such entities;

· neither our partnership agreements nor any of the other agreements, contracts and arrangements between us, on the one hand, and our general partner and its affiliates, on the other, are or will be the result of arms-length negotiations;

· whenever possible, our general partner limits our liability under contractual arrangements to all or a portion of our assets, with the other party thereto having no recourse against our general partner or its assets;

· our partnership agreements permit our general partner to make these limitations even if we could have obtained more favorable terms if our general partner had not limited its liability;

· any agreements between us and our general partner or its affiliates will not grant to our unitholders, separate and apart from us, the right to enforce the obligations of our general partner or such affiliates in favor of us; therefore, our general partner will be primarily responsible for enforcing those obligations;

· our general partner may exercise its right to call for and purchase common units as provided in the partnership agreement of Ferrellgas Partners or assign that right to one of its affiliates or to us;

· our partnership agreements provide that it will not constitute a breach of our general partner's fiduciary duties to us for its affiliates to engage in activities of the type conducted by us, other than retail propane sales to end users in the continental United States in the manner engaged in by our general partner immediately prior to our initial public offering, even if these activities are in direct competition with us;

· our general partner and its affiliates have no obligation to present business opportunities to us;

· our general partner selects the attorneys, accountants and others who perform services for us. These persons may also perform services for our general partner and its affiliates. Our general partner is authorized to retain separate counsel for us or our unitholders, depending on the nature of the conflict that arises; and

· James E. Ferrell is the Executive Chairman of our general partner and the Chairman of its Board of Directors. Mr. Ferrell also owns other companies with whom we may, from time to time, conduct transactions within our ordinary course of business. Mr. Ferrell's ownership of these entities may conflict with his duties as an officer and director of our general partner, including our relationship and conduct of business with any of Mr. Ferrell's companies.

Fiduciary Responsibilities

Unless otherwise provided for in a partnership agreement, Delaware law generally requires a general partner of a Delaware limited partnership to adhere to fiduciary duty standards under which it owes its limited partners the highest duties of good faith, fairness and loyalty and which generally prohibit the general partner from taking any action or engaging in any transaction as to which it has a conflict of interest. Our partnership agreements expressly permit our general partner to resolve conflicts of interest between itself or its affiliates, on the one hand, and us or our unitholders, on the other, and to consider, in resolving such conflicts of interest, the interests of other parties in addition to the interests of our unitholders. In addition, the partnership agreement of Ferrellgas Partners provides that a purchaser of common units is deemed to have consented to specified conflicts of interest and actions of our general partner and its affiliates that might otherwise be prohibited, including those described above, and to have agreed that such conflicts of interest and actions do not

constitute a breach by our general partner of any duty stated or implied by law or equity. Our general partner will not be in breach of its obligations under our partnership agreements or its duties to us or our unitholders if the resolution of such conflict is fair and reasonable to us. Any resolution of a conflict approved by the audit committee of our general partner is conclusively deemed fair and reasonable to us. The latitude given in our partnership agreements to our general partner in resolving conflicts of interest may significantly limit the ability of a unitholder to challenge what might otherwise be a breach of fiduciary duty.

The partnership agreements of Ferrellgas Partners and the operating partnership expressly limit the liability of our general partner by providing that our general partner, its affiliates and their respective officers and directors will not be liable for monetary damages to us, our unitholders or assignees thereof for errors of judgment or for any acts or omissions if our general partner and such other persons acted in good faith. In addition, we are required to indemnify our general partner, its affiliates and their respective officers, directors, employees, agents and trustees to the fullest extent permitted by law against liabilities, costs and expenses incurred by our general partner or such other persons if our general partner or such persons acted in good faith and in a manner it or they reasonably believed to be in, or (in the case of a person other than our general partner) not opposed to, the best interests of us and, with respect to any criminal proceedings, had no reasonable cause to believe the conduct was unlawful.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

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ITEM 2. PROPERTIES.

We own or lease the following transportation equipment that is utilized primarily in propane distribution operations:

	Owned	Leased	Total
Truck tractors	116	42	158
Propane transport trailers	271	30	301
Portable tank delivery trucks	294	221	515
Portable tank exchange delivery trailers	142	117	259
Bulk propane delivery trucks	1,184	591	1,775
Pickup and service trucks	1,037	336	1,373
Railroad tank cars	—	97	97

The propane transport trailers have an average capacity of approximately 10,000 gallons. The bulk propane delivery trucks are generally fitted with 3,000 gallon tanks. Each railroad tank car has a capacity of approximately 30,000 gallons.

We typically manage our retail propane distribution locations using a structure where one location, referred to as a service center, is staffed to provide oversight and management to multiple distribution locations, referred to as service units. Our retail propane distribution locations are comprised of 152 service centers and 843 service units. The service unit locations utilize hand-held computers and satellite technology to communicate with management typically located in the associated service center. We believe this structure together with our technology platform allows us to more efficiently route and schedule customer deliveries and significantly reduces the need for daily on-site management.

In addition to our retail propane distribution locations, we also distribute propane for our portable tank exchange operations from 23 partnership-owned propane distribution locations and 17 independently-owned distributors.

We own approximately 49.0 million gallons of propane storage capacity at our propane distribution locations. We own our land and buildings in the local markets of approximately 60% of our operating locations and lease the remaining facilities on terms customary in the industry.

We own approximately 1.0 million propane tanks, most of which are located on customer property and rented to those customers. We also own approximately 3.4 million portable propane tanks, most of which are used by us to deliver propane to our portable tank exchange customers and to deliver propane to our industrial/commercial customers.

We lease approximately 60.2 million gallons of propane storage capacity located at underground storage facilities and pipelines at various locations around the United States.

We lease 89,773 square feet of office space at separate locations that comprise our corporate headquarters in the Kansas City metropolitan area. We also lease 64,219 square feet of office and warehouse space in Winston-Salem, North Carolina in connection with our portable tank exchange operations.

We believe that we have satisfactory title to or valid rights to use all of our material properties. Although some of those properties may be subject to liabilities and leases, liens for taxes not yet currently due and payable and immaterial encumbrances, easements and restrictions, we do not believe that any such burdens will materially interfere with the continued use of such properties in our business. We believe that we have obtained, or are in the process of obtaining, all required material approvals. These approvals include authorizations, orders, licenses, permits, franchises, consents of, registrations, qualifications and filings with, the various state and local governmental and regulatory authorities which relate to our ownership of properties or to our operations.

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ITEM 3. LEGAL PROCEEDINGS.

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

We have been named as a defendant in lawsuits filed in multiple federal and state courts that seek to certify nationwide or statewide classes related to our Blue Rhino branded propane tank exchange activities. The plaintiffs in each case generally allege that we failed to inform consumers of the amount of propane contained in propane tanks they purchased and that we violated anti-trust laws by allegedly conspiring with a competitor. The federal cases have been coordinated for multidistrict treatment in the United States District Court for the Western District of Missouri. We believe these claims will not have a material impact beyond the $10.0 million litigation accrual established for these claims during the current year period.

We have also been named as a defendant in a class action lawsuit filed in the United States District Court in Kansas. The complaint alleges that we violate consumer protection laws in the manner we set prices and fees for our customers. Based on our business practices, we believe that the claims are without merit and intend to defend the claims vigorously.

ITEM 4. (REMOVED AND RESERVED).

PART II

ITEM 5. MARKET FOR REGISTRANTS' COMMON EQUITY, RELATED UNITHOLDER AND STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Common Units of Ferrellgas Partners

Our common units represent limited partner interests in Ferrellgas Partners and are listed and traded on the New York Stock Exchange under the symbol "FGP." As of August 31, 2011, we had 791 common unitholders of record. The following table sets forth the high and low sales prices for our common units on the New York Stock Exchange and the cash distributions declared per common unit for our fiscal periods indicated.

	Common Unit Price Range		Distributions
	High	Low	Declared Per Unit
2010			
First Quarter	$ 20.92	$ 18.73	$ 0.50
Second Quarter	22.80	20.08	0.50
Third Quarter	23.65	21.25	0.50
Fourth Quarter	24.18	21.17	0.50
2011			
First Quarter	$ 26.64	$ 24.21	$ 0.50
Second Quarter	28.51	25.56	0.50
Third Quarter	28.95	25.20	0.50
Fourth Quarter	26.34	20.15	0.50

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We make quarterly cash distributions of our available cash. Available cash is defined in our partnership agreement as, generally, the sum of our consolidated cash receipts less consolidated cash disbursements and changes in cash reserves established by our general partner for future requirements. To the extent necessary and due to the seasonal nature of our operations, we will generally reserve cash inflows from our second and third fiscal quarters for distributions during our first and fourth fiscal quarters. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" for a discussion of the financial tests and covenants which place limits on the amount of cash that we can use to pay distributions.

Recent Sales of Unregistered Securities

On August 4, 2008, the operating partnership issued $200.0 million in aggregate principal amount of its 6.75% senior notes due 2014 at an offering price equal to 85% of par. The net proceeds after commissions and fees of $166.4 million were used to reduce outstanding indebtedness under our unsecured credit facility due April 2010. The notes were not registered and were offered and sold only to qualified institutional buyers as defined in Rule 144A under the Securities Act. The operating partnership redeemed these notes on November 24, 2010 with proceeds from its issuance of $500.0 million in aggregate principal amount of its 6.50% senior notes due 2021.

On September 14, 2009, the operating partnership issued $300.0 million in aggregate principal amount of its 9.125% senior notes due 2017 at an offering price equal to 98.6% of par. The net proceeds after commissions and fees of $289.0 million were used to redeem $152.0 million of existing senior notes and related prepayment premiums and to reduce borrowings on our unsecured credit facility due April 2010. The notes were not registered and were offered and sold only to qualified institutional buyers as defined in Rule 144A under the Securities Act. During July 2010, the operating partnership completed an offer to exchange $300.0 million principal amount of 9.125% senior notes due 2017, which have been registered under the Securities Act of 1933, as amended, for a like principal amount of their outstanding and unregistered notes which were issued on September 14, 2009.

On November 24, 2010, the operating partnership issued $500.0 million in aggregate principal amount of its 6.50% senior notes due 2021 at an offering price equal to par. The net proceeds after commissions and fees of $491.3 million were used to redeem $450.0 million of existing senior notes and related

make-whole payments and accrued interest and to reduce borrowings on our secured credit facility. The notes were not registered and were offered and sold only to qualified institutional buyers as defined in Rule 144A under the Securities Act. During July 2011, the operating partnership completed an offer to exchange $500.0 million principal amount of 6.50% senior notes due 2021, which have been registered under the Securities Act of 1933, as amended, for a like principal amount of their outstanding and unregistered notes which were issued on November 24, 2010.

Ferrellgas Partners Tax Matters

Ferrellgas Partners is a master limited partnership and thus not subject to federal income taxes. Instead, our common unitholders are required to report for income tax purposes their allocable share of our income, gains, losses, deductions and credits, regardless of whether we make distributions to our common unitholders. Accordingly, each common unitholder should consult its own tax advisor in analyzing the federal, state, and local tax consequences applicable to its ownership or disposition of our common units. Ferrellgas Partners reports its tax information on a calendar year basis, while financial reporting is based on a fiscal year ending July 31.

Common Equity of Other Registrants

There is no established public trading market for the common equity of the operating partnership, Ferrellgas Partners Finance Corp. or Ferrellgas Finance Corp. All of the common equity of the operating

partnership and Ferrellgas Partners Finance Corp. is held by Ferrellgas Partners and all of the common equity of Ferrellgas Finance Corp. is held by the operating partnership. There are no equity securities of the operating partnership, Ferrellgas Partners Finance Corp. or Ferrellgas Finance Corp. authorized for issuance under any equity compensation plan. During fiscal 2011, there were no issuances of securities of the operating partnership, Ferrellgas Partners Finance Corp. or Ferrellgas Finance Corp.

Neither Ferrellgas Partners Finance Corp. nor Ferrellgas Finance Corp. declared or paid any cash dividends on its common equity during fiscal 2011 or fiscal 2010. The operating partnership distributes cash to its partners four times per fiscal year. See Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources — Financing Activities — Distributions” for a discussion of its distributions during fiscal 2011. See Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources” for a discussion of the financial tests and covenants which place limits on the amount of cash that the operating partnership can use to pay distributions.

Equity Compensation Plan Information

See Item 12. “Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters — Securities Authorized for Issuance Under Equity Compensation Plans.”

ITEM 6. SELECTED FINANCIAL DATA.

The following tables present selected consolidated historical financial and operating data for Ferrellgas Partners and the operating partnership.

	Ferrellgas Partners, L.P. Year Ended July 31,				
(in thousands, except per unit data)	2011	2010	2009	2008	2007
Income Statement Data:					
Total revenues	$ 2,423,215	$ 2,099,060	$ 2,069,522	$ 2,290,689	$ 1,992,440
Interest expense	101,885	101,284	89,519	86,712	87,953
Net earnings (loss) attributable to Ferrellgas Partners, L.P.	(43,648)	32,709	52,572	24,689	34,800
Basic and diluted net earnings (loss) per common unitholders’ interest	$ (0.60)	$ 0.47	$ 0.79	$ 0.39	$ 0.55
Cash distributions declared per common unit	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00
Balance Sheet Data:					
Working capital (1)	$ 28,712	$ 57,473	$ 34,556	$ 46,075	$ 42,503
Total assets	1,460,586	1,442,351	1,404,977	1,529,231	1,503,403
Long-term debt	1,050,920	1,111,088	1,010,073	1,034,719	1,011,751
Partners’ capital	88,317	85,902	151,345	166,344	241,776
Operating Data:					
Propane sales volumes (in thousands of gallons)	899,683	922,524	874,826	838,847	891,888
Capital expenditures:					
Maintenance	$ 15,330	$ 19,908	$ 21,082	$ 21,139	$ 16,935
Growth	34,699	24,861	32,046	23,407	29,732
Acquisition	12,587	49,500	9,944	191	35,466
Total	$ 62,616	$ 94,269	$ 63,072	$ 44,737	$ 82,133
Supplemental data:					

	2011	2010	2009	2008	2007
Adjusted EBITDA	$ 227,645	$ 266,492	$ 251,090	$ 221,941	$ 237,087
Reconciliation of Net Earnings (Loss) to EBITDA and Adjusted EBITDA :					
Net earnings (loss) attributable to Ferrellgas Partners, L.P.	$ (43,648)	$ 32,709	$ 52,572	$ 24,689	$ 34,800
Income tax expense	1,241	1,916	2,292	82	6,560
Interest expense	101,885	101,284	89,519	86,712	87,953
Depreciation and amortization expense	82,486	82,491	82,494	85,521	87,383
EBITDA	141,964	218,400	226,877	197,004	216,696
Loss on extinguishment of debt	46,962	20,716	—	—	—
Non-cash employee stock ownership plan compensation charge	10,157	9,322	6,755	12,413	11,225
Non-cash stock and unit-based compensation charge	13,488	7,831	2,312	1,816	889
Loss on disposal of assets and other	3,633	8,485	13,042	11,250	10,822
Other income (expense), net	(567)	1,108	1,321	(1,039)	(3,145)
Litigation accrual and related legal fees	12,120	—	—	—	—
Net earnings (loss) attributable to noncontrolling interest	(112)	630	783	497	600
Adjusted EBITDA	$ 227,645	$ 266,492	$ 251,090	$ 221,941	$ 237,087

(1) Working capital is the sum of current assets less current liabilities.

	Ferrellgas, L.P. Year Ended July 31,				
	2011	2010	2009	2008	2007
Income Statement Data:					
Total revenues	$ 2,423,215	$ 2,099,060	$ 2,069,522	$ 2,290,689	$ 1,992,440
Interest expense	80,074	76,786	65,785	63,001	64,201
Net earnings (loss)	(11,062)	62,361	77,501	49,232	59,427
Balance Sheet Data:					
Working capital (1)	$ 30,738	$ 60,770	$ 36,967	$ 48,397	$ 44,737
Total assets	1,456,816	1,436,177	1,403,049	1,526,621	1,499,951
Long-term debt	868,920	831,088	740,982	765,248	741,900
Partners' capital	268,686	363,047	421,610	436,269	511,356
Operating Data:					
Propane sales volumes (in thousands of gallons)	899,683	922,524	874,826	838,847	891,888
Capital expenditures:					
Maintenance	$ 15,330	$ 19,908	$ 21,082	$ 21,139	$ 16,935
Growth	34,699	24,861	32,046	23,407	29,732
Acquisition	12,587	49,500	9,944	191	35,466
Total	$ 62,616	$ 94,269	$ 63,072	$ 44,737	$ 82,133
Supplemental data:					
Adjusted EBITDA	$ 228,003	$ 266,916	$ 251,418	$ 222,200	$ 237,362
Reconciliation of Net Earnings (Loss) to EBITDA and Adjusted EBITDA :					
Net earnings (loss)	$ (11,062)	$ 62,361	$ 77,501	$ 49,232	$ 59,427
Income tax expense	1,225	1,890	2,208	6	6,560
Interest expense	80,074	76,786	65,785	63,001	64,201
Depreciation and amortization expense	82,486	82,491	82,494	85,521	87,383
EBITDA	152,723	223,528	227,988	197,760	217,571
Loss on extinguishment of debt	36,449	17,308	—	—	—
Non-cash employee stock ownership plan compensation charge	10,157	9,322	6,755	12,413	11,225
Non-cash stock and unit-based compensation charge	13,488	7,831	2,312	1,816	889
Loss on disposal of assets and other	3,633	8,485	13,042	11,250	10,822
Other income (expense), net	(567)	442	1,321	(1,039)	(3,145)
Litigation accrual and related legal fees	12,120	—	—	—	—
Adjusted EBITDA	$ 228,003	$ 266,916	$ 251,418	$ 222,200	$ 237,362

(1) Working capital is the sum of current assets less current liabilities.

Our capital expenditures fall generally into three categories:

- maintenance capital expenditures, which include capitalized expenditures for betterment and replacement of property, plant and equipment;
- growth capital expenditures, which include expenditures for purchases of both bulk and portable propane tanks and other equipment to facilitate expansion of our customer base and operating capacity; and
- acquisition capital expenditures, which include expenditures related to the acquisition of retail distribution propane operations; acquisition capital expenditures represent the total cost of acquisitions

less working capital acquired.

During fiscal 2011 and 2010, the prepayment of outstanding principal amounts of fixed rate senior notes resulted in amounts recorded as "Loss on extinguishment of debt."

During fiscal 2011, a class action lawsuit resulted in a litigation accrual and related legal fees.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Our management's discussion and analysis of financial condition and results of operations relates to Ferrellgas Partners 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. Ferrellgas Partners Finance Corp. serves as co-issuer and co-obligor for debt securities of Ferrellgas Partners and Ferrellgas Finance Corp. 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.

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

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

- because Ferrellgas Partners has outstanding $182.0 million in aggregate principal amount of 8.625% senior notes due fiscal 2020, the two partnerships incur different amounts of interest expense on their outstanding indebtedness; see the statements of earnings in their respective consolidated financial statements and Note H — Debt in the respective notes to their consolidated financial statements; and

- Ferrellgas Partners issued common units during both fiscal 2010 and 2011.

Overview

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

We serve approximately one million residential, industrial/commercial, portable tank exchange, agricultural, wholesale and other customers in all 50 states, the District of Columbia and Puerto Rico. Our operations primarily include the distribution and sale of propane and related equipment and supplies with concentrations in the Midwest, Southeast, Southwest and Northwest regions of the United States. Our propane distribution business consists principally of transporting propane purchased from third parties to propane distribution locations and then to tanks on customers' premises or to portable propane tanks delivered to nationwide and local retailers. Our portable tank exchange operations, nationally branded under the name Blue Rhino, are conducted through a network of independent and partnership-owned distribution outlets. Our market areas for our residential and agricultural customers are generally rural, while our market areas for our industrial/commercial and portable tank exchange customers is generally urban.

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

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

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

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

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

We employ risk management activities that attempt to mitigate price risks related to the purchase, storage, transport and sale of propane. We enter into propane sales commitments with a portion of our customers that provide for a contracted price agreement for a specified period of time. These commitments can expose us to product price risk if not immediately economically hedged with an offsetting propane purchase commitment.

Our open financial derivative purchase commitments are designated as hedges primarily for fiscal 2012 sales commitments and, as of July 31, 2011, have experienced net mark to market gains of approximately $5.2 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 consolidated balance sheets as "Prepaid expenses and other current assets," "Other current liabilities" and "Accumulated other comprehensive income (loss)," respectively, until settled. Upon settlement, realized gains or losses on these contracts will be reclassified to "Cost of product sold-propane and other gas liquid sales" in the consolidated statements of earnings as the underlying inventory is sold. These financial derivative purchase commitment net gains are expected to be offset by reduced margins on propane sales commitments that qualify for the normal purchase normal sale exception. At July 31, 2011, we estimate 100% of currently open financial derivative purchase commitments, the related propane sales commitments, and the resulting gross margin will be realized into earnings during fiscal 2012.

Our business strategy is to:

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

"Net earnings (loss) attributable to Ferrellgas Partners, L.P." in fiscal 2011 were $(43.6) million as compared to $32.7 million in fiscal 2010. This decrease of $76.3 million was primarily due to a decrease in Gross margin — Propane and other gas liquids sales of $39.9 million, an increase in "Loss on extinguishment of debt" of $26.2 million and an increase in "General and administrative expense" primarily due to the incurrence of a $12.1 million litigation accrual and related legal expenses.

Forward-looking Statements

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

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

Some of our forward-looking statements include the following:

- whether the operating partnership will have sufficient funds to meet its obligations, including its obligations under its debt securities, and to enable it to distribute to Ferrellgas Partners sufficient funds to permit Ferrellgas Partners to meet its obligations with respect to its existing debt;

- whether Ferrellgas Partners and the operating partnership will continue to meet all of the quarterly financial tests required by the agreements governing their indebtedness; and

- our expectations that "Net earnings" will be greater in fiscal 2012 compared to fiscal 2011 primarily due to our expectation that "Loss on extinguishment of debt" will not recur.

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

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

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

Results of Operations

Fiscal Year Ended July 31, 2011 compared to July 31, 2010

(amounts in thousands) Fiscal year ended July 31,	2011	2010	Favorable (unfavorable) Variance	
Propane sales volumes (gallons):				
Retail — Sales to End Users	655,408	680,963	(25,555)	(4)%
Wholesale — Sales to Resellers	244,275	241,561	2,714	1%
	899,683	922,524	(22,841)	(2)%
Revenues -				
Propane and other gas liquids sales:				
Retail — Sales to End Users	$ 1,330,746	$ 1,246,167	$ 84,579	7%
Wholesale — Sales to Resellers	544,817	495,845	48,972	10%
Other Gas Sales	336,694	158,306	178,388	113%
	$ 2,212,257	$ 1,900,318	$ 311,939	16%
Gross margin —				
Propane and other gas liquids sales: (a)				
Retail — Sales to End Users	$ 409,203	$ 450,139	$ (40,936)	(9)%
Wholesale — Sales to Resellers	171,903	182,744	(10,841)	(6)%
Other Gas Sales	21,807	9,901	11,906	120%
	$ 602,913	$ 642,784	$ (39,871)	(6)%
Gross margin - Other	$ 86,488	$ 90,104	$ (3,616)	(4)%
Adjusted EBITDA (b)	227,645	266,492	(38,847)	(15)%
Operating income	105,761	158,363	(52,602)	(33)%
Interest expense	101,885	101,284	(601)	(1)%
Interest expense - operating partnership	80,074	76,786	(3,288)	(4)%
Loss on extinguishment of debt	46,962	20,716	(26,246)	(127)%

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

depreciation and amortization.

(b) Adjusted EBITDA is calculated as earnings (loss) before income tax expense, interest expense, depreciation and amortization expense, loss on extinguishment of debt, non-cash employee stock ownership plan compensation charge, non-cash stock and unit-based compensation charge, loss on disposal of assets and other, other income (expense), net, a litigation accrual and related legal fees of $12.1 million 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 makes it easier to compare its results with other companies that have different financing and capital structures. This method of calculating Adjusted EBITDA may not be consistent with that of other companies and should be viewed in conjunction with measurements that are computed in accordance with GAAP.

The following table summarizes EBITDA and Adjusted EBITDA for the fiscal year ended July 31, 2011 and 2010, respectively:

(amounts in thousands)	2011	2010
Net earnings (loss) attributable to Ferrellgas Partners, L.P.	$ (43,648)	$ 32,709
Income tax expense	1,241	1,916
Interest expense	101,885	101,284
Depreciation and amortization expense	82,486	82,491
EBITDA	$ 141,964	$ 218,400

Loss on extinguishment of debt	46,962	20,716
Non-cash employee stock ownership plan compensation charge	10,157	9,322
Non-cash stock and unit-based compensation charge	13,488	7,831
Loss on disposal of assets and other	3,633	8,485
Other income (expense), net	(567)	1,108
Litigation accrual and related legal fees	12,120	—
Net earnings (loss) attributable to noncontrolling interest	(112)	630
Adjusted EBITDA	$ 227,645	$ 266,492

Propane sales volumes during fiscal 2011 decreased 22.8 million gallons from that of the prior year period due primarily to 25.6 million of decreased gallon sales to our retail customers, which was partially offset by 2.7 million of increased gallon sales to our wholesale customers.

Although weather in the more highly concentrated geographic areas we serve was approximately 3% colder than that of the prior year period, we believe retail sales gallons were negatively impacted by the severity and length of the overall poor economic environment and the significantly higher wholesale cost of propane which resulted in customer conservation.

In addition to the above, we believe retail sales volumes decreased due to an abnormally wet harvest season during the prior year period which increased gallon sales for agricultural crop drying that was not repeated during the current year period's abnormally dry harvest season.

Our sales price per gallon is impacted by the wholesale market price of propane. The wholesale market price at one of the major supply points, Mt. Belvieu, Texas, during fiscal 2011 averaged 24% more than the prior year period. The wholesale market price averaged $1.35 and $1.09 per gallon during fiscal 2011 and 2010, respectively.

Revenues - Propane and other gas liquids sales

Retail sales increased $84.6 million compared to the prior year period. This increase resulted primarily from $136.5 million of increased sales price per gallon, as discussed above, and $8.4 million from gallons

gained through acquisitions completed during the last twelve months, partially offset by $60.3 million of lower propane sales volumes, as discussed above.

Wholesale sales increased $49.0 million compared to the prior year period. This increase resulted from $42.9 million of increased sales price per gallon as discussed above and $6.1 million of increased sales volumes.

Other gas sales increased $178.4 million compared to the prior year period primarily due to $131.6 million of increased propane sales volumes and $46.8 million of increased sales price per gallon.

Gross margin - Propane and other gas liquids sales

Retail sales gross margin decreased $40.9 million compared to the prior year period. This decrease resulted primarily from $18.7 million of decreased propane sales volumes and $24.9 million of decreased gross margin per gallon resulting from the negative impact of higher wholesale market prices for propane, both as discussed above, partially offset by $2.7 million from gallons gained through acquisitions completed during the last twelve months.

Wholesale sales gross margin decreased $10.8 million compared to the prior year period. This decrease resulted primarily from $12.8 million of decreased gross margin per gallon resulting from the negative impact of higher wholesale market prices for propane, as discussed above.

Other gas sales gross margin increased $11.9 million compared to the prior year period due to sales of excess inventory to other third party propane distributors and marketers.

Adjusted EBITDA

Adjusted EBITDA decreased $38.8 million compared to the prior year period primarily due to a $39.9 million decrease in Gross margin - Propane and other gas liquids sales, as discussed above, and $3.6 million of decreased Gross margin - Other primarily due to a decrease in miscellaneous fees billed to customers. These decreases were partially offset by $6.1 million of decreased "General and administrative expense," primarily due to reduced performance-based incentive expenses. An "Operating expense" decrease of $11.9 million for personnel related costs was offset by a $5.9 million increase in property repairs and maintenance costs and a $5.3 million increase in vehicle fuel costs.

Operating income

Operating income decreased $52.6 million compared to the prior year period primarily due to $38.8 million of decreased "Adjusted EBITDA," as discussed above, a litigation accrual and related legal fees of $12.1 million during the current year period classified as "General and administrative expense" and $4.1 million and $1.6 million of increased non-cash stock and unit-based compensation charges classified as "General and administrative expense" and "Operating expense," respectively, partially offset by $4.9 million of decreased "Loss on disposal of assets and other."

Loss on extinguishment of debt

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

During fiscal 2010, we prepaid the outstanding principal amount on our $82.0 million 7.24% series D notes due August 1, 2010, our $70.0 million 7.42% series E notes due August 1, 2013 and our $268.0 million 8.75% senior notes due June 15, 2012, incurring a "Loss on extinguishment of debt" of $20.7 million.

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Forward-looking statements

We expect “Net earnings” to be greater in fiscal 2012 compared to fiscal 2011 primarily due to our expectation that “Loss on extinguishment of debt” will be lower.

Fiscal Year Ended July 31, 2010 compared to July 31, 2009

(amounts in thousands) Fiscal year ended July 31,	2010	2009	Favorable (unfavorable) Variance	
Propane sales volumes (gallons):				
Retail — Sales to End Users	680,963	652,788	28,175	4%
Wholesale — Sales to Resellers	241,561	222,038	19,523	9%
	922,524	874,826	47,698	5%
Revenues -				
Propane and other gas liquids sales:				
Retail — Sales to End Users	$ 1,246,167	$ 1,297,472	$ (51,305)	(4)%
Wholesale — Sales to Resellers	495,845	484,109	11,736	2%
Other Gas Sales	158,306	48,072	110,234	229%
	$ 1,900,318	$ 1,829,653	$ 70,665	4%
Gross margin —				
Propane and other gas liquids sales: (a)				
Retail — Sales to End Users	$ 450,139	$ 469,076	$ (18,937)	(4)%
Wholesale — Sales to Resellers	182,744	154,395	28,349	18%
Other Gas Sales	9,901	(1,186)	11,087	NM
	$ 642,784	$ 622,285	$ 20,499	3%
Gross margin - Other	$ 90,104	$ 87,016	$ 3,088	4%
Adjusted EBITDA (b)	266,492	251,090	15,402	6%
Operating income	158,363	146,487	11,876	8%
Interest expense	101,284	89,519	(11,765)	(13)%
Interest expense - operating partnership	76,786	65,785	(11,001)	(17)%
Loss on extinguishment of debt	20,716	—	(20,716)	NM

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

(b) Adjusted EBITDA is calculated as earnings before income tax expense, interest expense, depreciation and amortization expense, loss on extinguishment of debt, non-cash employee stock ownership plan compensation charge, non-cash stock and unit-based compensation charge, loss on disposal of assets and other, other income (expense), net and net earnings attributable to noncontrolling interest. Management believes the presentation of this measure is relevant and useful because it allows investors to view the partnership’s performance in a manner similar to the method management uses, adjusted for items management believes makes it easier to compare its results with other companies that have different financing and capital structures. This method of calculating Adjusted EBITDA may not be consistent with that of other companies and should be viewed in conjunction with measurements that are computed in accordance with GAAP.

NM - Not meaningful

The following table summarizes EBITDA and Adjusted EBITDA for the fiscal year ended July 31, 2010 and 2009, respectively:

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(amounts in thousands)	2010	2009
Net earnings attributable to Ferrellgas Partners, L.P.	$ 32,709	$ 52,572
Income tax expense	1,916	2,292
Interest expense	101,284	89,519
Depreciation and amortization expense	82,491	82,494
EBITDA	$ 218,400	$ 226,877
Loss on extinguishment of debt	20,716	—
Non-cash employee stock ownership plan compensation charge	9,322	6,755
Non-cash stock and unit-based compensation charge	7,831	2,312
Loss on disposal of assets and other	8,485	13,042
Other income (expense), net	1,108	1,321
Net earnings attributable to noncontrolling interest	630	783
Adjusted EBITDA	$ 266,492	$ 251,090

Propane sales volumes during fiscal 2010 increased 47.7 million gallons from that of the prior year period due to 28.2 million of increased gallon sales to our retail customers and 19.5 million of increased gallon sales to our wholesale customers.

Retail sales volumes increased primarily due to 22.9 million gallons through acquisitions completed during the last twelve months and also due to gallons gained from our focus on expanding our operations through an internal growth strategy. These gallon gains were somewhat offset by the impact of weather in the more highly concentrated geographic areas we serve that was 2% warmer than that of the prior year period.

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

The wholesale market price at one of the major supply points, Mt. Belvieu, Texas, during fiscal 2010 averaged 24% more than the prior year period. The wholesale market price averaged $1.09 and $0.88 per gallon during fiscal 2010 and 2009, respectively. Although the average wholesale market price increased significantly between the two periods, a competitive pricing environment did not allow us to increase our sales price as the wholesale market price increased. Additionally, volatility in the wholesale market price of propane during the first six months of fiscal 2010 and 2009 caused the movement in prices within those periods to be different. The wholesale market price at Mt. Belvieu averaged $1.40 during the three months ended October 31, 2008 and $0.69 during the three months ended January 31, 2009. During that six month period, we decreased our sales price at a slower rate than the wholesale market price resulting in gross margin expansion. Conversely, the wholesale market price at Mt. Belvieu averaged $0.95 during the three months ended October 31, 2009 and $1.20 during the three months ended January 31, 2010. During this six month period the competitive pricing environment discussed above did not allow us to increase our sales price at a similar rate as the wholesale market price increased resulting in gross margin reduction.

Revenues - Propane and other gas liquids sales

Retail sales decreased $51.3 million compared to the prior year period. This decrease resulted primarily from a $102.9 million decrease in sales price per gallon primarily due to a decline in the wholesale market price of propane, a competitive pricing environment and decreased volumes due to warmer weather, each as discussed above. These decreases were partially offset by a $36.7 million increase from gallons gained through acquisitions as well as increases from greater propane sales volumes due to the internal growth strategy.

Wholesale sales increased $11.7 million compared to the prior year period. This increase resulted from a $40.0 million increase due to greater propane sales volumes due to our emphasis on expanding this portion of our business, as discussed above, offset by a $28.3 million decrease in sales price per

gallon, due to a decline in the wholesale market price of propane and a competitive pricing environment, as discussed above.

Other gas sales increased $110.2 million compared to the prior year period primarily due to a $96.9 million increase in propane sales volumes and a $13.9 million increase in sales price per gallon.

Gross margin - Propane and other gas liquids sales

Retail sales gross margin decreased $18.9 million compared to the prior year period. This decrease resulted primarily from a $37.6 million decrease in gross margin per gallon primarily due to a competitive pricing environment, volatility experienced in the wholesale market price of propane and decreased volumes due to warmer weather, each as discussed above. These decreases were partially offset by $11.3 million from gallons gained through acquisitions, each as discussed above.

Wholesale sales gross margin increased $28.3 million compared to the prior year period. This increase resulted from both a $14.8 million increase due to greater propane sales volumes as discussed above and a $13.5 million increase in gross margin per gallon due to improved margins from fixed price sales.

Other gas sales gross margin increased $11.1 million compared to the prior year period due to sales of excess inventory to other third-party customers.

Gross margin — other

Gross margin — Other increased primarily due to an increase of $6.7 million of miscellaneous fees billed to customers partially offset by a decrease of $3.5 million of appliance sales.

Adjusted EBITDA

Adjusted EBITDA increased $15.4 million compared to the prior year period primarily due to a $20.5 million increase in gross margin from “Gross margin - Propane and other gas liquids sales” as discussed above, a $5.0 million decrease in “Equipment lease expense” and a $3.1 million increase in “Gross margin - Other” as discussed above, which were somewhat offset by a $7.0 million increase in operating expense and a $6.2 million increase in general and administrative expense. Equipment lease expense decreased primarily due to a $3.6 million decrease in computer related lease expense. Operating expense increased primarily due to $6.9 million of operating costs associated with acquisitions. General and administrative expense increased primarily due to $5.2 million of increased performance-based incentive expense.

Operating income

Operating income increased $11.9 million compared to the prior year period primarily due to the $15.4 million increase in Adjusted EBITDA as discussed above and a $4.6 million decrease in “Loss on disposal of assets and other,” which was somewhat offset by a $5.5 million increase in “Non-cash stock and unit-based compensation charge” due to an increase in non-cash stock option issuance expense allocated from Ferrell Companies and a $2.6 million increase in “Non-cash employee stock ownership plan compensation charge” due to the effect of higher Ferrellgas common unit prices during the current year period. Loss on disposal of assets and other decreased primarily due to a $5.6 million decrease in “Loss on transfer of accounts receivable related to the accounts receivable securitization” primarily due to a one-time loss on the sale of certain receivables during the prior year that was not repeated in the current year.

Interest expense - consolidated

Interest expense increased $11.8 million primarily due to a $4.8 million increase due to the issuance of new senior debt at higher interest rates than the debt retired and higher interest rates on borrowings on our secured credit facility, $3.6 million due to increased borrowings and a $3.7 million increase due to the amortization of capitalized debt costs.

Interest expense - operating partnership

Interest expense increased $11.0 million primarily due to a $5.3 million increase due to the issuance of new senior debt at higher interest rates than the debt retired and higher interest rates on borrowings on our secured credit facility, $2.7 million due to increased borrowings and a $3.6 million increase due to the amortization of capitalized debt costs.

Loss on extinguishment of debt

We prepaid the outstanding principal amount on our $82.0 million 7.24% series D notes due August 1, 2010 and our $70.0 million 7.42% series E notes due August 1, 2013, and the related prepayment premiums of $17.3 million.

We prepaid our $268.0 million 8.75% senior notes due 2012 and the related prepayment premium of $3.4 million.

Liquidity and Capital Resources

General

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

During fiscal 2011, we issued $500.0 million in aggregate principal amount of new 6.50% senior notes due 2021 at an offering price equal to par. We applied the net proceeds of $491.3 million to redeem all of our $450.0 million 6.75% fixed rate senior notes due 2014 and to pay the related make-whole and interest payments of $13.5 million. We used the remaining proceeds to reduce outstanding indebtedness under the secured credit facility. We also completed a registered public offering of 5.1 million common units representing limited partner interests. We applied the net proceeds of $127.3 million to redeem $98.0 million of our $280.0 million 8.625% fixed rate senior notes due 2020 and to pay the related make-whole and interest payments of $10.8 million. We used the remaining proceeds to reduce outstanding indebtedness under the secured credit facility. Additionally, we issued $30.0 million of common units for which the proceeds were used to reduce outstanding indebtedness under the secured credit facility. With these financings and the application of the proceeds, we will have addressed all of our significant outstanding public debt maturities through 2017 and increased our liquidity to finance ongoing business strategies. Furthermore, our only interest rate sensitive financing will be borrowings on our $400.0 million secured credit facility which, during September 2011, was amended to change its maturity date to five years, extending the maturity date to September 2016 and our accounts receivable securitization facility scheduled to expire in April 2013.

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

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

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

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

A quarterly distribution of $0.50 was paid on September 14, 2011, to all common units that were outstanding on September 7, 2011. This represents the sixty-eighth consecutive minimum quarterly distribution paid to our common unitholders dating back to October 1994.

Our secured credit facility, public debt and accounts receivable securitization facility contain several financial tests and covenants restricting our ability to pay distributions, incur debt and engage in certain other business transactions. In general, these tests are based on our debt-to-cash flow ratio and cash flow-to-interest expense ratio. Our general partner currently believes that the most restrictive of these tests are debt incurrence limitations under the terms of

our secured credit and accounts receivable securitization facilities and limitations on the payment of distributions within our 8.625% senior notes due 2020. The secured credit and accounts receivable securitization facilities generally limit the operating partnership's ability to incur debt if it exceeds prescribed ratios of either debt to cash flow or cash flow to interest expense. Our 8.625% senior notes restrict payments if a minimum ratio of cash flow to interest expense is not met, assuming certain exceptions to this ratio limit have previously been exhausted. This restriction places limitations on our ability to make restricted payments such as the payment of cash distributions to our unitholders. The cash flow used to determine these financial tests generally is based upon our most recent cash flow performance giving pro forma effect for acquisitions and divestitures made during the test period. Our secured credit facility, public debt and accounts receivable securitization facility do not contain early repayment provisions related to a potential decline in our credit rating.

As of July 31, 2011, we met all of our required quarterly financial tests and covenants. Based upon current estimates of our cash flow, our general partner believes that we will be able to continue to meet all of our required quarterly financial tests and covenants in fiscal 2012. However, we may not meet the applicable financial tests in future quarters if we were to experience:

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

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

We expect our future capital expenditures and working capital needs to be provided by a combination

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

Toward this purpose, the following registration statements were effective upon filing or declared effective by the SEC:

- a shelf registration statement for the periodic sale of up to $750.0 million in common units, debt securities and/or other securities; Ferrellgas Partners Finance Corp. may, at our election, be the co-issuer and co-obligor on any debt securities issued by Ferrellgas Partners under this shelf registration statement; as of July 31, 2011, we had $292.5 million available under this shelf registration statement; and

- an "acquisition" shelf registration statement for the periodic sale of up to $250.0 million in common units to fund acquisitions; as of July 31, 2011, we had $228.6 million available under this shelf agreement.

Operating Activities

Net cash provided by operating activities was $117.6 million for fiscal 2011, compared to net cash provided by operating activities of $134.6 million for fiscal 2010. This decrease in cash provided by operating activities was primarily due to a $53.1 million decrease in cash flow from operations and a $10.0 million decrease in net funding from our accounts receivable securitization facility, which were partially offset by a $47.2 million decrease in working capital requirements.

The decrease in cash flow from operations is primarily due to a $39.9 million decrease in gross margin from propane and other gas liquids sales and a $3.6 million decrease in "Gross margin — Other," both as discussed above.

The $10.0 million decrease in net funding from our accounts receivable securitization facility is due to a change in accounting principle which requires us, on a prospective basis, to disclose cash flows related to the accounts receivable securitization facility as "net additions to collateralized short-term borrowings" in the "Cash flows from financing activities" section of the consolidated statements of cash flows.

The decrease in working capital requirements was primarily due to $67.9 million from the timing of inventory purchases and $18.9 million from the timing of accounts payable disbursements, which were somewhat offset by $31.3 million due to the impact of higher propane sales prices and the timing of billings and collections on accounts receivable and a $10.0 million litigation accrual.

Net cash provided by operating activities was $134.6 million for fiscal 2010, compared to net cash provided by operating activities of $201.8 million for fiscal 2009. This decrease in cash provided by operating activities was primarily due to a $106.5 million increase in working capital requirements and a $9.2 million decrease in cash flow from operations which were partially offset by a $46.0 million increase in net funding from our accounts receivable securitization facility.

The increase in working capital requirements was primarily due to $62.9 million from the impact of increased sales volumes as well as the timing of billings and collections on accounts receivable and $59.6 million from the decreased cost per gallon and timing of inventory purchases. These increases in working capital requirements were somewhat offset by $20.8 million due to the timing of accounts payable disbursements.

The decrease in cash flow from operations is primarily due to a decrease in net earnings resulting from the loss on extinguishment of debt of $20.7 million on the early redemption of our series D and E

senior notes and our early redemption of $268.0 million of our 8.75% senior notes, which was somewhat offset by an $11.9 million increase in operating income.

The $46.0 million increase in net funding from our accounts receivable securitization facility is primarily due to an increase in accounts receivable sales to the facility to fund the working capital requirements discussed above.

The operating partnership

Net cash provided by operating activities was $148.8 million for fiscal 2011, compared to net cash provided by operating activities of $162.5 million for fiscal 2010. This decrease in cash provided by operating activities was primarily due to a $51.3 million decrease in cash flow from operations and a $10.0 million decrease in net funding from our accounts receivable securitization facility, which were partially offset by a $48.7 million decrease in working capital requirements.

The decrease in cash flow from operations is primarily due to a $39.9 million decrease in gross margin from propane and other gas liquids sales, a $6.3 million increase in “Loss on extinguishment of debt” and a $3.6 million decrease in “Gross margin — Other,” each as discussed above.

The $10.0 million decrease in net funding from our accounts receivable securitization facility is due to a change in accounting principle which requires us, on a prospective basis, to disclose cash flows related to the accounts receivable securitization facility as “net additions to collateralized short-term borrowings” in the “Cash flows from financing activities” section of the consolidated statements of cash flows.

The decrease in working capital requirements was primarily due to $67.9 million from the timing of inventory purchases and $18.9 million from the timing of accounts payable disbursements, which were somewhat offset by $31.3 million due to the impact of higher propane sales prices and the timing of billings and collections on accounts receivable and a $10.0 million litigation accrual.

Net cash provided by operating activities was $162.5 million for fiscal 2010, compared to net cash provided by operating activities of $225.6 million for fiscal 2009. This decrease in cash provided by operating activities was primarily due to a $106.8 million increase in working capital requirements and a $4.9 million decrease in cash flow from operations, which was partially offset by a $46.0 million increase in net funding from our accounts receivable securitization facility.

The increase in working capital requirements was primarily due to $62.9 million from the impact of increased sales volumes as well as the timing of billings and collections on accounts receivable and a $59.6 million increase from the decreased cost per gallon and timing of inventory purchases. These increases in working capital requirements were somewhat offset by $20.8 million due to the timing of accounts payable disbursements.

The decrease in cash flow from operations is primarily due to a decrease in net earnings resulting from the loss on extinguishment of debt of $17.3 million on the early redemption of our series D and E senior notes which was somewhat offset by a $12.0 million increase in operating income.

The $46.0 million increase in net funding from our accounts receivable securitization facility is primarily due to an increase in accounts receivable sales to the facility to fund the working capital requirements discussed above.

Investing Activities

Net cash used in investing activities was $51.1 million for fiscal 2011, compared to net cash used in investing activities of $81.3 million for fiscal 2010. This decrease in net cash used in investing activities is primarily due to a $33.6 million decrease in capital expenditures related to acquisitions.

Net cash used in investing activities was $81.3 million for fiscal 2010, compared to net cash used in investing activities of $53.2 million for fiscal 2009. This increase in net cash used in investing activities is primarily due to a $38.2 million increase in capital expenditures related to the acquisition of propane distribution assets, which is somewhat offset by an $8.9 million decrease in growth and maintenance capital expenditures.

Financing Activities

Net cash used in financing activities was $70.5 million for fiscal 2011, compared to net cash used in financing activities of $49.0 million for fiscal 2010. This increase in net cash used in financing activities was primarily due to a $177.4 million net decrease in long-term borrowings and a $5.2 million increase in distributions paid. This decrease in long-term borrowings and increase in distributions paid was primarily due to the refinancing of long-term debt with equity offering proceeds during fiscal 2011. These cash decreases were somewhat offset by a $137.3 million increase in proceeds from equity offerings as discussed above, a $14.0 million increase in net additions to collateralized short-term borrowings due to a change in accounting principle which requires us, on a prospective basis, to no longer disclose cash flows related to the accounts receivable securitization facility as “Accounts receivable securitization” in the “Cash flows from operating activities” section of the consolidated statements of cash flows and a $12.2 million decrease in cash used to fund transaction costs.

The $14.0 million increase in net additions to collateralized short-term borrowings should be viewed in conjunction with the $10.0 million decrease in net funding from our accounts receivable securitization facility, as discussed in Operating Activities above. This net $4.0 million cash increase was principally used in the $3.3 million decrease in short-term borrowings.

The $177.4 million net decrease in long-term borrowings is due primarily to the timing of long-term debt refinancings and a decrease in capital expenditures, as discussed in Investing Activities above.

Net cash used in financing activities was $49.0 million for fiscal 2010, compared to net cash used in financing activities of $158.1 million for fiscal 2009. The decrease in net cash used by financing activities was primarily due to a $123.2 million net increase in long-term borrowings and a $60.6 million decrease

in repayments on short term borrowings. These cash increases were somewhat offset by a $49.5 million reduction in proceeds from equity offerings and an $18.2 million use of cash to fund transaction costs associated with the issuance of new term debt, the accounts receivable securitization facility and secured credit facility.

Distributions

Ferrellgas Partners paid a $0.50 per unit quarterly distribution on all common units, as well as the related general partner distributions, totaling $145.0 million during fiscal 2011 in connection with the distributions declared for the three months ended July 31, 2010, October 31, 2010, January 31, 2011 and April 30, 2011. The quarterly distribution on all common units and the related general partner distributions for the three months ended July 31, 2011 of $38.4 million was paid on September 14, 2011 to holders of record on September 7, 2011.

Ferrellgas Partners paid a $0.50 per unit quarterly distribution on all common units, as well as the related general partner distributions, totaling $139.8 million during fiscal 2010 in connection with the distributions declared for the three months ended July 31, 2009, October 31, 2009, January 31, 2010 and April 30, 2010.

Recent Changes in U.S. Federal Income Tax Law

The recently-enacted Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010, is scheduled to impose a 3.8% Medicare tax on certain net investment income earned by individuals, estates and trusts for taxable years beginning after December 31, 2012. For these purposes, net investment income generally includes a unitholder's

allocable share of our income and gain recognized by a unitholder from a sale of units. In the case of an individual, the tax will be imposed on the lesser of (i) the unitholder's net investment income or (ii) the amount by which the unitholder's modified adjusted gross income exceeds $250,000 (if the unitholder is married and filing jointly or a surviving spouse), $125,000 (if the unitholder is married and filing separately) or $200,000 (in any other case). In the case of an estate or trust, the tax will be imposed on the lesser of (i) undistributed net investment income or (ii) the excess adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins.

In addition to the foregoing, a 20% accuracy-related penalty now applies to any portion of an underpayment of tax that is attributable to any transaction lacking "economic substance." To the extent that any such transaction is not disclosed, the penalty imposed is increased to 40%. Unlike traditional accuracy-related penalties, however, there is no reasonable cause defense to the imposition of this penalty to such transactions.

Secured credit facility

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

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

As of July 31, 2011, we had total borrowings outstanding under this secured credit facility of $129.5 million, of which $64.6 million was classified as long-term debt.

Borrowings under the secured credit facility had a weighted average interest rate of 6.53% at July 31, 2011. All borrowings under the secured credit facility bear interest, at our option, at a rate equal to either:

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

- for Eurodollar Rate Loans, the Eurodollar Rate, which is defined as the LIBOR Rate plus a margin varying from 2.00% to 3.00%.

As of July 31, 2011, the federal funds rate and Bank of America's prime rate were 0.11% and 3.25%, respectively. As of July 31, 2011, the one-month and three-month Eurodollar Rates were 0.22% and 0.34%, respectively.

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

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

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

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

Accounts receivable securitization

In June 2009, the Financial Accounting Standards Board ("FASB") issued two amendments to existing GAAP, one of which eliminates the concept of a qualifying special-purpose-entity ("QSPEs"). The second amends guidance applicable to variable interest entities ("VIEs"). The provisions of these amendments require us to evaluate all VIEs to determine whether they must be consolidated.

As a result of the prospective adoption of these amendments on August 1, 2010, Ferrellgas Receivables is now accounted for as a consolidated subsidiary. Upon adoption, we recognized $107.9 million of "Accounts receivable pledged as collateral, net," $0.6 million of "Other assets, net" and $47.0 million of "Collateralized notes payable," derecognized $44.9 million of "Notes receivable from Ferrellgas Receivables" and $15.3 million of "Retained interest in Ferrellgas Receivables" and recorded a $1.3 million "Cumulative effect of a change in accounting principle."

Subsequent to adoption, expenses associated with these transactions are now recorded in "Interest expense" and are no longer recorded in "Loss on transfer of accounts receivable related to the accounts receivable securitization" or "Service income related to the accounts receivable securitization" in the consolidated statements of earnings. Additionally, borrowings and repayments associated with these transactions are now recorded in "Cash flows from financing activities" and no longer recorded in "Cash flows from operating activities" in the consolidated statements of cash flows. The adoption of these amendments did not have a significant impact on our debt covenant agreements.

Cash flows from our accounts receivable securitization facility increased $4.0 million. We received net funding of $14.0 million from this facility during fiscal 2011 as compared to receiving net funding of $10.0 million from this facility in the prior year period.

Our strategy is to maximize liquidity by utilizing the accounts receivable securitization facility along with borrowings under the secured credit facility. See additional discussion about the secured credit facility in "Financing Activities — Secured credit facility." Our utilization of the accounts receivable securitization facility is limited by the amount of accounts receivable that we are permitted to securitize according to the facility agreement. This agreement allows for the proceeds of up to $145.0 million from the securitization of accounts receivable, depending on the available undivided interests in our accounts receivable from certain customers. As of July 31, 2011, we had received cash proceeds of $61.0 million related to the securitization of our trade accounts receivable, with the ability to receive proceeds of an additional $3.0 million. As of July 31, 2011, the weighted average interest rate was 3.6%. As our trade accounts receivable increase during the winter heating season, the securitization facility permits us to receive greater proceeds as eligible trade accounts receivable increases, thereby providing additional cash for working capital needs.

Common unit issuances

During fiscal 2011, we completed a registered public offering of 5.1 million common units representing limited partner interests. This transaction was comprised of both an original offering of 4.4 million common units and an over-allotment offering of 0.7 million common units. Net proceeds of approximately $127.3 million were used to redeem $98.0 million of our $280.0 million 8.625% fixed rate senior notes due 2020, to pay the related $8.4 million make-whole payment, to pay $2.4 million of accrued interest and to reduce outstanding indebtedness under our secured credit facility.

During fiscal 2011, we entered into an agreement with an institutional investor relating to a non-brokered registered direct offering of 1.2 million common units. Net proceeds of approximately $30.0 million were used to reduce outstanding indebtedness under our secured credit facility.

During fiscal 2010, Ferrellgas Partners completed an offering of 1.1 million common units representing limited partner interests. The net proceeds of $20.0 million were used to reduce borrowings under our unsecured credit facility.

Ferrellgas issued $2.9 million and $3.1 million of common units in connection with acquisitions during fiscal 2011 and 2010, respectively.

Ferrellgas issued $0.6 million and $1.2 million of common units pursuant to its unit option plan during fiscal 2011 and 2010, respectively.

Debt issuances and repayments

During November 2010, we issued $500.0 million in aggregate principal amount of new 6.50% senior notes due 2021 at an offering price equal to par. The notes were not registered and were offered and sold only to qualified institutional buyers as defined in Rule 144A under the Securities Act. We received $491.3 million of net proceeds after deducting expenses of the offering. These proceeds were used to redeem all of our $450.0 million 6.75% fixed rate senior notes due 2014, to fund the related $11.1 million make-whole payments and to pay $2.4 million of accrued interest. The remaining proceeds were used to reduce outstanding indebtedness under the secured credit facility. During July 2011, we completed an offer to exchange $500.0 million principal amount of 6.50% senior notes due 2021, which have been registered under the Securities Act of 1933, as amended, for a like principal amount of their outstanding and unregistered notes which were issued on November 24, 2010.

During March 2011, we redeemed $98.0 million of our $280.0 million 8.625% fixed rate senior notes due 2020, paid an $8.4 million make-whole payment and paid $2.4 million of accrued interest.

These fiscal 2011 debt redemption transactions resulted in $19.5 million of make-whole payments and $27.5 million of non-cash write-offs of unamortized discount on debt and related capitalized debt costs for a total loss on extinguishment of debt of $47.0 million.

During August 2009, the operating partnership made scheduled principal payments of $73.0 million on the 8.87% Series C senior notes.

During September 2009, the operating partnership issued $300.0 million in aggregate principal amount of new 9.125% senior notes due 2017 at an offering price equal to 98.6% of par. The proceeds from this transaction were used to fund the October 2009 note payments discussed below and to reduce credit facility borrowings.

During October 2009, the operating partnership prepaid the outstanding principal amount on its $82.0 million 7.24% series D notes due August 1, 2010 and its $70.0 million 7.42% series E notes due August 1, 2013 and the related prepayment premiums of $17.3 million.

During April 2010, Ferrellgas Partners and Ferrellgas Partners Finance Corp. completed a public offering of $280.0 million in aggregate principal amount of new 8.625% senior unsecured notes due 2020. Ferrellgas Partners applied the net proceeds of approximately $273.4 million to redeem its $268.0 million 8.75% senior notes due 2012 and to pay the related prepayment premiums of $3.4 million.

These fiscal 2010 debt redemption transactions resulted in $20.7 million of make-whole payments for a total loss on extinguishment of debt of $20.7 million.

We believe that the liquidity available from our secured credit facility and the accounts receivable securitization facility will be sufficient to meet our capital expenditure, working capital and letter of credit requirements in fiscal 2012. See “Accounts Receivable Securitization” for discussion about our accounts receivable securitization facility. However, if we were to experience an unexpected significant increase in

these requirements, our needs could exceed our immediately available resources. Events that could cause increases in these requirements include, but are not limited to the following:

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

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

The operating partnership

The financing activities discussed above also apply to the operating partnership except for cash flows related to the redemption of $98.0 million of our $280.0 million 8.625% fixed rate senior notes in fiscal 2011, the redemption of all of our $268.0 million 8.75% fixed rate senior notes in fiscal 2010, cash flows related to common unit issuances and cash flows related to distributions and contributions received, as discussed below.

Distributions

The operating partnership paid cash distributions of $275.6 million and $193.8 million during fiscal 2011 and 2010, respectively. The operating partnership paid cash distributions of $38.8 million on September 14, 2011.

Contributions received by the operating partnership

During fiscal 2011, Ferrellgas Partners contributed $157.7 million of proceeds from equity offerings to the operating partnership. The operating partnership used these proceeds to reduce outstanding indebtedness under the secured credit facility. The operating partnership then distributed $107.9 million of these proceeds to Ferrellgas Partners to fund the redemption of $98.0 million of Ferrellgas Partners, L.P’s $280.0 million 8.625% fixed rate senior notes due 2020 and related make-whole and interest payments.

During fiscal 2011, the operating partnership received asset contributions from Ferrellgas Partners of $2.9 million in connection with acquisitions. The general partner made cash contributions of $1.6 million and non-cash contributions of $0.2 million to the operating partnership to maintain its 1.0101% general partner interest in connection with these contributions from Ferrellgas Partners.

During April 2010, the operating partnership received cash contributions of $30.5 million and $0.3 million from Ferrellgas Partners and the general partner, respectively, which were used to reduce borrowings outstanding under the secured credit facility.

During October 2009, the operating partnership received cash contributions of $20.0 million and $0.2 million from Ferrellgas Partners and the general partner, respectively. The proceeds were used to reduce borrowings outstanding under the unsecured credit facility.

Disclosures about Effects of Transactions with Related Parties

We have no employees and are managed and controlled by our general partner. Pursuant to our partnership agreement, our general partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on our behalf, and all other necessary or appropriate expenses

allocable to us or otherwise reasonably incurred by our general partner in connection with operating our business. These reimbursable costs, which totaled $233.1 million for fiscal 2011, 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.

Related party common unitholder information consisted of the following:

	Common unit ownership at July 31, 2011	Distributions paid during the year ended July 31, 2011
Ferrell Companies (1)	20,080,776	$ 40,160
FCI Trading Corp. (2)	195,686	392
Ferrell Propane, Inc. (3)	51,204	104
James E. Ferrell (4)	4,353,475	8,708

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

During fiscal 2011, Ferrellgas Partners and the operating partnership together paid the general partner distributions of $4.2 million.

On September 14, 2011, Ferrellgas Partners paid distributions to Ferrell Companies, FCI Trading Corp., Ferrell Propane, Inc., James E. Ferrell (indirectly) and the general partner of $10.0 million, $0.1 million, $26 thousand, $2.2 million and $0.4 million, respectively.

During fiscal 2011, we paid Fleishman-Hillard Inc. $0.1 million for marketing and communications services. Elizabeth Solberg, who was a member of our general partner's Board of Directors during fiscal 2011, serves as the General Manager of Fleishman-Hillard Inc.

Contractual Obligations

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

The following table summarizes our contractual obligations at July 31, 2011:

	Payment or settlement due by fiscal year						
(in thousands)	2012	2013	2014	2015	2016	Thereafter	Total
Long-term debt, including current portion (1)	$ 2,557	$ 2,096	$ 2,079	$ 2,028	$ 1,976	$ 1,049,018	$ 1,059,754
Fixed rate interest obligations (2)	75,573	75,573	75,573	75,573	75,573	266,350	644,215
Operating lease obligations (3)	20,998	15,023	11,680	9,270	7,401	10,880	75,252
Operating lease buyouts (4)	3,205	1,456	899	787	966	4,372	11,685
Purchase obligations: (5)							
Product purchase commitments: (6)							
Estimated payment obligations	1,651,844	141,626	—	—	—	—	1,793,470
Employment agreements (7)	—	—	—	—	—	1,088	1,088
Total	$ 1,754,177	$ 235,774	$ 90,231	$ 87,658	$ 85,916	$ 1,331,708	$ 3,585,464
Underlying product purchase volume commitments (in gallons)	1,082,909	100,745	—	—	—	—	1,183,654

(1) We have long and short-term payment obligations under agreements such as our senior notes and our secured credit facility. Amounts shown in the table represent our scheduled future maturities of long-term debt (including current maturities thereof) for the periods indicated. For additional information regarding our debt obligations, please see "Liquidity and Capital Resources — Financing Activities."

(2) Fixed rate interest obligations represent the amount of interest due on fixed rate long-term debt. These amounts do not include interest on the long-term portion of our secured credit facility, a variable rate debt obligation. As of July 31, 2011, variable rate interest on our outstanding balance of long-term variable rate debt of $64.6 million would be $3.0 million on an annual basis. Actual variable rate interest amounts will differ due to changes in interest rates and actual seasonal borrowings under our secured credit facility.

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

(4) Operating lease buyouts represent the maximum amount we would pay if we were to exercise our right to buyout the assets at the end of their lease term. Historically, we have been successful in renewing certain leases that are subject to buyouts. However, there is no assurance we will be successful in the future.

(5) We define a purchase obligation as an agreement to purchase goods or services that is enforceable and legally binding (unconditional) on us that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transactions.

(6) We have long and short-term product purchase obligations for propane and energy commodities with third-party suppliers. These purchase obligations are entered into at either variable or fixed prices. The purchase prices that we are obligated to pay under variable price contracts approximate market prices at the time we take delivery of the volumes. Our estimated future variable price contract payment obligations are based on the July 31, 2011 market price of the applicable commodity applied to future volume commitments. Actual future payment obligations may vary depending on market prices at the time of delivery. The purchase prices that we are obligated to pay under fixed price contracts are established at the inception of the contract. Our estimated future fixed price contract payment obligations are based on the contracted fixed price under each commodity contract. Quantities shown in the table represent our volume commitments and estimated payment obligations under these contracts for the periods indicated.

(7) We have an incentive bonus payable to James E. Ferrell of $1.1 million upon his termination of employment with us.

The components of other noncurrent liabilities included in our consolidated balance sheets principally consist of property and casualty liabilities. These liabilities are not included in the table above because they are estimates of future payments and not contractually fixed as to timing or amount.

The operating partnership

The contractual obligation table above also applies to the operating partnership, except for long-term debt, including current portion and fixed rate interest obligations, which are summarized in the table below:

	Payment or settlement due by fiscal year						
(in thousands)	2012	2013	2014	2015	2016	Thereafter	Total
Long-term debt, including current portion (1)	$ 2,557	$ 2,096	$ 2,079	$ 2,028	$ 1,976	$ 867,018	$ 877,754
Fixed rate interest obligations (2)	59,875	59,875	59,875	59,875	59,875	203,563	502,938
Total	$ 62,432	$ 61,971	$ 61,954	$ 61,903	$ 61,851	$ 1,070,581	$ 1,380,692

(1) The operating partnership has long and short-term payment obligations under agreements such as the operating partnership's senior notes and secured credit facility. Amounts shown in the table represent the operating partnership's scheduled future maturities of long-term debt (including current maturities thereof) for the periods indicated. For additional information regarding the operating partnership's debt obligations, please see "Liquidity and Capital Resources — Financing Activities."

(2) Fixed rate interest obligations represent the amount of interest due on fixed rate long-term debt. These amounts do not include interest on the long-term portion of our secured credit facility, a variable rate debt obligation. As of July 31, 2011, variable rate interest on our outstanding balance of long-term variable rate debt of $64.6 million would be $3.0 million on an annual basis. Actual variable rate interest amounts will differ due to changes in interest rates and actual seasonal borrowings under our secured credit facility.

The components of other noncurrent liabilities included in our consolidated balance sheets principally consist of property and casualty liabilities. These liabilities are not included in the table above because they are estimates of future payments and not contractually fixed as to timing or amount.

Off-balance Sheet Financing Arrangements

In this section we discuss our off-balance sheet arrangements that have or are reasonably likely to

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have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. An off-balance sheet arrangement is any transaction, agreement or other contractual arrangement involving an unconsolidated entity under which a company has:

- made guarantees;
- an obligation under derivative instruments classified as equity; or
- any obligation arising out of a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the company, or that engages in leasing, hedging or research and development arrangements with the company.

Our off-balance sheet arrangements include the leasing of transportation equipment, property and computer equipment and letters of credit available under our secured credit facility.

The leasing of transportation equipment, property and computer equipment is accounted for as operating leases. We believe these arrangements are a cost-effective method for financing our equipment needs. These off-balance sheet arrangements enable us to lease equipment from third parties rather than, among other options, purchasing the equipment using on-balance sheet financing.

Most of the operating leases involving our transportation equipment contain residual value guarantees. These transportation equipment lease arrangements are scheduled to expire over the next seven years. Most of these arrangements provide that the fair value of the equipment will equal or exceed a guaranteed amount, or we will be required to pay the lessor the difference. Although the fair values at the end of the lease terms have historically exceeded these guaranteed amounts, the maximum potential amount of aggregate future payments we could be required to make under these leasing arrangements, assuming the equipment is worthless at the end of the lease term, was $4.4 million as of July 31, 2011. We do not know of any event, demand, commitment, trend or uncertainty that would result in a material change to these arrangements.

See discussion about our letters of credit available under our secured credit facility and the sale of accounts receivable to our accounts receivable securitization facility both in "Liquidity and Capital Resources."

Adoption of New Accounting Standards

Below is a listing of a recently issued accounting pronouncement that we have not yet adopted as of July 31, 2011. See Note B — Summary of significant accounting policies — to our consolidated financial statements for additional discussion of this pronouncement.

Title of Guidance	Effective Date
Accounting Standards Update No. 2011-05 "Comprehensive Income"	Fiscal years, and interim periods within those years, beginning after December 15, 2011

Critical Accounting Estimates

The preparation of financial statements in conformity with GAAP requires us to establish accounting policies and make estimates and assumptions that affect our reported amounts of assets and liabilities at the date of the consolidated financial statements. These financial statements include some estimates and assumptions that are based on informed judgments and estimates of management. We evaluate our policies and estimates on an on-going basis and discuss the development, selection and disclosure of critical accounting policies with the Audit Committee of the Board of Directors of our general partner. Predicting future events is inherently an imprecise activity and as such requires the use of judgment. Our consolidated financial statements may differ based upon different estimates and assumptions.

We discuss our significant accounting policies in Note B — Summary of significant accounting policies — to our consolidated financial statements. Our significant accounting policies are subject to judgments and uncertainties that affect the application of such policies. We believe these financial statements include the most likely outcomes with regard to amounts that are based on our judgment and estimates. Our financial position and results of operations may be materially different when reported under different conditions or when using different assumptions in the application of such policies. In the event estimates or assumptions prove to be different from the actual amounts, adjustments are made in subsequent periods to reflect more current information. We believe the following accounting policies are critical to the preparation of our consolidated financial statements due to the estimation process and business judgment involved in their application:

Depreciation of property, plant and equipment

We calculate depreciation on property, plant and equipment using the straight-line method based on the estimated useful lives of the assets ranging from two to 30 years. Changes in the estimated useful lives of our property, plant and equipment could have a material effect on our results of operations. The estimates of the assets' useful lives require our judgment regarding assumptions about the useful life of the assets being depreciated. When necessary, the depreciable lives are revised and the impact on depreciation is treated on a prospective basis. There were no such revisions to depreciable lives in fiscal 2011, 2010 or 2009.

Residual value of customer and storage tanks

We use an estimated residual value when calculating depreciation for our customer and bulk storage tanks. Customer and bulk storage tanks are classified as property, plant and equipment on our consolidated balance sheets. The depreciable basis of these tanks is calculated using the original cost less the residual value. Depreciation is calculated using straight-line method based on the tanks' estimated useful life of 30 years. Changes in the estimated residual value could have a material effect on our results of operations. The estimates of the tanks' residual value require our judgment of the value of the tanks at the end of their useful life or retirement. When necessary, the tanks' residual values are revised and the impact on depreciation is treated on a prospective basis. There were no such revisions to residual values in fiscal 2011, 2010 or 2009.

Valuation methods, amortization methods and estimated useful lives of intangible assets

The specific, identifiable intangible assets of a business enterprise depend largely upon the nature of its operations. Potential intangible assets include intellectual property such as trademarks and trade names, customer lists and relationships, and non-compete agreements, as well as other intangible assets. The approach to the valuation of each intangible asset will vary depending upon the nature of the asset, the business in which it is utilized, and the economic returns it is generating or is expected to generate. During fiscal 2011, 2010 and 2009, we did not find it necessary to adjust the valuation methods used for any acquired intangible assets.

Our recorded intangible assets primarily include the estimated value assigned to certain customer-related and contract-based assets representing the rights we own arising from the acquisition of propane distribution companies and related contractual agreements. A customer-related or contract-based intangible with a finite useful life is amortized over its estimated useful life, which is the period over which the asset is expected to contribute directly or indirectly to the future cash flows of the entity. We believe that trademarks and trade names have an indefinite useful life due to our intention to utilize all acquired trademarks and trade names. When necessary, the intangible assets' useful lives are revised and the impact on amortization will be reflected on a prospective basis. The determination of the fair market value of the intangible asset and the estimated useful life are based on an analysis of all pertinent factors including (1) the use of widely-accepted valuation approaches, the income approach or the cost approach, (2) the expected use of the asset by the entity, (3) the expected useful life of related assets, (4) any legal, regulatory or contractual provisions, including renewal or extension periods that would not cause substantial costs or modifications to existing agreements, (5) the effects of obsolescence, demand,

competition, and other economic factors and (6) the level of maintenance required to obtain the expected future cash flows.

If the underlying assumption(s) governing the amortization of an intangible asset were later determined to have significantly changed (either favorably or unfavorably), then we may be required to adjust the amortization period of such asset to reflect any new estimate of its useful life. Such a change would increase or decrease the annual amortization charge associated with the asset at that time. During fiscal 2011, 2010 and 2009, we did not find it necessary to adjust the valuation method, estimated useful life or amortization period of any of our intangible assets.

Should any of the underlying assumptions indicate that the value of the intangible asset might be impaired, we may be required to reduce the carrying value and subsequent useful life of the asset. Any such write-down of the value and unfavorable change in the useful life (i.e., amortization period) of an intangible asset would increase operating costs and expenses at that time.

As of July 31, 2011, 2010 and 2009, the carrying value of our intangible asset portfolio was $204.1 million, $221.1 million and $212.0 million, respectively. We did not recognize any impairment losses related to our intangible assets during fiscal 2011, 2010 or 2009. For additional information regarding our intangible assets, see Note B - Summary of significant accounting policies - and Note G - Goodwill and intangible assets, net - to our consolidated financial statements.

Fair value of derivative commodity contracts

We enter into commodity forward, futures, swaps and options contracts involving propane and related products to hedge exposures to price risk. These contracts are accounted for using the fair value method. Under this valuation method, derivatives are carried in the consolidated balance sheets at fair value with changes in value recognized in cost of product sold in the consolidated statements of earnings or in other comprehensive income in the consolidated statement of partners' capital. We utilize published settlement prices for exchange-traded contracts, quotes provided by brokers and estimates of market prices based on daily contract activity to estimate the fair value of these contracts. Changes in the methods used to determine the fair value of these contracts could have a material effect on our consolidated balance sheets and consolidated statements of earnings. For further discussion of derivative commodity contracts, see Item 7A. "Quantitative and Qualitative Disclosures about Market Risk," Note B — Summary of significant accounting policies — and Note J — Derivatives — to our consolidated financial statements. We do not anticipate future changes in the methods used to determine the fair value of these derivative contracts.

Stock and unit-based compensation

We utilize a binomial valuation tool to compute an estimated fair value of stock and unit-based awards at each balance sheet date. This valuation tool requires a number of inputs, some of which require an estimate to be made by management. Significant estimates include our computation of volatility, the number of groups of employees, the expected term of awards and the forfeiture rate of awards.

· Our stock-based awards plan grants awards out of Ferrell Companies. Ferrell Companies is not a publicly-traded company and management does not believe it can be categorized within any certain industry group. As a result, our volatility computation is highly subjective. If a different volatility factor were used, it could significantly change the fair value assigned to stock-based awards at each balance sheet date.

· Management believes we have three groups of employees that participate in our stock and unit-based compensation plans. If a determination were made that we have a different number of groups of employees, that determination could significantly change the expected term and forfeiture rate assigned to our stock and unit-based awards.

· Our method for computing the expected term of our stock and unit-based awards utilizes a

combination of historical exercise patterns and estimates made by management on grantee exercises patterns. This method could assign a term to our stock and unit-based awards that is significantly different from their actual terms, which could result in a significant difference in the fair value assigned to the awards at each balance sheet date.

· Our method for computing the expected forfeiture rates of our stock and unit-based awards utilizes a combination of historical forfeiture patterns and estimates made by management on forfeiture patterns. If actual forfeiture rates were to differ significantly from our estimates, it could result in significant differences between actual and reported compensation expense for our stock and unit-based awards.

Litigation accruals and environmental liabilities

We are involved in litigation regarding pending claims and legal actions that arise in the normal course of business and may own sites at which hazardous substances may be present. In accordance with GAAP, we establish reserves for pending claims and legal actions or environmental remediation liabilities when it is probable that a liability exists and the amount or range of amounts can be reasonably estimated. Reasonable estimates involve management judgments based on a broad range of information and prior experience. These judgments are reviewed quarterly as more information is received and the amounts reserved are updated as necessary. Such estimated reserves may differ materially from the actual liability and such reserves may change materially as more information becomes available and estimated reserves are adjusted.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We did not enter into any risk management trading activities during fiscal 2011. Our remaining market risk sensitive instruments and positions have been determined to be "other than trading."

Commodity Price Risk Management

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

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

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

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

We have prepared a sensitivity analysis to estimate the exposure to market risk of our energy commodity positions. Forward contracts, futures, swaps and options outstanding as of July 31, 2011 and 2010, 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 $7.5 million and $7.8 million as of July 31, 2011 and 2010, 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 includes designated hedging and the anticipated transactions associated with these hedging transactions. These hedging transactions are anticipated to be 100% effective; therefore, there is no effect on our sensitivity analysis from these hedging transactions. To the extent option contracts are used as hedging instruments for anticipated transactions we have included the offsetting effect of the anticipated transactions, only to the extent the option contracts are in the money, or would become in the money as a result of the 10% hypothetical movement in prices. All other anticipated transactions for risk management activities have been excluded from our sensitivity analysis.

Credit Risk

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

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

Interest Rate Risk

At July 31, 2011 and 2010, we had $190.5 million and $167.0 million, respectively, in variable rate secured credit facility and collateralized note payable borrowings. Thus, assuming a one percent increase in our variable interest rate, our interest rate risk related to these borrowings would result in a loss in future earnings of $1.9 million for fiscal 2012. The preceding hypothetical analysis is limited because changes in interest rates may or may not equal one percent, thus actual results may differ.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Our consolidated financial statements and the Independent Registered Public Accounting Firm's Reports thereon and the Supplementary Financial Information listed on the accompanying Index to Financial Statements and Financial Statement Schedules are hereby incorporated by reference. See Note O — Quarterly data (unaudited) — to our consolidated financial statements for Selected Quarterly Financial Data.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

An evaluation was performed by the management of Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp., Ferrellgas, L.P., and Ferrellgas Finance Corp., with the participation of the principal

executive officer and principal financial officer of our general partner, of the effectiveness of our disclosure controls and procedures. Based on that evaluation, our management, including our principal executive officer and principal financial officer, concluded that our disclosure controls and procedures, as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act, were effective.

The management of Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp., Ferrellgas, L.P., and Ferrellgas Finance Corp. does not expect that our disclosure controls and procedures will prevent all 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 July 31, 2011, that our disclosure controls and procedures are effective in achieving that level of reasonable assurance.

Management's Report on Internal Control Over Financial Reporting

The management of Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp., Ferrellgas, L.P. and Ferrellgas Finance Corp. is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control — Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of July 31, 2011.

The effectiveness of our internal control over financial reporting for Ferrellgas Partners, L.P., as of July 31, 2011, has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included herein.

During the most recent fiscal quarter ended July 31, 2011, 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.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners of
Ferrellgas Partners, L.P. and subsidiaries
Overland Park, Kansas

We have audited the internal control over financial reporting of Ferrellgas Partners, L.P. and subsidiaries (the "Partnership") as of July 31, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Partnership's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of July 31, 2011, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedules as of and for the year ended July 31, 2011 of the Partnership and our report dated September 26, 2011 expressed an unqualified opinion on those financial statements and financial statement schedules and included an explanatory paragraph related to the adoption of new accounting guidance with respect to transfers of financial assets and the consolidation of variable interest entities effective August 1, 2010.

/s/ DELOITTE & TOUCHE LLP
Kansas City, Missouri
September 26, 2011

ITEM 9B. OTHER INFORMATION.

On September 23, 2011, Eric J. Bruun and Jack A. Newman, Jr. were elected to the Board of Directors, succeeding William K. Hoskins and Elizabeth T. Solberg who have announced their retirement from the Board of Directors. Mr. Bruun will serve on the Audit Committee and the Compensation Committee while Mr. Newman will serve on the Audit Committee and as Chairman of the Corporate Governance and Nominating Committee.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Directors and Executive Officers of our General Partner

The following table sets forth certain information with respect to the directors and executive officers of our general partner as of September 23, 2011. Officers are appointed to their respective office or offices either annually or as needed. Directors are appointed to their respective office or offices annually.

Name	Age	Director Since	Executive Officer Since	Position
James E. Ferrell	71	1984	2000	Executive Chairman and Chairman of the Board of Directors
Stephen L. Wambold	43	2009	2005	Chief Executive Officer and President, Director
J. Ryan VanWinkle	38	N/A	2008	Senior Vice President and Chief Financial Officer; Treasurer
Tod D. Brown	48	N/A	2006	Senior Vice President, Ferrellgas and President, Blue Rhino
George L. Koloroutis	50	N/A	2006	Senior Vice President, Ferrellgas and President, Ferrell North America
Eric J. Bruun	42	2011	N/A	Director
A. Andrew Levison	55	1994	N/A	Director
John R. Lowden	54	2003	N/A	Director
Michael F. Morrissey	69	1999	N/A	Director
Jack A. Newman, Jr.	63	2011	N/A	Director

James E. Ferrell — Mr. Ferrell has been with Ferrell Companies or its predecessors and its affiliates in various executive capacities since 1965, including Chairman of the Board of Directors of Ferrellgas, Inc. Under his leadership, Ferrellgas has grown from a small, independently owned propane company to one of the nation's largest propane retailers. An active member of the retail propane industry, Mr. Ferrell is a past President of the World LP Gas Association and a former Chairman of the Propane Vehicle Council.

Stephen L. Wambold — Mr. Wambold joined our general partner as a General Manager in 1997, became Region Vice President in 2003, became Senior Vice President of Operations in 2005, became President and Chief Operating Officer in 2006 and became Chief Executive Officer and President and was appointed to the board of directors in 2009. Mr. Wambold obtained his Bachelors degree from Purdue University.

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Mr. Wambold's experience as a retail propane operations manager brings to the Board a unique and well-developed understanding of our industry and the opportunities within the industry to drive unitholder value. Mr. Wambold contributes to the Board his strategic vision for growth, brand building experience and a consumer focus. Mr. Wambold also adds strong leadership capabilities, operating expertise, business strategy expertise and strategic planning skills.

J. Ryan VanWinkle — Mr. VanWinkle joined our general partner in 1999, became Director of Finance and Treasury in 2004, became Vice President, Finance and Corporate Development in 2007, became Chief Financial Officer, Vice President, Corporate Development and Treasurer in 2008 and became Senior Vice President and Chief Financial Officer; Treasurer in 2009. Mr. VanWinkle also serves as a member of the Board of Directors for the Children's Center for the Visually Impaired in Kansas City, Missouri and for the Employee-Owned S Corporations of America. Mr. VanWinkle obtained his Bachelor of Science degree in Accounting from the University of Missouri — Kansas City.

Tod D. Brown — Mr. Brown joined our general partner as Senior Director of Sales, Blue Rhino in 2004, became Vice President of Sales, Blue Rhino in 2005, became Vice President, Blue Rhino in 2006, became Senior Vice President, Ferrellgas and President, Blue Rhino in 2008. Mr. Brown obtained his Bachelor of Arts degree from Ball State University.

George L. Koloroutis — Mr. Koloroutis joined our general partner in 1991 as Market Manager, became District Manager in 1995, became Area Manager in 1996, became Director of Wholesale and Supply in 1998, became Vice President, Supply and Distribution Supply in 1999, became Vice President, Ferrell North America in 2005 and became Senior Vice President, Ferrellgas and President, Ferrell North America in 2009. Mr. Koloroutis is an active member of the propane industry, serving on the Board of Directors of the National Propane Gas Association (NPGA).

Eric J. Bruun — Mr. Bruun was appointed to the Board of Directors in September 2011 and is a member of the Board's Audit and Compensation Committees. Mr. Bruun is currently the Managing Partner at CID Capital, a private equity capital firm. Mr. Bruun joined CID Capital in 2000 and helps guide that firm through all facets of the investment cycle, including origination, valuation, due diligence, financing and negotiation of terms and conditions with all parties. Prior to joining CID Capital, Mr. Bruun held supervisory and management positions and led operational improvement projects for new acquisitions for the Conseco Companies. Mr. Bruun is Chairman of Salon Grafix and a Director of GT Exhaust. Mr. Bruun obtained his Master's degree in Business

Administration and his Bachelor's degree in Psychology from Purdue University. Mr. Bruun brings to the Board significant experience in capital markets, growth strategies and acquisitions.

A. Andrew Levison — Mr. Levison has served on the Board of Directors since 1994 and is a member of the Board's Compensation and Corporate Governance and Nominating Committees. For the past five years Mr. Levison has served as the Managing Partner of Southfield Capital Advisors, LLC, a Greenwich, Connecticut-based, private merchant banking firm and serves on the Boards of Directors of Presidio Partners, LLC, and the Levison/Present Foundation at Mount Sinai Hospital in New York City. Mr. Levison obtained his Bachelor of Science degree in Finance from Babson College.

Mr. Levison founded Levison & Co., the predecessor of Southfield Capital Advisors, LLC, in 2002. Prior to that, Mr. Levison was the Head of Leveraged Finance at Donaldson, Lufkin & Jenrette ("DLJ"), where he oversaw banking and origination activities for all of DLJ's investment banking products for leveraged companies. In particular, Mr. Levison focused on high yield securities, leveraged bank loans, bridge loans and mezzanine/equity investments. Under Mr. Levison's leadership, DLJ became the number one ranked firm for high yield underwriting throughout the 1990's. While at DLJ, Mr. Levison also served as Co-Chairman of the Credit Committee and as a member of the Management Committee of the Investment Banking Division and the Banking Review Committee. Prior to joining DLJ, Mr. Levison was a Managing Director of the Leveraged Buyout Group at Drexel Burnham Lambert and a Vice-President of the Special Finance Group at Manufacturers Hanover Trust.

While serving on the Board of Directors of our general partner, Mr. Levison's firm DLJ acted as an underwriter with regard to the initial public offering in 1994 which coincided with the formation of our master limited partnership. Mr. Levison brings to the Board significant experience in capital markets, corporate finance and investment banking. We consider Mr. Levison to be a financial expert.

John R. Lowden — Mr. Lowden was appointed to the Board of Directors in 2003 and is a member of the Board's Compensation and Corporate Governance and Nominating Committees. For the past five years Mr. Lowden has served as the President of NewCastle Partners, LLC, a Greenwich, Connecticut-based private investment firm. Mr. Lowden also serves as Chairman and CEO of World Dryer Corporation and Metpar Industries, Inc. and serves on the Board of Trustees of Wake Forest University. Mr. Lowden obtained his Master's degree in Business Administration and his Bachelor of Science degree in Business from Wake Forest University.

Mr. Lowden was a founding partner of NewCastle Partners, LLC in 2001. Prior to that, Mr. Lowden had served as a partner of The Jordan Company, a New York City-based private equity firm. Mr. Lowden was responsible for sourcing, structuring, negotiating and closing investments and monitoring portfolio companies. Mr. Lowden was also an investment banker with Ferris & Company in Washington, DC where he was engaged in mergers and acquisitions, public offerings, private placements and venture capital. During his 25 years in private equity, Mr. Lowden has been a principal investor and participated in the acquisitions of over 35 manufacturing, retail and distribution businesses.

Mr. Lowden brings to the Board significant experience in capital markets, corporate finance and investment banking. We consider Mr. Lowden to be a financial expert.

Michael F. Morrissey — Mr. Morrissey has served on the Board of Directors since 1999 and chairs the Board's Audit Committee. Mr. Morrissey has been selected as the presiding director for non-management executive sessions of the Board. Mr. Morrissey retired as the Managing Partner of Ernst & Young's Kansas City, Missouri office in 1999. For the past five years Mr. Morrissey has served as a board member on the boards of directors of various companies, and currently serves on the Board of Directors and as Audit Committee Chairman of Westar Energy, Inc. (since 2003), serves on the Board of Directors and as Audit Committee Chairman of Waddell & Reed Financial, Inc. (since 2010), and the boards of several private companies and not-for-profit organizations.

Mr. Morrissey served as a partner of Ernst & Young for seventeen years. Prior to that, Mr. Morrissey worked for twelve years for two major accounting firms, one of which was Ernst & Young (for seven years). Mr. Morrissey has been a Certified Public Accountant since 1972. Mr. Morrissey brings to the Board substantial experience as the chairman of the audit committees of public companies, many years of experience as an audit partner of a major accounting firm and extensive experience as a director of other large private and public companies. We consider Mr. Morrissey to be a financial and accounting expert. Mr. Morrissey has a high level of understanding of the Board's role and responsibilities based on his service on other company boards. Mr. Morrissey obtained his Bachelor of Business Administration degree in Accounting from the University of Notre Dame and obtained his Master of Business Administration degree in Finance from Temple University.

Jack A. Newman, Jr. — Mr. Newman was appointed to the Board of Directors in September 2011 and is a member of the Board's Audit and Corporate Governance and Nominating Committees. Mr. Newman currently offers strategy and general business consulting services through Jack Newman Advisory Services. Prior to establishing this entity in 2008, Mr. Newman served for over 12 years as Executive Vice President for Cerner Corporation, a publicly held NASDAQ listed health care information systems and knowledge services company. In this capacity, he served as the primary senior executive charged with establishing and overseeing relationships with Cerner's largest domestic clients. Prior to joining Cerner, Mr. Newman had a 22 year career with KPMG, LLP, 14 of which he served as a partner. While with KPMG, he worked extensively with the health care industry, and served as KPMG's Partner-in Charge of the National Health Care Strategy Practice. Mr. Newman is a CPA and has a B.A. degree from Benedictine College and a Master's degree in Public Administration from the University of Missouri - Kansas City. Mr. Newman currently serves on the boards of directors of Entertainment Properties Trust,

Enterprise Bank & Trust and on the boards of directors of other nonpublic entities. We consider Mr. Newman to be a financial and accounting expert.

Corporate Governance

The limited partnership agreements of Ferrellgas Partners and the operating partnership provide for each partnership to be governed by a general partner rather than a board of directors. Through these partnership agreements, Ferrellgas, Inc. acts as the general partner of both Ferrellgas Partners and the operating partnership and thereby manages and operates the activities of Ferrellgas Partners and the operating partnership. Ferrellgas, Inc. anticipates that its activities

will be limited to the management and operation of the partnerships. Neither Ferrellgas Partners nor the operating partnership directly employs any of the persons responsible for the management or operations of the partnerships, rather, these individuals are employed by the general partner.

The Board of Directors of our general partner has adopted a set of Corporate Governance Guidelines for the Board and charters for its Audit Committee, Corporate Governance and Nominating Committee and Compensation Committee. A current copy of these Corporate Governance Guidelines and charters, each of which were adopted and approved by the entire Board, are available, free of charge, to our security holders and other interested parties on our website at www.ferrellgas.com (under the caption “Corporate Governance” within “Investor Information”) and are also available in print to any unitholder or other interested parties who request it. Requests for print copies should be directed to:

Ferrellgas, Inc.
Attention: Investor Relations
7500 College Boulevard, Suite 1000
Overland Park, Kansas 66210
913-661-1533
investors@ferrellgas.com.

Please note that the information and materials found on our website, except for SEC filings expressly incorporated by reference into this report herein, are not part of this report and are not incorporated by reference into this report.

Additionally, the Board has affirmatively determined that Messrs. Bruun, Levison, Lowden, Morrissey and Newman, who constitute a majority of its Directors, are “independent” as described by the New York Stock Exchange’s (“NYSE”) corporate governance rules. In conjunction with regular Board meetings, these five non-management directors also meet in a regularly scheduled executive session without members of management present. A non-management director presides over each executive session of non-management directors. Mr. Morrissey has been selected as the presiding director for non-management executive sessions. If Mr. Morrissey is not present then the other non-management directors shall select the presiding director. Additional executive sessions may be scheduled by a majority of the non-management directors in consultation with the presiding director and the Chairman of the Board.

The NYSE requires the Chief Executive Officer of each listed company to submit a certification indicating that the company is not in violation of the Corporate Governance listing standards of the NYSE on an annual basis. The last CEO certification to the NYSE was submitted on October 4, 2010.

Audit Committee

The Board has a designated Audit Committee established in accordance with the Exchange Act comprised of Messrs. Morrissey, Bruun and Newman. Mr. Morrissey is the chairman of the Audit Committee and has been determined by the board to be an “audit committee financial expert.” The Audit Committee charter, as well as the rules of the NYSE and the SEC, requires that members of the Audit Committee satisfy “independence” requirements as set out by the NYSE. The Board has determined that all of the members of the Audit Committee are independent as described under the relevant standards.

The Audit Committee charter requires the Audit Committee to pre-approve all engagements with any independent auditor, including all engagements regarding the audit of the financial statements of each Ferrellgas Party and all permissible non-audit engagements with the independent auditor.

Limitation on Directors Participating on Audit Committees

The Board has adopted a policy limiting the number of public-company audit committees its directors may serve on to three at any point in time. If a director desires to serve on more than three public-company audit committees, he or she must first obtain the written permission of the Board.

Corporate Governance and Nominating Committee

The Board has a designated Corporate Governance and Nominating Committee, comprised of Messrs. Newman, Levison and Lowden. Mr. Newman is the chairman of the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee charter requires that members of the Corporate Governance and Nominating Committee satisfy particular “independence” requirements. The Board has determined that all of the members of the Corporate Governance and Nominating Committee are “independent” as described under relevant standards.

Compensation Committee

The Board has a designated Compensation Committee, comprised of Messrs. Lowden, Bruun and Levison. Mr. Lowden is the chairman of the Compensation Committee. The Compensation Committee charter requires that members of the Compensation Committee satisfy particular “independence” requirements. The Board has determined that all of the members of the Compensation Committee are “independent” as described under relevant standards. The Compensation Committee has the authority to assist the Board of Directors in fulfilling its responsibility to effectively compensate the senior management of the general partner in a manner consistent with the growth strategy of the general partner. Toward that end, the Compensation Committee oversees the review process of all compensation, equity and benefit plans of Ferrellgas. In discharging this oversight role, the Compensation Committee has full power to consult with, retain and compensate independent legal, financial and/or other advisors as it deems necessary or appropriate.

Disclosure about our Security Holders’ and Interested Parties’ Ability to Communicate with the Board of Directors of our General Partner

The Board of Directors of our general partner has a process by which security holders and interested parties can communicate with it. Security holders and interested parties can send communications to the Board by contacting our Investor Relations department by mail, telephone or e-mail at:

Ferrellgas, Inc.
Attention: Investor Relations
7500 College Boulevard, Suite 1000
Overland Park, Kansas 66210

913-661-1533
investors@ferrellgas.com.

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Any communications directed to the Board of Directors from employees or others that concern complaints regarding accounting, internal controls or auditing matters will be handled in accordance with procedures adopted by the Audit Committee. All other communications directed to the Board of Directors are initially reviewed by the Investor Relations Department. The Chairman of the Corporate Governance and Nominating Committee is advised promptly of any such communication that alleges misconduct on the part of management or raises legal, ethical or compliance concerns about the policies or practices of the general partner. On a periodic basis, the Chairman of the Corporate Governance and Nominating Committee receives updates on other communications that raise issues related to the affairs of the Partnership but do not fall into the two prior categories. The Chairman of the Corporate Governance and Nominating Committee determines which of these communications require further review. The Corporate Secretary maintains a log of all such communications that is available for review for one year upon request of any member of the Board. Typically, the general partner does not forward to the Board of Directors communications from unitholders or other parties which are of a personal nature or are not related to the duties and responsibilities of the Board, including junk mail, customer complaints, job inquiries, surveys and polls, and business solicitations.

Code of Ethics for Principal Executive and Financial Officers and Code of Business Conduct and Ethics

The Board has adopted a Code of Ethics for our general partner's principal executive officer, principal financial officer, principal accounting officer or those persons performing similar functions. Additionally, the Board has adopted a general Code of Business Conduct and Ethics for all of our general partner's directors, officers and employees. These codes, which were adopted and approved by the entire Board, are available to our security holders and other interested parties at no charge on our website at www.ferrellgas.com (under the caption "Corporate Governance" within "Investor Information") and are also available in print to any security holder or other interested parties who requests it. Requests for print copies should be directed to:

Ferrellgas, Inc.
Attention: Investor Relations
7500 College Boulevard, Suite 1000
Overland Park, Kansas 66210
913-661-1533
investors@ferrellgas.com.

Please note that the information and materials found on our website, except for SEC filings expressly incorporated by reference into this report herein, are not part of this report and are not incorporated by reference into this report.

We intend to disclose, within four business days, any amendment to the code of business conduct and the Code of Ethics on our website. Any waivers from the Code of Ethics will also be disclosed on our website.

Compensation of our General Partner

Our general partner receives no management fee or similar compensation in connection with its management of our business and receives no remuneration other than:

- distributions on its combined approximate 2% general partner interest in Ferrellgas Partners and the operating partnership; and

- reimbursement for:

  - all direct and indirect costs and expenses incurred on our behalf;
  - all selling, general and administrative expenses incurred by our general partner on our behalf;

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and
  - all other expenses necessary or appropriate to the conduct of our business and allocable to us.

The selling, general and administrative expenses reimbursed include specific employee benefits and incentive plans for the benefit of the executive officers and employees of our general partner.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our general partner's officers and directors, and persons who beneficially own more than 10% of our common units, to file reports of beneficial ownership and changes in beneficial ownership of our common units with the SEC. These persons are also required by the rules and regulations promulgated by the SEC to furnish our general partner with copies of all Section 16(a) forms filed by them. These forms include Forms 3, 4 and 5 and any amendments thereto.

Based solely on its review of the copies of such Section 16(a) forms received by our general partner and, to the extent applicable, written representations from certain reporting persons that no Annual Statement of Beneficial Ownership of Securities on Form 5 were required to be filed by those persons, our general partner believes that during fiscal 2011 all Section 16(a) filing requirements applicable to the officers, directors of our general partner and beneficial owners of more than 10% of our common units were met in a timely manner.

ITEM 11. EXECUTIVE COMPENSATION.

Compensation Committee Report

As of September 22, 2011, the Compensation Committee has reviewed and discussed the following Compensation Discussion and Analysis with management. Based on its review and discussion with management, the compensation committee has determined that this Compensation Discussion and Analysis should be included in this report.

Submitted by:
John R. Lowden
Elizabeth T. Solberg
A. Andrew Levison

Compensation Committee Interlocks and Insider Participation

As of September 23, 2011, the Compensation Committee is comprised of Messrs. Lowden, Bruun and Levison. None of the members were officers or employees of the general partner or any of its subsidiaries prior to or during fiscal 2011. None of the members has any relationship required to be disclosed under this caption under the rules of the Securities and Exchange Commission.

Compensation Discussion and Analysis

Overview of Executive Officer Compensation

Throughout this section, each person who served as the Principal Executive Officer ("PEO") during fiscal 2011, each person who served as the Principal Financial Officer ("PFO") during fiscal 2011, the three most highly compensated executive officers other than the PEO and PFO serving at July 31, 2011 and up to two additional individuals for whom disclosure would have been provided but for the fact that the individual was not serving as an executive officer at July 31, 2011 are referred to as the Named Executive Officers ("NEOs"). We do not directly employ our NEOs. Rather, we are managed by our general partner who serves as the employer of our NEOs. We reimburse our general partner for all NEO compensation.

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Compensation Objectives

We believe an effective executive compensation package should link total compensation to overall financial performance and to the achievement of both short and long term strategic, operational and financial goals. The elements of our compensation program are intended to provide a total reward package to our NEOs that (i) provides competitive compensation opportunities, (ii) recognizes and rewards individual contribution, (iii) attracts, motivates and retains highly-talented executives, and (iv) aligns executive performance toward the creation of sustained unitholder value rather than the achievement of short-term goals that might be inconsistent with the creation of long-term unitholder value.

Components of Named Executive Officer Compensation

Stephen L. Wambold, with the assistance of J. Ryan VanWinkle, formulates preliminary compensation recommendations for all NEOs, including themselves. These recommendations are subject to review and approval by the Compensation Committee. To assist Stephen L. Wambold and the Compensation Committee, J. Ryan VanWinkle utilizes compensation survey data provided by the consulting firm Mercer Human Resources Consulting to provide market data that is used to create benchmarks for overall NEO compensation.

We use the following benchmarking components in setting compensation levels, determining awards under our option plans and setting director compensation levels:

- companies in our industry or related industries (oil and gas, gas utilities, master limited partnerships);
- companies identified as our peer group of competitors;
- companies with similar total sales;
- companies with similar net income; and
- companies with similar market value.

Companies included in the above benchmarking groups are as follows:

- Targa Resources Partners
- Enbridge Energy Partners
- Energy Transfer Partners
- UGI Corp.
- Sunoco Logistics Partners
- New Jersey Resources Corp.
- Amerigas Partners
- Copano Energy
- Suburban Propane Partners
- Laclede Group Inc.
- WGL Holdings Inc.
- Star Gas Partners
- Inergy L.P.
- South Jersey Industries Inc.
- Alliance Resource Partners
- Oneok Partners

During fiscal 2011, elements of compensation for our NEOs consisted of the following:

- base salary;
- discretionary bonus;
- non-equity incentive plan;
- stock based and unit option plans;
- employee stock ownership plan;
- deferred compensation plans; and
- employment and change-in-control agreements.

Base Salary

Stephen L. Wambold, with the assistance of J. Ryan VanWinkle, formulates preliminary base salary recommendations for all NEOs, including themselves. These recommendations are subject to review and approval by the Compensation Committee. To assist Stephen L. Wambold and the Compensation Committee, J. Ryan VanWinkle utilizes compensation survey data provided by the consulting firm Mercer Human Resources Consulting to provide market data that is used to create benchmarks for each NEO's

base salary. The amount of salary paid to each NEO during fiscal year 2011 is displayed in the "Salary" column of the Summary Compensation Table.

Discretionary Bonus

Stephen L. Wambold has the authority to recommend for Compensation Committee review and approval, discretionary cash bonuses to any NEO, including himself. These awards are designed to reward performance by an NEO that Stephen L. Wambold believes exceeded expectations in operational or strategic objectives during the last fiscal year. The amount of discretionary bonus paid to each NEO for fiscal 2011 is displayed in the "Bonus" column of the Summary Compensation Table.

Non-Equity Incentive Plan

Each NEO participates in the general partner's Corporate Incentive Plan. The purpose of this plan is to provide an incentive for NEOs to meet or exceed annual profitability targets that are consistent with the company's overall long term strategy to increase unitholder value. Our Compensation Committee utilizes compensation survey data provided by the consulting firm Mercer Human Resources Consulting to assist in assigning an appropriate incentive target for each NEO. The amount of corporate incentive plan paid to each NEO for fiscal 2011 is displayed in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table.

This plan awards a cash payment to the NEO if distributable cash flow ("DCF") targets are achieved for the fiscal year. DCF has been selected in order to align performance measures for NEOs with how our investors evaluate our performance. Each NEO's incentive target is computed as a percentage of their base salary. For fiscal 2011 this percentage was as follows:

Named Executive Officer	% of Salary Incentive Target
Stephen L. Wambold	100%
J. Ryan VanWinkle	100%
James E. Ferrell	100%
Tod D. Brown	100%
George L. Koloroutis	100%

For Stephen L. Wambold, J. Ryan VanWinkle and James E. Ferrell, awards under the plan are based on total company DCF. Total company actual DCF as a percentage of total company target DCF will result in incentive target potential payouts as provided in the table below. No payout will be made if actual DCF is less than 85% of targeted DCF.

Percent of Planned DCF Achieved	Incentive Target Potential
85%	12.5%
90%	25.0%
95%	50.0%
100%	100.0%
105%	125.0%
110% and above	150.0%

For Tod D. Brown, awards under the plan are based 80% on DCF performance of the internal departments under his control and 20% on total company DCF. The internal departments' actual DCF as a percentage of the internal departments' target DCF and total company actual DCF as a percentage of total company target DCF will result in incentive target potential payouts as provided in the table below. No payout will be made if actual DCF is less than 85% of targeted DCF.

Percent of Planned DCF Achieved	Incentive Target Potential
85%	12.5%

90%	25.0%
95%	50.0%
100%	100.0%
105%	125.0%
110% and above	150.0%

For George L. Koloroutis, awards under the plan are based 80% on DCF performance of the internal departments under his control and 20% on total company DCF. The internal departments' actual DCF as a percentage of the internal departments' target DCF and total company actual DCF as a percentage of total company target DCF will result in incentive target potential payouts as provided in the table below. No payout will be made if actual DCF is less than 85% of targeted DCF.

Percent of Planned DCF Achieved	Incentive Target Potential
85%	12.5%
90%	25.0%
95%	50.0%
100%	100.0%
105%	125.0%
110% and above	150.0%

For fiscal 2011, the percent of targeted total company DCF achieved fell below the 85% range, resulting in no corporate incentive plan payout for Stephen L. Wambold, J. Ryan VanWinkle and James E. Ferrell. For Incentive Plan purposes, total company actual DCF was computed as follows:

	(in thousands)
Net loss attributable to Ferrellgas Partners, L.P.	$ (43,648)
Add (subtract):	
Income tax expense	1,241
Interest expense	101,885
Depreciation and amortization expense	82,486
Loss on extinguishment of debt	46,962
Non-cash employee stock ownership plan compensation charge	10,157
Non-cash stock and unit-based compensation charge	13,488
Loss on disposal of assets and other	3,633
Other income (expense), net	(567)
Litigation accrual and related legal fees	12,120
Incentive expense	3,259
Net loss attributable to noncontrolling interest	(112)
Net cash interest expense	(93,353)
Maintenance capital expenditures	(15,437)
Cash paid for taxes	(591)
Proceeds from asset sales	5,994
DCF (a)	$ 127,517

(a) DCF is calculated as loss before income tax expense, interest expense, depreciation and amortization expense, loss on extinguishment of debt, non-cash employee stock ownership plan compensation charge, non-cash stock and unit-based compensation charge, loss on disposal of assets and other, other income (expense), net, a litigation accrual and related legal fees of $12.1 million, incentive expense and net loss attributable to noncontrolling interest. Additionally, we subtract net cash interest expense, maintenance capital expenditures and cash paid for taxes and add proceeds from asset sales. Management believes the presentation of this measure is relevant and useful because it allows investors to view the partnership's performance in a manner similar to the method management uses, adjusted for items management believes makes it easier to compare its results with other companies that have different financing and capital structures. This method of calculating DCF may not be consistent with that of other companies and should be viewed in conjunction with measurements that are computed in accordance with GAAP.

Tod D. Brown's internal departments' percent of targeted DCF achieved was over 110% of plan, resulting in an incentive target potential of 80% of 150%.

George L. Koloroutis' internal departments' percent of targeted DCF achieved was over 110% of plan, resulting in an incentive target potential of 80% of 150%.

Neither Tod D. Brown nor George L. Koloroutis received an incentive payout with respect to the 20% of their awards attributable to total company DCF.

Stephen L. Wambold has the authority to withhold any portion of each NEO's incentive payout at his sole discretion.

Stock-based and Unit Option Plans

We have two equity-based incentive plans available for participation by our NEOs, the "Ferrell Companies Incentive Compensation Plan" and the "Ferrellgas Unit Option Plan." The amount of compensation cost related to these plans incurred for each NEO during fiscal 2011 is displayed in the "Option Awards" column of the Summary Compensation Table.

Ferrell Companies Incentive Compensation Plan ("ICP") — The Ferrell Companies, Inc. 1998 Incentive Compensation Plan was established by Ferrell Companies to allow upper-middle and senior level managers, including NEOs, and directors of our general partner to participate in the equity growth of

Ferrell Companies. Pursuant to this ICP, eligible participants may be granted stock options to purchase shares of common stock of Ferrell Companies, stock appreciation rights ("SARs"), performance shares or other incentives payable in cash or in stock. Neither Ferrellgas Partners nor the operating partnership contributes, directly or indirectly, to the ICP. The ICP awards vest ratably over periods ranging from zero to 12 years or 100% upon a change of control of Ferrell Companies, or upon the death, disability or retirement at the age of 65 of the participant. All awards expire 10 or 15 years from the date of issuance. In order to allow for cashless exercises of Stock-based awards, during fiscal 2011, all ICP stock options were exchanged for SARs with terms and conditions identical to the stock options they replaced. This conversion had no impact on the fair market value of the awards.

The ICP awards are granted periodically throughout the year at strike prices equal to the most recently published semi-annual valuation by an independent third party valuation firm that is performed on Ferrell Companies, which is a privately held company, for the purposes of the Employee Stock Ownership Plan. All other terms of these awards granted to the NEOs, including the quantity awarded, vesting life and expiration date of awards are discretionary and must be approved by the ICP Option Committee, which consists of Stephen L. Wambold, J. Ryan VanWinkle, George L. Koloroutis and Tod D. Brown. Awards granted to NEOs must also be approved by the Compensation Committee of the Board of Directors. To assist the ICP Option Committee and the Compensation Committee of the Board of Directors in determining the quantity of awards to grant to an NEO, J. Ryan VanWinkle utilizes compensation survey data provided by the consulting firm Mercer Human Resources Consulting to provide market data that is used to create recommended ranges of current year ICP award grants by executive position.

Ferrellgas Unit Option Plan ("UOP") — The Second Amended and Restated Ferrellgas Unit Option Plan grants employees of our general partner unit options to purchase our common units. The purpose of the UOP is to encourage certain employees of our general partner to develop a proprietary interest in our growth and performance; to generate an increased incentive to contribute to our future success and prosperity, thereby enhancing our value for the benefit of our unitholders; and to enhance our ability to attract and retain key individuals who are essential to our progress, growth and profitability, by giving these individuals the opportunity to acquire our common units.

This plan is authorized to issue options in common units to employees of the general partner or its affiliates. The Board of Directors of the general partner in its sole discretion administers the authorization of grants and sets the unit option price and vesting terms. The options currently outstanding vest over a five year period and expire on the tenth anniversary date of the grant.

During fiscal 2011, no new awards were granted to any NEOs under the UOP.

Employee Stock Ownership Plan ("ESOP")

On July 17, 1998, pursuant to the Ferrell Companies, Inc. Employee Stock Ownership Plan, an employee stock ownership trust purchased all of the outstanding common stock of Ferrell Companies. The purpose of the ESOP is to provide all employees of our general partner, including NEOs, an opportunity for ownership in Ferrell Companies, and indirectly, in us. Ferrell Companies makes contributions to the ESOP, which allows a portion of the shares of Ferrell Companies owned by the ESOP to be allocated to employees' accounts over time. The value of the shares allocated to each NEO for compensation related to fiscal 2011 is included in the "All Other Compensation" column of the Summary Compensation Table.

Twice per year and in accordance with the ESOP, each NEO's ESOP account receives an allocation of Ferrell Companies shares. This allocation, as determined by the ESOP, is based on the following: a) the percentage of the NEO's base salary, discretionary bonus, and corporate incentive plan paid during the period, subject to certain Section 415 IRS limitations, and b) shares owned from previous allocations. NEOs vest in their account balances as follows:

Number of Completed Years of Service	Vested Percent
Less than 3 years	0%
3 years	20%
4 years	40%
5 years	60%
6 years	80%
7 years or more	100%

NEOs are entitled to receive a distribution for the vested portion of their accounts at specified times in accordance with the ESOP for normal or late retirement, disability, death, resignation, or dismissal.

Deferred Compensation Plans

Two deferred compensation plans are available for participation by our NEOs, the "Defined Contribution Profit Sharing Plan," a tax-qualified retirement plan, and the "Supplemental Savings Plan," a nonqualified deferred compensation plan. The amount of company match related to these plans credited to each NEO's account during fiscal 2011 is included in the "All Other Compensation" column of the Summary Compensation Table.

Defined Contribution Profit Sharing Plan ("401(k) Plan") — The Ferrell Companies, Inc. Profit Sharing and 401(k) Investment Plan is a qualified defined contribution plan, which includes both employee contributions and employer matching contributions. All full-time employees including NEOs, or any of its direct or indirect wholly-owned subsidiaries are eligible to participate in this plan. This plan has a 401(k) feature allowing all full-time employees to specify a portion of their pre-tax and/or after-tax compensation to be contributed to this plan. This plan provides for matching contributions under a cash or deferred arrangement based upon participant salaries and employee contributions to this plan.

Our contributions to the profit sharing portion of this plan are discretionary and no profit sharing contributions were made to this plan for fiscal 2011. However, this plan also provides for matching contributions under a cash or deferred arrangement based upon the participant salary and employee contributions to this plan. Due to Internal Revenue Code "Highly Compensated Employee" rules and regulations, NEOs may only contribute up to approximately 5% of their eligible compensation to this plan. We will provide a 50% matching contribution of the first 8% of all eligible contributions made to this plan and the Supplemental Savings Plan (see below) combined.

Employee contributions are 100% vested, while the company's matching contribution vests ratably over the first 5 years of employment. Employee and our matching contributions can be directed, at the employee's option, to be invested in a number of investment options that are offered by this plan.

Supplemental Savings Plan ("SSP") — The Ferrell Companies, Inc. Supplemental Savings Plan was established October 1, 1994 in order to provide certain management or highly compensated employees with supplemental retirement income which is approximately equal in amount to the retirement income that would have been provided to members of the select group of employees under the terms of the 401(k) feature of the 401(k) Plan (see above) based on such members' deferral elections thereunder, but which could not be provided under the 401(k) feature of the 401(k) Plan due to the application of certain "Highly Compensated Employee" IRS rules and regulations.

This non-qualified plan is available to all employees who have been designated as "Highly Compensated" as defined in the Internal Revenue Code. NEOs are allowed to make, subject to Internal Revenue Code limitations, pre-tax contributions to the SSP of up to 25% of their eligible compensation. We will provide a 50% matching contribution of the first 8% of all eligible contributions made to this plan and the 401(k) Plan (see above) combined. Employee contributions are 100% vested, while our matching contribution vests ratably over the first 5 years of employment. Employee and our matching contributions can be directed, at the employee's option, to be invested in a number of investment options that are offered by the SSP.

Employment and Change-in-Control Agreements

The independent members of the Board of Directors of our general partner have authorized the general partner to enter into an Employment, Confidentiality and Non-compete agreement and a Change-in-Control agreement with James E. Ferrell. The purpose for entering into these agreements is to secure James E. Ferrell's employment and protect the confidentiality of our proprietary information.

The independent members of the Board of Directors of our general partner have authorized the general partner to enter into Employment Agreements with each of our NEOs other than James E. Ferrell. The purpose for entering into these agreements is to (i) encourage and motivate NEOs to remain employed and focused on the business during a potential change in control, (ii) motivate NEOs to make business decisions that are in the best interest of the company, (iii) ensure that NEOs conduct appropriate due diligence and effectively integrate companies in the event of an acquisition, and (iv) secure the long-term employment of the NEO. The initial term of these agreements ends on December 31, 2012. Thereafter, each agreement automatically renews for successive 12-month periods, unless one party to the agreement provides notice of non-renewal to the other at least 180 days before the last day of then current agreement term.

The specific terms of these agreements are described under "Other Potential Post-Employment Payments" below.

Summary Compensation Table

The following table sets forth the compensation for the last three fiscal years of our general partner's NEOs:

Name and Principal Position	Year	Salary ($)	Bonus ($)	(1) Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	(2) All Other Compensation ($)	Total ($)
Stephen L. Wambold	2011	700,027	400,000	226,370	—	28,966	1,355,363
Chief Executive Officer and	2010	672,077	140,000	3,139,470	700,000	18,647	4,670,194
President	2009	500,019	100,000	253,958	500,000	17,056	1,371,033
J. Ryan VanWinkle	2011	350,013	175,000	108,300	—	43,026	676,339
Senior Vice President and Chief	2010	343,763	50,000	1,550,874	350,000	18,897	2,313,534
Financial Officer; Treasurer	2009	275,010	75,000	315,805	275,000	18,660	959,475
James E. Ferrell	2011	500,019(3)	200,000	155,400	—	11,804	867,223
Executive Chairman and Chairman	2010	653,102(3)	1,775,000	3,124,775	—	12,534	5,565,411
of the Board of Directors	2009	825,032(3)	—	—	—	12,548	837,580
Tod D. Brown	2011	298,846	—	231,408	250,000	27,199	807,453
Senior Vice President, Ferrellgas	2010	270,000	145,000	871,050	405,000	16,498	1,707,548
and President, Blue Rhino	2009	270,404	87,500	167,025	337,500	16,619	879,048
George L. Koloroutis	2011	302,099	—	195,100	250,000	31,652	778,851
Senior Vice President, Ferrellgas	2010	272,927	112,500	1,018,933	412,500	45,897	1,862,757
and President, Ferrell North America	2009	250,010	150,000	167,025	375,000	19,704	961,739

(1) See Note B — Summary of significant accounting policies (16) Stock and unit-based compensation — to our consolidated financial statements for information concerning these awards. The value reported represents the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. During fiscal 2011, all outstanding ICP options were exchanged for SARs. Terms remained unchanged.

(2) All Other Compensation consisted of the following:

Name	Year	ESOP Allocations ($)	401(k) Plan Match ($)	SSP Match ($)	Other ($)	Total All Other Compensation ($)

Stephen L. Wambold	2011	12,398	5,479	3,361	7,728(4)	28,966
	2010	9,469	7,250	1,550	378(5)	18,647
	2009	9,306	7,750	—	—	17,056
J. Ryan VanWinkle	2011	12,398	5,416	3,361	21,851(6)	43,026
	2010	9,469	7,437	1,550	441(5)	18,897
	2009	9,306	8,323	1,031	—	18,660
James E. Ferrell	2011	—	—	3,361	8,443(7)	11,804
	2010	—	10,984	1,550	—	12,534
	2009	—	9,848	2,700	—	12,548
Tod D. Brown	2011	12,398	7,867	1,796	5,138(8)	27,199
	2010	9,469	6,589	—	440(5)	16,498

	2009	9,306	7,313	—	—	16,619
George L. Koloroutis	2011	12,398	6,208	1,839	11,207(9)	31,652
	2010	9,469	8,292	1,550	26,586(10)	45,897
	2009	9,306	9,919	479	—	19,704

(3) Included in this amount is $120,000 of compensation for James E. Ferrell's role as Chairman of the Board of Directors.
(4) This amount primarily includes $6,639 for payment of personal financial, tax or legal advice.
(5) This amount represents taxes related to a reimbursement of 401k forfeitures.
(6) This amount primarily includes $14,143 for payment of personal financial, tax or legal advice and a $7,363 gift card.
(7) This amount includes $6,818 for personal travel of spouse and $1,625 for payment of personal financial, tax or legal advice.
(8) This amount primarily includes $4,940 for payment of personal financial, tax or legal advice.
(9) This amount primarily includes $5,258 for payment of personal financial, tax or legal advice and a $5,000 gift card.
(10) This amount primarily includes a payment for reimbursement of medical expenses of $18,350 and related tax gross-up of $7,586.

Grants of Plan-Based Awards

The following table lists information on our general partner's NEOs grants of plan based awards during the fiscal year ended July 31, 2011:

Ferrell Companies Incentive Compensation Plan

Name		Grant Date	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Share)	Grant Date Fair Value of Award ($)
Stephen L. Wambold	(1)	7/19/2011	46,250	23.95	10,175
	(2)	7/19/2011	186,375	23.95	216,195
J. Ryan VanWinkle	(1)	7/19/2011	37,500	23.95	8,250
	(2)	7/19/2011	86,250	23.95	100,050
James E. Ferrell	(1)	7/19/2011	100,000	23.95	22,000
	(2)	7/19/2011	115,000	23.95	133,400
Tod D. Brown	(1)	7/19/2011	30,000	23.95	6,600
	(2)	7/19/2011	193,800	23.95	224,808
George L. Koloroutis	(1)	7/19/2011	30,000	23.95	6,600
	(2)	7/19/2011	162,500	23.95	188,500

(1) Grant vests immediately and expires in ten years.
(2) Grant vests ratably over five years and expires in ten years.

Outstanding Equity Awards at Fiscal Year End

The following tables list information concerning our general partner's NEOs outstanding equity awards as of July 31, 2011:

Ferrell Companies Incentive Compensation Plan

Option Awards

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
Stephen L. Wambold	500	2,250(1)	8.02	1/31/2018
	5,250	28,875(2)	11.78	5/1/2019
	—	40,000(3)	14.87	8/1/2016
	—	60,000(4)	16.60	9/1/2017
	—	45,000(5)	14.95	3/1/2019
	—	32,000(6)	14.95	9/1/2019
	132,000	268,000(7)	19.88	3/12/2020
	52,950	211,800(8)	19.88	7/19/2020
	46,250	186,375(9)	23.95	7/19/2021
J. Ryan VanWinkle	1,000	4,500(10)	8.02	3/12/2018
	—	4,875(11)	11.78	9/15/2019
	—	10,000(4)	16.60	9/1/2017
	20,000	40,000(12)	17.01	3/1/2018
	—	60,000(5)	14.95	3/1/2019
	—	30,000(6)	14.95	9/1/2019
	82,500	167,500(7)	19.88	3/12/2020
	6,675	26,700(8)	19.88	7/19/2020
	37,500	86,250(9)	23.95	7/19/2021
James E. Ferrell	—	187,500(13)	4.28	1/31/2020
	—	40,000(6)	14.95	9/1/2019
	121,500	486,000(8)	19.88	7/19/2020
	100,000	115,000(9)	23.95	7/19/2021
Tod D. Brown	3,000	—	14.04	4/15/2016
	—	9,200(3)	14.87	8/1/2016
	10,000	10,000(14)	15.04	2/1/2017
	—	50,000(4)	16.60	9/1/2017
	—	30,000(5)	14.95	3/1/2019
	—	24,000(6)	14.95	9/1/2019
	54,450	110,550(7)	19.88	3/12/2020
	30,000	193,800(9)	23.95	7/19/2021
George L. Koloroutis	1,500	—	4.75	1/31/2018
	2,500	11,250(1)	8.02	1/31/2018
	—	11,000(3)	14.87	8/1/2016
	—	50,000(4)	16.60	9/1/2017
	—	30,000(5)	14.95	3/1/2019
	—	24,000(6)	14.95	9/1/2019
	54,450	110,550(7)	19.88	3/12/2020
	7,450	29,800(8)	19.88	7/19/2020
	30,000	162,500(9)	23.95	7/19/2021

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(1) These options will be fully vested on 1/31/2015.
(2) These options will be fully vested on 5/1/2016.
(3) These options were fully vested on 8/1/2011.
(4) These options will be fully vested on 9/1/2012.
(5) These options will be fully vested on 9/1/2013.
(6) These options will be fully vested on 9/1/2014.
(7) These options will be fully vested on 3/12/2013.
(8) These options will be fully vested on 7/19/2015.
(9) These options will be fully vested on 7/19/2016.

(10) These options will be fully vested on 3/12/2015.
(11) These options will be fully vested on 9/15/2016.
(12) These options will be fully vested on 3/1/2013.
(13) These options will be fully vested on 12/15/2012.
(14) These options will be fully vested on 2/1/2012.

Ferrellgas Unit Option Plan

Option Awards

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise price ($)	Option Expiration Date
Steven L. Wambold	20,150	45,000(1)	11.63	2/20/2019
J. Ryan VanWinkle	—	30,000(1)	11.63	2/20/2019
Tod D. Brown	6,000	27,000(1)	11.63	2/20/2019
George L. Koloroutis	4,500	27,000(1)	11.63	2/20/2019

(1) These options will be fully vested on 2/20/2014.

Option Exercises

The following tables list information concerning our general partner's NEO's outstanding equity awards that were exercised during the fiscal year ended July 31, 2011:

Ferrell Companies Incentive Compensation Plan

Option Awards

Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise $
Steven L. Wambold	232,625	1,822,651
J. Ryan VanWinkle	123,750	835,333
James E. Ferrell	215,000	2,306,750
Tod D. Brown	223,800	1,935,794
George L. Koloroutis	192,500	1,757,395

Ferrellgas Unit Option Plan

Option Awards

Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise $
Steven L. Wambold	9,850	120,832
J. Ryan VanWinkle	10,000	138,100
Tod D. Brown	7,500	82,980
George L. Koloroutis	13,500	168,870

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Nonqualified Deferred Compensation

The following table lists information concerning our general partner's NEOs nonqualified SSP account activity during the fiscal year ended July 31, 2011:

Name	Executive Contributions in Last FY ($)	Registrant Contributions in Last FY (1) ($)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE (2) ($)
Stephen L. Wambold	39,085	3,361	24,763	—	206,036
J. Ryan VanWinkle	56,002	3,361	14,849	—	154,242
James E. Ferrell	56,002	3,361	148	—	1,520,205
Tod D. Brown	6,288	1,796	12,001	—	88,870
George L. Koloroutis	18,647	1,839	22,168	—	249,805

(1) Amounts are included in the Summary Compensation Table above.
(2) The portion of this amount representing registrant contributions made in years prior was previously reported as compensation to the NEO in the Summary Compensation Table for previous years.

Other Potential Post-Employment Payments

The independent members of the Board of Directors of our general partner have authorized our general partner to enter into an employment agreement with James E. Ferrell. Pursuant to the employment agreement Mr. Ferrell is entitled to:

- his annual salary;
- an annual bonus, the amount to be determined at the sole discretion of the independent members of the Board of Directors of our general partner; and

· an incentive bonus equal to 0.5% of the increase in the equity value of Ferrell Companies from July 31, 1998 to July 31, 2005.

The incentive bonus is payable upon the termination of Mr. Ferrell's employment agreement. The value of this bonus at July 31, 2011 was $1.1 million.

In addition to the compensation described above, Mr. Ferrell participates in our various employee benefit plans, with the exception of the Employee Stock Ownership Plan.

Pursuant to the terms of Mr. Ferrell's employment agreement, in the event of death, permanent disability, a termination without cause, resignation for cause or a change of control of Ferrell Companies or our general partner, Mr. Ferrell is entitled to health, accident and life insurance benefits for a period of six months, a cash termination benefit payable within 30 days equal to three times the greater of 125% of his current base salary or the average compensation paid to him for the prior three fiscal years and is entitled to additional gross-up payments on any payment subject to excise tax. The value of this termination benefit at July 31, 2011 was approximately $4.0 million.

Mr. Ferrell's agreement also contains a non-compete provision for five years following his termination of employment. The non-compete provision provides that he shall not directly or indirectly own, manage, control, or engage in any business with any person whose business is substantially similar to ours and that he shall not directly or indirectly attempt to induce any employee (subject to modifications made for certain employees in the Waiver to Employment Confidentiality, and Non-Compete Agreement dated December 19, 2006) of Ferrellgas to leave the employ of Ferrellgas or in any way interfere with the relationship between Ferrellgas and any employee.

The members of the Board of Directors Compensation Committee have authorized us and our general partner to enter into a Change-in-Control Agreement with Mr. Ferrell. Pursuant to the terms of the agreement, a change in control is defined as:

(i) any merger or consolidation of Ferrell Companies in which such entity is not the survivor;
(ii) any sale of all or substantially all of the common stock of Ferrell Companies by the Employee Stock Ownership Trust;
(iii) a sale of all or substantially all of the common stock of Ferrellgas, Inc.;
(iv) a replacement of Ferrellgas, Inc. as the general partner of Ferrellgas Partners, L.P.; or
(v) a public sale of at least 51 percent of the equity of Ferrell Companies.

Should a termination of employment occur resulting from a change in control, Mr. Ferrell will be entitled to:

(a) a payment equal to two times his annual base salary in effect immediately prior to the change in control; this amount would be paid in substantially equal monthly installments over a two year timeframe beginning within five days following the termination date;

(b) a payment equal to two times his target bonus, at his target bonus rate in effect immediately prior to the change in control; this amount would be paid in substantially equal monthly installments over a two year timeframe beginning within five days following the termination date; and

(c) COBRA reimbursements for two years following the termination.

The payments to Mr. Ferrell under the Change-in-Control Agreement are in addition to any payments to which Mr. Ferrell would be entitled under the terms of his separate employment agreement.

The independent members of the Board of Directors of our general partner have authorized our general partner to enter into an Employment Agreement with each of our NEOs other than James E. Ferrell. Pursuant to these employment agreements, during the agreement term, while the NEO is employed by the general partner, each NEO is compensated for his services as follows:

(i) the NEO receives base annual salary in accordance with the regular payroll practices of the general partner;

(ii) the NEO is eligible to participate in employee benefit plans and programs maintained from time to time by our general partner for the benefit of similarly situated senior management employees, subject to the terms and conditions of such plans;

(iii) the NEO is entitled to bonuses, the amount to be determined at the sole discretion of the independent members of the Board of Directors of our general partner; and

(iv) the NEO is reimbursed by the general partner, on terms and conditions that are substantially similar to those that apply to other similarly situated senior management employees and in accordance with the general partner's expense reimbursement policy, for reasonable out-of-pocket expenses for entertainment, travel, meals, lodging and similar items which are consistent with the general partner's expense reimbursement policy and actually incurred by the NEO in the promotion of the general partner's business.

Pursuant to the terms of the employment agreements, if the NEO's employment is terminated for any reason, the NEO will be entitled to the following payments:

(i) the NEO's earned but unpaid salary for the period ending on the NEO's termination date;
(ii) the NEO's accrued but unpaid vacation pay for the period ending on the NEO's termination date;
(iii) the NEO's unreimbursed business expenses; and
(iv) any amounts payable to the NEO under the terms of any employee benefit plan.

Pursuant to the terms of the employment agreements, in the event of death, disability, a termination for cause, voluntary resignation or mutual agreement, neither the NEO nor any other person will have any

right to payments or benefits other than those listed above for periods after the NEO's termination date.

Pursuant to the terms of the employment agreements, the term "Cause" means:

(i) the willful and continued failure by the NEO to substantially perform his duties for Ferrellgas, Inc. (other than any such failure resulting from the NEO's being disabled) within a reasonable period of time after a written demand for substantial performance is delivered to the NEO by the Board of Ferrellgas, Inc., which demand specifically identifies the manner in which the Board of Ferrellgas, Inc. believes that the NEO has not substantially performed his duties;
(ii) the willful engaging by the NEO in conduct which is demonstrably and materially injurious to Ferrellgas, Inc., monetarily or otherwise;
(iii) the engaging by the NEO in egregious misconduct involving serious moral turpitude to the extent that, in the reasonable judgment of the Board of Ferrellgas, Inc., the NEO's credibility and reputation no longer conform to the standard of the Ferrellgas, Inc.'s executives; or
(iv) the NEO's material breach of a material term of this Agreement.

Pursuant to the terms of the employment agreements, the term "Good Reason" means any of the following which occur after the effective date of the employment agreement without the consent of the NEO:

(i) A reduction in excess of 10% in the NEO's salary or target incentive potential as in effect as of the effective date of the employment agreement, as the same may be modified from time to time in accordance with the employment agreement;
(ii) A material diminution in the NEO's authority, duties or responsibilities as in effect as of the effective date of the employment agreement, as the same may be modified from time to time in accordance with the employment agreement;
(iii) The relocation of the NEO's principal office location to a location which is more than 50 highway miles from the location of the NEO's principal office location as in effect on the effective date of the employment agreement (or such subsequent principal location agreed to by the NEO); or
(iv) Ferrellgas, Inc.'s material breach of any material term of the employment agreement.

Should a termination of employment occur resulting from a termination other than for Cause or from a termination for Good Reason, each as defined above, each of our NEOs will be entitled to:

(i) a payment equal to two times the NEO's annual base salary in effect immediately prior to the termination date; this amount would be paid in substantially equal monthly installments over a two year timeframe beginning within five days following the termination date;

(ii) a payment equal to two times the NEO's target bonus, at his target bonus rate in effect immediately prior to the termination date; this amount would be paid in substantially equal monthly installments over a two year timeframe beginning within five days following the termination date;

(iii) receive continuing group medical coverage for himself and his dependents for two years following the termination date; and

(iv) a lump sum payment of $12,000 for professional outplacement services.

The value of the cash severance payments under Mr. Ferrell's Change-in-Control Agreement and under the employment agreements for all of the other NEOs above at September 1, 2011 would be:

NEO	Two times annual base salary ($)	Two times target bonus ($)
Stephen L. Wambold	1,400,000	1,400,000
J. Ryan VanWinkle	700,000	700,000
James E. Ferrell (1)	1,000,000	1,000,000
Tod D. Brown	700,000	700,000
George L. Koloroutis	700,000	700,000

(1) As discussed above, James E. Ferrell's employment agreement contains a separate benefit payable upon certain qualifying terminations of employment or a change-in-control which is valued as of July 31, 2011 at an additional $4.0 million.

Compensation of Non-Employee Directors

We believe our non-employee director compensation package should compensate our non-employee directors in a manner that is competitive within the marketplace. Our compensation package includes a combination of annual director fees and option awards. Total compensation awarded to our non-employee directors varies depending upon their level of activity within the Board. Participation in and chairing of committees within the Board will increase the level of compensation paid to an individual board member.

ICP awards for non-employee members of the Board of Directors are determined utilizing competitive compensation data that is gathered on an annual basis. Annually we compare the compensation of our Board of Directors with the compensation levels and practices of companies that are of similar size and operate in similar industries. We utilize that data to analyze the compensation of our non-employee members of the Board of Directors and ensure that we are competitive in the marketplace for compensating our Board. ICP awards are one element of that compensation, and the actual awards that are granted are determined on a discretionary basis. During fiscal 2011, we granted SARs to each non-employee director and all previously granted ICP stock options were exchanged for SARs with terms and conditions identical to the stock options they replaced. This conversion had no impact on the fair market value of the awards. All SAR and option awards granted to our non-employee directors have an exercise price equal to the most recently published semi-annual valuation that is performed on Ferrell Companies for the purposes of the ESOP.

With the assistance of J. Ryan VanWinkle, Stephen L. Wambold formulates preliminary annual director fee and option awards recommendations for each board member. These recommendations are subject to review and approval by the Compensation Committee. To assist Stephen L. Wambold and the Compensation Committee, J. Ryan VanWinkle utilizes publicly available board of director compensation data within our industry, as compiled by Mercer Human Resources Consulting, to provide market data that is used to create benchmarks for each director's annual director fee and total compensation package.

The following table sets forth the compensation for the last completed fiscal year of our general partner's Board of Directors.

Name		Fees Earned or Paid in Cash ($)	Option Awards (4) ($)	All Other Compensation ($)	Total ($)
William K. Hoskins	(1)	61,250	6,380	—	67,630
A. Andrew Levison	(2)	50,000	15,700	—	65,700
John R. Lowden	(2)	53,750	15,700	—	69,450
Michael F. Morrissey	(3)	65,000	20,160	—	85,160
Elizabeth T. Solberg	(1)	57,500	17,930	—	75,430

(1) At July 31, 2011 this director had 90,000 ICP awards outstanding.
(2) At July 31, 2011 this director had 80,000 ICP awards outstanding.
(3) At July 31, 2011 this director had 100,000 ICP awards outstanding.
(4) See Note B — Summary of significant accounting policies (16) Stock and unit-based compensation — to our consolidated financial statements for information concerning these awards. The value reported represents the aggregate grant date fair value computed in accordance with FASB ASC Topic 718.

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED UNITHOLDER MATTERS.

The following table sets forth certain information as of August 31, 2011, regarding the beneficial ownership of our common units by:

- persons that own more than 5% of our common units;
- persons that are directors, nominees or named executive officers of our general partner; and
- all directors and executive officers of our general partner as a group.

Other than those persons listed below, our general partner knows of no other person beneficially owning more than 5% of our common units.

Ferrellgas Partners, L.P.

Title of class	Name and address of beneficial owner	Units beneficially owned	Percentage of class
Common units	Ferrell Companies, Inc. Employee Stock Ownership Trust 125 S. LaSalle Street, 17th Floor Chicago, Ill. 60603	20,327,666	26.8
	James E. Ferrell 7500 College Blvd. Suite 1000 Overland Park, KS. 66210	4,358,475	5.7
	J. Ryan VanWinkle	20,000	*
	Stephen L. Wambold	31,650	*
	Tod D. Brown	18,000	*
	George L. Koloroutis	18,000	*
	Eric J. Bruun	—	*
	A. Andrew Levison	35,300	*
	John R. Lowden	5,000	*
	Michael F. Morrissey	4,000	*
	Jack A. Newman, Jr.	—	*
	All Directors and Executive Officers as a Group	4,490,425	5.9

* Less than one percent

Beneficial ownership for the purposes of the foregoing table is defined by Rule 13d-3 under the Exchange Act. Under that rule, a person is generally considered to be the beneficial owner of a security if he has or shares the power to vote or direct the voting thereof, and/or to dispose or direct the disposition thereof, or has the right to acquire either of those powers within 60 days. See the "Executive Compensation — Outstanding Equity Awards at Fiscal Year End

— Ferrellgas Unit Option Plan" table above for the number of common units that could be acquired by each named executive officer through exercising common unit options.

All common stock of Ferrell Companies, Inc. ("FCI shares") held in the Ferrell Companies, Inc. Employee Stock Ownership Trust ("Trust") is ultimately voted by the appointed trustee. The current

independent trustee of the Trust is GreatBanc Trust Company. Each participant in the Ferrell Companies, Inc. Employee Stock Ownership Plan ("ESOP") may be entitled to direct the Trustee as to the exercise of any voting rights attributable to FCI shares allocated to their ESOP account, but only to the extent required by Sections 401(a)(22) and 409(e)(3) of the Internal Revenue Code and the regulations thereunder (the "Code"). The ESOP plan administrator shall direct the Trustee how to vote both FCI shares not allocated to plan participants (i.e., held in a Trust suspense account) and any allocated FCI shares in the Trust as to which no voting instructions have been received from participants. In all cases, the Trustee may vote the shares as it determines is necessary to fulfill its fiduciary duties under ERISA.

As it relates to the Trust, the Code provides that an ESOP participant may be entitled to direct the Trustee as to the exercise of any voting rights attributable to FCI shares then allocated to their ESOP account with respect to any corporate matters which involves the voting of such shares with respect to the approval or disapproval of any corporate merger or consolidation, recapitalization, reclassification, liquidation, dissolution, sale of substantially all assets of a trade or business, or such similar transaction as the Secretary may prescribe in regulations.

The common units owned by the Employee Stock Ownership Trust at August 31, 2011 includes 20,080,776 common units owned by Ferrell Companies which is 100% owned by the Employee Stock Ownership Trust, 195,686 common units owned by FCI Trading Corp., a wholly-owned subsidiary of Ferrell Companies and 51,204 common units owned by Ferrell Propane, Inc., a wholly-owned subsidiary of our general partner.

Securities Authorized for Issuance under Equity Compensation Plans

The table below provides information about our Second Amended and Restated Ferrellgas Unit Option Plan as of July 31, 2011. This plan is our only equity compensation plan that grants equity of Ferrellgas Partners to its participants. In addition to the information set forth below, see Note B — Summary of significant accounting policies (16) Stock and unit-based compensation — to our consolidated financial statements for additional information about the plan.

	Number of common units to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of common units remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders	—	—	—
Equity compensation plans not approved by security holders (1)	189,650	$ 11.63	27,626(2)
Total	189,650	$ 11.63	27,626

(1) The Second Amended and Restated Ferrellgas Unit Option Plan did not require approval by the security holders.

(2) This number may be increased upon the occurrence of particular events. See narrative below.

The Second Amended and Restated Ferrellgas Unit Option Plan was initially adopted by the Board of Directors of our general partner. The plan is intended to meet the requirements of the New York Stock Exchange equity holder approval policy for option plans not approved by the equity holders of a company, and thus approval of the plan by our common unitholders was not required.

The purpose of the plan is to encourage selected employees of our general partner to:

- develop a proprietary interest in our growth and performance;

- generate an increased incentive to contribute to our future success and prosperity, thereby enhancing our value for the benefit of our common unitholders; and
- enhance our ability to attract and retain key individuals who are essential to our progress, growth and profitability, by giving these individuals the opportunity to acquire our common units.

The plan is to be administered by the Compensation Committee of the Board of our general partner. The Compensation Committee has designated an employee committee to recommend to it at various times throughout the year the number of unit options to be granted and to whom such unit options should be granted. The Compensation Committee then votes upon such recommendations.

Subject to the terms of the plan and applicable law, the administrator of the plan has the sole power, authority and discretion to:

- designate the employees who are to be participants in the plan;
- determine the number of unit options to be granted to an employee;

- determine the terms and conditions of any unit option;
- interpret, construe and administer the plan and any instrument or agreement relating to a unit option granted under the plan;
- establish, amend, suspend, or waive such rules and regulations and appoint such agents as it deems appropriate for the proper administration of the plan;
- make a determination as to the right of any person to receive payment of (or with respect to) a unit option; and
- make any other determinations and take any other actions that the administrator deems necessary or desirable for the administration of the plan.

Generally, all of the directors, officers, and other employees of our general partner, or an affiliate of our general partner, are eligible for participation in the plan. Grants to a member of the Board or the option committee are permitted provided that the grantee recuses themselves from the vote relating to such unit option grant. Grants may be made to the same employee on more than one occasion and the terms and provisions of grants to the same employee or to different employees need not be the same. The plan allows for the granting of only non-qualified unit options and in no event shall the term of any unit option exceed a period of ten years from the date of its grant. Unit options, to the extent vested as of the date the holder thereof ceases to be an employee of our general partner or one of its affiliates, will remain the property of the holder until the unit options are exercised or expire. Unit options, to the extent not vested as of the date the holder ceases to be an employee, are automatically canceled. Unit options or rights thereunder are not assignable, alienable, saleable or transferable by a holder otherwise than by will or by the laws of descent and distribution. It is intended that the plan and any unit option granted to a person subject to Section 16 of the Exchange Act meet all of the requirements of Rule 16b-3 of the Exchange Act.

To comply with the rules of the New York Stock Exchange, no single officer or director of our general partner may acquire under the plan more than 314,895 common units. In addition, all common units available for issuance under this plan, whether to directors or officers of our general partner or to any other persons, together with any common units available for issuance under any other employee benefit plan, of which there are currently none, may not exceed an aggregate total of 1,574,475 common units.

Although the number of unit options currently available for issuance under the plan is limited to 1,350,000, under particular circumstances that would result in a significant dilution of the rights of the participants in the plan, the administrator of the plan may make appropriate adjustments in the maximum number of common units issuable under the plan to reflect the effect of such circumstance and may make appropriate adjustments to the number of common units subject to, and/or the exercise price of, each outstanding unit option.

The administrator of the plan has the discretion to cancel all or part of any outstanding unit options at any time. Upon any such cancellation we will pay to the holder with respect to each cancelled unit option an amount in cash equal to the excess, if any, of (i) the fair market value of a common unit, at the effective date of such cancellation, over (ii) the unit option exercise price. In addition, the administrator has the right

to alter or amend the plan or any part thereof from time to time; provided, however, that no change in any unit option already granted may be made which would impair the rights of the holder thereof without the consent of the holder. The administrator may also in its discretion terminate the plan at any time with respect to any common units for which a unit option has not yet been granted. There is currently no fixed termination date for the plan. If a plan for our complete dissolution is adopted or our unitholders approve an agreement for our sale or disposition of all or substantially all of our assets, then upon such adoption or approval all or a portion, in the sole discretion of the administrator, of a holder's unit options outstanding as of the date of that adoption or approval shall be immediately and fully vested and exercisable and may be exercised within one year from the date of that adoption or approval.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Related Party Transactions

Our written Code of Business Conduct and Ethics applies to our directors, officers and employees. It deals with conflicts of interest, confidential information, use of company assets, business dealings, and other similar topics. The Code prohibits any transaction that raises questions of possible ethical or legal conflict between the interests of the company and an employee's personal interests.

The board of directors maintains an affiliate trading policy and other policies that govern specific related party transactions. Each of these policies contain guidelines on what entities or natural persons are considered related parties or an affiliate and the related procedures that are to be followed if transactions occur with these parties. On a quarterly basis, or more frequently if required by the policies, management provides the board with a discussion of any related party or affiliate trading transactions. Annually, these policies are reviewed by the board's Corporate Governance and Nominating Committee and considered for approval by the board of directors.

Our directors and officers are required each year to respond to a detailed questionnaire. The questionnaire requires each director and officer to identify every non-Company organization of any type of which they or their family (as defined by the SEC) are a director, partner, member, trustee, officer, employee, representative, consultant or significant shareholder. The questionnaire also requires disclosure of any transaction, relationship or arrangement with the Company. The information obtained from these questionnaires is then evaluated to determine the nature and amount of any transactions or relationships. If significant, the results are provided to the Corporate Governance and Nominating Committee and Board for their use in determining director and officer independence and related party disclosure obligations.

We have no employees and are managed and controlled by our general partner. Pursuant to our partnership agreement, our general partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on our behalf, and all other necessary or appropriate expenses allocable to us or otherwise reasonably incurred by our general partner in connection with operating our business. These reimbursable costs, which totaled $233.1 million for fiscal 2011, 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.

Related party common unitholder information consisted of the following:

	Common unit ownership at July 31, 2011	Distributions paid during the year ended July 31, 2011
Ferrell Companies (1)	20,080,776	$ 40,160
FCI Trading Corp. (2)	195,686	392
Ferrell Propane, Inc. (3)	51,204	104
James E. Ferrell (4)	4,353,475	8,708

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

During fiscal 2011, Ferrellgas Partners and the operating partnership together paid the general partner distributions of $4.2 million.

On September 14, 2011, Ferrellgas Partners paid distributions to Ferrell Companies, FCI Trading Corp., Ferrell Propane, Inc., James E. Ferrell (indirectly) and the general partner of $10.0 million, $0.1 million, $26 thousand, $2.2 million and $0.4 million, respectively.

During fiscal 2011, we paid Fleishman-Hillard Inc. $0.1 million for marketing and communications services. Elizabeth Solberg, who was a member of our general partner's Board of Directors during fiscal 2011, serves as the General Manager of Fleishman-Hillard Inc.

Certain Business Relationships

None.

Indebtedness of Management

None.

Transactions with Promoters

None.

Director Independence

The Board has affirmatively determined that Messrs. Bruun, Levison, Lowden, Morrissey and Newman, who constitute a majority of its Directors, are "independent" as described by the NYSE's corporate governance rules.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The following table presents fees billed for professional audit services rendered by Deloitte & Touche LLP for the audit of our annual financial statements and for other services for fiscal 2011 and 2010.

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	2011	2010
	(in thousands)	
Audit fees (1)	$ 1,500	$ 1,561
Audit-related fees (2)	91	99
Tax fees (3)	429	318
All other fees (4)	10	9
Total	$ 2,030	$ 1,987

(1) Audit fees consist of the aggregate fees billed for each of the last two fiscal years for professional services rendered by Deloitte & Touche LLP in connection with the audit of our annual financial statements and the review of financial statements included in our quarterly reports on Form 10-Q. In addition, these fees also covered those services that are normally provided by an accountant in connection with statutory and regulatory filings or engagements and services related to the audit of our internal controls over financial reporting.

(2) Audit-related fees consist of the aggregate fees billed in each of the last two fiscal years for assurance and related services by Deloitte & Touche LLP that we believe are reasonably related to the performance of the audit or review of our financial statements and that would not normally be reported under Item 9(e)(1) of Schedule 14A. These services generally consisted of comfort letters, consents, financial accounting and reporting consultations and benefit plans audits.

(3) Tax fees consist of the aggregate fees billed in each of the last two fiscal years for professional services rendered by Deloitte Tax for the preparation of Schedule K-1's for unitholders.

(4) All other fees consist of the aggregate fees billed in each of the last two fiscal years for products and services provided by Deloitte & Touche LLP, other than the services that would normally be reported in Items 9(e)(1) through 9(e)(3) of Schedule 14A. These services consisted of subscription fees related to a web-based research tool provided by Deloitte LLP.

The Audit Committee of our general partner reviewed and approved all audit and non-audit services provided to us by Deloitte & Touche LLP during fiscal 2011 and 2010 prior to the commencement of such services. See "Item 10. Directors and Executive Officers of the Registrants—Audit Committee" for

a description of the Audit Committee's pre-approval policies and procedures related to the engagement by us of an independent accountant.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

1. **Financial Statements.**
   See "Index to Financial Statements" set forth on page F-1.
2. **Financial Statement Schedules.**
   See "Index to Financial Statement Schedules" set forth on page S-1.
3. **Exhibits.**
   See "Index to Exhibits" set forth on page E-1.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FERRELLGAS PARTNERS, L.P.

By Ferrellgas, Inc. (General Partner)

By /s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ James E. Ferrell James E. Ferrell	Executive Chairman and Chairman of the Board of Directors	09/26/2011
/s/ Eric J. Bruun Eric J. Bruun	Director	09/26/2011
/s/ A. Andrew Levison A. Andrew Levison	Director	09/26/2011
/s/ John R. Lowden John R. Lowden	Director	09/26/2011
/s/ Michael F. Morrissey Michael F. Morrissey	Director	09/26/2011
/s/ Jack A. Newman, Jr. Jack A. Newman, Jr.	Director	09/26/2011
/s/ Stephen L. Wambold Stephen L. Wambold	Chief Executive Officer and President (Principal Executive Officer) and Director	09/26/2011
/s/ J. Ryan VanWinkle J. Ryan VanWinkle	Senior Vice President and Chief Financial Officer; Treasurer (Principal Financial and Accounting Officer)	09/26/2011

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FERRELLGAS PARTNERS FINANCE CORP.

By /s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Stephen L. Wambold Stephen L. Wambold	Chief Executive Officer and President (Principal Executive Officer)	09/26/2011
/s/ J. Ryan VanWinkle J. Ryan VanWinkle	Chief Financial Officer and Sole Director (Principal Financial and Accounting Officer)	09/26/2011

Supplemental Information to be Furnished With Reports Filed Pursuant to Section 15(d) of the Act by Registrants Which Have Not Registered Securities Pursuant to Section 12 of the Act

Ferrellgas Partners Finance Corp. has not registered securities pursuant to Section 12 of the Securities Act and files reports pursuant to Section 15(d) of the Securities Act. As of the date of filing of this Annual Report on Form 10-K, no annual report or proxy material has been sent to the holders of the securities of Ferrellgas Partners Finance Corp., however, a copy of this Annual Report will be furnished to the holders of the securities of Ferrellgas Partners Finance Corp. subsequent to the date of filing of this Annual Report.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FERRELLGAS, L.P.

By Ferrellgas, Inc. (General Partner)

By /s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ James E. Ferrell James E. Ferrell	Executive Chairman and Chairman of the Board of Directors	09/26/2011
/s/ Eric J. Bruun Eric J. Bruun	Director	09/26/2011
/s/ A. Andrew Levison A. Andrew Levison	Director	09/26/2011
/s/ John R. Lowden John R. Lowden	Director	09/26/2011
/s/ Michael F. Morrissey Michael F. Morrissey	Director	09/26/2011
/s/ Jack A. Newman, Jr. Jack A. Newman, Jr.	Director	09/26/2011
/s/ Stephen L. Wambold Stephen L. Wambold	Chief Executive Officer and President (Principal Executive Officer) and Director	09/26/2011
/s/ J. Ryan VanWinkle	Senior Vice President and Chief Financial Officer; Treasurer (Principal	09/26/2011

J. Ryan VanWinkle	Financial and Accounting Officer)

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FERRELLGAS FINANCE CORP.

By /s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Stephen L. Wambold Stephen L. Wambold	Chief Executive Officer and President (Principal Executive Officer)	09/26/2011
/s/ J. Ryan VanWinkle J. Ryan VanWinkle	Chief Financial Officer and Sole Director (Principal Financial and Accounting Officer)	09/26/2011

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners of
Ferrellgas Partners, L.P. and subsidiaries
Overland Park, Kansas

We have audited the accompanying consolidated balance sheets of Ferrellgas Partners, L.P. and subsidiaries ("Partnership") as of July 31, 2011 and 2010, and the related consolidated statements of earnings, partners' capital, and cash flows for each of the three years in the period ended July 31, 2011. Our audits also included the financial statement schedules listed in the Index at Item 15. These financial statements and financial statement schedules are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Ferrellgas Partners, L.P. and subsidiaries as of July 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended July 31, 2011, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Note B to the consolidated financial statements, effective August 1, 2010, the Partnership adopted new accounting guidance with respect to transfers of financial assets and the consolidation of variable interest entities.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Partnership's internal control over financial reporting as of July 31, 2011, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated September 26, 2011 expressed an unqualified opinion on the Partnership's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
Kansas City, Missouri
September 26, 2011

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FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except unit data)

	July 31, 2011	July 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,437	$ 11,401
Accounts and notes receivable (including $112,509 and $0 of accounts receivable pledged as collateral at 2011 and 2010, respectively, and net of allowance for doubtful accounts of $4,310 and $5,010 at 2011 and 2010, respectively)	159,532	89,234
Inventories	136,139	166,911
Prepaid expenses and other current assets	23,885	13,842
Total current assets	326,993	281,388
Property, plant and equipment, net	642,205	652,768
Goodwill	248,944	248,939
Intangible assets, net	204,136	221,057
Other assets, net	38,308	38,199
Total assets	$ 1,460,586	$ 1,442,351
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Accounts payable	$ 67,541	$ 48,658
Short-term borrowings	64,927	67,203
Collateralized note payable	61,000	—
Other current liabilities	104,813	108,054
Total current liabilities	298,281	223,915

Long-term debt	1,050,920	1,111,088
Other liabilities	23,068	21,446
Contingencies and commitments (Note L)	—	—
Partners' capital:		
Common unitholders (75,966,353 and 69,521,818 units outstanding at 2011 and 2010, respectively)	139,614	141,281
General partner unitholder (767,337 and 702,241 units outstanding at 2011 and 2010, respectively)	(58,660)	(58,644)
Accumulated other comprehensive income (loss)	4,633	(415)
Total Ferrellgas Partners, L.P. partners' capital	85,587	82,222
Noncontrolling interest	2,730	3,680
Total partners' capital	88,317	85,902
Total liabilities and partners' capital	$ 1,460,586	$ 1,442,351

See notes to consolidated financial statements.

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FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

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

	For the year ended July 31, 2011	2010	2009
Revenues:			
Propane and other gas liquids sales	$ 2,212,257	$ 1,900,318	$ 1,829,653
Other	210,958	198,742	239,869
Total revenues	2,423,215	2,099,060	2,069,522
Costs and expenses:			
Cost of product sold - propane and other gas liquids sales	1,609,344	1,257,534	1,207,368
Cost of product sold - other	124,470	108,638	152,853
Operating expense (includes $3.8 million, $2.2 million and $0.8 million for the years ended July 31, 2011, 2010 and 2009, respectively, for non-cash stock and unit-based compensation)	411,038	409,014	400,735
Depreciation and amortization expense	82,486	82,491	82,494
General and administrative expense (includes $9.7 million, $5.7 million and $1.5 million for the years ended July 31, 2011, 2010 and 2009, respectively, for non-cash stock and unit-based compensation)	61,891	51,772	41,382
Equipment lease expense	14,435	13,441	18,406
Non-cash employee stock ownership plan compensation charge	10,157	9,322	6,755
Loss on disposal of assets and other	3,633	8,485	13,042
Operating income	105,761	158,363	146,487
Interest expense	(101,885)	(101,284)	(89,519)
Loss on extinguishment of debt	(46,962)	(20,716)	—
Other income (expense), net	567	(1,108)	(1,321)
Earnings (loss) before income taxes	(42,519)	35,255	55,647
Income tax expense	1,241	1,916	2,292
Net earnings (loss)	(43,760)	33,339	53,355
Net earnings (loss) attributable to noncontrolling interest	(112)	630	783
Net earnings (loss) attributable to Ferrellgas Partners, L.P.	(43,648)	32,709	52,572
Less: General partner's interest in net earnings (loss)	(436)	327	526
Common unitholders' interest in net earnings (loss)	$ (43,212)	$ 32,382	$ 52,046
Basic and diluted net earnings (loss) per common unitholders' interest	$ (0.60)	$ 0.47	$ 0.79
Cash distributions declared per common unit	$ 2.00	$ 2.00	$ 2.00

See notes to consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(in thousands)

	Number of units				Accumulated other comprehensive income (loss)					
	Common unitholders	General partner unitholder	Common unitholders	General partner unitholder	Risk management	Currency translation adjustments	Pension liability	Total Ferrellgas Partners', L.P. partners' capital	Non-controlling interest	Total partners' capital
Balance at July 31, 2008	62,961.7	636.0	$ 201,618	$ (58,036)	$ 18,749	$ 26	$ (233)	$ 162,124	$ 4,220	$ 166,344
Contributions in connection with non-cash ESOP and stock and unit-based compensation charges	—	—	8,885	90	—	—	—	8,975	92	9,067
Distributions	—	—	(131,256)	(1,325)	—	—	—	(132,581)	(1,592)	(134,173)
Common units issued in connection with acquisitions	289.5	2.9	5,515	55	—	—	—	5,570	56	5,626
Common units issued in offering, net of issuance costs	4,985.6	50.4	69,447	702	—	—	—	70,149	713	70,862
Comprehensive income:										
Net earnings	—	—	52,046	526	—	—	—	52,572	783	53,355
Other comprehensive income (loss):										
Net loss on risk management derivatives	—	—	—	—	(186,449)	—	—		—	
Reclassification of derivatives to earnings	—	—	—	—	166,711	—	—		—	
Foreign currency translation adjustment	—	—	—	—	—	(7)	—			
Tax effect on foreign currency translation adjustment	—	—	—	—	—	3	—			
Pension liability adjustment	—	—	—	—	—	—	6			
Other comprehensive income (loss)								(19,736)		(19,736)
Comprehensive income								32,836	783	33,619
Balance at July 31, 2009	68,236.8	689.3	206,255	(57,988)	(989)	22	(227)	147,073	4,272	151,345
Contributions in connection with non-cash ESOP and stock and unit-based compensation charges	—	—	16,810	170	—	—	—	16,980	173	17,153
Distributions	—	—	(138,365)	(1,398)	—	—	—	(139,763)	(1,958)	(141,721)
Common units issued in connection with acquisitions	155.1	1.5	3,061	31	—	—	—	3,092	31	3,123
Common unit options issued	71.5	0.7	1,189	12	—	—	—	1,201	8	1,209
Common units issued in offering, net of issuance costs	1,058.4	10.7	19,949	202	—	—	—	20,151	204	20,355
General partner contribution in connection with cash contribution to Ferrellgas Partners, L.P.	—	—	—	—	—	—	—	—	311	311
Comprehensive income:										
Net earnings	—	—	32,382	327	—	—	—	32,709	630	33,339
Other comprehensive income (loss):										
Net earnings on risk management derivatives	—	—	—	—	11,941	—	—		122	
Reclassification of derivatives to earnings	—	—	—	—	(11,118)	—	—		(113)	
Foreign currency translation adjustment	—	—	—	—	—	3	—			
Tax effect on foreign currency translation adjustment	—	—	—	—	—	(1)	—			
Pension liability adjustment	—	—	—	—	—	—	(46)			
Other comprehensive income (loss)								779		788
Comprehensive income										

								33,488	639	34,127
Balance at July 31, 2010	69,521.8	702.2	141,281	(58,644)	(166)	24	(273)	82,222	3,680	85,902
Contributions in connection with non-cash ESOP and stock and unit-based compensation charges	—	—	23,171	235	—	—	—	23,406	239	23,645
Distributions	—	—	(143,552)	(1,450)	—	—	—	(145,002)	(2,783)	(147,785)
Common units issued in connection with acquisitions	122.6	1.2	2,940	29	—	—	—	2,969	30	2,999
Common unit options issued	46.9	0.5	544	6	—	—	—	550	3	553
Common units issued in offering, net of issuance costs	6,275.1	63.4	157,212	1,588	—	—	—	158,800	1,608	160,408
Comprehensive loss:										
Net loss	—	—	(43,212)	(436)	—	—	—	(43,648)	(112)	(43,760)
Cumulative effect of change in accounting principle	—	—	1,230	12	—	—	—	1,242	13	1,255
Other comprehensive income (loss):										
Net earnings on risk management derivatives	—	—	—	—	22,447	—	—		229	
Reclassification of derivatives to earnings	—	—	—	—	(17,183)	—	—		(175)	
Foreign currency translation adjustment	—	—	—	—	—	2	—		—	
Pension liability adjustment	—	—	—	—	—	—	(218)		(2)	
Other comprehensive income (loss)								5,048		5,100
Comprehensive loss								(37,358)	(47)	(37,405)
Balance at July 31, 2011	75,966.4	767.3	$ 139,614	$ (58,660)	$ 5,098	$ 26	$ (491)	$ 85,587	$ 2,730	$ 88,317

See notes to consolidated financial statements.

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FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the year ended July 31,		
	2011	2010	2009
Cash flows from operating activities:			
Net earnings (loss)	$ (43,760)	$ 33,339	$ 53,355
Reconciliation of net earnings (loss) to net cash provided by operating activities:			
Depreciation and amortization expense	82,486	82,491	82,494
Non-cash employee stock ownership plan compensation charge	10,157	9,322	6,755
Non-cash stock and unit-based compensation charge	13,488	7,831	2,312
Loss on disposal of assets	3,633	7,296	5,009
Loss on transfer of accounts receivable related to the accounts receivable securitization	—	6,566	12,124
Loss on extinguishment of debt	27,463	—	—
Provision for doubtful accounts	6,212	8,440	5,317
Deferred tax expense	751	439	388
Other	4,362	2,196	(603)
Changes in operating assets and liabilities, net of effects from business acquisitions:			
Accounts and notes receivable, net of securitization	(28,732)	2,529	65,466
Inventories	30,772	(37,103)	22,493
Prepaid expenses and other current assets	(4,325)	(676)	(120)
Accounts payable	18,613	(263)	(21,054)
Accrued interest expense	(633)	693	(156)
Other current liabilities	(3,365)	(14)	5,033
Other liabilities	439	1,544	(1,044)
Accounts receivable securitization:			
Proceeds from new accounts receivable securitizations	—	124,000	109,000
Proceeds from collections reinvested in revolving period accounts receivable	—	1,334,144	1,231,336

securitizations			
Remittances of amounts collected as servicer of accounts receivable securitizations	—	(1,448,144)	(1,376,336)
Net cash provided by operating activities	117,561	134,630	201,769
Cash flows from investing activities:			
Business acquisitions, net of cash acquired	(7,298)	(40,883)	(2,701)
Capital expenditures	(49,759)	(45,185)	(54,085)
Proceeds from sale of assets	5,994	9,220	8,199
Other	—	(4,480)	(4,643)
Net cash used in investing activities	(51,063)	(81,328)	(53,230)
Cash flows from financing activities:			
Distributions	(145,002)	(139,763)	(132,581)
Proceeds from increase in long-term debt	564,807	936,861	208,259
Payments on long-term debt	(650,285)	(844,955)	(239,555)
Net additions to (reductions in) short-term borrowings	(2,276)	1,044	(59,570)
Net additions to collateralized short-term borrowings	14,000	—	—
Cash paid for financing costs	(9,886)	(22,073)	(3,903)
Noncontrolling interest activity	(1,172)	(1,435)	(879)
Proceeds from exercise of common unit options	544	1,189	—
Proceeds from equity offering, net of issuance costs of $300, $18 and $401 for the years ended July 31, 2011, 2010 and 2009, respectively	157,212	19,949	69,447
Cash contribution from general partner in connection with common unit issuances	1,594	214	702
Net cash used in financing activities	(70,464)	(48,969)	(158,080)
Effect of exchange rate changes on cash	2	2	(7)
Increase (decrease) in cash and cash equivalents	(3,964)	4,335	(9,548)
Cash and cash equivalents - beginning of year	11,401	7,066	16,614
Cash and cash equivalents - end of year	$ 7,437	$ 11,401	$ 7,066

See notes to consolidated financial statements.

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

A. Partnership organization and formation

Ferrellgas Partners, L.P. (“Ferrellgas Partners”) was formed on April 19, 1994, and is a publicly traded limited partnership, owning an approximate 99% limited partner interest in Ferrellgas, L.P. (the “operating partnership”). Ferrellgas Partners and the operating partnership, 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. The operating partnership was formed to acquire, own and operate the propane business and assets of Ferrellgas, Inc. (the “general partner”), a wholly-owned subsidiary of Ferrell Companies, Inc. (“Ferrell Companies”). As of July 31, 2011, Ferrell Companies beneficially owns 20.3 million of Ferrellgas Partners’ outstanding common units. The general partner has retained a 1% general partner interest in Ferrellgas Partners and also holds an approximate 1% general partner interest in the operating partnership, representing an effective 2% general partner interest in Ferrellgas on a combined basis. As general partner, it performs all management functions required by Ferrellgas.

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

Ferrell Companies is wholly-owned by a leveraged employee stock ownership trust (“ESOT”) established pursuant to the Ferrell Companies Employee Stock Ownership Plan (“ESOP”). The purpose of the ESOP is to provide employees of the general partner an opportunity for ownership in Ferrell Companies and indirectly in Ferrellgas. As contributions are made by Ferrell Companies to the ESOT in the future, shares of Ferrell Companies are allocated to the employees’ ESOP accounts.

B. Summary of significant accounting policies

(1) Nature of operations: Ferrellgas Partners is a holding entity that conducts no operations and has two subsidiaries, Ferrellgas Partners Finance Corp. and the operating partnership. The operating partnership is the only operating subsidiary of Ferrellgas Partners. Ferrellgas is a single reportable operating segment.

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

(2) Accounting estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. Significant estimates impacting the consolidated financial statements include accruals that have been established for contingent liabilities, pending claims and legal actions arising in the normal course of business, useful lives of property, plant and equipment assets, residual values of tanks, capitalization of customer tank installation costs, amortization methods of intangible assets, valuation methods used

to value sales returns and allowances, allowance for doubtful accounts, fair values of derivative contracts and stock and unit-based compensation calculations.

(3) Principles of consolidation: The accompanying consolidated financial statements present the consolidated financial position, results of operations and cash flows of Ferrellgas Partners, its wholly-owned subsidiary, Ferrellgas Partners Finance Corp., and the operating partnership, its majority-owned subsidiary, after elimination of all material intercompany accounts and transactions. The accounts of Ferrellgas Partners' majority-owned subsidiary are included based on the determination that Ferrellgas Partners will absorb a majority of the operating partnership's expected losses, receive a majority of the operating partnership's expected residual returns and is the operating partnership's primary beneficiary. The operating partnership includes the accounts of its wholly-owned subsidiaries. The general partner's approximate 1% general partner interest in the operating partnership is accounted for as a noncontrolling interest. The wholly-owned consolidated subsidiary of the operating partnership, Ferrellgas Receivables, LLC ("Ferrellgas Receivables"), is a special purpose entity that has agreements with the operating partnership to securitize, on an ongoing basis, a portion of its trade accounts receivable.

(4) Supplemental cash flow information: For purposes of the 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 year ended July 31,		
	2011	2010	2009
CASH PAID FOR:			
Interest	$ 94,553	$ 90,305	$ 83,107
Income taxes	$ 591	$ 1,550	$ 1,512
NON-CASH INVESTING ACTIVITIES:			
Issuance of common units in connection with acquisitions	$ 2,940	$ 3,061	$ 5,465
Issuance of liabilities in connection with acquisitions	$ 2,290	$ 5,494	$ 1,673
Property, plant and equipment additions	$ 807	$ 593	$ 973

See Note B — Summary of significant accounting policies - (21) New accounting standards — Transfers of financial assets and variable interest entities — below for a discussion of the non-cash impact of the adoption of new accounting standards during the current year period.

(5) Accounts receivable securitization: Through its wholly-owned and consolidated subsidiary Ferrellgas Receivables, the operating partnership has agreements to securitize, on an ongoing basis, a portion of its trade accounts receivable. See Note B — Summary of significant accounting policies - (21) New accounting standards — Transfers of financial assets and variable interest entities — below regarding new accounting guidance for financial asset transfers and variable interest entities ("VIEs") that was effective August 1, 2010.

(6) Inventories: Inventories are stated at the lower of cost or market using weighted average cost and actual cost methods.

(7) Property, plant and equipment: Property, plant and equipment are stated at cost less accumulated depreciation. Expenditures for maintenance and routine repairs are expensed as incurred. Ferrellgas capitalizes computer software, equipment replacement and betterment expenditures that upgrade, replace or completely rebuild major mechanical components and extend

the original useful life of the equipment. Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets ranging from two to 30 years. Ferrellgas, using its best estimates based on reasonable and supportable assumptions and projections, reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of its assets might not be recoverable. See Note E — Supplemental financial statement information — for further discussion of property, plant and equipment.

(8) Goodwill: Ferrellgas records goodwill as the excess of the cost of acquisitions over the fair value of the related net assets at the date of acquisition. Goodwill is subject to at least an annual assessment for impairment by applying a fair-value-based test. The carrying value of each reporting unit is determined by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units as of the date of the evaluation on a specific identification basis. To the extent a reporting unit's carrying value exceeds its fair value, an indication exists that the reporting unit's goodwill may be impaired and the second step of the impairment test must be performed. In the second step, the implied fair value of the goodwill is determined by allocating the fair value of all of its assets (recognized and unrecognized) and liabilities to it carrying amount. Ferrellgas has completed the impairment test for each of its reporting units and determined that no impairment existed as of January 31, 2011.

(9) Intangible assets: Intangible assets with finite useful lives, consisting primarily of customer lists, non-compete agreements and patented technology, are stated at cost, net of accumulated amortization calculated using the straight-line method over periods ranging from two to 15 years. Trade names and trademarks have indefinite lives, are not amortized, and are stated at cost. Ferrellgas tests finite-lived intangible assets for impairment when events or changes in circumstances indicate that the carrying amount of these assets might not be recoverable. Ferrellgas tests indefinite-lived intangible assets for impairment annually on January 31 or more frequently if circumstances dictate. Ferrellgas has not recognized impairment losses as a result of these tests.

When necessary, intangible assets' useful lives are revised and the impact on amortization reflected on a prospective basis. See Note G — Goodwill and intangible assets, net — for further discussion of intangible assets.

(10) Derivatives and hedging activities: Ferrellgas' overall objective for entering into derivative contracts, including commodity options and swaps, is to hedge a portion of its exposure to market fluctuations in propane prices. These financial instruments are formally designated and documented as a hedge of a specific underlying exposure, as well as the risk management objectives and strategies for undertaking the hedge transaction. Because of the high degree of correlation between the hedging instrument and the underlying exposure being hedged, fluctuations in the value of the derivative instrument are generally offset by changes in the anticipated cash flows of the underlying exposure being hedged. The fair value of these derivatives fluctuates over the length of the contracts. These fair value amounts should not be viewed in isolation, but rather in relation to the anticipated cash flows of the underlying hedged transaction and the overall reduction in Ferrellgas' risk relating to adverse fluctuations in propane prices. Ferrellgas formally assesses, both at inception and at least quarterly thereafter, whether the financial instruments that are used in hedging transactions are effective at offsetting changes in the anticipated cash flows of the related underlying exposures. Any ineffective portion of a financial instrument's change in fair value is recognized in "Cost of product sold - propane and other gas liquids sales" in the consolidated statements of earnings. Ferrellgas also enters into derivative contracts that qualify for the normal purchase normal sales exception within GAAP guidance. Financial instruments formally designated and documented as a hedge of a specific underlying exposure are recorded gross at fair value as either "Prepaid expenses and other current assets" or "Other current liabilities" on the consolidated balance sheets with changes in fair value reported in other comprehensive income.

(11) Revenue recognition: Revenues from the distribution of propane and other gas liquids, including revenues from customer deposits and advances, are recognized by Ferrellgas at the time product is delivered to its customers. Other revenues, which include revenue from the sale of propane appliances and equipment is recognized at the time of delivery or installation. Ferrellgas recognizes shipping and handling revenues and expenses for sales of propane, appliances and equipment at the time of delivery or installation. Shipping and handling revenues are included in the price of propane charged to customers, and are classified as revenue. Revenues from annually billed, non-refundable tank rentals are recognized on a straight-line basis over one year.

(12) Shipping and handling expenses: Shipping and handling expenses related to delivery personnel, vehicle repair and maintenance and general liability expenses are classified within "Operating expense" in the consolidated statements of earnings. Depreciation expenses on delivery vehicles Ferrellgas owns are classified within "Depreciation and amortization expense." Delivery vehicles and distribution technology leased by Ferrellgas are classified within "Equipment lease expense." See Note E — Supplemental financial statement information — for the financial statement presentation of shipping and handling expenses.

(13) Cost of product sold: "Cost of product sold — propane and other gas liquids sales" includes all costs to acquire propane and other gas liquids, the costs of storing and transporting inventory prior to delivery to Ferrellgas' customers, the results from risk management activities to hedge related price risk and the costs of materials related to the refurbishment of Ferrellgas' portable propane tanks. "Cost of product sold — other" primarily includes costs related to the sale of propane appliances and equipment.

(14) Operating expenses: "Operating expense" primarily includes the personnel, vehicle, delivery, handling, plant, office, selling, marketing, credit and collections and other expenses related to the retail distribution of propane and related equipment and supplies.

(15) General and administrative expenses: "General and administrative expense" primarily includes personnel and incentive expense related to executives and employees and other overhead expense related to centralized corporate functions.

(16) Stock-based and unit option plans:

Ferrellgas Unit Option Plan ("UOP")

The UOP is authorized to issue options covering up to 1.35 million common units to employees of the general partner or its affiliates. The Compensation Committee of the Board of Directors of the general partner administers the UOP, authorizes grants of unit options thereunder and sets the unit option price and vesting terms of unit options in accordance with the terms of the UOP. No single officer or director of the general partner may acquire more than 314,895 common units under the UOP. The options currently outstanding under the UOP vest over a five-year period, and expire on the tenth anniversary of the date of the grant. The fair value of each option award is estimated on the date of grant using a binomial option valuation model. Expected volatility is based on the historical volatility of Ferrellgas' publicly-traded common units. Historical information is used to estimate option exercise and employee termination behavior. Management believes that there are three groups of employees eligible to participate in the UOP. The expected term of options granted is derived from historical exercise patterns and represents the period of time that options are expected to be outstanding. The risk free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. During the years ended July 31, 2011, 2010 and 2009, the portion of the total non-cash compensation charge relating to the UOP was $13 thousand, $23 thousand and $15 thousand, respectively, and related to grants of unit options to acquire 0.3 million common units.

Ferrell Companies, Inc. Incentive Compensation Plan ("ICP")

The ICP is not a Ferrellgas stock-compensation plan; however, in accordance with Ferrellgas' partnership agreements, all Ferrellgas employee-related costs incurred by Ferrell Companies are allocated to Ferrellgas. As a result, Ferrellgas incurs a non-cash compensation charge from Ferrell Companies. During the years ended July 31, 2011, 2010 and 2009, the portion of the total non-cash compensation charge relating to the ICP was $13.5 million, $7.8 million and $2.3 million, respectively.

Ferrell Companies is authorized to issue up to 9.25 million stock based awards that are based on shares of Ferrell Companies common stock. The ICP was established by Ferrell Companies to allow upper-middle and senior level managers as well as directors of the general partner to participate in the equity growth of Ferrell Companies. The ICP awards vest ratably over periods ranging from zero to 12 years or 100% upon a change of control of Ferrell

Companies, or upon the death, disability or retirement at the age of 65 of the participant. All awards expire 10 or 15 years from the date of issuance. During fiscal 2011, all ICP stock options were exchanged for stock appreciation rights (“SARs”) with terms and conditions nearly identical to the stock options they replaced. The fair value of each award is estimated on each balance sheet date using a binomial valuation model.

(17) Income taxes: Ferrellgas Partners is a publicly-traded master limited partnership with one subsidiary that is a taxable corporation. The operating partnership is a limited partnership with four subsidiaries that are taxable corporations. Partnerships are generally not subject to federal income tax, although publicly-traded partnerships are treated as corporations for federal income tax purposes and therefore subject to Federal income tax unless a qualifying income test is satisfied. If this qualifying income test is satisfied, the publicly-traded partnership will be treated as a partnership for Federal income tax purposes. Based on Ferrellgas’ calculations, Ferrellgas Partners satisfies the qualifying income test. As a result, except for the taxable corporations, Ferrellgas Partners’ earnings or losses for Federal income tax purposes are included in the tax returns of the individual partners, Ferrellgas Partners’ unitholders. Accordingly, the accompanying consolidated financial statements of Ferrellgas Partners reflect federal income taxes related to the above mentioned taxable corporations and certain states that allow for income taxation of partnerships. Net earnings for financial statement purposes may differ significantly from taxable income reportable to Ferrellgas Partners unitholders as a result of differences between the tax basis and financial reporting basis of assets and liabilities, the taxable income allocation requirements under Ferrellgas Partners’ partnership agreement and differences between Ferrellgas Partners financial reporting year end and its calendar tax year end.

Income tax expense consisted of the following:

	For the year ended July 31,		
	2011	2010	2009
Current expense	$ 490	$ 1,477	$ 1,904
Deferred expense	751	439	388
Income tax expense	$ 1,241	$ 1,916	$ 2,292

Deferred taxes consisted of the following:

	2011	2010
Deferred tax assets	$ 992	$ 1,030
Deferred tax liabilities	(3,194)	(2,481)
Net deferred tax liability	$ (2,202)	$ (1,451)

(18) Sales taxes: Ferrellgas accounts for the collection and remittance of sales tax on a net tax basis. As a result, these amounts are not reflected in the consolidated statements of earnings.

(19) Net earnings (loss) per common unitholders’ interest: Net earnings (loss) per common unitholders’ interest is computed by dividing “Net earnings (loss) attributable to Ferrellgas Partners, L.P.,” after deducting the general partner’s 1% interest, by the weighted average number of outstanding common units and the dilutive effect, if any, of outstanding unit options. See Note N — Net earnings (loss) per common unitholders’ interest — for further discussion about these calculations.

(20) Segment information: Ferrellgas is a single reportable operating segment engaging in the distribution of propane and related equipment and supplies to customers primarily in the United States.

(21) New accounting standards:

FASB Accounting Standard Update No. 2011-05

In June 2011, the Financial Accounting Standards Board (“FASB”) issued FASB Accounting Standard Update No. 2011-05 (ASU 2011-05), which revises the presentation of comprehensive income in the financial statements. The new guidance requires entities to report components of comprehensive income in either a continuous statement of comprehensive income or two separate but consecutive statements. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Ferrellgas does not expect the adoption of this guidance in fiscal 2013 to have a significant impact on its financial position, results of operations or cash flows.

Transfers of financial assets and variable interest entities

In June 2009, the FASB issued two amendments to existing GAAP, one of which eliminates the concept of a qualifying special-purpose-entity (“QSPEs”). The second amends guidance applicable to VIEs. The provisions of these amendments require Ferrellgas to evaluate all VIEs to determine whether they must be consolidated.

As a result of the prospective adoption of these amendments on August 1, 2010, Ferrellgas Receivables is now accounted for as a consolidated subsidiary. Upon adoption, Ferrellgas recognized $107.9 million of “Accounts receivable pledged as collateral, net,” $0.6 million of “Other assets, net” and $47.0 million of “Collateralized notes payable,” derecognized $44.9 million of “Notes receivable from Ferrellgas Receivables” and $15.3 million of “Retained interest in Ferrellgas Receivables” and recorded a $1.3 million “Cumulative effect of a change in accounting principle.”

Subsequent to adoption, expenses associated with these transactions are now recorded in “Interest expense” and are no longer recorded in “Loss on transfer of accounts receivable related to the accounts receivable securitization” or “Service income related to the accounts receivable securitization” in the consolidated statements of earnings. Additionally, borrowings and repayments associated with these transactions are now recorded in “Cash flows from financing activities” and no longer recorded in “Cash flows from operating activities” in the consolidated statements of cash flows. The adoption of these amendments did not have a significant impact on Ferrellgas’ debt covenant agreements.

C. Business combinations

Business combinations are accounted for under the purchase method and the assets acquired and liabilities assumed are recorded at their estimated fair market values as of the acquisition dates. The results of operations are included in the consolidated statements of earnings from the date of acquisition. The pro forma effect of these transactions was not material to Ferrellgas' balance sheet or results of operations.

During fiscal 2011, Ferrellgas acquired propane distribution assets with an aggregate value of $12.6 million in the following five transactions:

- Beatty's Gas, based in Pennsylvania, acquired October 2010;
- Kings River Propane, based in California, acquired December 2010;
- Bennett Gas Company, based in Georgia, acquired December 2010;
- Ram Propane, based in Wyoming, acquired March 2011; and
- Williams Panhandle Propane, based in Florida, acquired July 2011.

These acquisitions were funded by $7.3 million in cash payments, the issuances of $2.4 million of liabilities and other costs and considerations, and $2.9 million of common units, net of issuance costs.

The aggregate fair values of these five transactions were allocated as follows:

Customer tanks, buildings, land and other	$	7,746
Non-compete agreements		1,684
Goodwill		5
Customer lists		3,151
	$	12,586

The estimated fair values and useful lives of assets acquired are based on a preliminary internal valuation and are subject to final valuation adjustments. Ferrellgas intends to continue its analysis of the net assets of these transactions to determine the final allocation of the total purchase price to the various assets and liabilities acquired.

During fiscal 2010, Ferrellgas acquired propane distribution assets with an aggregate value of $45.1 million in the following transaction:

- Vanson, LLC, based in Michigan, acquired September 2009.

This acquisition was funded by $36.5 million in cash payments, the issuances of $5.5 million of liabilities and other costs and considerations, and $3.1 million of common units, net of issuance costs.

The aggregate fair value of this transaction was allocated as follows:

Customer tanks, buildings, land and other	$	14,707
Non-compete agreements		3,271
Customer lists		27,136
	$	45,114

The estimated fair values and useful lives of assets acquired are based on an internal valuation and included only minor adjustments during the 12 month period after the date of acquisition.

During fiscal 2009, Ferrellgas acquired propane distribution assets with an aggregate value of $10.0 million in the following four transactions:

- Lorensen Propane Gas, Inc., based in California, acquired September 2008;
- HBH Gas Systems, LLC — Austin's Colony Phase 5, based in Texas, acquired September 2008;
- Ottawa Cooperative, based in Kansas, acquired May 2009; and
- Town & Country Propane, Inc, based in Missouri, acquired July 2009.

These acquisitions were funded by $2.7 million in cash payments, the issuances of $1.8 million of liabilities and other costs and considerations, and $5.5 million of common units, net of issuance costs.

The aggregate fair values of these four transactions were allocated as follows:

Customer tanks, buildings, land and other	$	3,031
Non-compete agreements		1,438
Customer lists		5,475
Working capital		6
	$	9,950

The estimated fair values and useful lives of assets acquired are based on an internal valuation and included only minor adjustments during the 12 month period after the date of acquisition.

D. Quarterly distributions of available cash

Ferrellgas Partners makes quarterly cash distributions of all of its “available cash.” Available cash is defined in the partnership agreement of Ferrellgas Partners as, generally, the sum of its consolidated cash receipts less consolidated cash disbursements and net changes in reserves established by the general partner for future requirements. Reserves are retained in order to provide for the proper conduct of Ferrellgas Partners’ business, or to provide funds for distributions with respect to any one or more of the next four fiscal quarters. Distributions are made within 45 days after the end of each fiscal quarter ending October, January, April and July to holders of record on the applicable record date.

Distributions by Ferrellgas Partners in an amount equal to 100% of its available cash, as defined in its partnership agreement, will be made to the common unitholders and the general partner. Additionally, the payment of incentive distributions to the holders of incentive distribution rights will be made to the extent that certain target levels of cash distributions are achieved.

E. Supplemental financial statement information

Inventories consist of the following:

	2011	2010
Propane gas and related products	$ 113,826	$ 146,805
Appliances, parts and supplies	22,313	20,106
Inventories	$ 136,139	$ 166,911

In addition to inventories on hand, Ferrellgas enters into contracts primarily to buy propane for supply procurement purposes. Most of these contracts have terms of less than one year and call for payment based on market prices at the date of delivery. All supply procurement fixed price contracts have terms of fewer than 24 months. As of July 31, 2011, Ferrellgas had committed, for supply

procurement purposes, to take delivery of approximately 50.1 million gallons of propane at fixed prices.

Property, plant and equipment, net consist of the following:

	Estimated useful lives	2011	2010
Land	Indefinite	$ 30,920	$ 30,566
Land improvements	2-20	11,200	11,108
Buildings and improvements	20	66,043	66,114
Vehicles, including transport trailers	8-20	104,188	99,246
Bulk equipment and district facilities	5-30	105,485	103,748
Tanks, cylinders and customer equipment	2-30	778,599	770,865
Computer and office equipment	2-5	116,281	115,189
Construction in progress	n/a	3,154	2,823
		1,215,870	1,199,659
Less: accumulated depreciation		573,665	546,891
Property, plant and equipment, net		$ 642,205	$ 652,768

Depreciation expense totaled $58.7 million, $61.3 million and $62.3 million for fiscal 2011, 2010 and 2009, respectively.

Other current liabilities consist of the following:

	2011	2010
Accrued interest	$ 19,779	$ 20,412
Accrued litigation and insurance	16,565	7,928
Accrued payroll	12,974	20,464
Customer deposits and advances	19,784	23,280
Other	35,711	35,970
Other current liabilities	$ 104,813	$ 108,054

Loss on disposal of assets and other consists of the following:

	For the year ended July 31,		
	2011	2010	2009
Loss on disposal of assets	$ 3,633	$ 7,296	$ 5,009
Loss on transfer of accounts receivable related to the accounts receivable securitization	—	6,566	12,124
Service income related to the accounts receivable securitization	—	(5,377)	(4,091)
Loss on disposal of assets and other	$ 3,633	$ 8,485	$ 13,042

See Note B — Summary of significant accounting policies - (21) New accounting standards — Transfers of financial assets and variable interest entities — for a discussion of changes in accounting for accounts receivable securitization transactions.

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

	For the year ended July 31, 2011	2010	2009
Operating expense	$ 183,899	$ 183,612	$ 178,218
Depreciation and amortization expense	6,063	5,601	4,915
Equipment lease expense	12,823	14,192	17,541
	$ 202,785	$ 203,405	$ 200,674

F. Accounts and notes receivable, net and accounts receivable securitization

Accounts and notes receivable, net consist of the following:

	2011	2010
Accounts receivable pledged as collateral	$ 112,509	$ —
Accounts receivable	51,104	33,725
Note receivable from Ferrellgas Receivables	—	44,927
Retained interest in Ferrellgas Receivables	—	15,323
Other	229	269
Less: Allowance for doubtful accounts	(4,310)	(5,010)
Accounts and notes receivable, net	$ 159,532	$ 89,234

See Note B — Summary of significant accounting policies - (21) New accounting standards - Transfers of financial assets and variable interest entities - for a discussion of amendments to existing GAAP which required Ferrellgas to begin consolidating its previously unconsolidated QSPE, Ferrellgas Receivables, effective August 1, 2010. Upon consolidation, Ferrellgas now recognizes accounts receivable that have been sold by the operating partnership to Ferrellgas Receivables as “Accounts receivable pledged as collateral” and eliminates the previously recognized “Note receivable from Ferrellgas Receivables” and “Retained interest in Ferrellgas Receivables.”

The operating partnership, through Ferrellgas Receivables, securitizes a portion of its trade accounts receivable through a commercial paper conduit for proceeds of up to $145.0 million. At July 31, 2011, $112.5 million of trade accounts receivable were pledged as collateral against $61.0 million of collateralized notes payable due to the commercial paper conduit. These accounts receivable pledged as collateral are bankruptcy remote from the operating partnership. The operating partnership does not provide any guarantee or similar support to the collectability of these accounts receivable pledged as collateral.

The operating partnership structured Ferrellgas Receivables in order to facilitate securitization transactions while complying with Ferrellgas’ various debt covenants. If the covenants were compromised, funding from the facility could be restricted or suspended, or its costs could increase. As of July 31, 2011, the operating partnership had received cash proceeds of $61.0 million from trade accounts receivables securitized, with the ability to receive proceeds of an additional $3.0 million. As of July 31, 2010, the operating partnership had received cash proceeds of $47.0 million from trade accounts receivables securitized, with the ability to receive proceeds of an additional $11.0 million. Borrowings under the accounts receivable securitization facility had a weighted average interest rate of 3.6% and 3.5% as of July 31, 2011 and 2010, respectively.

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G. Goodwill and intangible assets, net

Goodwill and intangible assets, net consist of:

	July 31, 2011 Gross carrying amount	July 31, 2011 Accumulated amortization	July 31, 2011 Net	July 31, 2010 Gross carrying amount	July 31, 2010 Accumulated amortization	July 31, 2010 Net
Goodwill, net	$ 248,944	$ —	$ 248,944	$ 248,939	$ —	$ 248,939
Intangible Assets, net						
Amortized intangible assets						
Customer lists	$ 398,835	$ (263,631)	$ 135,204	$ 395,682	$ (244,197)	$ 151,485
Non-compete agreements	46,024	(37,189)	8,835	44,341	(35,203)	9,138
Other	3,507	(2,540)	967	3,507	(2,190)	1,317
	448,366	(303,360)	145,006	443,530	(281,590)	161,940
Unamortized intangible assets						
Trade names & trademarks	59,130	—	59,130	59,117	—	59,117
Total intangible assets, net	$ 507,496	$ (303,360)	$ 204,136	$ 502,647	$ (281,590)	$ 221,057

Customer lists have estimated lives of 15 years, while non-compete agreements and other intangible assets have estimated lives ranging from two to ten years. Ferrellgas intends to utilize all acquired trademarks and trade names and does not believe there are any legal, regulatory, contractual, competitive, economical or other factors that would limit their useful lives. Therefore, trademarks and trade names have indefinite useful lives.

Aggregate amortization expense:

For the year ended July 31,

2011	$	23,766
2010		21,180
2009		20,166

Estimated amortization expense:

For the year ended July 31,

2012	$	21,207
2013		20,656
2014		17,389
2015		14,561
2016		14,390

H. Debt

Short-term borrowings

Ferrellgas classified a portion of its secured credit facility borrowings as short-term because it was used to fund working capital needs that management had intended to pay down within the 12 month period following each balance sheet date. As of July 31, 2011 and 2010, $64.9 million and $67.2 million, respectively, were classified as short-term borrowings. For further discussion see the secured credit facility section below.

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Long-term debt

Long-term debt consists of the following:

		2011		2010
Senior notes				
Fixed rate, 6.50%, due 2021 (1)	$	500,000	$	—
Fixed rate, 6.75%, due 2014, net of unamortized discount of $21,974 at July 31, 2010		—		428,026
Fixed rate, 9.125%, due 2017, net of unamortized discount of $3,472 and $3,870 at July 31, 2011 and 2010, respectively (2)		296,528		296,130
Fixed rate, 8.625%, due 2020 (3)		182,000		280,000
Secured credit facility, variable interest rate, expiring November 2012 (net of $64.9 million and $67.2 million classified as short-term borrowings at July 31, 2011 and 2010, respectively)		64,573		99,797
Notes payable, 9.2% and 9.5% weighted average interest rate at July 31, 2011 and 2010, respectively, due 2011 to 2020, net of unamortized discount of $2,805 and $2,876 at July 31, 2011 and 2010, respectively		10,376		9,475
		1,053,477		1,113,428
Less: current portion, included in other current liabilities on the consolidated balance sheets		2,557		2,340
Long-term debt	$	1,050,920	$	1,111,088

(1) On November 24, 2010, the operating partnership issued $500.0 million of its fixed rate senior notes. These notes are general unsecured senior obligations of the operating partnership and are effectively junior to all future senior secured indebtedness of the operating partnership, to the extent of the value of the assets securing the debt, and are structurally subordinated to all existing and future indebtedness and obligations of the operating partnership. The senior notes bear interest from the date of issuance, payable semi-annually in arrears on May 1 and November 1 of each year. The outstanding principal amount is due on May 1, 2021. The operating partnership would incur prepayment penalties if it were to repay the notes prior to 2019.

(2) On September 14, 2009, the operating partnership issued $300.0 million of its fixed rate senior notes with a debt discount of $4.2 million that will be amortized to interest expense through 2017. These notes are senior unsecured obligations of the operating partnership and rank on an equal basis in right of payment with all senior indebtedness of the operating partnership, are senior to all subordinated indebtedness of the operating partnership and are junior to all secured indebtedness of the operating partnership. The senior notes bear interest from the date of issuance, payable semi-annually in arrears on April 1 and October 1 of each year. The outstanding principal amount is due on October 1, 2017. The operating partnership would incur prepayment penalties if it were to repay the notes prior to 2015.

(3) On April 13, 2010, Ferrellgas Partners issued $280.0 million of its fixed rate senior notes. The senior notes bear interest from the date of issuance, payable semi-annually in arrears on June 15 and December 15 of each year. Ferrellgas Partners would incur prepayment penalties if it were to repay the notes prior to 2018.

Senior notes

During November 2010, the operating partnership issued $500.0 million in aggregate principal amount of new 6.50% senior notes due 2021 at an offering price equal to par. The operating partnership

received $491.3 million of net proceeds after deducting expenses of the offering. These proceeds were used to redeem all of its $450.0 million 6.75% fixed rate senior notes due 2014, to fund the related $11.1 million make-whole payments and to pay $2.4 million of accrued interest. The remaining proceeds were used to reduce outstanding indebtedness under the secured credit facility. This debt redemption transaction also resulted in $25.3 million of non-cash write-offs of unamortized discount on debt and related capitalized debt costs. During July 2011, the operating partnership completed an offer to exchange $500.0 million principal amount of 6.50% senior notes due 2021, which have been registered under the Securities Act of 1933, as amended, for a like principal amount of their outstanding and unregistered notes which were issued on November 24, 2010.

During March 2011, Ferrellgas Partners redeemed $98.0 million of its $280.0 million 8.625% fixed rate senior notes due 2020, paid an $8.4 million make-whole payment and paid $2.4 million of accrued interest. This debt redemption transaction also resulted in $2.2 million of the non-cash write-off of related capitalized debt costs.

During August 2009, Ferrellgas made scheduled principal payments of $73.0 million on the 8.87% Series C senior notes. During September 2009, Ferrellgas issued $300.0 million in aggregate principal amount of new 9.125% senior notes due 2017 at an offering price equal to 98.6% of par with the proceeds used to fund the October 2009 note payments discussed below and to reduce borrowings on the unsecured credit facility due April 2010.

During October 2009, Ferrellgas prepaid the outstanding principal amount on its $82.0 million 7.24% series D notes due August 1, 2010 and its $70.0 million 7.42% series E notes due August 1, 2013 and the related prepayment premiums of $17.3 million.

During April 2010, Ferrellgas Partners completed a public offering of $280.0 million in aggregate principal amount of new 8.625% senior unsecured notes due 2020. Ferrellgas Partners used the net proceeds of approximately $273.4 million to redeem its $268.0 million 8.75% senior notes due 2012 and to pay the related prepayment premiums of $3.4 million.

Secured credit facility

During November 2009, Ferrellgas closed on a secured credit facility that provides $400.0 million in revolving credit for loans and has a $200.0 million sublimit for letters of credit. This credit facility matures in November 2012.

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

As of July 31, 2011, Ferrellgas had total borrowings outstanding under its secured credit facility of $129.5 million, of which $64.6 million was classified as long-term debt. As of July 31, 2010, Ferrellgas had total borrowings outstanding under its secured credit facility of $167.0 million, of which $99.8 million was classified as long-term debt.

Borrowings under the secured credit facility had a weighted average interest rate of 6.53% and 5.91% at July 31, 2011 and 2010, respectively. All borrowings under the secured credit facility bear interest, at Ferrellgas' option, at a rate equal to either:

· for Base Rate Loans or Swing Line Loans, the Base Rate, which is defined as the higher of i) the federal funds rate plus 0.50%, ii) Bank of America's prime rate; or iii) the Eurodollar Rate plus 1%; plus a margin varying from 2.50% to 3.25% (as of July 31, 2011 and 2010, the margin was 3.00% and 2.75%, respectively); or

· for Eurodollar Rate Loans, the Eurodollar Rate, which is defined as the LIBOR Rate plus a margin varying from 3.50% to 4.25% (as of July 31, 2011 and 2010, the margin was 4.00% and 3.75%, respectively).

As of July 31, 2011, the federal funds rate and Bank of America's prime rate were 0.11% and 3.25%, respectively. As of July 31, 2010, the federal funds rate and Bank of America's prime rate were 0.18% and 3.25%, respectively. As of July 31, 2011, the one-month and three-month Eurodollar Rates were 0.22% and 0.34%, respectively. As of July 31, 2010, the one-month and three-month Eurodollar Rates were 0.40% and 0.60%, respectively.

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

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

Letters of credit outstanding at July 31, 2011 totaled $47.5 million and were used primarily to secure insurance arrangements and to a lesser extent, product purchases. Letters of credit outstanding at July 31, 2010 totaled $47.1 million and were used primarily to secure insurance arrangements and to a lesser extent, product purchases. At July 31, 2011, Ferrellgas had available letter of credit remaining capacity of $152.5 million. At July 31, 2010, Ferrellgas had available letter of credit remaining capacity of $152.9 million. Ferrellgas incurred commitment fees of $1.1 million, $0.9 million and $0.9 million in fiscal 2011, 2010 and 2009, respectively.

See Note P — Subsequent events — for discussion about an amendment to the secured credit facility.

Covenants

The senior notes and the credit facility agreement contain various restrictive covenants applicable to Ferrellgas and its subsidiaries, the most restrictive relating to additional indebtedness. In addition, Ferrellgas Partners is prohibited from making cash distributions of the minimum quarterly distribution if a default or event of default exists or would exist upon making such distribution, or if Ferrellgas fails to meet certain coverage tests. As of July 31, 2011, Ferrellgas is in compliance with all requirements, tests, limitations and covenants related to these debt agreements.

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

For the fiscal year ending July 31,	Scheduled annual principal payments
2012	$ 2,557
2013	2,096
2014	2,079
2015	2,028
2016	1,976
Thereafter	1,049,018
Total	$ 1,059,754

See Note P — Subsequent events — for discussion about the effect of an amendment to the secured credit facility on scheduled annual principal payments.

The carrying amount of short-term financial instruments approximates fair value because of the short maturity of the instruments. The estimated fair value of Ferrellgas' long-term debt instruments was $1,134.2 million and $1,231.8 million as of July 31, 2011 and 2010, respectively. The fair value is estimated based on quoted market prices.

I. Partners' capital

As of July 31, 2011 and 2010, limited partner units were beneficially owned by the following:

	2011	2010
Public common unitholders (1)	51,285,212	44,840,677
Ferrell Companies (2)	20,080,776	20,080,776
FCI Trading Corp. (3)	195,686	195,686
Ferrell Propane, Inc. (4)	51,204	51,204
James E. Ferrell (5)	4,353,475	4,353,475

(1) These common units are listed on the New York Stock Exchange under the symbol "FGP."
(2) Ferrell Companies is the owner of the general partner and a 26% owner of Ferrellgas Partner's common units and thus a related party.
(3) FCI Trading Corp. ("FCI Trading") is an affiliate of the general partner and thus a related party.
(4) Ferrell Propane, Inc. ("Ferrell Propane") is controlled by the general partner and thus a related party.
(5) James E. Ferrell ("Mr. Ferrell") is the Executive Chairman and Chairman of the Board of Directors of the general partner and thus a related party.

Together these limited partner units represent Ferrellgas Partner's limited partners' interest and an effective 98% economic interest in Ferrellgas Partners, exclusive of the general partners' incentive distribution rights. The general partner has an effective 2% interest in Ferrellgas Partners, excluding incentive distribution rights. Since ongoing distributions have not yet reached the levels required to commence payment of incentive distribution rights to the general partner, distributions to the partners from operations or interim capital transactions will generally be made in accordance with the above percentages. In liquidation, allocations and distributions will be made in accordance with each common unitholder's positive capital account.

The common 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 and to exercise the other rights or privileges available to such holders under the Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P. dated February 18, 2003 (the "Partnership Agreement"). Under the terms of the Partnership Agreement, holders of common units

have limited voting rights on matters affecting the business of Ferrellgas Partners. Generally, persons owning 20% or more of Ferrellgas Partners' outstanding common units cannot vote; however, this limitation does not apply to those common units owned by the general partner or its "affiliates," as such term is defined in the Partnership Agreement.

Ferrellgas maintains shelf registration statements for the issuance of common units, and other securities that may include deferred participation units, warrants and debt securities. The Partnership Agreement allows the general partner to issue an unlimited number of additional Ferrellgas general and limited partner interests and other equity securities 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 unitholders.

Partnership distributions paid

Ferrellgas Partners has paid the following distributions:

	For the year ended July 31,		
	2011	2010	2009
Public common unitholders	$ 94,188	$ 89,001	$ 81,922
Ferrell Companies	40,160	40,160	40,160
FCI Trading	392	392	392
Ferrell Propane	104	104	104
Mr. Ferrell	8,708	8,708	8,678
General partner	1,450	1,398	1,325
	$ 145,002	$ 139,763	$ 132,581

On August 26, 2011, Ferrellgas Partners declared a cash distribution of $0.50 per common unit for the three months ended July 31, 2011, which was paid on September 14, 2011. Included in this cash distribution were the following amounts paid to related parties:

Ferrell Companies	$ 10,040
FCI Trading	98
Ferrell Propane	26
Mr. Ferrell	2,179
General partner	384

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

Common unit issuances

During fiscal 2011, Ferrellgas Partners entered into an agreement with an institutional investor relating to a non-brokered registered direct offering of 1.2 million common units. Net proceeds of approximately $30.0 million were used to reduce outstanding indebtedness under the operating partnership's secured credit facility.

During fiscal 2011, Ferrellgas Partners completed a registered public offering of 5.1 million common units representing limited partner interests. This transaction was comprised of both an original offering of 4.4 million common units and an over-allotment offering of 0.7 million common units. Net proceeds of approximately $127.3 million were used to redeem $98.0 million of its $280.0 million 8.625% fixed rate senior notes due 2020, to pay the related $8.4 million make-whole payment, to pay $2.4 million of

accrued interest and to reduce outstanding indebtedness under the operating partnership's secured credit facility.

During fiscal 2010, Ferrellgas completed an offering of 1.1 million common units representing limited partner interests. The net proceeds of $20.0 million were used to reduce borrowings under Ferrellgas' unsecured credit facility.

During fiscal 2011, Ferrellgas issued 0.1 million common units valued at $2.9 million in connection with acquisitions.

During fiscal 2010, Ferrellgas issued 0.2 million common units valued at $3.1 million in connection with acquisitions.

Other comprehensive income ("OCI")

See Note J — Derivatives — for details regarding changes in fair value on risk management financial derivatives recorded within OCI for the years ended July 31, 2011 and 2010.

General partner's commitment to maintain its capital account

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

During fiscal 2011, the general partner made cash contributions of $3.3 million and non-cash contributions of $0.5 million to Ferrellgas to maintain its effective 2% general partner interest.

During fiscal 2010, the general partner made cash contributions of $0.5 million and non-cash contributions of $0.3 million to Ferrellgas to maintain its effective 2% general partner interest.

J. Derivatives

Commodity Price Risk Management

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

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

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

Cash Flow Hedging Activity

Ferrellgas uses financial derivative instruments for risk management purposes to hedge a portion of its exposure to market fluctuations in propane prices. These financial derivative instruments are designated as cash flow hedging instruments, thus the effective portions of changes in the fair value of the financial derivatives are recorded in OCI prior to settlement and are subsequently recognized in the consolidated statements of earnings in "Cost of product sold — propane and other gas liquids sales" when the forward or forecasted propane sales transaction impacts earnings. The effectiveness of cash flow hedges is evaluated at inception and on an on-going basis. Changes in the fair value of cash flow hedges due to hedge ineffectiveness, if any, are recognized in "Cost of product sold — propane and other gas liquids sales." During the years ended July 31, 2011 and 2010, Ferrellgas did not recognize any gain or loss in earnings related to hedge ineffectiveness and did not exclude any component of the financial derivative contract gain or loss from the assessment of hedge effectiveness related to these cash flow hedges.

The fair value of the financial derivative instruments below are included within "Prepaid expenses and other current assets" and "Other current liabilities" on the consolidated balance sheets:

	2011	2010
Derivatives — Price risk management assets	$ 7,637	$ 1,882
Derivatives — Price risk management liabilities	$ 2,476	$ 2,039

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

	For the year ended July 31,	
	2011	2010
Fair value gain adjustment classified as OCI with offset in Price risk management assets and Price risk management liabilities	$ 22,676	$ 12,063
Reclassification of net gains originally recorded within OCI to Cost of product sold — propane and other gas liquids	$ 17,358	$ 11,231

Ferrellgas expects to reclassify net gains of approximately $5.2 million to earnings during the next 12 months. These net gains are expected to be offset by margins on propane sales commitments Ferrellgas has with its customers that qualify for the normal purchase normal sales exception.

During the years ended July 31, 2011 and 2010, Ferrellgas had no reclassifications to earnings resulting from discontinuance of any cash flow hedges arising from the probability of the original forecasted transactions not occurring within the originally specified period of time defined within the hedging relationship.

As of July 31, 2011, Ferrellgas had financial derivative contracts covering 0.5 million barrels of propane that were entered into as cash flow hedges of forward and forecasted purchases of propane.

During the years ended July 31, 2011 and 2010, four counterparties represented 87% and 84%, respectively, of net settled cash flow hedging positions reported in "Cost of product sold — propane and other gas liquids sales." During the years ended July 31, 2011 and 2010, Ferrellgas neither held nor entered into financial derivative contracts that contained credit risk related contingency features.

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

The three levels defined by the GAAP hierarchy are as follows:

- Level 1 — Quoted prices available in active markets for identical assets or liabilities.
- Level 2 — Pricing inputs not quoted in active markets but either directly or indirectly observable.
- Level 3 — Significant inputs to pricing that have little or no transparency with inputs requiring significant management judgment or estimation.

Ferrellgas considers over-the-counter derivative instruments entered into directly with third parties as Level 2 valuation since the values of these derivatives are quoted by third party brokers and are on an exchange for similar transactions. The market prices used to value Ferrellgas' derivatives have been determined using independent third party prices, readily available market information, broker quotes, and appropriate valuation techniques.

At July 31, 2011 and 2010, all derivative assets and liabilities qualified for classification as Level 2 - other observable inputs as defined by the GAAP hierarchy. All financial derivatives assets and liabilities were non-trading positions.

K. <u>Transactions with related parties</u>

General partner

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

	For the year ended July 31,		
	2011	2010	2009
Operating expense	$ 206,276	$ 224,974	$ 217,374
General and administrative expense	$ 26,777	$ 24,620	$ 23,801

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

Board of Directors

During fiscal 2009, Ferrellgas received payments totaling $0.3 million for services provided to and sublease revenue receipts from Samson Dental Practice Management, LLC, a company wholly-owned by Mr. Ferrell.

Elizabeth Solberg, who was a member of the general partner's Board of Directors during fiscal 2011, serves as the General Manager of Fleishman-Hillard Inc. During fiscal 2011, 2010 and 2009, Ferrellgas paid Fleishman-Hillard Inc. $0.1 million, $0.2 million and $0.2 million, respectively for marketing and communications services.

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L. Contingencies and commitments

Litigation

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

Ferrellgas has been named as a defendant in lawsuits filed in multiple federal and state courts that seek to certify nationwide or statewide classes related to its Blue Rhino branded propane tank exchange activities. The plaintiffs in each case generally allege that Ferrellgas failed to inform consumers of the amount of propane contained in propane tanks they purchased and that Ferrellgas violated anti-trust laws by allegedly conspiring with a competitor. The federal cases have been coordinated for multidistrict treatment in the United States District Court for the Western District of Missouri. Ferrellgas believes these claims will not have a material impact beyond the $10.0 million litigation accrual established for these claims during the current year period.

Ferrellgas has also been named as a defendant in a class action lawsuit filed in the United States District Court in Kansas. The complaint alleges that Ferrellgas violates consumer protection laws in the manner Ferrellgas sets prices and fees for its customers. Based on Ferrellgas' business practices, Ferrellgas believes that the claims are without merit and intends to defend the claims vigorously.

Long-term debt-related commitments

Ferrellgas has long and short-term payment obligations under agreements such as senior notes and its credit facility. See Note H — Debt — for a description of these debt obligations and a schedule of future maturities.

Operating lease commitments and buyouts

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

Ferrellgas is required to recognize a liability for the fair value of guarantees. The only material guarantees Ferrellgas has are associated with residual value guarantees of operating leases. Most of the operating leases involving Ferrellgas' transportation equipment contain residual value guarantees. These transportation equipment lease arrangements are scheduled to expire over the next seven fiscal years. Most of these arrangements provide that the fair value of the equipment will equal or exceed a guaranteed amount, or Ferrellgas will be required to pay the lessor the difference. The fair value of these residual value guarantees was $0.8 million as of July 31, 2011. Although the fair values of the underlying equipment at the end of the lease terms have historically exceeded these guaranteed amounts, the maximum potential amount of aggregate future payments Ferrellgas could be required to make under these leasing arrangements, assuming the equipment is worthless at the end of the lease term, was $4.4 million as of July 31, 2011. Ferrellgas does not know of any event, demand, commitment, trend or uncertainty that would result in a material change to these arrangements.

Operating lease buyouts represent the maximum amount Ferrellgas would pay if it were to exercise its right to buyout the assets at the end of their lease term.

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The following table summarizes Ferrellgas' contractual operating lease commitments and buyout obligations as of July 31, 2011:

	Future minimum rental and buyout amounts by fiscal year					
	2012	2013	2014	2015	2016	Thereafter
Operating lease obligations	$ 20,998	$ 15,023	$ 11,680	$ 9,270	$ 7,401	$ 10,880
Operating lease buyouts	$ 3,205	$ 1,456	$ 899	$ 787	$ 966	$ 4,372

Certain property and equipment is leased under non-cancelable operating leases, which require fixed monthly rental payments and which expire at various dates through 2024. Rental expense under these leases totaled $33.3 million, $33.7 million and $38.6 million for fiscal 2011, 2010 and 2009, respectively.

M. Employee benefits

Ferrellgas has no employees and is managed and controlled by its general partner. Ferrellgas assumes all liabilities, which include specific liabilities related to the following employee benefit plans for the benefit of the officers and employees of the general partner.

Ferrell Companies makes contributions to the ESOT, which causes a portion of the shares of Ferrell Companies owned by the ESOT to be allocated to employees' accounts over time. The allocation of Ferrell Companies' shares to employee accounts causes a non-cash compensation charge to be incurred by Ferrellgas, equivalent to the fair value of such shares allocated. This non-cash compensation charge is reported separately in Ferrellgas' consolidated statements of earnings and thus excluded from operating and general and administrative expenses. The non-cash compensation charges were $10.2 million, $9.3 million and $6.8 million during fiscal 2011, 2010 and 2009, respectively. Ferrellgas is not obligated to fund or make contributions to the ESOT.

The general partner and its parent, Ferrell Companies, have a defined contribution profit-sharing plan which includes both profit sharing and matching contributions. The plan covers substantially all full time employees. With the establishment of the ESOP in July 1998, Ferrellgas suspended future contributions to the profit sharing plan beginning with fiscal 1998. The plan, which qualifies under section 401(k) of the Internal Revenue Code, also provides for matching contributions under a cash or deferred arrangement based upon participant salaries and employee contributions to the plan. Matching contributions for fiscal 2011, 2010 and 2009 were $3.1 million, $3.2 million and $2.7 million, respectively.

The general partner has a defined benefit plan that provides participants who were covered under a previously terminated plan with a guaranteed retirement benefit at least equal to the benefit they would have received under the terminated plan. Until July 31, 1999, benefits under the terminated plan were determined by years of credited service and salary levels. As of July 31, 1999, years of credited service and salary levels were frozen. The general partner's funding policy for this plan is to contribute amounts deductible for Federal income tax purposes and invest the plan assets primarily in corporate stocks and bonds, U.S. Treasury bonds and short-term cash investments. During fiscal 2011, 2010 and 2009, other comprehensive income and other liabilities were adjusted by $0.2 million, $46 thousand and $(6.0) thousand, respectively.

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

Below is a calculation of the basic and diluted net earnings (loss) available per common unitholders' interest in the consolidated statements of earnings for the periods indicated. In accordance with guidance issued by the FASB regarding participating securities and the two-class method, Ferrellgas calculates net earnings (loss) per common unitholders' interest for each period presented according to distributions declared and participation rights in undistributed earnings, as if all of the earnings or loss for the period had been distributed. In periods with undistributed earnings above certain levels, the calculation according to the two-class method results in an increased allocation of undistributed earnings to the general partner and a dilution of the earnings to the limited partners. There was not a dilutive effect resulting from this guidance on basic and diluted net earnings (loss) per common unitholders' interest for fiscal 2011, 2010 and 2009.

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

	For the year ended July 31,		
	2011	2010	2009
Common unitholders' interest in net earnings (loss)	$ (43,212)	$ 32,382	$ 52,046
Weighted average common units outstanding (in thousands)	72,313.6	69,241.7	65,540.7
Dilutive securities	—	131.8	72.7
Weighted average common units outstanding plus dilutive securities	72,313.6	69,373.5	65,613.4
Basic and diluted net earnings (loss) per common unitholders' interest	$ (0.60)	$ 0.47	$ 0.79

O. Quarterly data (unaudited)

The following summarized unaudited quarterly data includes all adjustments (consisting only of normal recurring adjustments, with the exception of those items indicated below), which Ferrellgas considers necessary for a fair presentation. Due to the seasonality of the propane distribution industry, first and

fourth quarter Revenues, gross margin from propane and other gas liquids sales, Net earnings attributable to Ferrellgas Partners, L.P. and Common unitholders' interest in net earnings are consistently less than the second and third quarter results. Other factors affecting the results of operations include competitive conditions, demand for product, timing of acquisitions, variations in the weather and fluctuations in propane prices. The sum of Common unitholders' interest in net earnings by quarter in fiscal 2010 do not equal the total Common unitholders' interest in net earnings for the year due to the effect of guidance issued by the FASB regarding participating securities and the two-class method on quarterly computations of Common unitholders' interest in net earnings in the second quarter of fiscal 2010. See Note N — Net earnings (loss) per common unitholders' interest — for further discussion of this calculation. The sum of Basic and diluted net earnings (loss) per common unitholders' interest by quarter may not equal the Basic and diluted net earnings (loss) per common unitholders' interest for the year due to variations in the weighted average units outstanding used in computing such amounts.

For the year ended July 31, 2011

	First quarter	Second quarter (b)	Third quarter (c)	Fourth quarter
Revenues	$ 400,192	$ 840,992	$ 732,373	$ 449,658
Gross margin from propane and other gas liquids sales (a)	$ 112,137	$ 214,763	$ 164,608	$ 111,405
Net earnings (loss)	$ (28,265)	$ 22,419	$ 3,369	$ (41,283)
Net earnings (loss) attributable to Ferrellgas Partners, L.P.	$ (28,043)	$ 22,129	$ 3,173	$ (40,907)
Common unitholders' interest in net earnings (loss)	$ (27,763)	$ 21,908	$ 3,141	$ (40,498)
Basic and diluted net earnings (loss) per common unitholders' interest	$ (0.40)	$ 0.31	$ 0.04	$ (0.53)

For the year ended July 31, 2010

	First quarter (d)	Second quarter	Third quarter (e)	Fourth quarter
Revenues	$ 352,070	$ 777,852	$ 615,290	$ 353,848
Gross margin from propane and other gas liquids sales (a)	$ 126,746	$ 220,368	$ 180,708	$ 114,962
Net earnings (loss)	$ (32,937)	$ 77,858	$ 29,264	$ (40,846)
Net earnings (loss) attributable to Ferrellgas Partners, L.P.	$ (32,665)	$ 77,011	$ 28,863	$ (40,500)
Common unitholders' interest in net earnings (loss)	$ (32,338)	$ 64,397	$ 28,574	$ (40,095)
Basic and diluted net earnings (loss) per common unitholders' interest	$ (0.47)	$ 0.93	$ 0.41	$ (0.58)

(a) Gross margin from "Propane and other gas liquids sales" represents "Revenues - Propane and other gas liquids sales" less "Cost of product sold — propane and other gas liquids sales."

(b) Includes "Loss on extinguishment of debt," which decreased Net earnings by $36.4 million, decreased Net earnings attributable to Ferrellgas Partners, L.P. by $36.1 million, decreased Common unitholders' interest in net earnings by $35.7 million and decreased Basic and diluted net earnings per common unitholders' interest by $0.50. See Note H — Debt — for a discussion of make-whole payments and non-cash write-offs of debt.

(c) Includes litigation accrual and related legal fees, which decreased Net earnings by $10.5 million, decreased Net earnings attributable to Ferrellgas Partners, L.P. by $10.4 million, decreased Common unitholders' interest in net earnings by $10.3 million and decreased Basic and diluted net earnings per common unitholders' interest by $0.14. Also includes "Loss on extinguishment of debt," which decreased Net earnings by $10.5 million, decreased Net earnings attributable to Ferrellgas Partners, L.P. by $10.5 million, decreased Common unitholders' interest in net earnings by $10.4 million and decreased Basic and diluted net earnings per common unitholders' interest by $0.14. See Note L — Contingencies and commitments - for a discussion of the litigation accrual and related legal fees. See Note H — Debt — for a discussion of make-whole payments and non-cash write-offs of debt.

(d) Includes "Loss on extinguishment of debt" which increased Net loss by $17.3 million, increased Net loss attributable to Ferrellgas Partners, L.P. by $17.1 million, increased Common unitholders' interest in net loss by $17.0 million and increased Basic and diluted net loss per common unitholders' interest by $0.25.

(e) Includes "Loss on extinguishment of debt," which decreased Net earnings by $3.4 million, decreased Net earnings attributable to Ferrellgas Partners, L.P. by $3.4 million, decreased Common unitholders' interest in net earnings by $3.4 million and decreased Basic and diluted net earnings per common unitholders' interest by $0.05.

P. Subsequent events

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

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

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of
Ferrellgas Partners Finance Corp.
Overland Park, Kansas

We have audited the accompanying balance sheets of Ferrellgas Partners Finance Corp. (a wholly-owned subsidiary of Ferrellgas Partners, L.P., referred to herein as the "Company") as of July 31, 2011 and 2010, and the related statements of earnings, stockholder's equity, and cash flows for each of the three years in the period ended July 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Ferrellgas Partners Finance Corp. as of July 31, 2011 and 2010, and the results of its operations and its cash flows for each of the three years in the period ended July 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP
Kansas City, Missouri
September 26, 2011

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

BALANCE SHEETS

	July 31, 2011	July 31, 2010
ASSETS		
Cash	$ 969	$ 969
Total assets	$ 969	$ 969
STOCKHOLDER'S EQUITY		
Common stock, $1.00 par value; 2,000 shares authorized; 1,000 shares issued and outstanding	$ 1,000	$ 1,000
Additional paid in capital	8,920	6,131
Accumulated deficit	(8,951)	(6,162)
Total stockholder's equity	$ 969	$ 969

See notes to financial statements.

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

STATEMENTS OF EARNINGS

	For the year ended July 31, 2011	2010	2009
General and administrative expense	$ 2,789	$ 568	$ 445
Net loss	$ (2,789)	$ (568)	$ (445)

See notes to financial statements.

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

STATEMENTS OF STOCKHOLDER'S EQUITY

	Common stock		Additional paid in capital	Accumulated deficit	Total stockholder's equity
	Shares	Dollars			
July 31, 2008	1,000	$ 1,000	$ 5,149	$ (5,149)	$ 1,000
Capital contribution	—	—	445	—	445
Net loss	—	—	—	(445)	(445)
July 31, 2009	1,000	1,000	5,594	(5,594)	1,000
Capital contribution	—	—	537	—	537
Net loss	—	—	—	(568)	(568)
July 31, 2010	1,000	1,000	6,131	(6,162)	969
Capital contribution	—	—	2,789	—	2,789
Net loss	—	—	—	(2,789)	(2,789)
July 31, 2011	1,000	$ 1,000	$ 8,920	$ (8,951)	$ 969

See notes to financial statements.

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

STATEMENTS OF CASH FLOWS

	For the year ended July 31,		
	2011	2010	2009
Cash flows from operating activities:			
Net loss	$ (2,789)	$ (568)	$ (445)
Cash used in operating activities	(2,789)	(568)	(445)
Cash flows from financing activities:			
Capital contribution	2,789	537	445
Cash provided by financing activities	2,789	537	445
Change in cash	—	(31)	—
Cash - beginning of year	969	1,000	1,000
Cash - end of year	$ 969	$ 969	$ 1,000

See notes to financial statements.

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

NOTES TO 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. (the "Partnership").

The Partnership 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. Commitment

During April 2010, the Partnership completed a public offering of $280.0 million in aggregate principal amount of new 8.625% senior unsecured notes due 2020. The Partnership may redeem some or all of the aggregate principal amount of the notes at any time after June 15, 2015. The proceeds from these notes were used to redeem the Partnership's $268.0 million of 8.75% senior notes due 2012 and to pay the related prepayment premiums of $3.4 million.

During March 2011, the Partnership redeemed $98.0 million of its $280.0 million 8.625% fixed rate senior notes due 2020, paid an $8.4 million make-whole payment and paid $2.4 million of accrued interest.

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

The senior unsecured notes contain various restrictive covenants applicable to the Partnership and its subsidiaries, the most restrictive relating to additional indebtedness. As of July 31, 2011, the Partnership is in compliance with all requirements, tests, limitations and covenants related to this debt agreement.

C. Income taxes

Income taxes have been computed separately as the Finance Corp. files its own income tax return. Deferred income taxes are provided as a result of temporary differences between financial and tax reporting using the asset/liability method. Deferred income taxes are recognized for the tax consequences of temporary differences between the financial statement carrying amounts and tax basis of existing assets and liabilities.

Due to the inability of the Finance Corp. to utilize the deferred tax benefit of $2,416 associated with the net operating loss carryforward of $6,210, which expire at various dates through July 31, 2030, a valuation allowance has been provided on the full amount of the deferred tax asset. Accordingly, there is no net deferred tax benefit for fiscal 2011, 2010 or 2009, and there is no net deferred tax asset as of July 31, 2011 and 2010.

D. Subsequent events

The Finance Corp. has evaluated events and transactions occurring after the balance sheet date through the date the Finance Corp.'s 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 financial statements.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners of
Ferrellgas, L.P. and subsidiaries
Overland Park, Kansas

We have audited the accompanying consolidated balance sheets of Ferrellgas, L.P. and subsidiaries ("Ferrellgas") as of July 31, 2011 and 2010, and the related consolidated statements of earnings, partners' capital, and cash flows for each of the three years in the period ended July 31, 2011. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of Ferrellgas' management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Ferrellgas, L.P. and subsidiaries as of July 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended July 31, 2011, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note B to the consolidated financial statements, effective August 1, 2010, the Partnership adopted new accounting guidance with respect to transfers of financial assets and the consolidation of variable interest entities.

/s/ DELOITTE & TOUCHE LLP
Kansas City, Missouri
September 26, 2011

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FERRELLGAS, L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands)

	July 31,	
	2011	2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,342	$ 11,389
Accounts and notes receivable (including $112,509 and $0 of accounts receivable pledged as collateral at 2011 and 2010, respectively, and net of allowance for doubtful accounts of $4,310 and $5,010 at 2011 and 2010, respectively)	159,532	89,234
Inventories	136,139	166,911
Prepaid expenses and other current assets	23,867	13,832
Total current assets	326,880	281,366
Property, plant and equipment, net	642,205	652,768
Goodwill	248,944	248,939
Intangible assets, net	204,136	221,057
Other assets, net	34,651	32,047
Total assets	$ 1,456,816	$ 1,436,177
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Accounts payable	$ 67,541	$ 48,658
Short-term borrowings	64,927	67,203
Collateralized note payable	61,000	—
Other current liabilities	102,674	104,735
Total current liabilities	296,142	220,596
Long-term debt	868,920	831,088
Other liabilities	23,068	21,446
Contingencies and commitments (Note L)	—	—
Partners' capital:		
Limited partner	261,323	359,782
General partner	2,669	3,671
Accumulated other comprehensive income (loss)	4,694	(406)
Total partners' capital	268,686	363,047
Total liabilities and partners' capital	$ 1,456,816	$ 1,436,177

See notes to consolidated financial statements.

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FERRELLGAS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS
(in thousands)

	For the year ended July 31,		
	2011	2010	2009
Revenues:			
Propane and other gas liquids sales	$ 2,212,257	$ 1,900,318	$ 1,829,653
Other	210,958	198,742	239,869
Total revenues	2,423,215	2,099,060	2,069,522
Costs and expenses:			
Cost of product sold - propane and other gas liquids sales	1,609,344	1,257,534	1,207,368
Cost of product sold - other	124,470	108,638	152,853
Operating expense (includes $3.8 million, $2.2 million and $0.8 million for the years ended July 31, 2011, 2010 and 2009, respectively, for non-cash stock and unit-based compensation)	410,680	408,590	400,407
Depreciation and amortization expense	82,486	82,491	82,494
General and administrative expense (includes $9.7 million, $5.7 million and $1.5 million for the years ended July 31, 2011, 2010 and 2009, respectively, for non-cash stock and unit-based compensation)	61,891	51,772	41,382
Equipment lease expense	14,435	13,441	18,406
Non-cash employee stock ownership plan compensation charge	10,157	9,322	6,755
Loss on disposal of assets and other	3,633	8,485	13,042
Operating income	106,119	158,787	146,815
Interest expense	(80,074)	(76,786)	(65,785)
Loss on extinguishment of debt	(36,449)	(17,308)	—

Other income (expense), net	567	(442)	(1,321)
Earnings (loss) before income taxes	(9,837)	64,251	79,709
Income tax expense	1,225	1,890	2,208
Net earnings (loss)	$ (11,062)	$ 62,361	$ 77,501

See notes to consolidated financial statements.

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FERRELLGAS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(in thousands)

			Accumulated other comprehensive income (loss)			
	Limited partner	**General partner**	**Risk management**	**Currency translation adjustments**	**Pension liability**	**Total partners' capital**
Balance at July 31, 2008	$ 413,507	$ 4,220	$ 18,749	$ 26	$ (233)	$ 436,269
Contributions in connection with non-cash ESOP and stock and unit-based compensation charges	8,975	92	—	—	—	9,067
Net assets contributed by Ferrellgas Partners and cash contributed by the general partner in connection with acquisitions	5,515	56	—	—	—	5,571
Cash contributed by Ferrellgas Partners and the general partner	69,848	713	—	—	—	70,561
Cash distributions	(156,031)	(1,592)	—	—	—	(157,623)
Comprehensive income:						
Net earnings	76,718	783	—	—	—	77,501
Other comprehensive income (loss):						
Net loss on risk management derivatives	—	—	(186,449)	—	—	
Reclassification of derivatives to earnings	—	—	166,711	—	—	
Foreign currency translation adjustment	—	—	—	(7)	—	
Tax effect on foreign currency translation adjustment	—	—	—	3	—	
Pension liability adjustment	—	—	—	—	6	
Other comprehensive income (loss)						(19,736)
Comprehensive income						57,765
Balance at July 31, 2009	418,532	4,272	(989)	22	(227)	421,610
Contributions in connection with non-cash ESOP and stock and unit-based compensation charges	16,980	173	—	—	—	17,153
Net assets contributed by Ferrellgas Partners and cash contributed by the general partner in connection with acquisitions	3,061	31	—	—	—	3,092
Cash contributed by Ferrellgas Partners and the general partner	51,300	523	—	—	—	51,823
Cash distributions	(191,822)	(1,958)	—	—	—	(193,780)
Comprehensive income:						
Net earnings	61,731	630	—	—	—	62,361
Other comprehensive income (loss):						
Net earnings on risk management derivatives	—	—	12,063	—	—	
Reclassification of derivatives to earnings	—	—	(11,231)	—	—	
Foreign currency translation adjustment	—	—	—	3	—	
Tax effect on foreign currency translation adjustment	—	—	—	(1)	—	
Pension liability adjustment	—	—	—	—	(46)	

Other comprehensive income (loss)						788
Comprehensive income						63,149
Balance at July 31, 2010	359,782	3,671	(157)	24	(273)	363,047
Contributions in connection with non-cash ESOP and stock and unit-based compensation charges	23,406	239	—	—	—	23,645
Contributions in connection with acquisitions and other	2,940	30	—	—	—	2,970
Cash contributed by Ferrellgas Partners and general partner	157,680	1,611	—	—	—	159,291
Cash distributions	(272,777)	(2,783)	—	—	—	(275,560)
Comprehensive loss:						
Net loss	(10,950)	(112)	—	—	—	(11,062)
Cumulative effect of change in accounting principle	1,242	13	—	—	—	1,255
Other comprehensive income (loss):						
Net earnings on risk management derivatives	—	—	22,676	—	—	
Reclassification of derivatives to earnings	—	—	(17,358)	—	—	
Foreign currency translation adjustment	—	—	—	2	—	
Pension liability adjustment	—	—	—	—	(220)	
Other comprehensive income (loss)						5,100
Comprehensive loss						(4,707)
Balance at July 31, 2011	$ 261,323	$ 2,669	$ 5,161	$ 26	$ (493)	$ 268,686

See notes to consolidated financial statements.

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FERRELLGAS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the year ended July 31,		
	2011	2010	2009
Cash flows from operating activities:			
Net earnings (loss)	$ (11,062)	$ 62,361	$ 77,501
Reconciliation of net earnings (loss) to net cash provided by operating activities:			
Depreciation and amortization expense	82,486	82,491	82,494
Non-cash employee stock ownership plan compensation charge	10,157	9,322	6,755
Non-cash stock and unit-based compensation charge	13,488	7,831	2,312
Loss on disposal of assets	3,633	7,296	5,009
Loss on transfer of accounts receivable related to the accounts receivable securitization	—	6,566	12,124
Loss on extinguishment of debt	25,403	—	—
Provision for doubtful accounts	6,212	8,440	5,317
Deferred tax expense	751	439	388
Other	3,755	1,417	(854)
Changes in operating assets and liabilities, net of effects from business acquisitions:			
Accounts and notes receivable, net of securitization	(28,732)	2,529	65,466
Inventories	30,772	(37,103)	22,493
Prepaid expenses and other current assets	(4,317)	(831)	(118)
Accounts payable	18,613	(263)	(21,054)
Accrued interest expense	449	601	(156)
Other current liabilities	(3,268)	(139)	4,995
Other liabilities	439	1,544	(1,044)
Accounts receivable securitization:			
Proceeds from new accounts receivable securitizations	—	124,000	109,000
Proceeds from collections reinvested in revolving period accounts receivable securitizations	—	1,334,144	1,231,336
Remittances of amounts collected as servicer of accounts receivable securitizations	—	(1,448,144)	(1,376,336)
Net cash provided by operating activities	148,779	162,501	225,628

Cash flows from investing activities:			
Business acquisitions, net of cash acquired	(7,327)	(40,914)	(2,706)
Capital expenditures	(49,759)	(45,185)	(54,085)
Proceeds from sale of assets	5,994	9,220	8,199
Other	—	(4,480)	(4,643)
Net cash used in investing activities	(51,092)	(81,359)	(53,235)
Cash flows from financing activities:			
Distributions	(275,560)	(193,780)	(157,623)
Contributions from partners	159,291	51,823	70,561
Proceeds from increase in long-term debt	564,807	656,861	208,259
Payments on long-term debt	(552,285)	(576,955)	(239,555)
Net additions to (reductions in) short-term borrowings	(2,276)	1,044	(59,570)
Net additions to collateralized short-term borrowings	14,000	—	—
Cash paid for financing costs	(9,713)	(15,798)	(3,953)
Net cash used in financing activities	(101,736)	(76,805)	(181,881)
Effect of exchange rate changes on cash	2	2	(7)
Increase (decrease) in cash and cash equivalents	(4,047)	4,339	(9,495)
Cash and cash equivalents - beginning of year	11,389	7,050	16,545
Cash and cash equivalents - end of year	$ 7,342	$ 11,389	$ 7,050

See notes to consolidated financial statements.

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

A. Partnership organization and formation

Ferrellgas, L.P. was formed on April 22, 1994, and is a Delaware limited partnership. Ferrellgas, L.P. owns and operates propane distribution and related assets. Ferrellgas Partners, L.P. ("Ferrellgas Partners"), a publicly traded limited partnership, holds an approximate 99% limited partner interest in, and consolidates, Ferrellgas, L.P. Ferrellgas, Inc. (the "general partner"), a wholly-owned subsidiary of Ferrell Companies, Inc. ("Ferrell Companies"), holds an approximate 1% general partner interest in Ferrellgas, L.P. and performs all management functions required by Ferrellgas, L.P. Ferrellgas Partners and Ferrellgas, L.P. 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.

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

Ferrell Companies is wholly-owned by a leveraged employee stock ownership trust ("ESOT") established pursuant to the Ferrell Companies Employee Stock Ownership Plan ("ESOP"). The purpose of the ESOP is to provide employees of the general partner an opportunity for ownership in Ferrell Companies and indirectly in Ferrellgas, L.P. As contributions are made by Ferrell Companies to the ESOT in the future, shares of Ferrell Companies are allocated to the employees' ESOP accounts.

B. Summary of significant accounting policies

(1) Nature of operations: Ferrellgas, L.P. is a single reportable operating segment engaged primarily in the distribution of propane and related equipment and supplies in the United States. The propane distribution market is seasonal because propane is used primarily for heating in residential and commercial buildings. Ferrellgas, L.P. serves approximately one million residential, industrial/commercial, portable tank exchange, agricultural, wholesale and other customers in all 50 states, the District of Columbia, and Puerto Rico.

(2) Accounting estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. Significant estimates impacting the consolidated financial statements include accruals that have been established for contingent liabilities, pending claims and legal actions arising in the normal course of business, useful lives of property, plant and equipment assets, residual values of tanks, capitalization of customer tank installation costs, amortization methods of intangible assets, valuation methods used to value sales returns and allowances, allowance for doubtful accounts, fair values of derivative contracts and stock and unit-based compensation calculations.

(3) Principles of consolidation: The accompanying consolidated financial statements present the consolidated financial position, results of operations and cash flows of Ferrellgas, L.P. and its subsidiaries after elimination of all material intercompany accounts and transactions. Ferrellgas, L.P.

consolidates the following wholly-owned taxable corporations: Blue Rhino Global Sourcing, Inc. and Blue Rhino Canada, Inc. Ferrellgas Receivables, LLC ("Ferrellgas Receivables"), a wholly-owned consolidated subsidiary, is a special purpose entity that has agreements with Ferrellgas, L.P. to securitize, on an ongoing basis, a portion of its trade accounts receivable.

(4) Supplemental cash flow information: For purposes of the 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 year ended July 31,		
	2011	2010	2009
CASH PAID FOR:			
Interest	$ 72,211	$ 66,223	$ 59,626
Income taxes	$ 575	$ 1,524	$ 1,374
NON-CASH INVESTING ACTIVITIES:			
Assets contributed from Ferrellgas Partners in connection with acquisitions	$ 2,940	$ 3,061	$ 5,515
Issuance of liabilities in connection with acquisitions	$ 2,290	$ 5,494	$ 1,673
Property, plant and equipment additions	$ 807	$ 593	$ 973

See Note B — Summary of significant accounting policies - (20) New accounting standards — Transfers of financial assets and variable interest entities — below for a discussion of the non-cash impact of the adoption of new accounting standards during the current year period.

(5) Accounts receivable securitization: Through its wholly-owned and consolidated subsidiary Ferrellgas Receivables, Ferrellgas, L.P. has agreements to securitize, on an ongoing basis, a portion of its trade accounts receivable. See Note B — Summary of significant accounting policies - (20) New accounting standards — Transfers of financial assets and variable interest entities — below regarding new accounting guidance for financial asset transfers and variable interest entities ("VIEs") that was effective August 1, 2010.

(6) Inventories: Inventories are stated at the lower of cost or market using weighted average cost and actual cost methods.

(7) Property, plant and equipment: Property, plant and equipment are stated at cost less accumulated depreciation. Expenditures for maintenance and routine repairs are expensed as incurred. Ferrellgas, L.P. capitalizes computer software, equipment replacement and betterment expenditures that upgrade, replace or completely rebuild major mechanical components and extend the original useful life of the equipment. Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets ranging from two to 30 years. Ferrellgas, L.P., using its best estimates based on reasonable and supportable assumptions and projections, reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of its assets might not be recoverable. See Note E — Supplemental financial statement information — for further discussion of property, plant and equipment.

(8) Goodwill: Ferrellgas, L.P. records goodwill as the excess of the cost of acquisitions over the fair value of the related net assets at the date of acquisition. Goodwill is subject to at least an annual assessment for impairment by applying a fair-value-based test. The carrying value of each reporting unit is determined by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units as of the date of the evaluation on a specific identification

basis. To the extent a reporting unit's carrying value exceeds its fair value, an indication exists that the reporting unit's goodwill may be impaired and the second step of the impairment test must be performed. In the second step, the implied fair value of the goodwill is determined by allocating the fair value of all of its assets (recognized and unrecognized) and liabilities to it carrying amount. Ferrellgas, L.P. has completed the impairment test for each of its reporting units and determined that no impairment existed as of January 31, 2011.

(9) Intangible assets: Intangible assets with finite useful lives, consisting primarily of customer lists, non-compete agreements and patented technology, are stated at cost, net of accumulated amortization calculated using the straight-line method over periods ranging from two to 15 years. Trade names and trademarks have indefinite lives, are not amortized, and are stated at cost. Ferrellgas, L.P. tests finite-lived intangible assets for impairment when events or changes in circumstances indicate that the carrying amount of these assets might not be recoverable. Ferrellgas, L.P. tests indefinite-lived intangible assets for impairment annually on January 31 or more frequently if circumstances dictate. Ferrellgas, L.P. has not recognized impairment losses as a result of these tests. When necessary, intangible assets' useful lives are revised and the impact on amortization reflected on a prospective basis. See Note G — Goodwill and intangible assets, net — for further discussion of intangible assets.

(10) Derivatives and hedging activities: Ferrellgas, L.P.'s overall objective for entering into derivative contracts, including commodity options and swaps, is to hedge a portion of its exposure to market fluctuations in propane prices. These financial instruments are formally designated and documented as a hedge of a specific underlying exposure, as well as the risk management objectives and strategies for undertaking the hedge transaction. Because of the high degree of correlation between the hedging instrument and the underlying exposure being hedged, fluctuations in the value of the derivative instrument are generally offset by changes in the anticipated cash flows of the underlying exposure being hedged. The fair value of these derivatives fluctuates over the length of the contracts. These fair value amounts should not be viewed in isolation, but rather in relation to the anticipated cash flows of the underlying hedged transaction and the overall reduction in Ferrellgas, L.P.'s risk relating to adverse fluctuations in propane prices. Ferrellgas, L.P. formally assesses, both at inception and at least quarterly thereafter, whether the financial instruments that are used in hedging transactions are effective at offsetting changes in the anticipated cash flows of the related underlying exposures. Any ineffective portion of a financial instrument's change in fair value is recognized in "Cost of product sold - propane and other gas liquids sales" in the consolidated statements of earnings. Ferrellgas, L.P. also enters into derivative contracts that qualify for the normal purchase normal sales exception within GAAP guidance. Financial instruments formally designated and documented as a hedge of a specific underlying exposure are recorded gross at fair value as either "Prepaid expenses and other current assets" or "Other current liabilities" on the consolidated balance sheets with changes in fair value reported in other comprehensive income.

(11) Revenue recognition: Revenues from the distribution of propane and other gas liquids, including revenues from customer deposits and advances, are recognized by Ferrellgas, L.P. at the time product is delivered to its customers. Other revenues, which include revenue from the sale of propane

appliances and equipment is recognized at the time of delivery or installation. Ferrellgas, L.P. recognizes shipping and handling revenues and expenses for sales of propane, appliances and equipment at the time of delivery or installation. Shipping and handling revenues are included in the price of propane charged to customers, and are classified as revenue. Revenues from annually billed, non-refundable tank rentals are recognized on a straight-line basis over one year.

(12) Shipping and handling expenses: Shipping and handling expenses related to delivery personnel, vehicle repair and maintenance and general liability expenses are classified within

"Operating expense" in the consolidated statements of earnings. Depreciation expenses on delivery vehicles Ferrellgas, L.P. owns are classified within "Depreciation and amortization expense." Delivery vehicles and distribution technology leased by Ferrellgas, L.P. are classified within "Equipment lease expense." See Note E — Supplemental financial statement information — for the financial statement presentation of shipping and handling expenses.

(13) Cost of product sold: "Cost of product sold — propane and other gas liquids sales" includes all costs to acquire propane and other gas liquids, the costs of storing and transporting inventory prior to delivery to Ferrellgas, L.P.'s customers, the results from risk management activities to hedge related price risk and the costs of materials related to the refurbishment of Ferrellgas, L.P.'s portable propane tanks. "Cost of product sold — other" primarily includes costs related to the sale of propane appliances and equipment.

(14) Operating expenses: "Operating expense" primarily includes the personnel, vehicle, delivery, handling, plant, office, selling, marketing, credit and collections and other expenses related to the retail distribution of propane and related equipment and supplies.

(15) General and administrative expenses: "General and administrative expense" primarily includes personnel and incentive expense related to executives and employees and other overhead expense related to centralized corporate functions.

(16) Stock-based and unit option plans:

Ferrellgas Unit Option Plan ("UOP")

The UOP is authorized to issue options covering up to 1.35 million common units to employees of the general partner or its affiliates. The Compensation Committee of the Board of Directors of the general partner administers the UOP, authorizes grants of unit options thereunder and sets the unit option price and vesting terms of unit options in accordance with the terms of the UOP. No single officer or director of the general partner may acquire more than 314,895 common units under the UOP. The options currently outstanding under the UOP vest over a five-year period, and expire on the tenth anniversary of the date of the grant. The fair value of each option award is estimated on the date of grant using a binomial option valuation model. Expected volatility is based on the historical volatility of Ferrellgas Partners' publicly-traded common units. Historical information is used to estimate option exercise and employee termination behavior. Management believes that there are three groups of employees eligible to participate in the UOP. The expected term of options granted is derived from historical exercise patterns and represents the period of time that options are expected to be outstanding. The risk free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. During the years ended July 31, 2011, 2010 and 2009, the portion of the total non-cash compensation charge relating to the UOP was $13 thousand, $23 thousand and $15 thousand, respectively, and related to grants of unit options to acquire 0.3 million common units.

Ferrell Companies, Inc. Incentive Compensation Plan ("ICP")

The ICP is not a Ferrellgas, L.P. stock-compensation plan; however, in accordance with Ferrellgas, L.P.'s partnership agreements, all Ferrellgas, L.P. employee-related costs incurred by Ferrell Companies are allocated to Ferrellgas, L.P. As a result, Ferrellgas, L.P. incurs a non-cash compensation charge from Ferrell Companies. During the years ended July 31, 2011, 2010 and 2009, the portion of the total non-cash compensation charge relating to the ICP was $13.5 million, $7.8 million and $2.3 million, respectively.

Ferrell Companies is authorized to issue up to 9.25 million stock based awards that are based on shares of Ferrell Companies common stock. The ICP was established by Ferrell Companies to allow

upper-middle and senior level managers as well as directors of the general partner to participate in the equity growth of Ferrell Companies. The ICP awards vest ratably over periods ranging from zero to 12 years or 100% upon a change of control of Ferrell Companies, or upon the death, disability or retirement at the age of 65 of the participant. All awards expire 10 or 15 years from the date of issuance. During fiscal 2011, all ICP stock options were exchanged for stock appreciation rights ("SARs") with terms and conditions nearly identical to the stock options they replaced. The fair value of each award is estimated on each balance sheet date using a binomial valuation model.

(17) Income taxes: Ferrellgas, L.P. is a limited partnership and owns four subsidiaries that are taxable corporations. As a result, except for the taxable corporations, Ferrellgas, L.P.'s earnings or losses for federal income tax purposes are included in the tax returns of the individual partners. Accordingly, the accompanying consolidated financial statements of Ferrellgas, L.P. reflect federal income taxes related to the above mentioned taxable corporations and certain states that allow for income taxation of partnerships. Net earnings for financial statement purposes may differ significantly from taxable income reportable to partners as a result of differences between the tax basis and financial reporting basis of assets and liabilities, the taxable income allocation requirements under Ferrellgas, L.P.'s partnership agreement and differences between Ferrellgas, L.P.'s financial reporting year end and limited partners tax year end.

Income tax expense consisted of the following:

	For the year ended July 31,

	2011	2010	2009
Current expense	$ 474	$ 1,451	$ 1,820
Deferred expense	751	439	388
Income tax expense	$ 1,225	$ 1,890	$ 2,208

Deferred taxes consisted of the following:

	2011	2010
Deferred tax assets	$ 992	$ 1,030
Deferred tax liabilities	(3,194)	(2,481)
Net deferred tax liability	$ (2,202)	$ (1,451)

(18) Sales taxes: Ferrellgas, L.P. accounts for the collection and remittance of sales tax on a net tax basis. As a result, these amounts are not reflected in the consolidated statements of earnings.

(19) Segment information: Ferrellgas, L.P. is a single reportable operating segment engaging in the distribution of propane and related equipment and supplies to customers primarily in the United States.

(20) New accounting standards:

FASB Accounting Standard Update No. 2011-05

In June 2011, the Financial Accounting Standards Board ("FASB") issued FASB Accounting Standard Update No. 2011-05 (ASU 2011-05), which revises the presentation of comprehensive income in the financial statements. The new guidance requires entities to report components of comprehensive income in either a continuous statement of comprehensive income or two separate but consecutive statements. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Ferrellgas, L.P. does not expect the adoption of

this guidance in fiscal 2013 to have a significant impact on its financial position, results of operations or cash flows.

Transfers of financial assets and variable interest entities

In June 2009, the FASB issued two amendments to existing GAAP, one of which eliminates the concept of a qualifying special-purpose-entity ("QSPEs"). The second amends guidance applicable to VIEs. The provisions of these amendments require Ferrellgas, L.P. to evaluate all VIEs to determine whether they must be consolidated.

As a result of the prospective adoption of these amendments on August 1, 2010, Ferrellgas Receivables is now accounted for as a consolidated subsidiary. Upon adoption, Ferrellgas, L.P. recognized $107.9 million of "Accounts receivable pledged as collateral, net," $0.6 million of "Other assets, net" and $47.0 million of "Collateralized notes payable," derecognized $44.9 million of "Notes receivable from Ferrellgas Receivables" and $15.3 million of "Retained interest in Ferrellgas Receivables" and recorded a $1.3 million "Cumulative effect of a change in accounting principle."

Subsequent to adoption, expenses associated with these transactions are now recorded in "Interest expense" and are no longer recorded in "Loss on transfer of accounts receivable related to the accounts receivable securitization" or "Service income related to the accounts receivable securitization" in the consolidated statements of earnings. Additionally, borrowings and repayments associated with these transactions are now recorded in "Cash flows from financing activities" and no longer recorded in "Cash flows from operating activities" in the consolidated statements of cash flows. The adoption of these amendments did not have a significant impact on Ferrellgas, L.P.'s debt covenant agreements.

C. <u>Business combinations</u>

Business combinations are accounted for under the purchase method and the assets acquired and liabilities assumed are recorded at their estimated fair market values as of the acquisition dates. The results of operations are included in the consolidated statements of earnings from the date of acquisition. The pro forma effect of these transactions was not material to Ferrellgas, L.P.'s balance sheet or results of operations.

During fiscal 2011, Ferrellgas, L.P. acquired propane distribution assets with an aggregate value of $12.6 million in the following five transactions:

- Beatty's Gas, based in Pennsylvania, acquired October 2010;
- Kings River Propane, based in California, acquired December 2010;
- Bennett Gas Company, based in Georgia, acquired December 2010;
- Ram Propane, based in Wyoming, acquired March 2011; and
- Williams Panhandle Propane, based in Florida, acquired July 2011.

These acquisitions were funded by $7.3 million in cash payments, the issuances of $2.4 million of liabilities and other costs and considerations, and the contribution of net assets of $2.9 million from Ferrellgas Partners.

The aggregate fair values of these five transactions were allocated as follows:

Customer tanks, buildings, land and other	$ 7,746

Non-compete agreements	1,684
Goodwill	5
Customer lists	3,151
	$ 12,586

The estimated fair values and useful lives of assets acquired are based on a preliminary internal valuation and are subject to final valuation adjustments. Ferrellgas, L.P. intends to continue its analysis of the net assets of these transactions to determine the final allocation of the total purchase price to the various assets and liabilities acquired.

During fiscal 2010, Ferrellgas, L.P. acquired propane distribution assets with an aggregate value of $45.1 million in the following transaction:

- Vanson, LLC, based in Michigan, acquired September 2009.

This acquisition was funded by $36.5 million in cash payments, the issuances of $5.5 million of liabilities and other costs and considerations, and the contribution of net assets of $3.1 million from Ferrellgas Partners.

The aggregate fair value of this transaction was allocated as follows:

Customer tanks, buildings, land and other	$ 14,707
Non-compete agreements	3,271
Customer lists	27,136
	$ 45,114

The estimated fair values and useful lives of assets acquired are based on an internal valuation and included only minor adjustments during the 12 month period after the date of acquisition.

During fiscal 2009, Ferrellgas, L.P. acquired propane distribution assets with an aggregate value of $10.0 million in the following four transactions:

- Lorensen Propane Gas, Inc., based in California, acquired September 2008;
- HBH Gas Systems, LLC — Austin's Colony Phase 5, based in Texas, acquired September 2008;
- Ottawa Cooperative, based in Kansas, acquired May 2009; and
- Town & Country Propane, Inc, based in Missouri, acquired July 2009.

These acquisitions were funded by $2.7 million in cash payments, the issuances of $1.8 million of liabilities and other costs and considerations, and the contribution of net assets of $5.5 million from Ferrellgas Partners.

The aggregate fair values of these four transactions were allocated as follows:

Customer tanks, buildings, land and other	$ 3,031
Non-compete agreements	1,438
Customer lists	5,475
Working capital	6
	$ 9,950

The estimated fair values and useful lives of assets acquired are based on an internal valuation and included only minor adjustments during the 12 month period after the date of acquisition.

D. Quarterly distributions of available cash

Ferrellgas, L.P. makes quarterly cash distributions of all of its "available cash." Available cash is defined in the partnership agreement of Ferrellgas, L.P. as, generally, the sum of its consolidated cash receipts less consolidated cash disbursements and net changes in reserves established by the general partner for future requirements. Reserves are retained in order to provide for the proper conduct of Ferrellgas, L.P.'s business, or to provide funds for distributions with respect to any one or more of the next four fiscal quarters. Distributions are made within 45 days after the end of each fiscal quarter ending October, January, April, and July.

Distributions by Ferrellgas, L.P. in an amount equal to 100% of its available cash, as defined in its partnership agreement, will be made approximately 99% to Ferrellgas Partners and approximately 1% to the general partner.

E. Supplemental financial statement information

Inventories consist of the following:

	2011	2010
Propane gas and related products	$ 113,826	$ 146,805
Appliances, parts and supplies	22,313	20,106
Inventories	$ 136,139	$ 166,911

In addition to inventories on hand, Ferrellgas, L.P. enters into contracts primarily to buy propane for supply procurement purposes. Most of these contracts have terms of less than one year and call for payment based on market prices at the date of delivery. All supply procurement fixed price

contracts have terms of fewer than 24 months. As of July 31, 2011, Ferrellgas, L.P. had committed, for supply procurement purposes, to take delivery of approximately 50.1 million gallons of propane at fixed prices.

Property, plant and equipment, net consist of the following:

	Estimated useful lives	2011	2010
Land	Indefinite	$ 30,920	$ 30,566
Land improvements	2-20	11,200	11,108
Buildings and improvements	20	66,043	66,114
Vehicles, including transport trailers	8-20	104,188	99,246
Bulk equipment and district facilities	5-30	105,485	103,748
Tanks, cylinders and customer equipment	2-30	778,599	770,865
Computer and office equipment	2-5	116,281	115,189
Construction in progress	n/a	3,154	2,823
		1,215,870	1,199,659
Less: accumulated depreciation		573,665	546,891
Property, plant and equipment, net		$ 642,205	$ 652,768

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Depreciation expense totaled $58.7 million, $61.3 million and $62.3 million for fiscal 2011, 2010 and 2009, respectively.

Other current liabilities consist of the following:

	2011	2010
Accrued interest	$ 17,773	$ 17,324
Accrued litigation and insurance	16,565	7,928
Accrued payroll	12,974	20,464
Customer deposits and advances	19,784	23,280
Other	35,578	35,739
Other current liabilities	$ 102,674	$ 104,735

Loss on disposal of assets and other consists of the following:

	For the year ended July 31,		
	2011	2010	2009
Loss on disposal of assets	$ 3,633	$ 7,296	$ 5,009
Loss on transfer of accounts receivable related to the accounts receivable securitization	—	6,566	12,124
Service income related to the accounts receivable securitization	—	(5,377)	(4,091)
Loss on disposal of assets and other	$ 3,633	$ 8,485	$ 13,042

See Note B — Summary of significant accounting policies - (20) New accounting standards — Transfers of financial assets and variable interest entities — for a discussion of changes in accounting for accounts receivable securitization transactions.

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

	For the year ended July 31,		
	2011	2010	2009
Operating expense	$ 183,899	$ 183,612	$ 178,218
Depreciation and amortization expense	6,063	5,601	4,915
Equipment lease expense	12,823	14,192	17,541
	$ 202,785	$ 203,405	$ 200,674

F. Accounts and notes receivable, net and accounts receivable securitization

Accounts and notes receivable, net consist of the following:

	2011	2010
Accounts receivable pledged as collateral	$ 112,509	$ —
Accounts receivable	51,104	33,725
Note receivable from Ferrellgas Receivables	—	44,927
Retained interest in Ferrellgas Receivables	—	15,323
Other	229	269
Less: Allowance for doubtful accounts	(4,310)	(5,010)
Accounts and notes receivable, net	$ 159,532	$ 89,234

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See Note B — Summary of significant accounting policies - (20) New accounting standards - Transfers of financial assets and variable interest entities - for a discussion of amendments to existing GAAP which required Ferrellgas, L.P. to begin consolidating its previously unconsolidated QSPE, Ferrellgas Receivables, effective August 1, 2010. Upon consolidation, Ferrellgas, L.P. now recognizes accounts receivable that have been sold to Ferrellgas Receivables as "Accounts receivable pledged as collateral" and eliminates the previously recognized "Note receivable from Ferrellgas Receivables" and "Retained interest in Ferrellgas Receivables."

Ferrellgas, L.P., through Ferrellgas Receivables, securitizes a portion of its trade accounts receivable through a commercial paper conduit for proceeds of up to $145.0 million. At July 31, 2011, $112.5 million of trade accounts receivable were pledged as collateral against $61.0 million of collateralized notes payable due to the commercial paper conduit. These accounts receivable pledged as collateral are bankruptcy remote from Ferrellgas, L.P. Ferrellgas, L.P. does not provide any guarantee or similar support to the collectability of these accounts receivable pledged as collateral.

Ferrellgas, L.P. structured Ferrellgas Receivables in order to facilitate securitization transactions while complying with Ferrellgas, L.P.'s various debt covenants. If the covenants were compromised, funding from the facility could be restricted or suspended, or its costs could increase. As of July 31, 2011, Ferrellgas, L.P. had received cash proceeds of $61.0 million from trade accounts receivables securitized, with the ability to receive proceeds of an additional $3.0 million. As of July 31, 2010, Ferrellgas, L.P. had received cash proceeds of $47.0 million from trade accounts receivables securitized, with the ability to receive proceeds of an additional $11.0 million. Borrowings under the accounts receivable securitization facility had a weighted average interest rate of 3.6% and 3.5% as of July 31, 2011 and 2010, respectively.

G. Goodwill and intangible assets, net

Goodwill and intangible assets, net consist of:

	July 31, 2011			July 31, 2010		
	Gross carrying amount	Accumulated amortization	Net	Gross carrying amount	Accumulated amortization	Net
Goodwill, net	$ 248,944	$ —	$ 248,944	$ 248,939	$ —	$ 248,939
Intangible assets, net						
Amortized intangible assets						
Customer lists	$ 398,835	$ (263,631)	$ 135,204	$ 395,682	$ (244,197)	$ 151,485
Non-compete agreements	46,024	(37,189)	8,835	44,341	(35,203)	9,138
Other	3,507	(2,540)	967	3,507	(2,190)	1,317
	448,366	(303,360)	145,006	443,530	(281,590)	161,940
Unamortized intangible assets						
Trade names & trademarks	59,130	—	59,130	59,117	—	59,117
Total intangible assets, net	$ 507,496	$ (303,360)	$ 204,136	$ 502,647	$ (281,590)	$ 221,057

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Customer lists have estimated lives of 15 years, while non-compete agreements and other intangible assets have estimated lives ranging from two to ten years. Ferrellgas, L.P. intends to utilize all acquired trademarks and trade names and does not believe there are any legal, regulatory, contractual, competitive, economical or other factors that would limit their useful lives. Therefore, trademarks and trade names have indefinite useful lives.

Aggregate amortization expense:

For the year ended July 31,

2011	$ 23,766
2010	21,180
2009	20,166

Estimated amortization expense:

For the year ended July 31,

2012	$ 21,207
2013	20,656
2014	17,389
2015	14,561
2016	14,390

H. Debt

Short-term borrowings

Ferrellgas, L.P. classified a portion of its secured credit facility borrowings as short-term because it was used to fund working capital needs that management had intended to pay down within the 12 month period following each balance sheet date. As of July 31, 2011 and 2010, $64.9 million and $67.2 million, respectively, were classified as short-term borrowings. For further discussion see the secured credit facility section below.

Long-term debt

Long-term debt consists of the following:

	2011	2010
Senior notes		
Fixed rate, 6.50%, due 2021 (1)	$ 500,000	$ —
Fixed rate, 6.75%, due 2014, net of unamortized discount of $21,974 at July 31, 2010	—	428,026
Fixed rate, 9.125%, due 2017, net of unamortized discount of $3,472 and $3,870 at July 31, 2011 and 2010, respectively (2)	296,528	296,130
Secured credit facility, variable interest rate, expiring November 2012 (net of $64.9 million and $67.2 million classified as short-term borrowings at July 31, 2011 and 2010, respectively)	64,573	99,797
Notes payable, 9.2% and 9.5% weighted average interest rate at July 31, 2011 and 2010, respectively, due 2011 to 2020, net of unamortized discount of $2,805 and $2,876 at July 31, 2011 and 2010, respectively	10,376	9,475
	871,477	833,428
Less: current portion, included in other current liabilities on the consolidated balance sheets	2,557	2,340
Long-term debt	$ 868,920	$ 831,088

(1) On November 24, 2010, Ferrellgas, L.P. issued $500.0 million of its fixed rate senior notes. These notes are general unsecured senior obligations of Ferrellgas, L.P. and are effectively junior to all future senior secured indebtedness of Ferrellgas, L.P., to the extent of the value of the assets securing the debt, and are structurally subordinated to all existing and future indebtedness and obligations of Ferrellgas, L.P. The senior notes bear interest from the date of issuance, payable semi-annually in arrears on May 1 and November 1 of each year. The outstanding principal amount is due on May 1, 2021. Ferrellgas, L.P. would incur prepayment penalties if it were to repay the notes prior to 2019.

(2) On September 14, 2009, Ferrellgas, L.P. issued $300.0 million of its fixed rate senior notes with a debt discount of $4.2 million that will be amortized to interest expense through 2017. These notes are senior unsecured obligations of Ferrellgas, L.P. and rank on an equal basis in right of payment with all senior indebtedness of Ferrellgas, L.P., are senior to all subordinated indebtedness of Ferrellgas, L.P. and are junior to all secured indebtedness of Ferrellgas, L.P. The senior notes bear interest from the date of issuance, payable semi-annually in arrears on April 1 and October 1 of each year. The outstanding principal amount is due on October 1, 2017. Ferrellgas, L.P. would incur prepayment penalties if it were to repay the notes prior to 2015.

Senior notes

During November 2010, Ferrellgas, L.P. issued $500.0 million in aggregate principal amount of new 6.50% senior notes due 2021 at an offering price equal to par. Ferrellgas, L.P. received $491.3 million of net proceeds after deducting expenses of the offering. These proceeds were used to redeem all of its $450.0 million 6.75% fixed rate senior notes due 2014, to fund the related $11.1 million make-whole payments and to pay $2.4 million of accrued interest. The remaining proceeds were used to reduce outstanding indebtedness under the secured credit facility. This debt redemption transaction also resulted in $25.3 million of non-cash write-offs of unamortized discount on debt and related capitalized debt costs. During July 2011, Ferrellgas, L.P. completed an offer to exchange $500.0 million principal amount of 6.50% senior notes due 2021, which have been registered under the Securities Act of 1933, as amended, for a like principal amount of their outstanding and unregistered notes which were issued on November 24, 2010.

During August 2009, Ferrellgas, L.P. made scheduled principal payments of $73.0 million on the 8.87% Series C senior notes. During September 2009, Ferrellgas, L.P. issued $300.0 million in aggregate principal amount of new 9.125% senior notes due 2017 at an offering price equal to 98.6% of par with the proceeds used to fund the October 2009 note payments discussed below and to reduce borrowings on the unsecured credit facility due April 2010.

During October 2009, Ferrellgas, L.P. prepaid the outstanding principal amount on its $82.0 million 7.24% series D notes due August 1, 2010 and its $70.0 million 7.42% series E notes due August 1, 2013 and the related prepayment premiums of $17.3 million.

Secured credit facility

During November 2009, Ferrellgas, L.P. closed on a secured credit facility that provides $400.0 million in revolving credit for loans and has a $200.0 million sublimit for letters of credit. This credit facility matures in November 2012.

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

As of July 31, 2011, Ferrellgas, L.P. had total borrowings outstanding under its secured credit facility of $129.5 million, of which $64.6 million was classified as long-term debt. As of July 31, 2010, Ferrellgas, L.P. had total borrowings outstanding under its secured credit facility of $167.0 million, of which $99.8 million was classified as long-term debt.

Borrowings under the secured credit facility had a weighted average interest rate of 6.53% and 5.91% at July 31, 2011 and 2010, respectively. All borrowings under the secured credit facility bear interest, at Ferrellgas, L.P.'s option, at a rate equal to either:

- for Base Rate Loans or Swing Line Loans, the Base Rate, which is defined as the higher of i) the federal funds rate plus 0.50%, ii) Bank of America's prime rate; or iii) the Eurodollar Rate plus 1%; plus a margin varying from 2.50% to 3.25% (as of July 31, 2011 and 2010, the margin was 3.00% and

2.75%, respectively); or

- for Eurodollar Rate Loans, the Eurodollar Rate, which is defined as the LIBOR Rate plus a margin varying from 3.50% to 4.25% (as of July 31, 2011 and 2010, the margin was 4.00% and 3.75%, respectively).

As of July 31, 2011, the federal funds rate and Bank of America's prime rate were 0.11% and 3.25%, respectively. As of July 31, 2010, the federal funds rate and Bank of America's prime rate were 0.18% and 3.25%, respectively. As of July 31, 2011, the one-month and three-month Eurodollar Rates were 0.22% and 0.34%, respectively. As of July 31, 2010, the one-month and three-month Eurodollar Rates were 0.40% and 0.60%, respectively.

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

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

Letters of credit outstanding at July 31, 2011 totaled $47.5 million and were used primarily to secure insurance arrangements and to a lesser extent, product purchases. Letters of credit outstanding at July 31, 2010 totaled $47.1 million and were used primarily to secure insurance arrangements and to a lesser extent, product purchases. At July 31, 2011, Ferrellgas, L.P. had available letter of credit remaining capacity of $152.5 million. At July 31, 2010, Ferrellgas, L.P. had available letter of credit remaining capacity of $152.9 million. Ferrellgas, L.P. incurred commitment fees of $1.1 million, $0.9 million and $0.9 million in fiscal 2011, 2010 and 2009, respectively.

See Note O — Subsequent events — for discussion about an amendment to the secured credit facility.

Covenants

The senior notes and the credit facility agreement contain various restrictive covenants applicable to Ferrellgas, L.P. and its subsidiaries, the most restrictive relating to additional indebtedness. In addition, Ferrellgas, L.P. is prohibited from making cash distributions if a default or event of default exists or would exist upon making such distribution, or if Ferrellgas, L.P. fails to meet certain coverage tests. As of July 31, 2011, Ferrellgas, L.P. is in compliance with all requirements, tests, limitations and covenants related to these debt agreements.

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

For the fiscal year ending July 31,	Scheduled annual principal payments
2012	$ 2,557
2013	2,096
2014	2,079
2015	2,028
2016	1,976
Thereafter	867,018
Total	$ 877,754

See Note O — Subsequent events — for discussion about the effect of an amendment to the secured credit facility on scheduled annual principal payments.

The carrying amount of short-term financial instruments approximates fair value because of the short maturity of the instruments. The estimated fair value of Ferrellgas, L.P.'s long-term debt instruments was $941.3 million and $940.6 million as of July 31, 2011 and 2010, respectively. The fair value is estimated based on quoted market prices.

I. Partners' capital

Partnership distributions paid

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

	For the year ended July 31, 2011	2010	2009
Ferrellgas Partners	$ 272,777	$ 191,822	$ 156,031
General partner	$ 2,783	$ 1,958	$ 1,592

On August 26, 2011, Ferrellgas, L.P. declared distributions for the three months ended July 31, 2011 to Ferrellgas Partners and the general partner of $38.4 million and $0.4 million, respectively, which were paid on September 14, 2011.

Partnership contributions

During fiscal 2011, Ferrellgas Partners, L.P. contributed $157.7 million of proceeds from equity offerings to Ferrellgas, L.P. Ferrellgas, L.P. used these proceeds to reduce outstanding indebtedness under its secured credit facility. Ferrellgas, L.P. then distributed $107.9 million of these proceeds to Ferrellgas Partners, L.P. to fund the redemption of $98.0 million of Ferrellgas Partners,

L.P.'s $280.0 million 8.625% fixed rate senior notes due 2020 and related make-whole and interest payments.

During fiscal 2010, Ferrellgas, L.P. received cash contributions totaling $51.3 million from Ferrellgas Partners, L.P.

During fiscal 2011 and 2010, Ferrellgas, L.P. received asset contributions of $2.9 million and $3.1 million, respectively, in connection with acquisitions.

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

Other comprehensive income ("OCI")

See Note J — Derivatives — for details regarding changes in fair value on risk management financial derivatives recorded within OCI for the years ended July 31, 2011 and 2010.

General partner's commitment to maintain its capital account

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

During fiscal 2011, the general partner made cash contributions of $1.6 million and non-cash contributions of $0.2 million to Ferrellgas, L.P. to maintain its 1.0101% general partner interest.

During fiscal 2010, the general partner made cash contributions of $0.5 million and non-cash contributions of $0.2 million to Ferrellgas, L.P. to maintain its 1.0101% general partner interest.

J. **Derivatives**

Commodity Price Risk Management

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

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

Ferrellgas, L.P.'s risk management activities include the use of financial derivative instruments including, but not limited to, price swaps, options, futures and basis swaps to seek protection from adverse price movements and to minimize potential losses. Ferrellgas, L.P. enters into these financial derivative instruments directly with third parties in the over-the-counter market and with brokers who are clearing members with the New York Mercantile Exchange. Ferrellgas, L.P. also enters into forward propane purchase and sales contracts with counterparties. These forward

contracts qualify for the normal purchase normal sales exception within GAAP guidance and are therefore not recorded on Ferrellgas, L.P.'s financial statements until settled.

Cash Flow Hedging Activity

Ferrellgas, L.P. uses financial derivative instruments for risk management purposes to hedge a portion of its exposure to market fluctuations in propane prices. These financial derivative instruments are designated as cash flow hedging instruments, thus the effective portions of changes in the fair value of the financial derivatives are recorded in OCI prior to settlement and are subsequently recognized in the consolidated statements of earnings in "Cost of product sold — propane and other gas liquids sales" when the forward or forecasted propane sales transaction impacts earnings. The effectiveness of cash flow hedges is evaluated at inception and on an on-going basis. Changes in the fair value of cash flow hedges due to hedge ineffectiveness, if any, are recognized in "Cost of product sold — propane and other gas liquids sales." During the years ended July 31, 2011 and 2010, Ferrellgas, L.P. did not recognize any gain or loss in earnings related to hedge ineffectiveness and did not exclude any component of the financial derivative contract gain or loss from the assessment of hedge effectiveness related to these cash flow hedges.

The fair value of the financial derivative instruments below are included within "Prepaid expenses and other current assets" and "Other current liabilities" on the consolidated balance sheets:

	2011	2010
Derivatives — Price risk management assets	$ 7,637	$ 1,882
Derivatives — Price risk management liabilities	$ 2,476	$ 2,039

Ferrellgas, L.P. had the following cash flow hedge activity included in OCI in the consolidated statement of partners' capital:

	For the year ended July 31,	
	2011	2010

Fair value gain adjustment classified as OCI with offset in Price risk management assets and Price risk management liabilities	$	22,676	$	12,063
Reclassification of net gains originally recorded within OCI to Cost of product sold — propane and other gas liquids	$	17,358	$	11,231

Ferrellgas, L.P. expects to reclassify net gains of approximately $5.2 million to earnings during the next 12 months. These net gains are expected to be offset by margins on propane sales commitments Ferrellgas, L.P. has with its customers that qualify for the normal purchase normal sales exception.

During the years ended July 31, 2011 and 2010, Ferrellgas, L.P. had no reclassifications to earnings resulting from discontinuance of any cash flow hedges arising from the probability of the original forecasted transactions not occurring within the originally specified period of time defined within the hedging relationship.

As of July 31, 2011, Ferrellgas, L.P. had financial derivative contracts covering 0.5 million barrels of propane that were entered into as cash flow hedges of forward and forecasted purchases of propane.

During the years ended July 31, 2011 and 2010, four counterparties represented 87% and 84%, respectively, of net settled cash flow hedging positions reported in “Cost of product sold — propane

and other gas liquids sales.” During the years ended July 31, 2011 and 2010, Ferrellgas, L.P. neither held nor entered into financial derivative contracts that contained credit risk related contingency features.

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

- Level 1 — Quoted prices available in active markets for identical assets or liabilities.
- Level 2 — Pricing inputs not quoted in active markets but either directly or indirectly observable.
- Level 3 — Significant inputs to pricing that have little or no transparency with inputs requiring significant management judgment or estimation.

Ferrellgas, L.P. considers over-the-counter derivative instruments entered into directly with third parties as Level 2 valuation since the values of these derivatives are quoted by third party brokers and are on an exchange for similar transactions. The market prices used to value Ferrellgas, L.P.’s derivatives have been determined using independent third party prices, readily available market information, broker quotes, and appropriate valuation techniques.

At July 31, 2011 and 2010, all derivative assets and liabilities qualified for classification as Level 2 - other observable inputs as defined by the GAAP hierarchy. All financial derivatives assets and liabilities were non-trading positions.

K. Transactions with related parties

General partner

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

	For the year ended July 31,					
	2011		2010		2009	
Operating expense	$	206,276	$	224,974	$	217,374
General and administrative expense	$	26,777	$	24,620	$	23,801

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

Board of Directors

During fiscal 2009, Ferrellgas, L.P. received payments totaling $0.3 million for services provided to and sublease revenue receipts from Samson Dental Practice Management, LLC, a company wholly-owned by Mr. Ferrell.

Elizabeth Solberg, who was a member of the general partner’s Board of Directors during fiscal 2011, serves as the General Manager of Fleishman-Hillard Inc. During fiscal 2011, 2010 and 2009, Ferrellgas, L.P. paid Fleishman-Hillard Inc. $0.1 million, $0.2 million and $0.2 million, respectively for marketing and communications services.

L. Contingencies and commitments

Litigation

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

Ferrellgas, L.P. has been named as a defendant in lawsuits filed in multiple federal and state courts that seek to certify nationwide or statewide classes related to its Blue Rhino branded propane tank exchange activities. The plaintiffs in each case generally allege that Ferrellgas, L.P. failed to inform consumers of the amount of propane contained in propane tanks they purchased and that Ferrellgas, L.P. violated anti-trust laws by allegedly conspiring with a competitor. The federal cases have been coordinated for multidistrict treatment in the United States District Court for the Western District of Missouri. Ferrellgas, L.P. believes these claims will not have a material impact beyond the $10.0 million litigation accrual established for these claims during the current year period.

Ferrellgas, L.P. has also been named as a defendant in a class action lawsuit filed in the United States District Court in Kansas. The complaint alleges that Ferrellgas, L.P. violates consumer protection laws in the manner Ferrellgas, L.P. sets prices and fees for its customers. Based on Ferrellgas, L.P.'s business practices, Ferrellgas, L.P. believes that the claims are without merit and intends to defend the claims vigorously.

Long-term debt-related commitments

Ferrellgas, L.P. has long and short-term payment obligations under agreements such as senior notes and its credit facility. See Note H — Debt — for a description of these debt obligations and a schedule of future maturities.

Operating lease commitments and buyouts

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

Ferrellgas, L.P. is required to recognize a liability for the fair value of guarantees. The only material guarantees Ferrellgas, L.P. has are associated with residual value guarantees of operating leases. Most of the operating leases involving Ferrellgas, L.P.'s transportation equipment contain residual value guarantees. These transportation equipment lease arrangements are scheduled to expire over

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the next seven fiscal years. Most of these arrangements provide that the fair value of the equipment will equal or exceed a guaranteed amount, or Ferrellgas, L.P. will be required to pay the lessor the difference. The fair value of these residual value guarantees was $0.8 million as of July 31, 2011. Although the fair values of the underlying equipment at the end of the lease terms have historically exceeded these guaranteed amounts, the maximum potential amount of aggregate future payments Ferrellgas, L.P. could be required to make under these leasing arrangements, assuming the equipment is worthless at the end of the lease term, was $4.4 million as of July 31, 2011. Ferrellgas, L.P. does not know of any event, demand, commitment, trend or uncertainty that would result in a material change to these arrangements.

Operating lease buyouts represent the maximum amount Ferrellgas, L.P. would pay if it were to exercise its right to buyout the assets at the end of their lease term.

The following table summarizes Ferrellgas, L.P.'s contractual operating lease commitments and buyout obligations as of July 31, 2011:

	Future minimum rental and buyout amounts by fiscal year					
	2012	2013	2014	2015	2016	Thereafter
Operating lease obligations	$ 20,998	$ 15,023	$ 11,680	$ 9,270	$ 7,401	$ 10,880
Operating lease buyouts	$ 3,205	$ 1,456	$ 899	$ 787	$ 966	$ 4,372

Certain property and equipment is leased under non-cancelable operating leases, which require fixed monthly rental payments and which expire at various dates through 2024. Rental expense under these leases totaled $33.3 million, $33.7 million and $38.6 million for fiscal 2011, 2010 and 2009, respectively.

M. Employee benefits

Ferrellgas, L.P. has no employees and is managed and controlled by its general partner. Ferrellgas, L.P. assumes all liabilities, which include specific liabilities related to the following employee benefit plans for the benefit of the officers and employees of the general partner.

Ferrell Companies makes contributions to the ESOT, which causes a portion of the shares of Ferrell Companies owned by the ESOT to be allocated to employees' accounts over time. The allocation of Ferrell Companies' shares to employee accounts causes a non-cash compensation charge to be incurred by Ferrellgas, L.P., equivalent to the fair value of such shares allocated. This non-cash compensation charge is reported separately in Ferrellgas, L.P.'s consolidated statements of earnings and thus excluded from operating and general and administrative expenses. The non-cash compensation charges were $10.2 million, $9.3 million and $6.8 million during fiscal 2011, 2010 and 2009, respectively. Ferrellgas, L.P. is not obligated to fund or make contributions to the ESOT.

The general partner and its parent, Ferrell Companies, have a defined contribution profit-sharing plan which includes both profit sharing and matching contributions. The plan covers substantially all full time employees. With the establishment of the ESOP in July 1998, Ferrellgas, L.P. suspended future contributions to the profit sharing plan beginning with fiscal 1998. The plan, which qualifies under section 401(k) of the Internal Revenue Code, also

provides for matching contributions under a cash or deferred arrangement based upon participant salaries and employee contributions to the plan. Matching contributions for fiscal 2011, 2010 and 2009 were $3.1 million, $3.2 million and $2.7 million, respectively.

The general partner has a defined benefit plan that provides participants who were covered under a previously terminated plan with a guaranteed retirement benefit at least equal to the benefit they would have received under the terminated plan. Until July 31, 1999, benefits under the terminated plan were determined by years of credited service and salary levels. As of July 31, 1999, years of credited service and salary levels were frozen. The general partner's funding policy for this plan is to contribute amounts deductible for Federal income tax purposes and invest the plan assets primarily in corporate stocks and bonds, U.S. Treasury bonds and short-term cash investments. During fiscal 2011, 2010 and 2009, other comprehensive income and other liabilities were adjusted by $0.2 million, $46 thousand and $(6.0) thousand, respectively.

N. Quarterly data (unaudited)

The following summarized unaudited quarterly data includes all adjustments (consisting only of normal recurring adjustments, with the exception of those items indicated below), which Ferrellgas, L.P. considers necessary for a fair presentation. Due to the seasonality of the propane distribution industry, first and fourth quarter Revenues, gross margin from propane and other gas liquids sales and Net earnings are consistently less than the second and third quarter results. Other factors affecting the results of operations include competitive conditions, demand for product, timing of acquisitions, variations in the weather and fluctuations in propane prices.

For the year ended July 31, 2011

	First quarter	Second quarter (b)	Third quarter (c)	Fourth quarter
Revenues	$ 400,192	$ 840,992	$ 732,373	$ 449,658
Gross margin from propane and other gas liquids sales (a)	$ 112,137	$ 214,763	$ 164,608	$ 111,405
Net earnings (loss)	$ (21,999)	$ 28,688	$ 19,416	$ (37,167)

For the year ended July 31, 2010

	First quarter (d)	Second quarter	Third quarter	Fourth quarter
Revenues	$ 352,070	$ 777,852	$ 615,290	$ 353,848
Gross margin from propane and other gas liquids sales (a)	$ 126,746	$ 220,368	$ 180,708	$ 114,962
Net earnings (loss)	$ (26,887)	$ 83,849	$ 39,661	$ (34,262)

(a) Gross margin from "Propane and other gas liquids sales" represents "Revenues - Propane and other gas liquids sales" less "Cost of product sold — propane and other gas liquids sales."
(b) Includes "Loss on extinguishment of debt," which decreased Net earnings by $36.4 million. See Note H — Debt — for a discussion of make-whole payments and non-cash write-offs of debt.
(c) Includes litigation accrual and related legal fees, which decreased Net earnings by $10.5 million. See Note L — Contingencies and commitments - for a discussion of the litigation accrual and related legal fees.
(d) Includes "Loss on extinguishment of debt," which increased Net loss by $17.3 million. See Note H — Debt — for a discussion of make-whole payments and non-cash write-offs of debt.

O. Subsequent events

Ferrellgas, L.P. has evaluated events and transactions occurring after the balance sheet date through the date Ferrellgas, L.P.'s consolidated financial statements were issued, and concluded that, other than the events discussed below, there were no events or transactions occurring during this period that required recognition or disclosure in its financial statements.

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of

Ferrellgas Finance Corp.
Overland Park, Kansas

We have audited the accompanying balance sheets of Ferrellgas Finance Corp. (a wholly-owned subsidiary of Ferrellgas, L.P., referred to herein as the "Company") as of July 31, 2011 and 2010, and the related statements of earnings, stockholder's equity, and cash flows for each of the three years in the period ended July 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Ferrellgas Finance Corp. as of July 31, 2011 and 2010, and the results of its operations and its cash flows for each of the three years in the period ended July 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP
Kansas City, Missouri
September 26, 2011

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

BALANCE SHEETS

	July 31,	
	2011	**2010**
ASSETS		
Cash	$ 1,100	$ 1,100
Total assets	$ 1,100	$ 1,100
STOCKHOLDER'S EQUITY		
Common stock, $1.00 par value; 2,000 shares authorized; 1,000 shares issued and outstanding	$ 1,000	$ 1,000
Additional paid in capital	35,382	27,219
Accumulated deficit	(35,282)	(27,119)
Total stockholder's equity	$ 1,100	$ 1,100

See notes to financial statements.

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

STATEMENTS OF EARNINGS

	For the year ended July 31,		
	2011	**2010**	**2009**
General and administrative expense	$ 8,163	$ 20,462	$ 3,445
Net loss	$ (8,163)	$ (20,462)	$ (3,445)

See notes to financial statements.

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

STATEMENTS OF STOCKHOLDER'S EQUITY

	Common stock		Additional paid in capital	Accumulated deficit	Total stockholder's equity
	Shares	Dollars			
July 31, 2008	1,000	$ 1,000	$ 3,312	$ (3,212)	$ 1,100
Capital contribution	—	—	3,445	—	3,445
Net loss	—	—	—	(3,445)	(3,445)
July 31, 2009	1,000	1,000	6,757	(6,657)	1,100
Capital contribution	—	—	20,462	—	20,462
Net loss	—	—	—	(20,462)	(20,462)
July 31, 2010	1,000	1,000	27,219	(27,119)	1,100
Capital contribution	—	—	8,163	—	8,163
Net loss	—	—	—	(8,163)	(8,163)
July 31, 2011	1,000	$ 1,000	$ 35,382	$ (35,282)	$ 1,100

See notes to financial statements.

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

STATEMENTS OF CASH FLOWS

	For the year ended July 31,		
	2011	2010	2009
Cash flows from operating activities:			
Net loss	$ (8,163)	$ (20,462)	$ (3,445)
Cash used in operating activities	(8,163)	(20,462)	(3,445)
Cash flows from financing activities:			
Capital contribution	8,163	20,462	3,445
Cash provided by financing activities	8,163	20,462	3,445
Change in cash	—	—	—
Cash - beginning of year	1,100	1,100	1,100
Cash - end of year	$ 1,100	$ 1,100	$ 1,100

See notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

A. Formation

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

The 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. Commitment

During September 2009, the Partnership issued $300.0 million in aggregate principal amount of new 9.125% senior unsecured notes due 2017 at an offering price equal to 98.6% of par. Net proceeds were used to redeem all of its $82.0 million 7.24% series D notes due 2010, to redeem all of its $70.0 million 7.42% series E notes due 2013 and to fund the related $17.3 million make-whole payments. The remaining proceeds were used to reduce outstanding indebtedness under the unsecured credit facility.

During November 2010, the Partnership issued $500.0 million in aggregate principal amount of new 6.50% senior notes due 2021 at an offering price equal to par. Net proceeds were used to redeem all of its $450.0 million 6.75% fixed rate senior notes due 2014, to fund the related $11.1

million make-whole payments and to pay $2.4 million of accrued interest. The remaining proceeds were used to reduce outstanding indebtedness under the secured credit facility.

During July 2011, the Partnership completed an offer to exchange $500.0 million in aggregate principal amount of its 6.50% senior notes due 2021, which have been registered under the Securities Act of 1933, as amended, for a like principal amount of its outstanding and unregistered 6.50% senior notes due 2021, which were issued during November 2010 in a private placement.

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

The senior notes agreements contain various restrictive covenants applicable to the Partnership and its subsidiaries, the most restrictive relating to additional indebtedness. As of July 31, 2011, the Partnership is in compliance with all requirements, tests, limitations and covenants related to these debt agreements.

C. Income taxes

Income taxes have been computed separately as the Finance Corp. files its own income tax return. Deferred income taxes are provided as a result of temporary differences between financial and tax reporting using the asset/liability method. Deferred income taxes are recognized for the tax consequences of temporary differences between the financial statement carrying amounts and tax basis of existing assets and liabilities.

Due to the inability of the Finance Corp. to utilize the deferred tax benefit of $10,549 associated with the net operating loss carryforward of $27,119, which expires at various dates through July

31, 2030, a valuation allowance has been provided on the full amount of the deferred tax asset. Accordingly, there is no net deferred tax benefit for fiscal 2011, 2010 and 2009, and there is no net deferred tax asset as of July 31, 2011 and 2010.

D. Subsequent events

The Finance Corp. has evaluated events and transactions occurring after the balance sheet date through the date the Finance Corp.'s 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 financial statements.

INDEX TO FINANCIAL STATEMENT SCHEDULES

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Ferrellgas, L.P. and Subsidiaries		
Schedule II	Valuation and Qualifying Accounts for the years ended July 31, 2011, 2010 and 2009.	S-6

FERRELLGAS PARTNERS, L.P.
PARENT ONLY

Schedule I

BALANCE SHEETS
(in thousands, except unit data)

	July 31, 2011	July 31, 2010
ASSETS		
Cash and cash equivalents	$ 95	$ 12
Prepaid expenses and other current assets	18	10
Investment in Ferrellgas, L.P.	265,956	359,367
Other assets, net	3,657	6,152
Total assets	$ 269,726	$ 365,541

LIABILITIES AND PARTNERS' CAPITAL		
Other current liabilities	$ 2,139	$ 3,319
Long-term debt	182,000	280,000
Partners' capital		
Common unitholders (75,966,353 and 69,521,818 units outstanding at 2011 and 2010, respectively)	139,614	141,281
General partner (767,337 and 702,241 units outstanding at 2011 and 2010, respectively)	(58,660)	(58,644)
Accumulated other comprehensive income (loss)	4,633	(415)
Total partners' capital	85,587	82,222
Total liabilities and partners' capital	$ 269,726	$ 365,541

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FERRELLGAS PARTNERS, L.P.
PARENT ONLY

STATEMENTS OF EARNINGS
(in thousands)

	For the year ended July 31,		
	2011	2010	2009
Equity in earnings (loss) of Ferrellgas, L.P.	$ (10,950)	$ 61,731	$ 76,718
Operating expense	(358)	(424)	(328)
Operating income (loss)	(11,308)	61,307	76,390
Interest expense	(21,811)	(24,498)	(23,734)
Loss on extinguishment of debt	(10,513)	(3,408)	—
Other income (expense), net	—	(666)	—
Income tax expense	(16)	(26)	(84)
Net earnings (loss)	$ (43,648)	$ 32,709	$ 52,572

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FERRELLGAS PARTNERS, L.P.
PARENT ONLY

STATEMENTS OF CASH FLOWS
(in thousands)

	For the year ended July 31,		
	2011	2010	2009
Cash flows from operating activities:			
Net earnings (loss)	$ (43,648)	$ 32,709	$ 52,572
Reconciliation of net earnings (loss) to net cash used in operating activities: Other	1,509	1,182	292
Equity in (earnings) loss of Ferrellgas, L.P.	10,950	(61,731)	(76,718)
Net cash used in operating activities	(31,189)	(27,840)	(23,854)
Cash flows from investing activities:			
Distributions received from Ferrellgas, L.P.	272,777	191,822	156,031
Cash contributed to Ferrellgas, L.P.	(157,680)	(51,300)	(69,848)
Net cash provided by investing activities	115,097	140,522	86,183
Cash flows from financing activities:			
Distributions	(145,002)	(139,763)	(132,581)
Cash paid for financing costs	(173)	(6,275)	50
Proceeds from increase in long-term debt	—	280,000	—
Reductions in long-term debt	(98,000)	(268,000)	—
Issuance of common units (net of issuance costs of $300, $18 and $401 for the years ended July 31, 2011, 2010 and 2009, respectively	157,212	19,949	69,447
Proceeds from exercise of common unit options	544	1,189	—
Other	1,594	214	702
Net cash used in financing activities	(83,825)	(112,686)	(62,382)
Increase (decrease) in cash and cash equivalents	83	(4)	(53)
Cash and cash equivalents - beginning of year	12	16	69

Cash and cash equivalents - end of year	$ 95	$ 12	$ 16

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FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES **Schedule II**

VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

Description	Balance at beginning of period	Additions: Charged to cost / expenses	Additions: Other additions	Deductions (amounts charged-off)	Balance at end of period
Year ended July 31, 2011					
Allowance for doubtful accounts	$ 5,010	$ 5,174	$ 1,966	$ (7,840)	$ 4,310
Year ended July 31, 2010					
Allowance for doubtful accounts	$ 4,294	$ 7,821	$ 420	$ (7,525)	$ 5,010
Year ended July 31, 2009					
Allowance for doubtful accounts	$ 5,977	$ 4,421	$ 961	$ (7,065)	$ 4,294

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FERRELLGAS, L.P. AND SUBSIDIARIES **Schedule II**

VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

Description	Balance at beginning of period	Additions: Charged to cost / expenses	Additions: Other additions	Deductions (amounts charged-off)	Balance at end of period
Year ended July 31, 2011					
Allowance for doubtful accounts	$ 5,010	$ 5,174	$ 1,966	$ (7,840)	$ 4,310
Year ended July 31, 2010					
Allowance for doubtful accounts	$ 4,294	$ 7,821	$ 420	$ (7,525)	$ 5,010
Year ended July 31, 2009					
Allowance for doubtful accounts	$ 5,977	$ 4,421	$ 961	$ (7,065)	$ 4,294

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

Exhibit Number	Description
3.1	Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P. dated as of February 18, 2003. Incorporated by reference to Exhibit 3.1 to our registration statement on Form S-3 filed March 6, 2009.
3.2	First Amendment to Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P. dated as of March 8, 2005. Incorporated by reference to Exhibit 3.2 to our registration statement on Form S-3 filed March 6, 2009.
3.3	Second Amendment to Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P. dated as of June 29, 2005. Incorporated by reference to Exhibit 3.3 to our registration statement on Form S-3 filed March 6, 2009.
3.4	Third Amendment to Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P.

	dated as of October 11, 2006. Incorporated by reference to Exhibit 3.4 to our registration statement on Form S-3 filed March 6, 2009.
3.5	Certificate of Incorporation of Ferrellgas Partners Finance Corp. filed with the Delaware Division of Corporations on March 28, 1996. Incorporated by reference to Exhibit 3.6 to our registration statement on Form S-3 filed March 6, 2009.
3.6	Bylaws of Ferrellgas Partners Finance Corp. Incorporated by reference to Exhibit 3.7 to our registration statement on Form S-3 filed March 6, 2009.
3.7	Third Amended and Restated Agreement of Limited Partnership of Ferrellgas, L.P. dated as of April 7, 2004. Incorporated by reference to Exhibit 3.5 to our registration statement on Form S-3 filed March 6, 2009.
3.8	Certificate of Incorporation of Ferrellgas Finance Corp. filed with the Delaware Division of Corporations on January 16, 2003. Incorporated by reference to Exhibit 3.8 to our registration statement on Form S-3 filed March 6, 2009.
3.9	Bylaws of Ferrellgas Finance Corp. adopted as of January 16, 2003. Incorporated by reference to Exhibit 3.9 to our registration statement on Form S-3 filed March 6, 2009.
4.1	Specimen Certificate evidencing Common Units representing Limited Partner Interests. Incorporated by reference to Exhibit A of Exhibit 3.1 to our registration statement on Form S-3 filed March 6, 2009.

4.2	Indenture dated as of April 20, 2004, with form of Note attached, among Ferrellgas Escrow LLC, Ferrellgas Finance Escrow Corporation and U.S. Bank National Association, as trustee, relating to $250 million aggregate amount of the Registrant’s 6 ¾% Senior Notes due 2014. Incorporated by reference to Exhibit 4.3 to our Quarterly Report on Form 10-Q filed March 10, 2009.
4.3	Indenture dated as of August 4, 2008, with form of Note attached, among Ferrellgas, L.P., Ferrellgas Finance Corp. and U.S. Bank National Association, as trustee, relating to $200 million aggregate amount of the Registrant’s 6 ¾% Senior Notes due 2014. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed August 5, 2008.
4.4	Indenture dated as of September 14, 2009 with form of Note attached, among Ferrellgas, L.P., Ferrellgas Finance Corp. and U.S. Bank National Association, as trustee, relating to $300 million aggregate amount of the Registrant’s 9 1/8% Senior Notes due 2017. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed September 14, 2009.
4.5	Indenture dated as of April 13, 2010, among Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp. and U.S. Bank National Association, as trustee, relating to $280 million aggregate amount of the Registrant’s 8 5/8% Senior Notes due 2020. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed April 13, 2010.
4.6	First Supplemental Indenture dated as of April 13, 2010, with form of Note attached, among Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp. and U.S. Bank National Association, as trustee, relating to $280 million aggregate amount of the Registrant’s 8 5/8% Senior Notes due 2020. Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed April 13, 2010.
4.7	Indenture dated as of November 24, 2010, among Ferrellgas, L.P., Ferrellgas Finance Corp. and U.S. Bank National Association, as trustee, relating to $500 million aggregate amount of the Registrant’s 6 1/2% Senior Notes due 2021. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed November 30, 2010.
4.8	Registration Rights Agreement dated as of December 17, 1999, by and between Ferrellgas Partners, L.P. and Williams Natural Gas Liquids, Inc. Incorporated by reference to Exhibit 4.8 to our Quarterly Report on Form 10-Q filed March 10, 2009.
4.9	First Amendment to Registration Rights Agreement dated as of March 14, 2000, by and between Ferrellgas Partners, L.P. and Williams Natural Gas Liquids, Inc. Incorporated by reference to Exhibit 4.9 to our Quarterly Report on Form 10-Q filed March 10, 2009.
4.10	Second Amendment to Registration Rights Agreement dated as of April 6, 2001, by and between Ferrellgas Partners, L.P. and The Williams Companies, Inc. Incorporated by reference to Exhibit 4.10 to our Quarterly Report on Form 10-Q filed March 10, 2009.

4.11	Third Amendment to Registration Rights Agreement dated as of June 29, 2005, by and between Ferrellgas Partners, L.P. and JEF Capital Management, Inc. Incorporated by reference to Exhibit 4.13 to our Quarterly Report on Form 10-

		Q filed June 9, 2010.
	10.1	Credit Agreement dated as of November 2, 2009, among Ferrellgas, L.P. as the borrower, Ferrellgas, Inc. as the general partner of the borrower, Bank of America, N.A. as administrative agent, swing line lender and L/C issuer, and the lenders party hereto. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed November 4, 2009.
*	10.2	First Amendment to Credit Agreement dated as of September 23, 2011, among Ferrellgas, L.P. as the borrower, Ferrellgas, Inc. as the general partner of the borrower, Bank of America, N.A. as administrative agent, swing line lender and L/C issuer, and the lenders party hereto.
	10.3	Receivable Sale Agreement dated as of April 6, 2010, between Ferrellgas, L.P., as originator, and Ferrellgas Receivables, LLC, as buyer. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed April 7, 2010.
	10.4	Receivables Purchase Agreement dated as of April 6, 2010, among Ferrellgas Receivables, LLC, as seller, Ferrellgas, L.P., as servicer, the purchasers from time to time party hereto, Fifth Third Bank and BNP Paribas, as co-agents, and Wells Fargo Bank, N.A., as administrative agent. Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed April 7, 2010.
#	10.5	Ferrell Companies, Inc. Supplemental Savings Plan, as amended and restated effective January 1, 2010. Incorporated by reference to Exhibit 10.14 to our Quarterly Report on Form 10-Q filed March 10, 2010.
#	10.6	Second Amended and Restated Ferrellgas Unit Option Plan, effective April 19, 2001. Incorporated by reference to Exhibit 10.5 to our Annual Report on Form 10-K filed September 28, 2010.
#	10.7	Ferrell Companies, Inc. 1998 Incentive Compensation Plan, as amended and restated effective October 11, 2004. Incorporated by reference to Exhibit 10.22 to our Annual Report on Form 10-K filed September 28, 2009.
#	10.8	Amendment to Ferrell Companies, Inc. 1998 Incentive Compensation Plan, dated as of March 7, 2010. Incorporated by reference to Exhibit 10.7 to our Quarterly Report on Form 10-Q filed June 9, 2010.
#	10.9	Employment, Confidentiality, and Noncompete Agreement dated as of July 17, 1998 by and among Ferrell Companies, Inc. as the company, Ferrellgas, Inc. as the company, James E. Ferrell as the executive and LaSalle National Bank as trustee of the Ferrell Companies, Inc. Employee Stock Ownership Trust. Incorporated by reference to Exhibit 10.19 to our Quarterly Report on Form 10-Q filed March 10, 2009.
#	10.10	Amended and Restated Change In Control Agreement dated as of March 5, 2008 by and between Ferrellgas, Inc. as the company and Patrick J. Walsh as the executive. Incorporated by reference to exhibit 10.25 to our Quarterly Report on Form 10-Q filed March 7, 2008.

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#	10.11	Change In Control Agreement dated as of March 5, 2008 by and between Ferrellgas, Inc. as the company and Richard V. Mayberry as the executive. Incorporated by reference to exhibit 10.28 to our Quarterly Report on Form 10-Q filed March 7, 2008.
#	10.12	Change In Control Agreement dated as of October 9, 2006 by and between Ferrellgas, Inc. as the company and James E. Ferrell as the executive. Incorporated by reference to Exhibit 10.30 to our Annual Report on Form 10-K filed October 12, 2006.
#	10.13	Employment Agreement dated as of August 10, 2009 by and between Ferrellgas, Inc. as the company and Stephen L. Wambold as the executive. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed August 10, 2009.
#	10.14	Employment Agreement dated as of August 10, 2009 by and between Ferrellgas, Inc. as the company and James R. VanWinkle as the executive. Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed August 10, 2009.
#	10.15	Employment Agreement dated as of August 10, 2009 by and between Ferrellgas, Inc. as the company and Jennifer Boren as the executive. Incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K filed August 10, 2009.
#	10.16	Employment Agreement dated as of August 10, 2009 by and between Ferrellgas, Inc. as the company and Tod Brown as the executive. Incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K filed August 10, 2009.
#	10.17	Employment Agreement dated as of August 10, 2009 by and between Ferrellgas, Inc. as the company and Eugene D. Caresia as the executive. Incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K filed August 10, 2009.
#	10.18	Employment Agreement dated as of August 10, 2009 by and between Ferrellgas, Inc. as the company and George L. Koloroutis as the executive. Incorporated by reference to Exhibit 10.6 to our Current Report on Form 8-K filed August 10, 2009.

#	10.19	Services Agreement dated as of September 26, 2008 between Samson Dental Practice Management, LLC as the client and Ferrellgas, L.P. as the provider. Incorporated by reference to Exhibit 10.33 to our Annual Report on Form 10-K filed September 29, 2008.
#	10.20	Amendment No. 1 to Services Agreement dated as of May 1, 2009 between Samson Dental Practice Management, LLC as the client and Ferrellgas, L.P. as the provider. Incorporated by reference to Exhibit 99.1 to our Current Report on Form 8-K filed May 4, 2009.
#	10.21	Termination of Agreements dated as of March 12, 2010, by and between Ferrellgas, L.P., Ferrellgas, Inc. and Samson Dental Practice Management, LLC. Incorporated by reference to Exhibit 10.7 to our Quarterly Report on Form 10-Q filed June 9, 2010.
*	21.1	List of subsidiaries

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*	23.1	Consent of Deloitte & Touche, LLP, independent registered public accounting firm, for the certain use of its report appearing in the Annual Report on Form 10-K of Ferrellgas Partners, L.P. for the year ended July 31, 2011.
*	23.2	Consent of Deloitte & Touche, LLP, independent registered public accounting firm, for the certain use of its report appearing in the Annual Report on Form 10-K of Ferrellgas Partners Finance Corp. for the year ended July 31, 2011.
*	23.3	Consent of Deloitte & Touche, LLP, independent registered public accounting firm, for the certain use of its report appearing in the Annual Report on Form 10-K of Ferrellgas, L.P. for the year ended July 31, 2011.
*	23.4	Consent of Deloitte & Touche, LLP, independent registered public accounting firm, for the certain use of its report appearing in the Annual Report on Form 10-K of Ferrellgas Finance Corp. for the year ended July 31, 2011.
*	31.1	Certification of Ferrellgas Partners, L.P. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
*	31.2	Certification of Ferrellgas Partners Finance Corp. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
*	31.3	Certification of Ferrellgas, L.P. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
*	31.4	Certification of Ferrellgas Finance Corp. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
*	32.1	Certification of Ferrellgas Partners, L.P. pursuant to 18 U.S.C. Section 1350.
*	32.2	Certification of Ferrellgas Partners Finance Corp. pursuant to 18 U.S.C. Section 1350.
*	32.3	Certification of Ferrellgas, L.P. pursuant to 18 U.S.C. Section 1350.
*	32.4	Certification of Ferrellgas Finance Corp. pursuant to 18 U.S.C. Section 1350.
*	101.INS	XBRL Instance Document. (a)
*	101.SCH	XBRL Taxonomy Extension Schema Document. (a)
*	101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document. (a)
*	101.DEF	XBRL Taxonomy Extension Definition Linkbase Document. (a)
*	101.LAB	XBRL Taxonomy Extension Label Linkbase Document. (a)
*	101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document. (a)

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* Filed herewith

\# Management contracts or compensatory plans.

(a) XBRL (eXtensible Business Reporting Language) information is furnished and deemed not filed for purposes of Section 11 or 12 of the Securities Exchange Act of 1933 and Section 18 of the Securities Exchange Act of 1934,and otherwise is not subject to liability under these sections.

Exhibit 10.2

AMENDMENT NO. 1 TO CREDIT AGREEMENT

This Amendment No. 1 to Credit Agreement, dated as of September 23, 2011 (this "Amendment"), is among Ferrellgas, L.P., a Delaware limited partnership (the "Borrower"), Ferrellgas, Inc., a Delaware corporation and sole general partner of the Borrower (the "General Partner"), Bank of America, N.A., as Administrative Agent (in such capacity, the "Administrative Agent"), Swing Line Lender and L/C Issuer, and the Lenders party hereto.

INTRODUCTION

A. The Borrower, the General Partner, the Administrative Agent and the Lenders entered into that certain Credit Agreement, dated as of November 2, 2009 (as amended, supplemented, or restated to the date hereof, the "Original Agreement" and, as amended by this Amendment, the "Credit Agreement"), for the purpose and consideration therein expressed, whereby the Lenders became obligated to make loans and other extensions of credit to the Borrower as therein provided; and

B. The Borrower, the General Partner, the Administrative Agent and the Lenders desire to amend the Original Agreement as set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and in the Original Agreement, in consideration of the loans and other extensions of credit that may hereafter be made by the Lenders to the Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

Section 1 Terms Defined in the Original Agreement. Unless the context otherwise requires or unless otherwise expressly defined herein, the terms defined in the Original Agreement shall have the same meanings whenever used in this Amendment.

Section 2 Amendments to Original Agreement.

(a) Section 1.01 of the Original Agreement is hereby amended by:

(i) deleting the defined terms "2004 Fixed Rate Senior Notes," "2004 Indenture," "2008 Fixed Rate Senior Notes," "2008 Indenture," and "Impacted Lender".

(ii) adding the following definitions in the appropriate alphabetical order:

"2010 Fixed Rate Senior Notes" means the $500,000,000 6.5% Senior Notes due November 2021, issued by the Borrower pursuant to the 2010 Indenture.

"2010 Indenture" means the Indenture dated as of November 21, 2010 among the Borrower, Ferrellgas Finance Corp., and U.S. Bank National Association, as trustee.

"Amendment No. 1" means Amendment No. 1 dated as of September 23, 2011 among the Administrative Agent, the L/C Issuers, the Lenders party thereto, and the Borrower.

"Amendment No. 1 Effective Date" means September 23, 2011.

"Fronting Exposure" means, at any time there is a Defaulting Lender, (a) with respect to any L/C Issuer, such Defaulting Lender's Applicable Percentage of the outstanding L/C Obligations with respect to Letters of Credit issued by such L/C Issuer other than L/C Obligations as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to the Swing Line Lender, such Defaulting Lender's Applicable Percentage of outstanding Swing Line Loans other than Swing Line Loans as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof.

(iii) amending the definition of "Approved Interest Counterparty" by replacing "an interest rate" with "a".

(iv) amending the definition of "Applicable Fee Rate" in its entirety to read as follows:

"Applicable Fee Rate" means, at any time, the Applicable Rate in effect for Commitment fees at such time.

(v) amending the definition of "Applicable Percentage" by adding ", subject to adjustment as provided in Section 2.15" at the end of the first sentence.

(vi) amending the definition of "Applicable Rate" in its entirety to read as follows:

"Applicable Rate" means (i) from the Amendment No. 1 Effective Date to the date on which the Administrative Agent receives a Compliance Certificate pursuant to Section 6.02(b) for the fiscal year ending July 31, 2011, 1.75% per annum for Base Rate Loans, 2.75% per annum for Eurodollar Rate Loans and Letter of Credit Fees, and 0.50% per annum for Commitment fees and (ii) thereafter, the applicable percentage per annum set forth below determined by reference to the Consolidated Leverage Ratio as set forth in the most recent Compliance Certificate received by the Administrative Agent pursuant to Section 6.02(b):

Pricing Level	Consolidated Leverage Ratio	Eurodollar Rate/Standby Letters of Credit	Base Rate	Commercial Letters of Credit	Commitment Fee

1	<2.75:1	2.00%	1.00%	2.00%	0.35%
2	≥2.75:1 but <3.25:1	2.25%	1.25%	2.25%	0.50%
3	≥3.25:1 but <3.75:1	2.50%	1.50%	2.50%	0.50%
4	≥3.75:1 but ≤4.25:1	2.75%	1.75%	2.75%	0.50%
5	>4.25:1	3.00%	2.00%	3.00%	0.50%

Any increase or decrease in the Applicable Rate resulting from a change in the Consolidated Leverage Ratio shall become effective as of the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 6.02(b); provided, however, that if a Compliance Certificate is not delivered when due in accordance with such Section, then, upon the request of the Required Lenders, Pricing Level 5 shall apply, in each case as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered and in each case shall remain in effect until the date on which such Compliance Certificate is delivered.

Notwithstanding anything to the contrary contained in this definition, the determination of the Applicable Rate for any period shall be subject to the provisions of Section 2.10(b).

(vii) amending the definition of "Arranger" in its entirety as follows:

"Arranger" means, collectively, Banc of America Securities LLC, Wells Fargo Securities, LLC, and J.P. Morgan Securities Inc. in their capacities as lead arrangers.

(viii) amending the definition of "Audited Financial Statements" by replacing "2008" with "2010."

(ix) amending the definition of "Capitalized Leases" by adding "in effect as of July 31, 2011" after "GAAP".

(x) amending the definition of "Cash Collateralize" in its entirety as follows:

"Cash Collateralize" means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Administrative Agent, L/C Issuer or Swing Line Lender (as applicable) and the Lenders, as collateral for L/C Obligations, Obligations in respect of Swing Line Loans, or obligations of Lenders to fund participations in respect of either thereof (as the context may require), cash or deposit account balances or, if the L/C Issuer or Swing Line Lender benefiting from such collateral shall agree in its sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to (a) the Administrative Agent and (b) the L/C Issuer or the Swing Line Lender (as applicable). "Cash Collateral" shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

(xi) amending the definition of "Defaulting Lender" in its entirety as follows:

"Defaulting Lender" means, subject to Section 2.15(b), any Lender that (a) has failed to fund any portion of the Revolving Credit Loans (unless the subject of a good faith dispute), participations in L/C Obligations or participations in Swing Line Loans required to be funded by it hereunder within one Business Day of the date required to be funded by it hereunder, (b) has otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within one Business Day of the date when due, unless the subject of a good faith dispute, (c) has notified the Borrower or the Administrative Agent that it does not intend to comply with its funding obligations or has made a public statement to that effect with respect to its funding obligations hereunder (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (d) has failed, within three Business Days after request by the Administrative Agent or the Borrower, to confirm in a manner satisfactory to the Administrative Agent that it will comply with its funding obligations (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (d) upon receipt of by the Administrative Agent of such satisfactory confirmation), or (e) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or a custodian appointed for it, or (iii) taken any action in furtherance of, or indicated its consent to, approval of or acquiescence in any such proceeding or appointment; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority.

(xii) amending the definition of "Existing Letters of Credit" in its entirety as follows:

"Existing Letters of Credit" means the letters of credit issued pursuant to this Agreement that are outstanding on the Amendment No. 1 Effective Date.

(xiii) amending the definition of "Hedge Bank" by adding "or commodity" after "interest rate".

(xiv) amending the definitions of "L/C Issuance Sublimit" and "L/C Issuers" in their entirety as follows:

"L/C Issuance Sublimit" means, with respect to an L/C Issuer, the maximum amount of L/C Obligations that such L/C Issuer has agreed to incur pursuant to this Agreement in such capacity, as such amount is mutually agreed to by Administrative Agent, the Borrower, and such L/C Issuer. The initial L/C Issuance Sublimit with respect to Bank of America is the amount of $150,000,000 and with respect to PNC Bank, National Association is the amount of $50,000,000.

"L/C Issuers" means (a) Bank of America and (b) PNC Bank, National Association, each in their respective capacities as an issuer of Letters of Credit hereunder, or any successor issuers of Letters of Credit hereunder.

(xv) amending the definition of “Maturity Date” in its entirety as follows:

“Maturity Date” means September 23, 2016; provided, however, that if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day.

(xvi) amending the definition of “Permitted Amount” in its entirety as follows:

“Permitted Amount” means an amount equal to the lesser of (a) $500,000,000 and (b) if the 2009 Indenture and the 2010 Indenture are still in effect, the amount of Indebtedness as the Borrower would be permitted to incur under the 2009 Indenture or the 2010 Indenture.

(xvii) amending the definition of “Permitted Interest Swap Contract” in its entirety as follows:

“Permitted Interest Swap Contract” means any Swap Contract entered into by the Borrower with an Approved Interest Counterparty in respect of interest rates.

(xviii) amending the definition of “Required Lenders” by replacing “Impacted Lender” with “Defaulting Lender”.

(xix) amending the definition of “Responsible Officer” in its entirety as follows:

“Responsible Officer” means the chief executive officer, president, chief financial officer, director of finance, treasurer, assistant treasurer or controller of a Loan Party and any other officer or employee of the applicable Loan Party so designated by any of the foregoing officers in a notice to the Administrative Agent. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

(xx) amending the definition of “Restricted Payment” by replacing “the 2004 Fixed Rate Senior Notes, the 2008 Fixed Rate Senior Notes, or the 2009 Fixed Rate Senior Notes” with “the 2009 Fixed Rate Senior Notes or the 2010 Fixed Rate Senior Notes”.

(xxi) amending the definition of “Secured Hedge Agreement” by adding “or commodity” after “interest rate”.

(b) Section 2.03 of the Original Agreement is hereby amended by:

(i) replacing the second, third and fourth instances of “Closing Date” in clause (a) with “Amendment No. 1 Effective Date.”

(ii) adding “or” to the end of clause (a)(iii)(C);

(iii) amending clause (a)(iii)(D) in its entirety as follows:

(D) any Lender is at that time a Defaulting Lender, unless such L/C Issuer has entered into arrangements, including the delivery of Cash Collateral, reasonably satisfactory to such L/C Issuer with the Borrower or such Lender to eliminate such L/C Issuer’s actual or potential Fronting Exposure (after giving effect to Section 2.15(a)(iv)) with respect to the Defaulting Lender arising from either the Letter of Credit then proposed to be issued or that Letter of Credit and all other L/C Obligations as to which such L/C Issuer has actual or potential Fronting Exposure, as it may elect in its sole discretion.

(iv) deleting clause Subsection (a)(iii)(E);

(v) amending clause (g) in its entirety as follows: “[Reserved]”

(vi) replacing each instance of “an Impacted Lender” in clause (i) with “a Defaulting Lender.”

(c) Section 2.05(b)(iii) of the Original Agreement is hereby amended by replacing “Prepayments” with “Subject to Section 2.15, prepayments”.

(d) Section 2.06(b) of the Original Agreement is hereby amended by replacing each reference to “Impacted Lender” or “an Impacted Lender” with “Defaulting Lender” or “a Defaulting Lender”, as applicable.

(e) Section 2.09(a) of the Original Agreement is hereby amended by (i) replacing each instance of “an Impacted Lender” with “a Defaulting Lender” and (ii) replacing “the first such date to occur after the Closing Date” with “October 31, 2011”.

(f) Article II of the Original Agreement is hereby amended to add a new Section 2.15 and a new Section 2.16 to read as follows:

2.15 Defaulting Lenders

(a) Defaulting Lender Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) Waivers and Amendments. Such Defaulting Lender’s right to approve or disapprove any amendment, waiver or consent with respect to this

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Agreement shall be restricted as set forth in the definition of Required Lenders and in Section 10.01.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise) or received by the Administrative Agent from such Defaulting Lender pursuant to Section 10.08 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the L/C Issuers or Swing Line Lender hereunder; *third*, if so determined by the Administrative Agent or requested by the L/C Issuer or Swing Line Lender, to be held as Cash Collateral for future funding obligations of that Defaulting Lender of any participation in any Swing Line Loan or Letter of Credit; *fourth*, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released in order to satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement; *sixth*, to the payment of any amounts owing to the Lenders, the L/C Issuers and the Swing Line Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, any L/C Issuer or Swing Line Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans or L/C Borrowings in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans or L/C Borrowings were made at a time when the conditions set forth in Section 4.02 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and L/C Borrowings owed to, all Lenders that are not Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or L/C Borrowings owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in L/C Obligations and Swing Line Loans are held by the Lenders pro rata in accordance with the Commitments without giving effect to Section 2.15(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.15(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees.

(A) No Defaulting Lender shall be entitled to receive any Commitment fee pursuant to Section 2.09(a) for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(B) Each Defaulting Lender shall be entitled to receive Letter of Credit Fees for any period during which it is a Defaulting Lender only to the extent allocable to its Applicable Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 2.16.

(C) With respect to any Commitment fee or Letter of Credit Fee not required to be paid to any Defaulting Lender pursuant to clause (A) or (B) above, the Borrower shall (x) pay to each non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in L/C Obligations or Swing Line Loans that has been reallocated to such non-Defaulting Lender pursuant to clause (iv) below, (y) pay to each L/C Issuer and the Swing Line Lender, as applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such L/C Issuer's or Swing Line Lender's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(iv) Reallocation of Participations to Reduce Fronting Exposure. During any period in which there is a Defaulting Lender, for purposes of computing the amount of the obligation of each non-Defaulting Lender to acquire, refinance or fund participations in Letters of Credit or Swing Line Loans pursuant to Sections 2.03 and 2.04, the "Applicable Percentage" of each non-Defaulting Lender shall be computed without giving effect to the Commitment of that Defaulting Lender; provided, that, (i) each such reallocation shall be given effect only if, at the date the applicable Lender becomes a Defaulting Lender, no Default or Event of Default exists; and (ii) the aggregate obligation of each non-Defaulting Lender to acquire, refinance or fund participations in Letters of Credit and Swing Line Loans shall not exceed the positive difference, if any, of (1) the Commitment of that non-Defaulting Lender minus (2) the aggregate Outstanding Amount of the Revolving Credit Loans of that Lender. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Lender that is not a Defaulting Lender as a result of such Lender's increased exposure following such reallocation.

(v) Cash Collateral, Repayment of Swing Line Loans. If the reallocation described in clause (iv) above cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to it hereunder or under law, (x) first, prepay Swing Line Loans in an amount equal

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to the Swing Line Lender's Fronting Exposure and (y) second, Cash Collateralize the L/C Issuers' Fronting Exposure in accordance with the procedures set forth in Section 2.16.

(b) Defaulting Lender Cure. If the Borrower, the Administrative Agent, the Swing Line Lender and each L/C Issuer agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swing Line Loans to be held pro rata by the Lenders in accordance with their Applicable Percentages (without giving effect to Section 2.15(a)(iv), whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly

agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

2.16 Cash Collateral

(a) Cash Collateral. Upon the request of the Administrative Agent, (i) if any L/C Issuer has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Borrowing or (ii) if, as of the Letter of Credit Expiration Date, any L/C Obligation for any reason remains outstanding, the Borrower shall, in each case, immediately Cash Collateralize the then Outstanding Amount of all L/C Obligations. Sections 2.05 and 8.02(c) set forth certain additional requirements to deliver Cash Collateral hereunder. In addition, at any time that there shall exist a Defaulting Lender, within five Business Days following the written request of the Administrative Agent or any L/C Issuer (with a copy to the Administrative Agent), the Borrower or the Defaulting Lender shall Cash Collateralize the Fronting Exposure with respect to such Defaulting Lender (determined after giving effect to Section 2.15(a)(iv) and any Cash Collateral provided by the Defaulting Lender).

(b) Grant of Security Interest. All Cash Collateral (other than credit support not constituting funds subject to deposit) shall be maintained in blocked, non-interest bearing deposit accounts at Bank of America. The Borrower, and to the extent provided by any Lender, such Lender, hereby grants to (and subjects to the control of) the Administrative Agent, for the benefit of the Administrative Agent, the L/C Issuers and the Lenders (including the Swing Line Lender), and agrees to maintain, a first priority security interest in all such cash, deposit accounts and all balances therein, and all other property so provided as collateral

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pursuant hereto, and in all proceeds of the foregoing, all as security for the obligations to which such Cash Collateral may be applied pursuant to Section 2.16(c). If at any time the Administrative Agent determines that Cash Collateral is subject to any superior right or claim of any Person other than the Administrative Agent as herein provided, or that the total amount of such Cash Collateral is less than the applicable Fronting Exposure and other obligations secured thereby, the Borrower or the relevant Defaulting Lender will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency.

(c) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under any of this Agreement in respect of Letters of Credit or Swing Line Loans shall be held and applied to the satisfaction of the specific L/C Obligations, Swing Line Loans, obligations to fund participations therein (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) and other obligations for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(d) Release. Cash Collateral (or the appropriate portion thereof) provided to reduce any L/C Issuer's or Swing Line Lender's Fronting Exposure or payment in full of all other obligations shall be released promptly following (i) the elimination of the applicable Fronting Exposure or other obligations giving rise thereto (including by the termination of Defaulting Lender status of the applicable Lender (or, as appropriate, its assignee following compliance with Section 10.06(b)(vii))) or (ii) the Administrative Agent's good faith determination that there exists excess Cash Collateral; provided, however, (x) that Cash Collateral furnished by or on behalf of a Loan Party shall not be released during the continuance of a Default or an Event of Default (and following application as provided in this Section 2.16 may be otherwise applied in accordance with Section 8.03), and (y) the Person providing Cash Collateral and the L/C Issuers or Swing Line Lender, as applicable, may agree that Cash Collateral shall not be released but instead held to support future anticipated Fronting Exposure or other obligations.

(g) Section 3.06(b) of the Original Agreement is hereby amended by replacing each instance of "Impacted Lender" or "an Impacted Lender" with "Defaulting Lender" or "a Defaulting Lender", as applicable.

(h) Section 5.05 of the Original Agreement is hereby amended by

(i) amending clause (b) in its entirety as follows:

(b) The unaudited consolidated balance sheets of the Borrower and its Subsidiaries dated October 31, 2010, January 31, 2011, and April 30, 2011, respectively, and the related consolidated statements of income or operations,

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partners' capital and cash flows for the fiscal quarters ended on such dates (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and (ii) fairly present the financial condition of the Borrower and its Subsidiaries as of the dates thereof and their results of operations for the periods covered thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments.

(ii) replacing "Section 4.01" in clause (d) with "Amendment No. 1".

(i) Section 5.13 of the Original Agreement is hereby amended by replacing "Closing Date" with "Amendment No. 1 Effective Date".

(j) Section 6.01 of the Original Agreement is hereby amended by:

(i) adding "and" at the end of clause (c);

(ii) deleting clause (d) in its entirety; and

(iii) amending clause (e): (A) to be clause (d) and (B) by replacing "2008" with "2010".

(k) Section 6.12(c) of the Original Agreement is hereby amended by replacing "deeds or trust" with "deeds of trust".

(l) Section 7.02(h) of the Original Agreement is hereby amended by replacing "$145,000,000" with "$225,000,000".

(m) Section 7.05(g) of the Original Agreement is hereby amended by replacing "Closing Date" with "Amendment No. 1 Effective Date".

(n) Section 7.11(c) of the Original Agreement is hereby amended by replacing "5.0 to 1.0" with "5.5 to 1.0".

(o) Section 7.15 of the Original Agreement is hereby amended by replacing "the 2004 Fixed Rate Senior Notes, the 2004 Indenture, the 2008 Fixed Rate Senior Notes, the 2008 Indenture, the 2009 Fixed Rate Senior Notes or the 2009 Indenture" with "the 2009 Fixed Rate Senior Notes, the 2009 Indenture, the 2010 Fixed Rate Senior Notes, or the 2010 Indenture".

(p) Section 7.19 of the Original Agreement is hereby amended by adding "(other than Wholesale Accounts Receivable subject to an Accounts Receivable Securitization)" after "Wholesale Accounts Receivable."

(q) Section 8.01(m) of the Original Agreement is hereby amended by replacing "the 2004 Indenture, the 2008 Indenture, or the 2009 Indenture" with "the 2009 Indenture or the 2010 Indenture".

(r) Section 8.03 of the Original Agreement is hereby amended by:

(i) adding ", subject to Sections 2.15 and 2.16" after "the Secured Obligations shall"; and

(ii) adding "to the extent not otherwise Cash Collateralized by the Borrower pursuant to Sections 2.15 and 2.16" after "Letters of Credit" in clause Fifth.

(s) Section 10.01 of the Original Agreement is hereby amended by replacing "Impacted Lender" with "Defaulting Lender".

(t) Section 10.06(b) of the Original Agreement is hereby amended by amending clause (vi) thereof in its entirety as follows:

(vi) No Assignment to Certain Persons. No such assignment shall be made (A) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (A), or (B) to a natural person.

(u) Section 10.06(b) of the Original Agreement is hereby amended by added a new clause (vii) thereto after clause (vi) thereof to read as follows:

(vii) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit and Swing Line Loans in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

(v) Section 10.08 of the Original Agreement is hereby amended by adding the following after "obligated on such indebtedness";

provided, that in the event that any Defaulting Lender shall exercise any such right of setoff, (a) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of

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Section 2.15 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the L/C Issuers and the Lenders, and (b) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff.

(w) Section 10.13 of the Original Agreement is hereby amended by deleting "or an Impacted Lender".

(x) Schedule 2.01 to the Original Agreement is hereby amended and restated in its entirety with Schedule 2.01 attached hereto.

(y) The cover page to the Original Agreement is hereby amended and restated in its entirety with the cover page attached hereto as Annex I.

Section 3 Conditions to Effectiveness. This Amendment shall become effective as of the date first above written when and only when:

(a) The Administrative Agent shall have received all of the following, at the Administrative Agent's office:

(i) an original counterpart to this Amendment, duly executed by all parties hereto;

(ii) satisfactory results of all applicable lien searches;

(iii) satisfactory evidence that the Borrower and its Restricted Subsidiaries maintain insurance that is customary in the industry, including without limitation the amount, types and terms and conditions of such insurance; and the Lenders shall have received certificates naming

the Administrative Agent, on behalf of the Lenders, as an additional insured or loss payee, as the case may be, under all insurance policies to be maintained with respect to the properties of the Borrower and its subsidiaries forming part of the Lenders' Collateral;

(iv) satisfactory opinions of counsel to the Borrower and the Guarantors addressed to the Lenders (which shall cover, among other things, authority, legality, validity, binding effect and enforceability of the documents for the Original Agreement, as amended and no conflict with the terms of the Borrower's indentures) and of appropriate local counsel, if any, and such corporate resolutions, certificates and other documents as the Lenders shall reasonably require;

(v) satisfactory evidence that the Administrative Agent (on behalf of the Lenders) shall continue to have a valid and perfected first priority (subject to Permitted Liens) security interest in the Collateral (or arrangements satisfactory to the Administrative Agent shall have been made to provide for such filings to be made to provide such security interest); and

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(vi) a certificate signed by a Responsible Officer of the General Partner certifying (A) that the conditions specified in Sections 4.02(a) and (b) of the Credit Agreement have been satisfied, and (B) that the conditions specified in Sections 3(b) and (c) below have been satisfied.

(b) There shall not have occurred since July 31, 2010 any event or condition that has had or could be reasonably expected, either individually or in the aggregate, to have a Material Adverse Effect.

(c) There shall be no action, suit, investigation or proceeding pending or, to the knowledge of the Borrower, threatened in any court or before any arbitrator or governmental authority that could reasonably be expected to have a Material Adverse Effect.

(d) The Borrower shall have paid, in connection with the Loan Documents, all recording, handling, legal, and other fees or payments required to be paid to the Administrative Agent or any Lender pursuant to any Loan Documents for which an invoice has been received at least one business day before the date hereof.

(e) The Administrative Agent shall have received financial projections and inventory sales projections (reporting projected volumes of propane to be sold) with respect to the Borrower and the Guarantors for fiscal years 2012 through 2016, including balance sheets and statements of projected income and cash flow, in each case with pro forma adjustments for the transactions implied herein.

(f) All Loans owing to Departing Lenders shall have been paid in accordance with Section 5 of this Amendment and by the Lenders (as defined in the Credit Agreement).

(g) All accrued interest, fees and other amounts payable under the Original Agreement for the account of any Lender (as defined in the Original Agreement) shall have been paid.

Section 4 Confirmation; Representations and Warranties.

In order to induce each Lender to enter into this Amendment, the Borrower represents and warrants to each Lender that:

(a) The representations and warranties of the Borrower contained in the Original Agreement are true and correct in all respects at and as of the time of the effectiveness hereof, except to the extent that the facts on which such representations and warranties are based have been changed by the extensions of credit under the Original Agreement or that such representations and warranties specifically refer to an earlier date, in which case such representations and warranties were true and correct in all material respects as of such earlier date.

(b) The Borrower and the General Partner are duly authorized to execute and deliver this Amendment and have duly taken all corporate action necessary to authorize the execution and delivery of this Amendment and to authorize the performance of the obligations of the Borrower and the General Partner hereunder.

(c) The execution and delivery by the Borrower and the General Partner of this Amendment, the performance by the Borrower and the General Partner of their obligations hereunder and the consummation of the transactions contemplated hereby do not and will not conflict with any provision of law, statute, rule or regulation or of the Organization Documents of the Borrower or the General Partner, or of any material agreement, judgment, license, order or permit applicable to or binding upon the Borrower or the General Partner, or result in the creation of any lien, charge or encumbrance upon any assets or properties of the Borrower or the General Partner. Except for those which have been obtained, no consent, approval, authorization or order of any court or Governmental Authority or third party is required in connection with the execution and delivery by the Borrower and the General Partner of this Amendment or to consummate the transactions contemplated hereby.

(d) When duly executed and delivered, each of this Amendment and the Credit Agreement will be a legal and binding obligation of the Borrower and the General Partner, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or similar laws of general application relating to the enforcement of creditors' rights and by equitable principles of general application.

Section 5 Changes in Lenders and Commitments. On the Amendment No. 1 Effective Date:

(a) Each Person listed on Schedule 2.01 hereto shall be a Lender with a Commitment and an Applicable Percentage, each in the amount set forth for such Lender in Schedule 2.01.

(b) Each Lender which is not a Lender (a "New Lender") shall purchase Loans from other Lenders party to the Original Agreement in an amount such that, after giving effect thereto, the aggregate amount of such Loans shall bear the same relationship to the Commitment of such New Lender as the outstanding Loans of other Lenders (as defined in the Credit Agreement) bear to their Commitments.

(c) The participations of the Lenders (as defined in the Credit Agreement) in Letters of Credit and the Swing Line Loans shall be redetermined on the basis of their respective Commitments set forth in Schedule 2.01, all pursuant to the terms of the Credit Agreement.

(d) Any Lender party to the Credit Agreement but not listed in Schedule 2.01 (each, a "Departing Lender") shall cease to be a Lender party to the Credit Agreement, shall cease to have a Commitment thereunder or any participation in outstanding Letters of Credit or Swing Line Loans, and all Loans made by such Departing Lender, and all accrued interest, fees and other amounts payable under the Original Agreement for its account shall be paid to such Departing Lender on the Amendment No. 1 Effective Date in accordance with this Section by the Lenders (as defined in the Credit Agreement).

(e) Any Lender (as defined in the Credit Agreement) which is not a New Lender, but whose Applicable Percentage (as defined in the Credit Agreement) is greater than its Applicable Percentage (as defined in the Original Agreement) previously in effect shall be deemed a New Lender for purposes hereof to the extent of such increase, and any such Lender whose Applicable Percentage (as

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defined in the Credit Agreement) is less than its Applicable Percentage (as defined in the Original Agreement) previously in effect shall be deemed a Departing Lender for purposes hereof to the extent of such decrease.

(f) The Lenders which are parties to the Original Agreement, comprising the "Requisite Lenders" as defined therein, hereby waive any requirement of notice of prepayment of Loans to the extent necessary to give effect to Section 3(f) and this Section 5.

Section 6 Miscellaneous.

(a) Ratification of Agreements. The Original Agreement as hereby amended is hereby ratified and confirmed in all respects. The Loan Documents, as they may be amended or affected by this Amendment, are hereby ratified and confirmed in all respects. Any reference to the Credit Agreement in any Loan Document shall be deemed to be a reference to the Original Agreement as hereby amended. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Lenders under the Credit Agreement, the Notes, or any other Loan Document nor constitute a waiver of any provision of the Credit Agreement, the Notes or any other Loan Document.

(b) Survival of Agreements. All representations, warranties, covenants and agreements of the Borrower herein shall survive the execution and delivery of this Amendment and the performance hereof, including without limitation the making or granting of the Loans, and shall further survive until all of the Obligations are paid in full.

(c) Loan Documents. This Amendment is a Loan Document, and all provisions in the Credit Agreement pertaining to Loan Documents apply hereto.

(d) Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(e) Counterparts; Electronic Transmission. This Amendment may be separately executed in counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Amendment. This Amendment may be validly executed by facsimile or other electronic transmission.

(f) **ENTIRE AGREEMENT. THIS AMENDMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS OF THE PARTIES.**

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, this Amendment is executed as of the date first above written.

FERRELLGAS, L.P.

By: Ferrellgas, Inc., as its General Partner

By: /s/ James R. VanWinkle
Name: James R. VanWinkle
Title: Senior Vice President and Chief Financial Officer

FERRELLGAS, INC.

By: /s/ James R. VanWinkle
Name: James R. VanWinkle
Title: Senior Vice President and Chief Financial Officer

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

By: /s/ DeWayne D. Rosse
Name: DeWayne D. Rosse
Title: Agency Management Officer

BANK OF AMERICA, N.A., as a Lender, L/C Issuer and Swing Line Lender

By: /s/ Stephen J. Hoffman
Name: Stephen J. Hoffman
Title: Managing Director

WELLS FARGO BANK, N.A., as a Lender

By: /s/ Tom K. Martin
Name: Tom K. Martin
Title: Director

JPMORGAN CHASE BANK, N.A., as a Lender

By: /s/ Preeti Bhatnagar
Name: Preeti Bhatnagar
Title: Authorized Officer

BNP PARIBAS, as a Departing Lender

By: /s/ Richard J. Wernli
Name: Richard J. Wernli
Title: Managing Director

By: /s/ Andrew Stratos
Name: Andrew Stratos
Title: Director

SOCIÉTÉ GÉNÉRALE, as a Lender

By: /s/ Chung-Taek Oh
Name: Chung-Taek Oh
Title: Director

By: /s/ Barbara Paulsen
Name: Barbara Paulsen

Title: Managing Director

SIGNATURE PAGE TO AMENDMENT NO. 1 TO CREDIT AGREEMENT

FIFTH THIRD BANK, as a Lender

By: /s/ Stephen C. Watts
Name: Stephen C. Watts
Title: Vice President

SIGNATURE PAGE TO AMENDMENT NO. 1 TO CREDIT AGREEMENT

BMO HARRIS BANK N.A.,
Successor-by-merger to
M&I Marshall & Ilsley BANK, as a Lender

By: /s/ David T. Hunt
Name: David T. Hunt
Title: Vice President

By: /s/ Todd Senger
Name: Todd Senger
Title: Regional Senior Vice President

SIGNATURE PAGE TO AMENDMENT NO. 1 TO CREDIT AGREEMENT

SUNTRUST BANK, as a Lender

By: /s/ C. David Yates
Name: C. David Yates
Title: Managing Director

SIGNATURE PAGE TO AMENDMENT NO. 1 TO CREDIT AGREEMENT

PNC BANK, NATIONAL ASSOCIATION, as a Lender and an L/C Issuer

By: /s/ Jessica L. Fabrizi
Name: Jessica L. Fabrizi
Title: Assistant Vice President

SIGNATURE PAGE TO AMENDMENT NO. 1 TO CREDIT AGREEMENT

BARCLAYS BANK PLC, as a Lender

By: /s/ Michael J. Mozer
Name: Michael J. Mozer
Title: Vice President

SIGNATURE PAGE TO AMENDMENT NO. 1 TO CREDIT AGREEMENT

THE PRIVATEBANK & TRUST COMPANY, as a Lender

By: /s/ Matt Mayer
Name: Matt Mayer
Title: Associate Managing Director

SIGNATURE PAGE TO AMENDMENT NO. 1 TO CREDIT AGREEMENT

CAPITAL ONE, N.A., as a Lender

By: /s/ Gina Monette
Name: Gina Monette
Title: Vice President

SIGNATURE PAGE TO AMENDMENT NO. 1 TO CREDIT AGREEMENT

U.S. BANK NATIONAL ASSOCIATION, as a Lender

By: /s/ Magnus McDowell
Name: Magnus McDowell
Title: Vice President

SIGNATURE PAGE TO AMENDMENT NO. 1 TO CREDIT AGREEMENT

UBS FINANCE LOAN LLC, as a Departing Lender

By: /s/ Mary E. Evans
Name: Mary E. Evans
Title: Associate Director

By: /s/ Irja R. Otsa
Name: Irja R. Otsa
Title: Associate Director

SIGNATURE PAGE TO AMENDMENT NO. 1 TO CREDIT AGREEMENT

CONSENT AND AGREEMENT

The undersigned hereby (i) consents to the provisions of the Amendment No. 1 to Credit Agreement (the "First Amendment") and the transactions contemplated herein, (ii) ratifies and confirms its Guaranty dated as of November 2, 2009, made by it for the benefit of the Administrative Agent and the Lenders, executed pursuant to the Credit Agreement and the other Loan Documents, (iii) agrees that all of its obligations and covenants thereunder shall remain unimpaired by the execution and delivery of the First Amendment and the other documents and instruments executed in connection herewith, and (iv) agrees that its Guaranty and the other Loan Documents shall remain in full force and effect.

FERRELLGAS, INC.

By: /s/ James R. VanWinkle
Name: James R. VanWinkle
Title: Senior Vice President and Chief Financial Officer

BLUE RHINO GLOBAL SOURCING, INC.

By: /s/ James R. VanWinkle

Name: James R. VanWinkle
Title: Chief Financial Officer and Vice President of Corporate Development

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Schedule 2.01

[See attached]

SCHEDULE 2.01

COMMITMENTS
AND APPLICABLE PERCENTAGES

LENDER	COMMITMENT	LETTER OF CREDIT SUBLIMIT PARTICIPATION	APPLICABLE PERCENTAGE
Bank of America, N.A.	$ 50,000,000	$ 25,000,000	12.500000000%
Wells Fargo Bank, N.A.	$ 50,000,000	$ 25,000,000	12.500000000%
JPMorgan Chase Bank, N.A.	$ 50,000,000	$ 25,000,000	12.500000000%
Barclays Bank PLC	$ 35,000,000	$ 17,500,000	8.750000000%
Fifth Third Bank	$ 35,000,000	$ 17,500,000	8.750000000%
BMO Harris Bank, N.A., successor-by-merger to M&I Marshall & Ilsley Bank	$ 35,000,000	$ 17,500,000	8.750000000%
SunTrust Bank	$ 35,000,000	$ 17,500,000	8.750000000%
The PrivateBank & Trust Company	$ 35,000,000	$ 17,500,000	8.750000000%
PNC Bank, National Association	$ 35,000,000	$ 17,500,000	8.750000000%
Capital One, N.A.	$ 20,000,000	$ 10,000,000	5.000000000%
U.S. Bank National Association	$ 20,000,000	$ 10,000,000	5.000000000%
Total	$ 400,000,000	$ 200,000,000	100.000000000%

As of September 23, 2011

ANNEX I

[See attached]

Published CUSIP Number: 31528LAJ0

CREDIT AGREEMENT

Dated as of November 2, 2009

among

FERRELLGAS, L.P.,
as the Borrower,

FERRELLGAS, INC.,
as the General Partner of the Borrower,

BANK OF AMERICA, N.A.,
as Administrative Agent, Swing Line Lender and
an L/C Issuer,

and

The Other Lenders Party Hereto

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
WELLS FARGO SECURITIES, LLC
and
JPMORGAN SECURITIES, LLC,

as Lead Arrangers and Book Managers

WELLS FARGO BANK, N.A.
and
JPMORGAN CHASE BANK, N.A.,
as Syndication Agents

THE PRIVATEBANK & TRUST COMPANY
and
BMO HARRIS BANK N.A.,
successor-by-merger to M&I Marshall Ilsley Bank,
as Documentation Agents

EXHIBIT 21.1

SUBSIDIARIES OF
FERRELLGAS PARTNERS, L.P.

Ferrellgas, L.P., a Delaware limited partnership
Ferrellgas Partners Finance Corp., a Delaware Corporation

SUBSIDIARIES OF
FERRELLGAS, L.P.

Ferrellgas Real Estate, Inc., a Delaware Corporation
Ferrellgas Receivables, LLC, a Delaware limited liability company
Ferrellgas Finance Corp., a Delaware Corporation
Blue Rhino Canada, Inc., a Delaware Corporation
Blue Rhino Global Sourcing, Inc., a Delaware Corporation
Uni Asia, Ltd, a Seychelles limited company

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Amendment No. 1 to Registration Statement Nos. 333-134867, 333-157760 and 333-130193, in Registration Statement Nos. 333-121350 and 333-115765 on Form S-3, in Registration Statement No. 333-132340 on Form S-4, and in Post-Effective Amendment No.1 to Registration Statement Nos. 333-87633 and 333-84344 on Form S-8 of our reports dated September 26, 2011 (which report on the consolidated financial statements expresses an unqualified opinion and includes an explanatory paragraph regarding the adoption of new accounting guidance effective August 1, 2010), relating to the consolidated financial statements and consolidated financial statement schedules of Ferrellgas Partners, L.P., and the effectiveness of Ferrellgas Partners, L.P.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K of Ferrellgas Partners, L.P. for the year ended July 31, 2011.

/s/ DELOITTE & TOUCHE LLP
Kansas City, Missouri
September 26, 2011

EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Amendment No. 1 to Registration Statement No. 333-157760-03 on Form S-3 of our report dated September 26, 2011, relating to the financial statements of Ferrellgas Partners Finance Corp., appearing in this Annual Report on Form 10-K of Ferrellgas Partners Finance Corp. for the year ended July 31, 2011.

/s/ DELOITTE & TOUCHE LLP
Kansas City, Missouri
September 26, 2011

EXHIBIT 23.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Amendment No. 1 to Registration Statement No. 333-157760-02 on Form S-3 of our reports dated September 26, 2011 (which report on the consolidated financial statements expresses an unqualified opinion and includes an explanatory paragraph regarding the adoption of new accounting guidance effective August 1, 2010), relating to the financial statements and financial statement schedule of Ferrellgas, L.P., appearing in this Annual Report on Form 10-K of Ferrellgas, L.P. for the year ended July 31, 2011.

/s/ DELOITTE & TOUCHE LLP
Kansas City, Missouri
September 26, 2011

EXHIBIT 23.4

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Amendment No. 1 to Registration Statement No. 333-157760-01 on Form S-3 of our reports dated September 26, 2011, relating to the financial statements of Ferrellgas Finance Corp., appearing in this Annual Report on Form 10-K of Ferrellgas Finance Corp. for the year ended July 31, 2011.

/s/ DELOITTE & TOUCHE LLP
Kansas City, Missouri
September 26, 2011

EXHIBIT 31.1

CERTIFICATIONS
FERRELLGAS PARTNERS, L.P.

I, Stephen L. Wambold, certify that:

1. I have reviewed this report on Form 10-K for the year ended July 31, 2011 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: September 26, 2011

/s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President of
Ferrellgas, Inc., general partner of the Registrant

CERTIFICATIONS
FERRELLGAS PARTNERS, L.P.

I, J. Ryan VanWinkle, certify that:

1. I have reviewed this report on Form 10-K for the year ended July 31, 2011 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: September 26, 2011

/s/ J. Ryan VanWinkle

J. Ryan VanWinkle
Senior Vice President and Chief Financial Officer; Treasurer (Principal Financial and Accounting Officer) of Ferrellgas, Inc., general partner of the Registrant

EXHIBIT 31.2

CERTIFICATIONS
FERRELLGAS PARTNERS FINANCE CORP.

I, Stephen L. Wambold, certify that:

1. I have reviewed this report on Form 10-K for the year ended July 31, 2011 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: September 26, 2011

/s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President

CERTIFICATIONS
FERRELLGAS PARTNERS FINANCE CORP.

I, J. Ryan VanWinkle, certify that:

1. I have reviewed this report on Form 10-K for the year ended July 31, 2011 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: September 26, 2011

/s/ J. Ryan VanWinkle

J. Ryan VanWinkle
Chief Financial Officer and Sole Director

CERTIFICATIONS
FERRELLGAS, L.P.

I, Stephen L. Wambold, certify that:

1. I have reviewed this report on Form 10-K for the year ended July 31, 2011 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: September 26, 2011

/s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President of
Ferrellgas, Inc., general partner of the Registrant

CERTIFICATIONS
FERRELLGAS, L.P.

I, J. Ryan VanWinkle, certify that:

1. I have reviewed this report on Form 10-K for the year ended July 31, 2011 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: September 26, 2011

/s/ J. Ryan VanWinkle

J. Ryan VanWinkle
Senior Vice President and Chief Financial Officer; Treasurer (Principal Financial and Accounting Officer) of Ferrellgas, Inc., general partner of the Registrant

EXHIBIT 31.4

CERTIFICATIONS
FERRELLGAS FINANCE CORP.

I, Stephen L. Wambold, certify that:

1. I have reviewed this report on Form 10-K for the year ended July 31, 2011 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: September 26, 2011

/s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President

CERTIFICATIONS
FERRELLGAS FINANCE CORP.

I, J. Ryan VanWinkle, certify that:

1. I have reviewed this report on Form 10-K for the year ended July 31, 2011 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: September 26, 2011

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

EXHIBIT 32.1

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

In connection with the accompanying Annual Report on Form 10-K of Ferrellgas Partners, L.P. (the "Partnership") for the year ended July 31, 2011, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership at the dates and for the periods indicated within the Report.

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

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

Dated: September 26, 2011

/s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President of Ferrellgas, Inc., the Partnership's general partner

/s/ J. Ryan VanWinkle
J. Ryan VanWinkle
Senior Vice President and Chief Financial Officer; Treasurer (Principal Financial and Accounting Officer) of Ferrellgas, Inc., the Partnership's general partner

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***As required by 18 U.S.C. 1350, a signed original of this written statement has been provided to the Partnership.**

EXHIBIT 32.2

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

In connection with the accompanying Annual Report on Form 10-K of Ferrellgas Partners Finance Corp. for the year ended July 31, 2011, as filed with the Securities and Exchange Commission (the “SEC”) on the date hereof (the “Report”), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Ferrellgas Partners Finance Corp. at the dates and for the periods indicated within the Report.

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

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

Dated: September 26, 2011

/s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President

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

***As required by 18 U.S.C. 1350, a signed original of this written statement has been provided to Ferrellgas Partners Finance Corp.**

EXHIBIT 32.3

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

In connection with the accompanying Annual Report on Form 10-K of Ferrellgas, L.P. (the "Partnership") for the year ended July 31, 2011, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership at the dates and for the periods indicated within the Report.

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

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

Dated: September 26, 2011

/s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President of Ferrellgas, Inc., the Partnership's general partner

/s/ J. Ryan VanWinkle
J. Ryan VanWinkle
Senior Vice President and Chief Financial Officer; Treasurer (Principal Financial and Accounting Officer) of Ferrellgas, Inc., the Partnership's general partner

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***As required by 18 U.S.C. 1350, a signed original of this written statement has been provided to the Partnership.**

EXHIBIT 32.4

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

In connection with the accompanying Annual Report on Form 10-K of Ferrellgas Finance Corp. for the year ended July 31, 2011, as filed with the Securities and Exchange Commission (the “SEC”) on the date hereof (the “Report”), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Ferrellgas Finance Corp. at the dates and for the periods indicated within the Report.

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

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

Dated: September 26, 2011

/s/ Stephen L. Wambold
Stephen L. Wambold
Chief Executive Officer and President

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

***As required by 18 U.S.C. 1350, a signed original of this written statement has been provided to Ferrellgas Finance Corp.**