UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended April 30, 2000

or

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

For the transition period from _____ to _____

Commission file numbers: 1-11331
333-06693

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

(Exact name of registrants as specified in their charters)

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

One Liberty Plaza, Liberty, Missouri 64068

(Address of principal executive offices) (Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

At June 14, 2000, the registrants had units or shares outstanding as follows:

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

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

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except unit data)

ASSETS	April 30, 2000 (unaudited)	July 31, 1999
Current Assets:		
Cash and cash equivalents	$ 12,766	$35,134
Accounts and notes receivable, net	117,537	58,380
Inventories	54,970	24,645
Prepaid expenses and other current assets	12,219	6,780
Total Current Assets	197,492	124,939
Property, plant and equipment, net	532,943	405,292
Intangible assets, net	256,861	118,117
Other assets, net	10,571	8,397
Total Assets	$997,867	$656,745
LIABILITIES AND PARTNERS' CAPITAL		
Current Liabilities:		
Accounts payable	$82,923	$60,754
Other current liabilities	66,183	48,266
Short-term borrowings	17,859	20,486
Total Current Liabilities	166,965	129,506
Long-term debt	712,042	583,840
Other liabilities	19,202	12,144
Contingencies and commitments	-	-
Minority interest	2,650	906
Partners' Capital:		
Senior common unitholders (4,539,211 units outstanding at April 30, 2000 - redeemable liquidation value - $177,139,946)	174,131	-
Common unitholders (31,307,116 and 14,710,765 units outstanding at April 30, 2000 and July 31, 1999, respectively)	(18,446)	1,215
Subordinated unitholders (0 and 16,593,721 units outstanding at April 30, 2000 and July 31, 1999, respectively)	-	(10,516)
General partner	(57,880)	(59,553)
Accumulated other comprehensive income	(797)	(797)
Total Partners' Capital	97,008	(69,651)
Total Liabilities and Partners' Capital	$997,867	$656,745

See notes to consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

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

	For the three months ended		For the nine months ended	
	April 30, 2000	April 30, 1999	April 30, 2000	April 30, 1999
Revenues:				
Gas liquids and related product sales	$279,043	$161,192	$736,575	$495,735
Other	21,197	8,700	67,399	34,573
Total revenues	300,240	169,892	803,974	530,308
Cost of product sold (exclusive of depreciation, shown separately below)	176,274	70,171	439,627	230,211
Gross profit	123,966	99,721	364,347	300,097
Operating expense	70,556	52,811	197,074	160,763
Depreciation and amortization expense	17,382	12,156	43,381	35,273
Employee stock ownership plan compensation charge	840	800	2,893	2,490
General and administrative expense	7,070	5,366	18,213	14,231
Equipment lease expense	8,173	3,351	17,612	9,492
Operating income	19,945	25,237	85,174	77,848
Interest expense	(15,531)	(11,264)	(42,809)	(34,842)
Interest income	959	330	1,568	874
Loss on disposal of assets	99	(495)	(30)	(1,007)
Earnings before minority interest and extraordinary item	5,472	13,808	43,903	42,873
Minority interest	94	179	561	550
Earnings before extraordinary item	5,378	13,629	43,342	42,323
Extraordinary loss on early extinguishment of debt, net of minority interest of $130	-	-	-	(12,786)
Net earnings	5,378	13,629	43,342	29,537
Paid in kind distribution to senior common unitholders	4,428	N/A	6,568	N/A
General partner's interest in net earnings	10	136	368	295
Limited partners' interest in net earnings	$940	$13,492	$36,406	$29,242
Basic earnings per limited partner unit:				
Earnings before extraordinary item	$ 0.03	$ 0.43	$ 1.16	$ 1.34
Extraordinary loss	-	-	-	(0.41)
Net earnings	$ 0.03	$ 0.43	$ 1.16	$ 0.93
Diluted earnings per limited partner unit:				
Earnings before extraordinary item	$ 0.03	$ 0.43	$ 1.16	$ 1.34
Extraordinary loss	-	-	-	(0.41)
Net earnings	$ 0.03	$ 0.43	$ 1.16	$ 0.93

See notes to consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

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

	Number of units							Accumulated other	
	Senior common unitholders	Common unitholders	Sub-ordinated unitholders	Senior common unitholders	Common unitholders	Sub-ordinated unitholders	General partner	compre-hensive income	Total partners' capital
August 1, 1999	-	14,710.8	16,593.7	$ -	$ 1,215	$(10,516)	$(59,553)	$(797)	$(69,651)
Conversion of subordinated units into common units	-	16,593.7	(16,593.7)	-	(10,516)	10,516	-	-	-
Units issued in connection with acquisitions:									-
Common units	-	2.6		-	45	-	-	-	45
Senior common units	4,375.0	-	-	175,000	-	-	1,768	-	176,768
Fees paid to issue senior common units	-	-	-	(8,925)	-	-	-	-	(8,925)
Accretion of discount on senior common units	-	-	-	1,488	(1,472)	-	(16)	-	-
Contribution from general partner in connection with ESOP compensation charge	-	-	-	-	2,837	-	28	-	2,865
Quarterly cash distributions	-	-	-	-	(46,961)	-	(474)	-	(47,435)
Accrued paid in kind distributions	164.2	-	-	6,568	(6,503)	-	(66)	-	(1)
Comprehensive income:									
Net earnings	-	-	-	-	42,909	-	433	-	43,342
Comprehensive income									43,342
April 30, 2000	4,539.2	31,307.1	-	$174,131	$(18,446)	$ -	$(57,880)	$(797)	$97,008

See notes to consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

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

	For the nine months ended	
	April 30, 2000	April 30, 1999
Cash Flows From Operating Activities:		
Net earnings	$43,342	$29,537
Reconciliation of net earnings to net cash provided by operating activities:		
Depreciation and amortization	43,381	35,273
Extraordinary loss, net of minority interest	-	12,786
Employee stock ownership plan compensation charge	2,893	2,490
Other	4,622	4,461
Changes in operating assets and liabilities, net of effects from business acquisitions:		
Accounts and notes receivable	(39,926)	(12,212)
Inventories	(14,088)	7,040
Prepaid expenses and other current assets	(4,778)	1,491
Accounts payable	(1,923)	(6,360)
Other current liabilities	915	561
Other liabilities	(763)	2,305
Net cash provided by operating activities	33,675	77,372
Cash Flows From Investing Activities:		
Business acquisitions, net of cash acquired	55,548	(27,915)
Capital expenditures	(18,631)	(20,558)
Proceeds from sale leaseback transaction	25,000	-
Cash paid for acquisition transaction fees	(15,589)	-
Other	3,942	1,360
Net cash provided by (used in) investing activities	50,270	(47,113)
Cash Flows From Financing Activities:		
Net reductions to short-term borrowings	(2,627)	(21,150)
Additions to long-term debt	218,573	394,745
Reductions of long-term debt	(274,743)	(351,689)
Cash paid for debt and lease financing costs	(3,093)	(12,528)
Distributions	(47,435)	(47,418)
Cash contribution from general partner	3,571	3
Other	(559)	(560)
Net cash used in financing activities	(106,313)	(38,597)
Decrease in cash and cash equivalents	(22,368)	(8,338)
Cash and cash equivalents - beginning of period	35,134	16,961
Cash and cash equivalents - end of period	$12,766	$8,623
Cash paid for interest	$41,058	$33,973

See notes to consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2000
(unaudited)

A. The consolidated financial statements of Ferrellgas Partners, L.P. and subsidiaries (the "Partnership" or "MLP") reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the interim periods presented. All adjustments to the financial statements were of a normal, recurring nature. These financial statements should be read in conjunction with the financial statements and related notes included in our Annual Report on Form 10-K for the year ended July 31, 1999.

B. 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.

C. The propane industry is seasonal in nature with peak activity during the winter months. Therefore, the results of operations for the periods ended April 30, 2000 and April 30, 1999 are not necessarily indicative of the results to be expected for a full year.

D. Inventories consist of:

(in thousands)	April 30, 2000	July 31, 1999
Liquefied propane gas and related products	$32,970	$15,480
Appliances, parts and supplies	22,000	9,165
	$54,970	$24,645

In addition to inventories on hand, the Partnership enters into contracts to buy product for supply purposes. Nearly all such contracts have terms of less than one year and most call for payment based on market prices at date of delivery. All fixed price contracts have terms of less than one year. As of April 30, 2000, the Partnership had committed to take delivery of approximately 13,518,000 gallons at a fixed price for its estimated future retail propane sales.

Property, plant and equipment, net consist of:

(in thousands)	April 30, 2000	July 31, 1999
Property, plant and equipment	$790,602	$650,536
Less: accumulated depreciation	257,659	245,244
	$532,943	$405,292

Intangible assets, net consist of:

(in thousands)	April 30, 2000	July 31, 1999
Intangible assets	$412,490	$257,390
Less: accumulated amortization	155,629	139,273
	$256,861	$118,117

E. Quarterly Distributions of Available Cash

The Partnership makes quarterly cash distributions to its Common Unitholders of all of its "Available Cash", generally defined as 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 the Partnership 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 January, April, July and October to holders of record on the applicable record date.

Distributions by the Partnership in an amount equal to 100% of its Available Cash, as defined in its Second Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P. (the "Partnership Agreement"), will be made to the General Partner based upon the number of General Partner Units held in the Partnership and its interest in Ferrellgas, L.P. (the Operating Partnership" or "OLP"), currently an aggregate 2%, subject to the payment of incentive distributions to the holders of Incentive Distribution Rights to the extent that certain target levels of cash distributions are achieved. The remaining Available Cash will be paid to the Senior Common Unitholders (see footnote G for discussion of the in kind distribution paid to the Senior Common Unitholders) and Common Unitholders (the "Unitholders"). The Senior Common Units have certain preference rights over the Common Units. See Notes G and I for additional information about the Senior Common Units.

F. Long-term debt consists of:

(in thousands)	April 30, 2000	July 31, 1999
Senior Notes		
Fixed rate, 7.16%, due 2005-2013	$350,000	$350,000
Fixed rate, 9.375%, due 2006	160,000	160,000
Fixed rate, 8.8%, due 2006-2009	184,000	-
Credit Agreement		
Revolving credit loans, 9.2% and 8.5%, respectively, due 2003	3,741	58,314
Notes payable, 8.4% and 7.3% weighted average interest rates, Respectively, due 2000 to 2009	17,130	18,154
	714,871	586,468
Less: current portion	2,829	2,628
	$712,042	$583,840

On December 17, 1999, in connection with the purchase of Thermogas L.L.C. ("Thermogas Acquisition") (see Note J), the OLP assumed a $183,000,000 bridge loan that was originally issued by Thermogas L.L.C. ("Thermogas") and had a maturity date of June 30, 2000. On February 28, 2000, the OLP issued $184,000,000 of fixed rate Senior Notes which have maturities ranging from 2006 to 2009 and an average interest rate of 8.8% in order to refinance the $183,000,000 bridge loan. The additional $1,000,000 in borrowings was used to fund debt issuance costs.

On December 17, 1999, in connection with the Thermogas Acquisition, the OLP paid off the balance remaining of $35,000,000 then outstanding on its $38,000,000 unsecured credit facility used for acquisitions, capital expenditures, and general corporate purposes. This outstanding credit facility was then terminated, leaving the OLP with the $145,000,000 credit facility as its only senior bank credit facility.

On April 18, 2000, the OLP entered into an amended and restated credit facility with a group of financial institutions. The unsecured $157,000,000 Credit Facility ("Credit Facility"), which expires June 30, 2003, consists of a $117,000,000 unsecured working capital, general corporate and acquisition facility, including a letter of credit facility, and a $40,000,000 revolving working capital facility. The $40,000,000 facility is subject to an annual reduction in outstanding balances to zero for 30 consecutive days. All borrowings under the Credit Facility bear interest, at the borrower's option, at a rate equal to either a) LIBOR plus an applicable margin varying from 1.25 percent to 2.25 percent or, b) the bank's base rate plus an applicable margin varying from 0.25 percent to 1.25 percent.

Effective April 27, 2000, the Partnership entered into an interest rate swap agreement ("Swap Agreement") with Bank of America, related to the semi-annual interest payment due on the $160,000,000 fixed rate Senior Notes due 2006 ("MLP Senior Notes"). The Swap Agreement, which expires June 15, 2006, requires Bank of America to pay an amount based on the stated fixed interest rate (annual rate 9.375%) pursuant to the MLP Senior Notes equaling $7,500,000 every six months due on each June 15 and December 15. In exchange, the Partnership is required to make quarterly floating interest rate payments on the 15th of March, June, September and December based on an annual interest rate equal to the 3 month LIBOR interest rate plus 1.655% applied to the same notional amount of $160,000,000.

Effective June 2, 2000, the OLP entered into an interest rate cap agreement ("Cap Agreement") with Bank of America, related to variable quarterly rent payments due pursuant to two operating tank lease agreements. The variable quarterly rent payments are determined based upon a floating LIBOR based interest rate. The Cap Agreement, which expires June 30, 2003, requires Bank of America to pay the OLP at the end of each March, June, September and December the difference, if any, between the applicable 3 month floating LIBOR interest rate and 9.3%, the cap, applied to the total obligation due each quarter under the two operating tank lease agreements. The total obligation under these two operating tank lease agreements as of April 30, 2000 was $159,600,000.

G. Partners' Capital

The Partnership's capital (after including the effect of an aggregate of 164,211.11 Senior Common Units issued in order to pay the applicable in-kind quarterly distributions) consists of 4,539,211.11 Senior Common Units, 31,307,116 Common Units representing the entire limited partner interest, and 316,233 General Partner Units representing a 1% General Partner interest. The Partnership Agreement contains specific provisions for the allocation of net earnings and loss to each of the partners for purposes of maintaining the partner capital accounts.

In connection with the Thermogas Acquisition (See Note J) on December 17, 1999, the Partnership issued 4,375,000 Senior Common Units to Williams Natural Gas Liquids, Inc. ("Williams" or "Seller"). As of June 15, 2000, Williams held 4,539,211.11 Senior Common Units with a liquidation value of approximately $181,600,000 including accrued and unpaid distributions. The Senior Common Units entitle the holder to quarterly distributions from the MLP equivalent to 10 percent per annum of the liquidating value. Distributions are payable quarterly, in-kind, through issuance of additional Senior Common Units until the earlier of February 1, 2002 or the occurrence of a Material Event, as defined in the Partnership Agreement ("Material Event") after which distributions are payable in cash. The Senior Common Units are redeemable by the Partnership at any time, in whole or in part, upon payment in cash of the face value of the Senior Common Units and the amount of any accrued but unpaid distributions.

Williams has the right, subject to certain events and conditions, to convert any outstanding Senior Common Units into Common Units at the end of two years or upon the occurrence of a Material Event. Such conversion rights are contingent upon the Partnership not previously redeeming such securities, among other conditions. The Partnership also granted Williams demand registration rights at the end of two years or upon the occurrence of a Material Event with respect to any outstanding Senior Common Units (or Common Units into which they may be convertible). On June 5, 2000, at a special meeting of its common unitholders, the Partnership's common unitholders approved both the common unit conversion feature and an exemption under the Partnership Agreement to enable Williams to vote the Common Units, if such a conversion were to occur.

Effective August 1, 1999, the Subordination period ended and the Subordinated Units converted to Common Units. Certain financial tests, which were primarily related to making the Minimum Quarterly Distribution on all Units, were satisfied for each of the three consecutive four quarter periods ending July 31, 1999.

The Partnership maintains a shelf registration statement for Common Units representing limited partner interests in the Partnership. The Common Units may be issued from time to time by the Partnership in connection with the Partnership's acquisition of other businesses, properties or securities in business
combination transactions. The Partnership also maintains another shelf registration statement for the issuance of Common Units, Deferred Participation Units, Warrants and Debt Securities. The Partnership Agreement allows the General Partner to issue an unlimited number of additional Partnership general and limited interests and other equity securities of the Partnership for such consideration and on such terms and conditions as shall be established by the General Partner without the approval of any Unitholders.

H. Contingencies and Commitments

The Partnership is threatened with or named as a defendant in various lawsuits that, among other items, claim damages for product liability. It is not possible to determine the ultimate disposition of these matters; however, management is of the opinion that there are no known claims or contingent claims that are likely to have a material adverse effect on the financial condition, results of operations or cash flows of the Partnership.

On December 6, 1999, the OLP entered into, with Banc of America Leasing & Capital LLC, as lender, a $25,000,000 operating tank lease facility involving a portion of the OLP's customer tanks. This operating lease has a term that expires June 30, 2003 and may be extended for two additional one-year periods at the option of the OLP, if such extension is approved by the lessor.

On December 17, 1999, immediately prior to the closing of the Thermogas Acquisition (See Note J), Thermogas entered into, with Banc of America Leasing & Capital LLC, as lender, a $135,000,000 operating tank lease facility involving a portion of its customer tanks. In connection with the Thermogas Acquisition, the OLP assumed all obligations under the $135,000,000 operating tank lease facility, which has terms and conditions similar to the December 6, 1999, $25,000,000 operating tank lease facility discussed above.

On April 18, 2000, the OLP completed the syndication of both the $25,000,000 and $135,000,000 operating tank lease facilities to a group of banks and other financial institutions.

Certain property and equipment is leased under noncancellable operating leases which require fixed monthly rental payments and which expire at various dates through 2018. Future minimum lease commitments for such leases, including the aforementioned operating tank leases, are $29,309,000 in 2000, $33,356,000 in 2001, $29,088,000 in 2002, $23,765,000 in 2003, $4,971,000 in 2004 and $7,232,000 thereafter.

I. Partnership Distributions

On September 14, 1999, the Partnership paid a cash distribution of $0.50 per Common and Subordinated Unit for the quarter ended July 31, 1999. On December 14, 1999, the Partnership paid a cash distribution of $0.50 per Common Unit for the quarter ended October 31, 1999. On March 14, 2000, the Partnership paid a cash distribution of $0.50 per Common Unit for the quarter ended January 31, 2000. Additionally, on February 21, 2000, the Partnership declared an in-kind distribution to the Senior Common Unitholders of $2,140,000, payable by the issuance of 53,499 additional Senior Common Units. On May 19, 2000, the Partnership declared its third-quarter cash distribution of $0.50 per Common Unit, payable June 14, 2000. Additionally, on May 19, 2000, the Partnership declared an in-kind distribution to the Senior Common Unitholders of $4,428,499, payable by the issuance of 110,712 additional Senior Common Units. The Senior Common Unitholders will continue to receive quarterly distributions in-kind through issuance of additional Senior Common Units until the earlier of February 1, 2002 or the occurrence of a Material Event, after which distributions are payable in cash.

J. Business Combinations

On December 17, 1999, the Partnership purchased Thermogas, a subsidiary of Williams. At closing the Partnership entered into the following noncash transactions: a) issued $175,000,000 in Senior Common Units to the seller, b) assumed a $183,000,000 bridge loan, (see Note F) and c) assumed a $135,000,000 operating tank lease (see Note H). After the conclusion of these acquisition-related transactions, including the merger of the OLP and Thermogas, the Partnership acquired $61,842,000 of cash which remained on the Thermogas balance sheet at the acquisition date. The Partnership has paid $15,589,000 in additional costs and fees related to the acquisition between December 17, 1999 and April 30, 2000. As part of the Thermogas Acquisition, the OLP agreed to reimburse Williams for the value of working capital received by the Partnership in excess of $9,147,500. On June 6, 2000, the OLP and Williams agreed upon the amount of working capital that was acquired by the Partnership on December 17, 1999. The OLP reimbursed Williams $5,652,500 as final settlement of this working capital reimbursement obligation.

The total assets contributed to the OLP (at the Partnership's cost basis) have been preliminarily allocated as follows: (i) working capital of $9,147,500, (ii) property, plant and equipment of $151,502,000, (iii) $60,200,000 to customer list, (iv) $18,500,000 to trademarks (v) $9,600,000 to assembled workforce and (vi) $62,387,000 to goodwill. The estimated fair values and useful lives of assets acquired are based on a preliminary valuation and are subject to final valuation adjustments. The Partnership intends to continue its analysis of the net assets of Thermogas to determine the final allocation of the total purchase price to the various assets acquired. The transaction has been accounted for as a purchase and, accordingly, the results of operations of Thermogas have been included in the consolidated financial statements from the date of acquisition.

The following pro forma financial information assumes that the Thermogas Acquisition occurred as of August 1, 1998:

	Nine months ended	
	Pro Forma	
(in thousands, except per unit amounts)	April 30, 2000	April 30, 1999
Total revenues	$899,982	$733,590
Earnings before extraordinary item	26,897	41,216
Net earnings	26,897	28,430
Limited partners' interest in net earnings	26,628	28,146
Basic and diluted earnings per limited partner unit before extraordinary item	$ 0.85	$ 1.30
Basic and diluted earnings per limited partner unit after extraordinary item	$ 0.85	$ 0.90

K. Earnings Per Unit

Below is a calculation of the basic and diluted Common Units (and Subordinated Units prior to August 1, 1999) used to calculate basic and diluted earnings per unit on the Statements of Earnings.

(in thousands, except per unit data)

	Three months ended April 30, 2000		Nine months ended April 30, 1999	
Limited partners' interest in net earnings	$940	$13,492	$36,406	$29,241
Weighted average common and subordinated units outstanding	31,307.1	31,299.4	31,306.6	31,296.8
Basic earnings per unit before extraordinary item	$0.03	$0.43	$1.16	$1.34
Basic earnings per unit	$0.03	$0.43	$1.16	$0.93

	Three months ended		Nine months ended	
	April 30, 2000	April 30, 1999	April 30, 2000 April	April 30, 1999
Limited partners' interest in net earnings	$940	$13,492	$36,406	$29,241
Weighted average common and subordinated units outstanding	31,307.1	31,299.4	31,306.6	31,296.8
Dilutive securities - options	0.0	0.0	0.0	28.8
Weighted average out-standing units + dilutive units	31,307.1	31,299.4	31,306.6	31,325.6
Diluted earnings per unit before extraordinary item	$0.03	$0.43	$1.16	$1.34
Diluted earnings per unit	$0.03	$0.43	$1.16	$0.93

For diluted earnings per unit purposes, the Senior Common Units have been excluded as they are considered contingently issuable Common Units for which all necessary conditions for their issuance have not been satisfied as of the end of the reporting period.

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

BALANCE SHEETS

ASSETS	April 30, 2000 (unaudited)	July 31, 1999
Cash	$1,000	$1,000
Total Assets	$1,000	$1,000
STOCKHOLDER'S EQUITY		
Common stock, $1.00 par value; 2,000 shares authorized; 1,000 shares issued and outstanding	$1,000	$1,000
Additional paid in capital	1,259	774
Accumulated deficit	(1,259)	(774)
Total Stockholder's Equity	$1,000	$1,000

STATEMENTS OF EARNINGS
(unaudited)

	Three Months Ended		Nine Months Ended	
	April 30, 2000	April 30, 1999	April 30, 2000	April 30, 1999
General and administrative expense	$ 249	$ 181	$ 485	$ 226
Net loss	$(249)	$ (181)	$(485)	$(226)

See notes to financial statements.

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

STATEMENTS OF CASH FLOWS
(unaudited)

	Nine Months Ended	
	April 30, 2000	April 30, 1999
Cash Flows From Operating Activities:		
Net loss	$(485)	$(226)
Cash used in operating activities	(485)	(226)
Cash Flows From Financing Activities:		
Capital contribution	485	226
Cash provided by financing activities	485	226
Change in cash	-	-
Cash - beginning of period	1,000	1,000
Cash - end of period	$1,000	$1,000

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
April 30, 2000
(unaudited)

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

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

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

The following is a discussion of the results of operations and liquidity and capital resources of Ferrellgas Partners, L.P. (the "Partnership" or "MLP"). Except for the $160,000,000 of 9 3/8% Senior Secured Notes issued in April 1996 by the MLP and the related interest expense, Ferrellgas, L.P. (the "Operating Partnership" or "OLP") accounts for nearly all of the consolidated assets, liabilities, sales and earnings of the MLP. When the discussion refers to the consolidated MLP, the term Partnership will be used.

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

Forward-looking statements

Certain statements included in this report that are not historical facts, including statements of whether or not the OLP will have sufficient funds to meet its obligations and to enable it to distribute to the MLP sufficient funds to permit the MLP to meet its obligations with respect to the MLP Senior Notes issued in April 1996, and sufficient funds to pay the required distribution on both the Senior Common Units (see Note E in the Consolidated Financial Statements included elsewhere in this report) and the Minimum Quarterly Distribution ("MQD") ($0.50 per Unit) on all Common Units, are forward-looking statements.

Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by the statements. The risks and uncertainties and their effect on the Partnership's operations include but are not limited to the following: a) the effect of weather conditions on demand for propane, b) price and availability of propane supplies, c) the availability of capacity to transport propane to market areas, d) competition from other energy sources and within the propane industry, e) operating risks incidental to transporting, storing, and distributing propane, f) changes in interest rates, g) governmental legislation and regulations, h) energy efficiency and technology trends, i) savings due to synergies realized from the integration of the operations acquired pursuant to the Thermogas Acquisition, and j) other factors that are discussed in the Risk Factor section of the Partnership's most recent 1933 Act filing with the Securities and Exchange Commission, Amendment No. 1 to Form S-3 Registration Statement, as filed February 5, 1999.

Results of Operations

The propane industry is seasonal in nature with peak activity during the winter months. Due to the seasonality of the business and the timing of business acquisitions, results of operations for the nine months ended April 30, 2000 and 1999, are not necessarily indicative of the results to be expected for a full year. Other factors affecting the results of operations include competitive conditions, demand for product, variations in weather and fluctuations in propane prices. As the Partnership has grown through acquisitions, fixed costs such as personnel costs, depreciation and interest expense have increased. Historically, these fixed cost increases have caused net losses in the first and fourth quarters and net income in the second and third quarters to be more pronounced.

On December 17, 1999, the Partnership purchased Thermogas L.L.C. (the "Thermogas Acquisition" or "Thermogas"), a subsidiary of Williams. During the second quarter of fiscal 2000, the Partnership was able to identify the effect of the Thermogas Acquisition on the results of operations, because the Thermogas operations acquired were being operated separately from the existing Ferrellgas operations. Beginning in the third quarter of fiscal 2000, the Partnership began to implement its strategic and operating plans for the integration of Thermogas into the Partnership's existing operations. These integration actions resulted in the merging of retail locations and the related customer groups. Due to the extent of this integration, the Partnership is unable to quantify separately the effect of the Thermogas Acquisition in the discussion of results of operations in the current and future quarters. Three Months Ended April 30, 2000 vs. April 30, 1999

Total Revenues. Total gas liquids and related product sales increased 73.1% to $279,043,000 as compared to $161,192,000 in the third quarter of fiscal 1999, primarily due to the addition of Thermogas sales and increased sales price per gallon. For the quarter, temperatures were 18% warmer than normal and 12% warmer than last year as reported by the American Gas Association.

Sales price per gallon increased due to the effect of a significant increase in the wholesale cost of propane as compared to the prior period. Retail volumes increased 36.6% to 261,994,000 gallons as compared to 191,783,000 gallons for the prior period, primarily due to the acquisition effect of Thermogas, partially offset by the effect of warmer weather. Other revenues increased by $12,497,000 primarily due to favorable results from the risk management operations.

Gross Profit. Gross profit increased 24.3% to $123,966,000 as compared to $99,721,000 in the third quarter of fiscal 1999, primarily due to gross profit generated from the acquired Thermogas operations and, to a lesser extent, favorable results from the risk management operations, partially offset by lower retail margins and a reduction in gallons due to warmer weather. Last year's retail margins benefited significantly from a low wholesale cost environment. That cost environment was not repeated this year.

Operating Expenses. Operating expenses increased 33.6% to $70,556,000 as compared to $52,811,000 in the third quarter of fiscal 1999 primarily due to expenses related to the acquired Thermogas operations.

Depreciation and Amortization. Depreciation and amortization expense increased 43.0% to $17,382,000 as compared to $12,156,000 in the same quarter last year primarily due to the addition of intangibles and property, plant and equipment from the Thermogas Acquisition and other acquisitions of propane businesses.

Equipment Lease Expense. Vehicle, tank and computer lease expense increased by $4,822,000 primarily due to the addition of the operating tank leases during the second quarter of fiscal 2000, and, to a lesser extent, increased operating lease facilities for new vehicles and computers for the retail locations. See Note H to the Consolidated Financial Statements included elsewhere in this report for additional information regarding the operating tank leases.

Interest Expense. Interest expense increased 37.9% to $15,531,000 as compared to $11,264,000 in the third quarter of fiscal 1999. This increase is primarily the result of increased borrowings related to the Thermogas acquisition. As a result of the Thermogas Acquisition, which closed on December 17, 1999, the OLP assumed $183,000,000 in debt and also refinanced a portion of its existing revolving credit facility balances. On February 28, 2000, the OLP issued $184,000,000 of fixed rate Senior Notes which have maturities ranging from 2006 to 2009 and an average interest rate of 8.8% in order to repay the $183,000,000 in assumed debt. The additional $1,000,000 in borrowings was used to fund debt issuance costs. (see Financing Activities following)

Nine Months Ended April 30, 2000 vs. April 30, 1999

Total Revenues. Total gas liquids and related product sales increased 48.6% to $736,575,000 as compared to $495,735,000 for the prior period, primarily due to the addition of Thermogas sales and increased sales price per gallon. For the fiscal year to date, temperatures were 14% warmer than normal and 6% warmer than last year as reported by the American Gas Association.

Sales price per gallon increased due to the effect of a significant increase in the wholesale cost of propane as compared to the prior period. Retail volumes increased 24.1% to 729,467,000 gallons as compared to 587,711,000 gallons for the prior period, primarily due to the acquisition effect of Thermogas, partially offset by the effect of warmer weather. Other revenues increased by $32,826,000 primarily due to favorable results from risk management operations.

Gross Profit. Gross profit increased 21.4% to $364,347,000 as compared to $300,097,000 in the year ago period, primarily due to gross profit generated from the acquired Thermogas operations and, to a lesser extent, increased favorable results from the risk management operations, partially offset by lower retail margins. Last year's margins benefited significantly from a low wholesale cost environment. That cost environment was not repeated this year. In addition, while the wholesale cost of propane rapidly increased during the year, the sales price lagged the cost increase.

Operating Expenses. Operating expenses increased 22.6% to $197,074,000 as compared to $160,763,000 in the first nine months of fiscal 2000 primarily due to operating expenses incurred due to the acquired Thermogas operations and higher risk management related operating expenses.

Depreciation and Amortization. Depreciation and amortization expense increased 23.0% to $43,381,000 as compared to $35,273,000 for the same period last year primarily due to the addition of intangibles and property, plant and equipment from the Thermogas Acquisition and other acquisitions of propane businesses.

Equipment Lease Expense. Vehicle, tank and computer lease expense increased by $8,120,000 due to the addition of the operating tank leases, and increased operating lease facilities for new vehicles and computers for retail locations. See Note H to the Consolidated Financial Statements included elsewhere in this report for additional information regarding the operating tank leases.

Interest Expense. Interest expense increased 22.9% to $42,809,000 as compared to $34,842,000 in the first nine months of fiscal 2000. This increase is primarily the result of increased borrowings related to the Thermogas Acquisition and, to a lesser extent, an increase in the overall average interest rate paid by the Partnership. As a result of the Thermogas Acquisition closed on December 17, 1999, the OLP assumed $183,000,000 in debt and also refinanced a portion of its existing revolving credit facility balances. On February 28, 2000, the OLP issued $184,000,000 of fixed rate Senior Notes which have maturities ranging from 2006 to 2009 and an average interest rate of 8.8% in order to repay the $183,000,000 in assumed debt. The additional $1,000,000 in borrowings was used to fund debt issuance costs.

The extraordinary charge in fiscal 1999 is due primarily to the payment of a $10,000,000 call premium related to the refinancing of $200,000,000 of fixed rate debt on August 5, 1998. The remaining costs relate to the write off of unamortized debt issuance costs related to refinancing of the fixed rate debt and revolving credit facility balances. (See Financing Activities following)

Liquidity and Capital Resources

The ability of the MLP to satisfy its obligations is dependent upon future performance, which will be subject to prevailing economic, financial, business and weather conditions and other factors, many of which are beyond its control. Due to the seasonality of the Partnership's retail propane business, a significant portion of the Partnership's cash flow from operations is typically generated during the winter heating season and the Partnership's corresponding second and third fiscal quarters. During the summer season and the Partnership's first and fourth fiscal quarters, it is not unusual for the Partnership to generate negative cash flow from operations due to lower retail sales offset by fixed expenses. As experienced in previous fiscal years, the next two fiscal quarters ended July 31, 2000, and October 31, 2000, are expected to generate negative cash flows from operations, and is typically the time period when the Partnership utilizes other sources of funds to meet its obligations. Subject to meeting certain financial tests discussed below, the General Partner believes that the OLP will have sufficient funds available to meet its obligations and enable it to distribute to the MLP sufficient funds to permit the MLP to meet its obligations with respect to the $160,000,000 senior secured notes issued in April 1996 ("MLP Senior Secured Notes") and enable it to distribute the MQD on all Common Units for the fiscal quarters ending July 31, 2000, and October 31, 2000.

The MLP Senior Secured Notes, the $350,000,000 OLP senior notes ("$350 million Senior Notes"), the $184,000,000 OLP senior notes issued in February 2000 ("$184 million Senior Notes"), the $157,000,000 amended and restated OLP credit facility ("Credit Facility") and the $25,000,000 and $135,000,000 OLP operating tank leases ("Tank Leases") (See Financing Activities following) contain several financial tests and covenants which restrict the Partnership's ability to pay distributions, incur debt and engage in certain other business transactions. These tests, in general, are based on the Partnership's debt to cash flow ratio and cash flow to interest expense ratio. The General Partner believes that the most restrictive of these tests currently are debt incurrence limitations within the Credit Facility and Tank Leases and limitations on the payment of distributions within the MLP Senior Secured Notes. The Credit Facility and Tank Leases limit the OLP's ability to incur debt if the OLP exceeds prescribed ratios of either debt to cash flow or cash flow to interest expense. The MLP Senior Secured Notes restrict payments if a minimum ratio of cash flow to interest expense is not met. This restriction places limitations on the Partnership's ability to make certain restricted payments which include, but are not limited to, the payment of distributions to unitholders. In general, the cash flow used to determine these financial tests is based upon the Partnership's most recent cash flow performance giving pro forma effect for acquisitions and divestitures made during the test period.

The Partnership's financial performance during both fiscal 1999 and the first three quarters of fiscal 2000 have been adversely impacted by average temperatures that were among the warmest recorded in the last 100 years. In addition, during fiscal 2000, the Partnership has experienced high product costs which has negatively impacted retail margins. Despite these challenges, the Partnership has continued to meet all of its financial tests and covenants. These include the debt incurrence tests within the Credit Facility and Tank Leases and the MLP Senior Secured Notes restricted payment test, as well as other financial tests and covenants in the MLP Senior Secured Notes, the $350 million Senior Notes, the $184 million Senior Notes, Credit Facility and Tank Leases.

Based upon current estimates of the Partnership's cash flow, the General Partner believes that it will be able to meet all of the required financial tests and covenants for the fiscal quarters ending July 31, 2000 and October 31, 2000. However, due to the lower than expected operating results experienced during the current fiscal year to date, if the Partnership were to encounter additional unexpected downturns in business operations, such as continued warmer than normal weather or high products costs, the Partnership may not meet certain financial tests during immediate future quarters. This could temporarily restrict the ability of the OLP to incur debt or the MLP's ability to make cash distributions to its Common Unitholders. Depending on the circumstances, the Partnership could consider alternatives to permit the incurrence of debt at the OLP or the continued payment by the MLP of the quarterly cash distribution to its Common Unitholders. No assurances can be given, however, that such alternatives can or will be implemented with respect to any given quarter.

Future maintenance and working capital needs of the Partnership are expected to be provided by cash generated from future operations, existing cash balances and the working capital borrowing facility. In order to fund expansive capital projects and future acquisitions, the OLP may borrow on the existing Credit Facility, the MLP or OLP may issue additional debt (to the extent permitted under existing debt agreements) or the MLP may issue additional equity securities, including, among others, Common Units.

Toward this purpose, on February 5, 1999, the MLP filed a shelf registration statement with the Securities and Exchange Commission (the "Commission") for the periodic sale of up to $300,000,000 in debt and/or equity securities. The registered securities would be available for sale by the Partnership in the future to fund acquisitions or to reduce indebtedness. Also, the MLP maintains a shelf registration statement with the Commission for 2,010,484 Common Units representing limited partner interests in the MLP. The Common Units may be issued from time to time by the MLP in connection with the OLP's acquisition of other businesses, properties or securities in business combination transactions.

On August 1, 1999, the subordination period ended and the Subordinated Units converted to Common Units. This conversion is more fully described in Note G of the Consolidated Financial Statements provided herein.

Operating Activities. Cash provided by operating activities was $33,675,000 for the nine months ended April 30, 2000, compared to $77,372,000 for the prior period. This decrease in cash provided from operations is primarily due to the net effect of increased wholesale cost of product on accounts receivable, inventory, and accounts payable and to a lesser extent the timing of receipts and payments related to risk management activities.

Investing Activities. During the nine months ended April 30, 2000, before the effect of the Thermogas Acquisition, the Partnership made total acquisition capital expenditures of $7,088,000. This amount was funded by $6,294,000 of cash payments, $601,000 of noncompete notes, $46,000 of Common Units issued and $147,000 of other costs and consideration.

On December 17, 1999, the Partnership purchased Thermogas. At closing the Partnership entered into the following noncash transactions: a) issued $175,000,000 in Senior Common Units to the seller, b) assumed a $183,000,000 bridge loan, which was refinanced from the proceeds of the $184 million Senior Notes issued on February 28, 2000, and c) assumed a $135,000,000 operating tank lease. After the conclusion of these acquisition-related transactions, the Partnership acquired $61,842,000 of cash which remained on the Thermogas balance sheet. The Partnership has paid $15,589,000 in additional costs and fees related to the acquisition between December 17, 1999 and April 30, 2000. As part of the Thermogas Acquisition, the OLP agreed to reimburse Williams for the value of working capital received by the Partnership in excess of $9,147,500. On June 6, 2000, the OLP and Williams agreed upon the amount of working capital that was acquired by the Partnership on December 17, 1999. The OLP has reimbursed Williams $5,652,500 as final settlement of this working capital reimbursement obligation.

The Partnership has accrued $7,033,000 in exit costs which it expects to incur within twelve months from the acquisition date as it implements the integration of the Thermogas operations. As of April 30, 2000, the Partnership has paid $449,000 of exit costs. Other than future effects from the Thermogas Acquisition, the Partnership does not have any material commitments of funds for capital expenditures other than to support the current level of operations. In fiscal 2000, the Partnership does not expect a significant increase in growth and maintenance capital expenditures resulting from the Thermogas Acquisition as compared to fiscal 1999 levels.

During the nine months ended April 30, 2000, the Partnership made growth and maintenance capital expenditures of $18,631,000 consisting primarily of the following: 1) additions to Partnership-owned customer tanks and cylinders, 2) relocating and upgrading district plant facilities, 3) upgrading computer equipment and software, and 4) vehicle lease buyouts. Capital requirements for repair and maintenance of property, plant and equipment are relatively low since technological change is limited and the useful lives of propane tanks and cylinders, the Partnership's principal physical assets, are generally long.

The Partnership meets its vehicle and transportation equipment fleet needs by leasing light and medium duty trucks, tractors and trailers. The General Partner believes vehicle leasing is a cost-effective method for meeting the Partnership's transportation equipment needs.

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

Financing Activities. On February 28, 2000, the OLP issued the privately placed unsecured $184

million Senior Notes. The proceeds of the $184 million Senior Notes, which include three series with maturities ranging from year 2006 through 2009 and an average fixed interest rate of 8.8%, were used to retire $183,000,000 of OLP bridge loan financing assumed in connection with the Thermogas Acquisition.

On December 6, 1999, the OLP entered into, with Banc of America Leasing & Capital, LLC. as lender, a $25,000,000 operating tank lease facility involving a portion of the OLP's customer tanks. This operating lease has a term that expires June 30, 2003 and may be extended for two additional one-year periods at the option of the OLP, if such extension is approved by the lessor.

On December 17, 1999, immediately prior to the closing of the Thermogas Acquisition (See Note J), Thermogas entered into, with Banc of America Leasing & Capital, LLC as lender, a $135,000,000 operating tank lease facility involving a portion of its customer tanks. In connection with the acquisition of Thermogas, the OLP assumed all obligations under the $135,000,000 operating tank lease facility, which have terms and conditions similar to the December 6, 1999, $25,000,000 operating tank lease facility discussed above.

On April 18, 2000, the Partnership completed the syndication of both the $25,000,000 and $135,000,000 operating tank lease facilities to a group of banks and other financial institutions.

On August 4, 1998, the OLP issued the privately placed unsecured $350 million Senior Notes and entered into a Credit Facility with its existing banks. The proceeds of the Senior Notes, which include five series with maturities ranging from year 2005 through 2013 at an average fixed interest rate of 7.16%, were used to redeem $200,000,000 of OLP fixed rate senior notes issued in July 1994, including a 5% call premium, and to repay outstanding indebtedness under the former OLP revolving credit facility. On December 17, 1999, the OLP terminated its Additional Credit Facility agreement that it had entered into on April 30, 1999. This facility had provided for an unsecured facility for acquisitions, capital expenditures, and general corporate purposes. The outstanding Additional Credit Facility before its termination on December 17, 1999 was $35,000,000.

On April 18, 2000, the Partnership entered into an amended and restated credit facility. This $157,000,000 Credit Facility, which expires on June 30, 2003 amends and restates the previous $145,000,000 Credit Facility. During the nine months ended April 30, 2000, the Partnership repaid $2,627,000 to its credit facility as it related to the funding of working capital, business acquisitions, and capital expenditure needs. At April 30, 2000, $21,600,000 of borrowings were outstanding under the Credit Facility. Nearly all of these borrowings carried an interest rate of LIBOR plus 2.25% or 8.44%. Letters of credit outstanding, used primarily to secure obligations under certain insurance arrangements, totaled $25,865,000. At April 30, 2000, the Operating Partnership had $109,535,000 available for general corporate, acquisition and working capital purposes under the Credit Facility. Based on the pricing grid contained in the Credit Facility, the current borrowing rate for future borrowings under the Credit Facility is 2.25% plus LIBOR.

Effective April 27, 2000, the Partnership entered into an interest rate swap agreement ("Swap Agreement") with Bank of America, related to the semi-annual interest payment due on the $160,000,000 fixed rate Senior Notes due 2006 ("MLP Senior Notes"). The Swap Agreement, which expires June 15, 2006, requires Bank of America to pay the stated fixed interest rate (annual rate 9.375%) pursuant to the MLP Senior Notes equaling $7,500,000 every six months due on each June 15 and December 15. In exchange, the Partnership is required to make quarterly floating interest rate payments on the 15th of March, June, September and December based on an annual interest rate equal to the 3 month LIBOR interest rate plus 1.655% applied to the same notional amount of $160,000,000.

Effective June 2, 2000, the OLP entered into an interest rate cap agreement ("Cap Agreement") with Bank of America, related to variable quarterly rent payments due pursuant to two operating tank lease agreements. The variable quarterly rent payments are determined based upon a floating LIBOR based interest rate. The Cap Agreement, which expires June 30, 2003, requires Bank of America to pay the OLP

at the end of each March, June, September and December the difference, if any, between the applicable 3 month floating LIBOR interest rate and a cap of 9.3%, applied to the total obligation due each quarter under the two operating tank lease agreements. The total obligation under these two operating tank lease agreements as of April 30, 2000 was $159,600,000.

On May 19, 2000, the Partnership declared an in-kind cash distribution of $1.00 per Senior Common Unit payable by the issuance of additional Senior Common Units (see Notes G and I in the Consolidated Financial Statements included elsewhere in this report for additional information regarding the in-kind distributions to the Senior Common Unitholders) and $0.50 per Common Unit, payable June 14, 2000.

Adoption of New Accounting Standards. The Financial Accounting Standards Board ("FASB") recently issued Statement of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"). SFAS No. 133, as amended by SFAS No. 137 is required to be adopted by the Partnership for the first quarter of fiscal 2001. The Partnership is currently assessing its impact on the Partnership's financial position, results of operations and cash flows.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The market risk inherent in the Partnership's market risk sensitive instruments and positions is the potential loss arising from adverse changes in commodity prices. Additionally, the Partnership seeks to mitigate its interest rate risk exposure on variable rate debt by entering into interest rate collar agreements. After the execution of the Swap Transaction, the Partnership effectively had $181,600,000 in variable rate debt and $25,000,000 notional amount of interest rate collar agreements effectively outstanding. Thus, assuming a 100 basis point increase in the variable interest rate to the Partnership, the interest rate risk related to the variable rate debt, the Swap Transaction and the associated interest rate collar agreements is not material to the financial statements.

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

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

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

Sensitivity Analysis. The Partnership has prepared a sensitivity analysis to estimate the exposure to market risk of its energy commodity positions. Forward contracts, futures, swaps and options were analyzed assuming a hypothetical 10% change in forward prices for the delivery month for all energy commodities. The potential loss in future earnings from these positions from a 10% adverse movement in market prices of the underlying energy commodities is estimated at $1,500,000 as of April 30, 2000. The preceding hypothetical analysis is limited because changes in prices may or may not equal 10%. Thus, actual results may differ.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Not applicable.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

On December 17, 1999, the Partnership purchased all of the member interests in Thermogas from Williams Natural Gas Liquids, Inc. in consideration for the issuance of Senior Common Units. (See Note J in the Consolidated Financial Statement contained elsewhere in this document.) The Senior Common Units represent limited partner interests in the Partnership, and their face value was $175,000,000 million. Williams Natural Gas Liquids qualified as an accredited investor (as that term is defined in Rule 501 of Regulation D) and was the only purchaser of the Senior Common Units. As a result, the issuance of Senior Common Units was exempted from the registration requirements of the Securities Act pursuant to Rule 506 of Regulation D.

The Senior Common Units entitle the holder to annual distributions from the Partnership equivalent to 10 percent of face value. Distributions are payable quarterly in kind through issuance of further Senior Common Units until February 1, 2002, after which distributions are payable in cash. Distributions are also payable in cash upon the occurrence of a Material Event, as defined in the Partnership Agreement. These distributions are made to the holders of Senior Common Units in preference over holders of Common Units. Williams has the right, subject to certain events and conditions, to convert any outstanding Senior Common Units into Common Units either at the end of two years or upon the occurrence of a Material Event, as defined in the Partnership Agreement.

On June 5, 2000, the Common Unitholders approved amendments to the MLP's partnership agreement to allow for the conversion of the Senior Common Units into Common Units in accordance with the terms of the partnership agreement and for those Common Units so converted to be able to vote, regardless of the restriction otherwise placed on voting if a holder owns more than 20% of the MLP.

Additionally, on June 5, 2000, the General Partner amended the MLP's and the OLP's partnership agreements, as allowed therein, to allow the MLP and the OLP to structure and complete transactions when the General Partner may not have the cash available to make the applicable capital contribution.

Specifically, the amendments provide for the issuance of 316,233 General Partner Units in the MLP that represent the General Partner's current 1% interest. The General Partner is no longer obligated to make a capital contribution to the MLP upon the making of a capital contribution by another person or the issuance of MLP securities. However, if the General Partner does not make that capital contribution, its 1% interest in the MLP is reduced accordingly. Similar amendments were made with respect to the OLP partnership agreement, although no General Partner Units were issued with respect to the OLP. Generally, the General Partner is allowed at any time to make any capital contribution otherwise not made to retain its overall 2% interest in the MLP and the OLP.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSION TO A VOTE OF SECURITIES HOLDERS

The Partnership held a special meeting of common unitholders on June 5, 2000. The common unitholders voted in favor of two proposals at the special meeting as follows:

1. A proposal to approve the conversion provisions related to our recently issued senior units to allow the holders of the senior units to elect to convert into our common units upon the earlier of February 1, 2002 or the occurrence of a material event, as defined in our partnership agreement:

FOR	AGAINST	ABSTAIN
22,930,907	254,008	171,954

2. A proposal to amend the definition of "outstanding" in our partnership agreement to provide that Williams Natural Gas Liquids, Inc., its successors or The Williams Companies, Inc., as holders of common units obtained upon the conversion of the senior units, may vote their common units and shall be entitled to all other rights as our common unitholders:

FOR	AGAINST	ABSTAIN
22,987,638	209,331	159,660

ITEM 5. OTHER INFORMATION

Not applicable.

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

(a) Exhibits

Exhibit No.	Description of Exhibit
3.1	Second Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P. dated as of June 5, 2000.
10.1	Third Amended and Restated Credit Agreement dated as of April 18, 2000, among Ferrellgas, L.P., Ferrellgas, Inc., Bank of America National Trust and Savings Association, as administrative agent, and the other financial institutions party thereto.
10.2	First Amendment to the Second Amended and Restated Agreement of Limited Partnership of Ferrellgas, L.P.
10.3	Omnibus Amendment Agreement No. 2, Dated As Of April 18, 2000, In Respect Of Ferrellgas, LP TRUST NO. 1999-A Participation Agreement Lease Intended As Security Loan Agreement Each Dated As Of December 1, 1999

10.4 Omnibus Amendment Agreement No. 2 Dated As Of April 18, 2000 in respect ofTHERMOGAS TRUST NO. 1999-A Participation Agreement Lease Intended as Security Loan Agreement Each Dated As Of December 15, 1999

27.1 Financial Data Schedule - Ferrellgas Partners, L.P. (filed in electronic format only)

27.2 Financial Data Schedule - Ferrellgas Partners Finance Corp. (filed in electronic format only)

(b) Reports on Form 8-K

The Partnership filed the following reports on Form 8-K during the quarter ended April 30, 2000.

(1) Form 8-K/A Amendment No. 1 dated March 1, 2000, reporting that Ferrellgas Partners, L.P. completed the acquisition of all of the member interests in Thermogas L.L.C. from Williams. This amendment includes the required audited and pro forma financial statements.

(2) Form 8-K dated March 2, 2000, announcing that Ferrellgas Partners, L.P. operating subsidiary, Ferrellgas, L.P., completed the issuance of $184 million of fixed rate Senior Notes in a private placement to qualified institutional investors. The proceeds of the financing were used to pay off the temporary financing associated with the acquisition of Thermogas, the nation's fifth largest retail marketer of propane.

SIGNATURES

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

FERRELLGAS PARTNERS, L.P.

By Ferrellgas, Inc. (General Partner)

Date: June 14, 2000

By /s/ Kevin T. Kelly

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

FERRELLGAS PARTNERS FINANCE CORP.

Date: June 14, 2000

By /s/ Kevin T. Kelly

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

INDEX TO EXHIBITS

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27.1	Financial Data Schedule - Ferrellgas Partners, L.P. (filed in electronic format only)
27.2	Financial Data Schedule - Ferrellgas Partners Finance Corp. (filed in electronic format only)

SECOND AMENDED AND RESTATED

AGREEMENT

OF

LIMITED PARTNERSHIP

OF

FERRELLGAS PARTNERS, L.P.

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ARTICLE II
DEFINITIONS

#1076119 v3 - PARTNERSHIP AGREEMENT WITH GP INTEREST CHANGE 61300 1516C

SECOND AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP OF

FERRELLGAS PARTNERS, L.P.

THIS SECOND AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF FERRELLGAS PARTNERS, L.P., dated as of June 5, 2000, is entered into by and among Ferrellgas, Inc., a Delaware corporation, as the General Partner, the Persons who are Limited Partners in the Partnership as of the date hereof and those Persons who become Partners in the Partnership or parties hereto as provided herein. In consideration of the covenants, conditions and agreements contained herein, the parties hereto hereby agree as follows:

RECITALS:

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

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

WHEREAS, to effect the transactions contemplated by the WNGL Purchase Agreement and other matters, the Original Agreement was amended and restated (the "Amended and Restated Agreement");

WHEREAS, on May 14, 2000, the General Partner made certain amendments to the Amended and Restated Agreement with the consent of the holder of all of the Senior Units, as allowed by this Agreement;

WHEREAS, on June 5, 2000, the holders of Common Units approved a proposal at a special meeting of such holders to amend the definition of "Outstanding" under the Amended and Restated Agreement; and

WHEREAS, Section 15.1 of the Amended and Restated Agreement provides that the General Partner may amend the Amended and Restated Agreement without the consent of any Limited Partner to reflect a change that, in the sole discretion of the General Partner, does not adversely affect the Limited Partners in any material respect;

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

1 ARTICLE

ORGANIZATIONAL MATTERS

SectionFormation and Continuation.

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

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

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

SectionRegistered Office; Principal Office. Unless and until changed by the General Partner, the registered office of the Partnership in the State of Delaware shall be located at The Corporation Trust Center, 1209 Orange Street, New Castle County, Wilmington, Delaware 19801, and the registered agent for

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

SectionPower of Attorney.

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

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

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

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

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

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

SectionPossible Restrictions on Transfer. Notwithstanding anything to the contrary contained in this Agreement, in the event of (a) the enactment (or imminent enactment) of any legislation, (b) the publication of any temporary or final regulation by the Treasury Department, (c) any ruling by the Internal Revenue Service or (d) any judicial decision, that, in any such case, in the Opinion of Counsel, would result in the taxation of the Partnership as an association taxable as a corporation or would otherwise result in the Partnership's being taxed as an entity for federal income tax purposes, then, the General Partner may impose such restrictions on the transfer of Units or Partnership Interests as may be required, in the Opinion of Counsel, to prevent

the Partnership from being taxed as an association taxable as a corporation or otherwise as an entity for federal income tax purposes, including, without limitation, making such amendments to this Agreement as the General Partner in its sole discretion may determine to be necessary or appropriate to impose such restrictions, provided, that any such amendment to this Agreement that would result in the delisting or suspension of trading of any class of Units on any National Securities Exchange on which such class of Units is then traded must be approved by the holders of at least two-thirds of the Outstanding Units of such class (excluding the vote in respect of Units held by the General Partner and its Affiliates).

ARTICLE

DEFINITIONS

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

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

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

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

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

"Adjusted Property" means any property the Carrying Value of which has been adjusted pursuant to Section 4.5(d)(i) or 4.5(d)(ii).

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

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

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

"Amended and Restated Agreement" has the meaning assigned to such term in the Recitals hereto.

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

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

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

capacity; and (iii) any relative or spouse of such Person, or any relative of such spouse, who has the same residence as such Person.

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

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

(a) the sum of:

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

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

(b) less the sum of:

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

(ii) any cash reserves established with respect to such Quarter, and any increase with respect to such Quarter in a cash reserve previously established pursuant to this clause (b)(ii) from the level of such reserve at the end of the prior Quarter, in such amounts as the General Partner determines in its reasonable discretion to be necessary or appropriate (A) to provide for the proper conduct of the business of the Partnership or the Operating Partnership (including, without limitation, reserves for future capital expenditures), (B) to provide funds for distributions with respect to Units in respect of any one or more of the next four Quarters provided, however, that for so long as any Senior Units are Outstanding, the General Partner may not establish cash reserves for distributions pursuant to Section 5.4(b), (c), (d), (e) or (f) unless the General Partner has determined that in its judgment the establishment of such reserves will not prevent the Partnership from making distributions pursuant to Section 5.4(a) with respect to the four Quarters next following the date on which such cash reserves are to be so established or (C) because the distribution of such amounts would be prohibited by applicable law or by any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which the Partnership or the Operating Partnership is a party or by which any of them is bound or its assets are subject; provided, however, that for purposes of determining Available Cash for the Quarter ending October 31, 1994, such Quarter shall be deemed to have commenced on the Initial Closing Date.

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

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

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

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

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

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

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

"Carrying Value" means (a) with respect to a Contributed Property, the Agreed Value of such property reduced (but not below zero) by all depreciation, amortization and cost recovery deductions charged to the Partners' and Assignees' Capital Accounts in respect of such Contributed Property, and (b) with respect to any other Partnership property, the adjusted basis of such property for federal income tax purposes, all as of the time of determination. The Carrying Value of any property shall be adjusted from time to time in accordance with Sections 4.5(d)(i) and 4.5(d)(ii) and to reflect changes, additions or other adjustments to the Carrying Value for dispositions and acquisitions of Partnership properties, as deemed appropriate by the General Partner.

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

"Cash from Operations" means, at the close of any Quarter but prior to the Liquidation Date, on a cumulative basis and without duplication,

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

(b) less the sum of:

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

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

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

(iv) any cash reserves of the Partnership or the Operating Partnership outstanding as of such date that the General Partner deems in its reasonable discretion to be necessary or appropriate to provide for the future cash payment of items of the type

referred to in clauses (i) through (iii) of this sentence, and

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

all as determined on a consolidated basis and after taking into account the General Partner's interest therein attributable to its general partner interest in the Operating Partnership. Where cash capital expenditures are made in part in respect of Acquisitions or Capital Additions and Improvements and in part for other purposes, the General Partner's good faith allocation thereof between the portion made for Acquisitions or Capital Additions and Improvements and the portion made for other purposes shall be conclusive. Taxes paid by the Partnership on behalf of, or amounts withheld with respect to, all or less than all of the Partners shall not be considered cash operating expenditures of the Partnership that reduce Cash from Operations, but the payment or withholding thereof shall be deemed to be a distribution of Available Cash to such Partners. Alternatively, in the discretion of the General Partner, such taxes (if pertaining to all Partners) may be considered to be cash operating expenditures of the Partnership which reduce Cash from Operations, but the payment or withholding thereof shall not be deemed to be a distribution of Available Cash to such Partners.

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

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

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

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

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

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

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

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

"Commission" means the Securities and Exchange Commission.

"Common Unit" means a Unit representing a fractional part of the Partnership Interests of all Limited Partners and Assignees and having the rights and

obligations specified with respect to Common Units in this Agreement.

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

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

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

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

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

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

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

"Economic Risk of Loss" has the meaning set forth in Treasury Regulation Section 1.752-2(a).

"Eligible Citizen" means a Person qualified to own interests in real property in jurisdictions in which the Partnership or the Operating Partnership does business or proposes to do business from time to time, and whose status as a Limited Partner or Assignee does not or would not subject the Partnership or the Operating Partnership to a substantial risk of cancellation or forfeiture of any of its properties or any interest therein.

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

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

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

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

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

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

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

"General Partner Interest" means the ownership interest of the General Partner in the Partnership (in its capacity as a general partner without reference to any other Partnership Interests in the Partnership held by it) which is evidenced by General Partner Units and includes any and all benefits to which the General Partner is entitled as provided in this Agreement, together with all obligations of the General Partner to comply with the terms and provisions of this Agreement.

"General Partner Unit" means a Unit representing a fractional part of the General Partner Interest and having the rights and obligations specified with respect to the General Partner Units in this Agreement.

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

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

"IDR" means a Partnership Interest issued to Ferrellgas in connection with the transfer of its assets to the Partnership pursuant to Section 4.2, which Partnership Interest shall confer upon the holder thereof only the rights and obligations specifically provided in this Agreement with respect to IDRs (and no other rights otherwise available to holders of a Partnership Interest).

"Incentive Distribution" means any amount of cash distributed to the Special Limited Partners, pursuant to Section 5.4(d), (e) or (f).

"Indemnified Persons" has the meaning assigned to such term in Section 6.13(c).

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

"Initial Closing Date" means July 5, 1994.

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

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

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

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

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

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

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

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

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

"Material Event" means the occurrence of any of the following events: (a) the Closing Price for Common Units is below $7.50 (as adjusted to reflect any distribution, combination or subdivision of Common Units made in accordance with Section 4.10) for ten consecutive Trading Days; (b) a Change of Control; (c) the Partnership or the Operating Partnership is treated as an association taxable as a corporation for federal income tax purposes or is otherwise subject to taxation as an entity for federal income tax purposes; (d) the default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness by the Partnership or by the Operating Partnership (or the payment of which is guaranteed by the Partnership or the Operating Partnership), whether such indebtedness or guarantee exists as of the date of this Agreement or is created or incurred thereafter, if in each case, such default shall not have been cured within the grace period provided for in the mortgage, indenture or instrument governing such indebtedness and the principal amount of any such indebtedness, together with the principal amount of any other such indebtedness under which there has been a default, aggregates $10 million or more; (e) the Partnership issues any Partnership Interests for cash prior to February 1, 2002 and the aggregate proceeds of such issuances above $50 million are not used to redeem the Senior Units; or (f) the Partnership fails to obtain the approval of the holders of at least a majority of the Outstanding Common Units for the Senior Unit Conversion Option within 240 days after the WNGL Closing Date.

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

"Minimum Quarterly Distribution" means $0.50 per Common Unit per Quarter (or,

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

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

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

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

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

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

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

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

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

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

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

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

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

"Operating Partnership Agreement" means the Agreement of Limited Partnership of the Operating Partnership, as it may be amended, supplemented or restated

from time to time.

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

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

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

"Outstanding" means, with respect to the Units or other Partnership Securities, all Units or other Partnership Securities that are issued by the Partnership and reflected as outstanding on the Partnership's books and records as of the date of determination; provided that, if at any time any Person or Group (other than Ferrellgas, its Affiliates and except as provided below) owns beneficially 20% or more of all Common Units, such Common Units so owned shall not be voted on any matter and shall not be considered to be Outstanding when sending notices of a meeting of Limited Partners (unless otherwise required by law), calculating required votes, determining the presence of a quorum or for other similar purposes under this Agreement, except that such Common Units shall be considered to be Outstanding for purposes of Section 13.1(b)(iv) (such Common Units shall not, however, be treated as a separate class of Partnership Securities for purposes of this Agreement). Notwithstanding the above, the Common Units issued upon conversion of the Senior Units, so long as such Common Units are held by WNGL, its successors or The Williams Companies, Inc. (1) shall at all times be considered Outstanding for purposes of this Agreement and have all rights specified with respect to Common Units in this Agreement and (2) shall be included with any other Common Units in determining whether WNGL, its successors or The Williams Companies, Inc. own beneficially 20% or more of all Common Units with respect to those other Common Units that were not converted from Senior Units.

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

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

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

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

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

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

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

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

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

"Per Unit Capital Amount" means, as of any date of determination, the Capital Account, stated on a per Unit basis, underlying any Unit held by a Person.

"Percentage Interest" means as of the date of such determination (a) as to any Partner or Assignee holding Units, the product of (i) 100% less the percentage applicable to clause (b) multiplied by (ii) the quotient of the number of Units held by such Partner or Assignee divided by the total number of all Outstanding Units (other than Senior Units), and (b) as to the holders of additional Partnership Securities issued by the Partnership in accordance with Section 4.3, the percentage established as a part of such issuance. The Senior Units have not been allocated a Percentage Interest.

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

"Pro Rata" means (a) when modifying Units or any class thereof, apportioned equally among all designated Units or class thereof in accordance with their relative Percentage Interests, (b) when modifying Partners and Assignees, apportioned among all Partners and Assignees in accordance with their relative Percentage Interests, and (c) when modifying holders of IDRs, apportioned equally among all holders of IDRs in accordance with the relative number of IDRs held by such holder.

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

"Quarter" means, unless the context requires otherwise, a three month period of time ending on October 31, January 31, April 30, or July 31; provided,

however, that the General Partner, in its sole discretion, may amend such period as it deems necessary or appropriate in connection with a change in the fiscal year of the Partnership.

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

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

"Record Holder" means the Person in whose name a Unit is registered on the books of the Transfer Agent as of the opening of business on a particular Business Day, or with respect to a holder of a General Partner Unit or an IDR, the Person in whose name such General Partner Unit or IDR is registered on the books which the General Partner has caused to be kept as of the opening of business on such Business Day.

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

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

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

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

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

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

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

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

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

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

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

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

"Senior Unit Distribution" means distributions that are required to be paid on the Senior Units (including Additional Senior Units) at a quarterly rate equal to the sum of (a) $1.00 per Senior Unit per Quarter (or part thereof or, with respect to the period commencing with the WNGL Closing Date and ending on January 31, 2000, the product of $1.00 multiplied by a fraction of which the numerator is the number of days in such period and of which the denominator is 92), plus (b) an additional $0.50 per Senior Unit per Quarter (or part thereof) if the Partnership fails, within 45 days following the end of any Quarter, to pay in full the Senior Unit Distribution with respect to such Quarter, plus (c) an additional $0.50 per Senior Unit per Quarter (or part thereof) if the Partnership fails to pay in full the Senior Unit Redemption Price on or prior to the Senior Unit Redemption Date, plus (d) an additional $0.50 per Senior Unit per Quarter (or part thereof) if the Partnership fails to obtain the approval of the holders of at least the majority of the Outstanding Common Units for the Senior Unit Conversion Option within 180 days following the WNGL Closing Date,

in each case accumulating from and including the date of such failure or default in clauses (a) through (d) until the date such failure or default has been cured by the Partnership (which in the case of clause (d) may not be effected without the approval of the holders of at least the majority of the Outstanding Common Units). Each of the amounts set forth in clauses (a) through (d) are subject to adjustment in accordance with Section 5.6(a).

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

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

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

(a) the Senior Unit Redemption Price;

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

(c) the Senior Unit Redemption Date;

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

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

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

"Special Approval" means approval by the Audit Committee.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Unitholders" means the holders of Common Units and General Partner Units but shall not include holders of Senior Units.

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

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

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

"Unrecovered Initial Unit Price" means, at any time, with respect to a class or series of Units (other than Senior Units and General Partner Units), the price per Unit at which such class or series of Units was initially offered to the public for sale by the underwriters in respect of such offering, as determined by the General Partner, less the sum of all distributions theretofore made in respect of a Unit of such class or series that was sold in the initial offering of Units of said class or series constituting Cash from Interim Capital Transactions and any distributions of cash (or the Net Agreed Value of any distributions in kind) in connection with the dissolution and liquidation of the Partnership theretofore made in respect of a Unit of such class or series that was sold in the initial offering of Units of such class or series, adjusted as the General Partner determines to be appropriate to give effect to any distribution, subdivision or combination of Units.

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

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

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

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

"WNGL Registration Rights Agreement" means that certain Registration Rights

Agreement, dated the WNGL Closing Date, as amended, between the Partnership and WNGL.

3 ARTICLE

PURPOSE

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

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

4 ARTICLE

CAPITAL CONTRIBUTIONS

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

SectionContributions by the General Partner and the Initial Limited Partners; Contributions on the WNGL Closing Date and issuance of General Partner Units.

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

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

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

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

(e) On June 5, 2000, the Partnership issued 316,233 General Partner Units to represent the General Partner Interest as of that date, which number is equal to one percent of the quotient of the number of Common Units then Outstanding divided by ninety-nine percent rounded down to the nearest whole number of General Partner Units.

(f) Immediately upon the conversion of Senior Units into Common Units as provided in Section 5.7(b), the Partnership will issue to the General Partner (for no consideration) that number of General Partner Units which will cause the Percentage Interest of its General Partner Interest immediately after such conversion to be equal to the Percentage Interest of its General Partner

Interest immediately prior to such conversion.

(g) If the Partnership issues additional Common Units and uses the proceeds from that issuance to redeem any of the Senior Units pursuant to the terms of this Agreement, the Partnership will issue to the General Partner (for no consideration) that number of General Partner Units equal to the $1,767,677 Capital Contribution made by the General Partner to the Partnership at the time of the issuance of the Senior Units divided by the issuance price of such Common Units. This clause (g) shall not obviate the provisions of Section 4.3 to the extent those provisions otherwise apply to that issuance of Common Units.

SectionIssuances of Additional Units and Other Securities.

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

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

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

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

(ii) The General Partner may, at any time, make a Capital Contribution to the Partnership so that the General Partner will have a Capital Account equal to at least 1.0% of the sum of the Capital Accounts of all Partners. Upon the issuance of any Common Units by the Partnership to any Person, the General Partner, in its sole discretion, may simultaneously purchase(or may purchase at any time thereafter as specified below) a number of General Partner Units only to the extent necessary such that after taking into account the additional Common Units issued to such Person and the General Partner Units to be issued to the General Partner pursuant to this Section 4.3(c)(ii), the General Partner will have a Percentage Interest of no more than 1.0%. The consideration for the General Partner Units to be issued to the General Partner shall be the higher of the price at which the Common Units were issued or, only if the purchase is not made simultaneously with the issuance of the Common Units, the Closing Price of the Common Units on the day prior to the proposed issuance of such General Partner Units;

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

(l) The General Partner shall do all things necessary to comply with the Delaware Act and is authorized and directed to do all things it deems to be necessary or advisable in connection with any future issuance of Partnership Securities, including, without limitation, compliance with any statute, rule, regulation or guideline of any federal, state or other governmental agency or

any National Securities Exchange on which the Units or other Partnership Securities are listed for trading.

SectionLimited Preemptive Rights. Except as provided in this Section 4.4 and Section 4.3, no Person shall have any preemptive, preferential or other similar right with respect to (a) additional Capital Contributions; (b) issuance or sale of any class or series of Units, IDRs or other Partnership Securities, whether unissued, held in the treasury or hereafter created; (c) issuance of any obligations, evidences of indebtedness or other securities of the Partnership convertible into or exchangeable for, or carrying or accompanied by any rights to receive, purchase or subscribe to, any such Units, IDRs or other Partnership Securities; (d) issuance of any right of subscription to or right to receive, or any warrant or option for the purchase of, any such Units, IDRs or other Partnership Securities; or (e) issuance or sale of any other securities that may be issued or sold by the Partnership. The General Partner shall have the right, which it may from time to time assign in whole or in part to any of its Affiliates, to purchase Units, IDRs or other Partnership Securities from the Partnership whenever, and on the same terms that, the Partnership issues Units, IDRs or other Partnership Securities to Persons other than the General Partner and its Affiliates, to the extent necessary to maintain the Percentage Interests of the General Partner and its Affiliates equal to that which existed immediately prior to the issuance of such Units, IDRs or other Partnership Securities. Notwithstanding the type of Partnership Securities issued by the Partnership to Persons other than the General Partner and its Affiliates, the right of the General Partner and its Affiliates to purchase Units, IDRs or other Partnership Securities pursuant to the immediately preceding sentence may be exercised through the purchase of General Partner Units (based on a value which is proportionate to the price for which the Partnership Securities are issued to such Persons) in an amount necessary to maintain the Percentage Interest of the General Partner and its Affiliates with respect to the General Partner Interest equal to that which existed immediately prior to the issuance of Units, IDRs or other Partnership Securities.

SectionCapital Accounts.

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

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

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

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

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

(iv) Any income, gain or loss attributable to the taxable disposition of any Partnership property shall be determined as if the adjusted basis of such property as of such date of disposition were equal in amount to the Partnership's Carrying Value with respect to such property as of such date.

(v) In accordance with the requirements of Section 704(b) of the Code, any deductions for depreciation, cost recovery or amortization attributable to any Contributed Property shall be determined as if the adjusted basis of such property on the date it was acquired by the Partnership were equal to the Agreed Value of such property. Upon an adjustment pursuant to Section 4.5(d) to the Carrying Value of any Partnership property subject to depreciation, cost recovery or amortization, any further deductions for such depreciation, cost recovery or amortization attributable to such property shall be determined (A) as if the adjusted basis of such property were equal to the Carrying Value of such property immediately following such adjustment and (B) using a rate of

depreciation, cost recovery or amortization derived from the same method and useful life (or, if applicable, the remaining useful life) as is applied for federal income tax purposes; provided, however, that, if the asset has a zero adjusted basis for federal income tax purposes, depreciation, cost recovery or amortization deductions shall be determined using any reasonable method that the General Partner may adopt.

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

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

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

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

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

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

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

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

SectionSplits and Combinations.

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

(q) Whenever such a distribution, subdivision or combination of Units or other Partnership Securities is declared, the General Partner shall select a Record Date as of which the distribution, subdivision or combination shall be effective and shall send notice of the distribution, subdivision or combination at least

20 days prior to such Record Date to each Record Holder as of the date not less than 10 days prior to the date of such notice. The General Partner also may cause a firm of independent public accountants selected by it to calculate the number of Units to be held by each Record Holder after giving effect to such distribution, subdivision or combination. The General Partner shall be entitled to rely on any certificate provided by such firm as conclusive evidence of the accuracy of such calculation.

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

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

5 ARTICLE

ALLOCATIONS AND DISTRIBUTIONS

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

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

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

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

(iii) Third, to the Unitholders, Pro Rata, until the aggregate Net Income allocated to such Partners pursuant to this Section 5.1(a)(iii) for the current taxable year and all previous taxable years is equal to the aggregate Net Losses allocated to such Partners pursuant to Section 5.1(b)(ii) for all previous taxable years; and

(iv) Fourth, the balance, if any, to the Unitholders, Pro Rata.

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

(i) First, to the Unitholders, Pro Rata, until the aggregate Net Losses allocated to such Partners pursuant to this Section 5.1(b)(i) for the current taxable year and all previous taxable years is equal to the aggregate Net Income allocated to such Partners pursuant to Section 5.1(a)(iv) for all previous taxable years;

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

(iii) Third, to the General Partner in an amount equal to the Percentage Interest of its General Partner Interest and to the Limited Partners holding Senior Units, Pro Rata, in an amount equal to 100% less the Percentage Interest of the General Partner Interest; provided, that Net Losses shall not be allocated to such Partners pursuant to this Section 5.1(b)(iii) to the extent such allocation would cause any Limited Partner holding Senior Units to have a deficit balance in its Adjusted Capital Account at the end of such taxable year (or increase any existing deficit balance in its Adjusted Capital Account); and

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

(c) Net Termination Gains and Losses. After giving effect to the special allocations set forth in Section 5.1(d), all items of income gain, loss and deduction taken into account in computing Net Termination Gain or Net Termination Loss for such taxable period shall be allocated in the same manner as such Net Termination Gain or Net Termination Loss is allocated hereunder. All

allocations under this Section 5.1(c) shall be made after Capital Account balances have been adjusted by all other allocations provided under this Section 5.1 and after all distributions of Available Cash provided under Section 5.4 have been made with respect to the taxable period ending on the date of the Partnership's liquidation pursuant to Section 14.3.

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

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

(B) Second, to the Limited Partners holding Senior Units, Pro Rata, in an amount equal to 100% less the Percentage Interest of the General Partner Interest, and to the General Partner in an amount equal to the Percentage Interest of its General Partner Interest, until the Adjusted Capital Account in respect of each Senior Unit then Outstanding is equal to the sum of (i) the Senior Unit Liquidation Preference (or fraction thereof) plus (ii) any accumulated and unpaid Senior Unit Distributions.

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

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

(E) Fifth, 86.8673% to the Unitholders, Pro Rata, and 13.1327% to the Special Limited Partners, Pro Rata, until the Adjusted Capital Account in respect of each Common Unit then Outstanding is equal to the sum of (1) the First Liquidation Target Amount, plus (2) the excess of (aa) the Second Target Distribution less the First Target Distribution for each Quarter of the Partnership's existence over (bb) the amount of any distributions of Cash from Operations that was distributed pursuant to Section 5.4(d) hereof and Sections 5.4(a)(v) or 5.4(b)(iii) of the Original Agreement (the sum of (1) plus (2) is hereinafter defined as the "Second Liquidation Target Amount");

(F) Sixth, 76.7653% to the Unitholders, Pro Rata, and 23.2347% to the Special Limited Partners, Pro Rata, until the Adjusted Capital Account in respect of each Common Unit then Outstanding is equal to the sum of (1) the Second Liquidation Target Amount, plus (2) the excess of (aa) the Third Target Distribution less the Second Target Distribution for each Quarter of the Partnership's existence over (bb) the amount of any distributions of Cash from Operations that was distributed pursuant to Section 5.4(e) hereof and Sections 5.4(a)(vi) or 5.4(b)(iv) of the Original Agreement; and

(G) Finally, any remaining amount 51.5102% to the Unitholders, Pro Rata, and 48.4898% to the Special Limited Partners, Pro Rata.

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

(A) First, to the Unitholders, Pro Rata, until the Adjusted Capital Account in respect of each Common Unit then Outstanding has been reduced to zero; and

(B) Second, to the Limited Partners holding Senior Units, Pro Rata, in an amount equal to 100% less the Percentage Interest of the General Partner Interest, and to the General Partner in an amount equal to the Percentage Interest of its General Partner Interest, until the Adjusted Capital Account in respect of each Senior Unit then Outstanding has been reduced to zero.

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

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

(i) Partnership Minimum Gain Chargeback. Notwithstanding any other provision of this Section 5.1, if there is a net decrease in Partnership Minimum Gain during any Partnership taxable period, each Partner shall be allocated

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

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

(iii) Priority Allocations. First, if the amount of cash or the Net Agreed Value of any property distributed (except cash or property distributed pursuant to Section 14.3 or 14.4) to any Limited Partner holding Common Units with respect to a taxable year is greater (on a per Unit basis) than the amount of cash or the Net Agreed Value of property distributed to the other Limited Partners holding Common Units (on a per Unit basis), then (1) each Limited Partner holding Common Units receiving such greater cash or property distribution shall be allocated gross income in an amount equal to the product of (aa) the amount by which the distribution (on a per Unit basis) to such Limited Partners holding Common Units exceeds the distribution (on a per Unit basis) to the Limited Partner holding Common Units receiving the smallest distribution and (bb) the number of Units owned by the Limited Partners holding Common Units receiving the greater distribution; and (2) the General Partner shall be allocated gross income in an aggregate amount equal to the sum of the amounts allocated in clause (1) above multiplied by the Percentage Interest of its General Partner Interest, divided by 100% less the Percentage Interest of the General Partner Interest. Second, gross income for the taxable period shall be allocated 100% to the Limited Partners holding Senior Units, Pro Rata, until the aggregate amount of such items allocated to the Limited Partners holding Senior Units, Pro Rata, under this paragraph (iii) for the current taxable period and all previous taxable periods is equal to the cumulative amount of cash distributed to the Limited Partners holding Senior Units, Pro Rata, pursuant to Sections 5.4(a) and 5.5(a) for the current and all previous taxable periods. All or a portion of the remaining items of Partnership gross income or gain for the taxable period, if any, shall be allocated 100% to the Special Limited Partners, Pro Rata, until the aggregate amount of such items allocated to the Special Limited Partners, Pro Rata, under this paragraph (iii) for the current taxable period and all previous taxable periods is equal to the cumulative amount of cash distributed to the Special Limited Partners, Pro Rata, from the Closing Date through the end of such taxable period.

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

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

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

(vii) Partner Nonrecourse Deductions. Partner Nonrecourse Deductions for any taxable period shall be allocated 100% to the Partner that bears the Economic Risk of Loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulation Section 1.704-2(i). If more than

one Partner bears the Economic Risk of Loss with respect to a Partner Nonrecourse Debt, such Partner Nonrecourse Deductions attributable thereto shall be allocated between or among such Partners in accordance with the ratios in which they share such Economic Risk of Loss.

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

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

(x) Economic Uniformity.

(A) Immediately prior to a sale, exchange or other disposition of all or any portion of the Senior Units, the holders disposing of Senior Units may elect that the Partnership allocate items of Partnership gross income or gain 100% to the Limited Partners disposing of Senior Units until the Limited Partners disposing of Senior Units have been allocated an amount of gross income or gain which causes the Capital Accounts maintained with respect to each of the Senior Units to be equal. Immediately prior to the conversion of all or any portion of the Senior Units into Common Units, the Limited Partners converting such Senior Units may elect that the Partnership allocate items of Partnership gross income or gain until the Limited Partners converting such Senior Units have been allocated an amount of gross income or gain which causes the Capital Account maintained with respect to each of the Senior Units to be converted to be equal to the product of (x) the number of Common Units into which the Senior Units will be converted and (y) the Per Unit Capital Account for a Common Unit.

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

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

(xi) Curative Allocation.

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

(B) The General Partner shall have reasonable discretion, with respect to each taxable period, to (1) apply the provisions of Section 5.1(d)(xi)(A) in whatever order is most likely to

minimize the economic distortions that might otherwise result from the Required Allocations, and (2) divide all allocations pursuant to Section 5.1(d)(xi)(A) among the Partners in a manner that is likely to minimize such economic distortions.

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

SectionAllocations for Tax Purposes.

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

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

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

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

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

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

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

(i) Any gain allocated to the Partners upon the sale or other taxable disposition of any Partnership asset shall, to the extent possible, after taking into account other required allocations of gain pursuant to this Section 5.2, be characterized as Recapture Income in the same proportions and to the same extent as such Partners (or their predecessors in interest) have been allocated any deductions directly or indirectly giving rise to the treatment of such gains as Recapture Income.

(j) All items of income, gain, loss, deduction and credit recognized by the Partnership for federal income tax purposes and allocated to the Partners in

accordance with the provisions hereof shall be determined without regard to any election under Section 754 of the Code which may be made by the Partnership; provided, however, that such allocations, once made, shall be adjusted as necessary or appropriate to take into account those adjustments permitted or required by Sections 734 and 743 of the Code.

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

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

SectionRequirement and Characterization of Distributions.

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

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

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

(o) First, to the Limited Partners holding Senior Units, Pro Rata, in an amount equal to 100% less the Percentage Interest of the General Partner Interest, and to the General Partner in an amount equal to the Percentage Interest of its General Partner Interest, until there has been distributed in respect of each Senior Unit then Outstanding an amount equal to the Senior Unit Distribution and any accumulated and unpaid Senior Unit Distributions through the last day of the preceding Quarter;

(p) Second, to the Unitholders, Pro Rata, until there has been distributed in respect of each Common Unit then Outstanding an amount equal to the Minimum Quarterly Distribution;

(q) Third, to the Unitholders, Pro Rata, until there has been distributed in respect of each Common Unit then Outstanding an amount equal to the excess of the First Target Distribution over the Minimum Quarterly Distribution;

(r) Fourth, 86.8673% to the Unitholders, Pro Rata, and 13.1327% to the Special Limited Partners, Pro Rata, until there has been distributed in respect of each Common Unit then Outstanding an amount equal to the excess of the Second Target Distribution over the First Target Distribution;

(s) Fifth, 76.7653% to the Unitholders, Pro Rata, and 23.2347% to the Special Limited Partners, Pro Rata, until there has been distributed in respect of each Common Unit then Outstanding an amount equal to the excess of the Third Target Distribution over the Second Target Distribution; and

(t) Thereafter, 51.5102% to the Unitholders, Pro Rata, and 48.4898% to the Special Limited Partners, Pro Rata;

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

Units"), which may include fractional Senior Units or the cash equivalent thereof based on the Senior Unit Liquidation Preference;

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

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

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

(u) First, to the Limited Partners holding Senior Units, Pro Rata, in an amount equal to 100% less the Percentage Interest of the General Partner Interest, and to the General Partner in an amount equal to the Percentage Interest of its General Partner Interest, until there has been distributed in respect of each Senior Unit then Outstanding an amount equal to any accumulated and unpaid Senior Unit Distribution through such date;

(v) Second, to the Limited Partners holding Senior Units, Pro Rata, in an amount equal to 100% less the Percentage Interest of the General Partner Interest, and to the General Partner in an amount equal to the Percentage Interest of its General Partner Interest, until a hypothetical holder of a Senior Unit acquired on the WNGL Closing Date has received with respect to such Senior Unit, during the period since the WNGL Closing Date through such date, distributions of Available Cash that are deemed to be Cash from Interim Capital Transactions in an aggregate amount equal to the Senior Unit Liquidation Preference;

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

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

SectionAdjustment of Senior Unit Liquidation Preference, Senior Unit Distribution, Minimum Quarterly Distribution and Target Distribution Levels.

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

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

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

SectionSpecial Provisions Relating to the Senior Units.

(bb) Immediately upon the conversion of Senior Units into Common Units as provided in Section 5.7(b), the holder of a Senior Unit so converted shall possess all of the rights and obligations of a Limited Partner holding Common Units hereunder, including, without limitation, the right to vote as a Limited Partner holding Common Units, the right to participate in allocations of income, gain, loss and deduction and distributions of cash made with respect to Common Units pursuant to this Article V.

(cc) If the holders of the Common Units approve the Senior Unit Conversion Option, each holder of Senior Units shall have the right, at its option, subject to the terms of this Section 5.7, to convert any or all of such holders' Senior Units into Common Units at any time during the time period commencing upon the

earlier to occur of:

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

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

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

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

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

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

(i) (A) make a redemption payment or make a distribution payable in Common Units on any class of Partnership Interest (which, for purposes of this Section 5.7(e) shall include, without limitation, any distributions in the form of options, warrants or other rights to acquire Partnership Interests) of the Partnership (other than the issuance of Common Units in connection with the payment in redemption for, of distributions on or the conversion of Senior Units); (B) subdivide the outstanding Common Units into a larger number of Common Units; (C) combine the outstanding Common Units into a smaller number of Common Units; (D) issue any of its Partnership Securities in a reclassification of the Common Units; or (E) set a Record Date with respect to any of the events described in (A) through (D);

(ii) issue to all holders of its Common Units rights, options or warrants entitling the holders thereof to subscribe for or purchase Common Units (or securities convertible into or exchangeable for Common Units) other than issuances of such rights, options or warrants if the holder of Senior Units would be entitled to receive such rights, options or warrants upon conversion at any time of Senior Units;

(iii) (A) other than distributions consistent with past practice, make a Pro Rata distribution to all holders of Common Units consisting exclusively of cash (excluding any cash distributed upon a merger or consolidation to which paragraph (g) below applies), or (B) make a distribution to all holders of its Common Units consisting of evidences of indebtedness, its Partnership Interests other than Common Units or assets (including securities, but excluding those rights, options, warrants and distributions referred to in paragraphs (e)(i) or (e)(ii) above); or

(iv) issue or sell Common Units or securities convertible into or exchangeable for Common Units, or any options, warrants or other rights to acquire Common Units.

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

conversion shall be paid to such holder in cash by the Partnership.

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

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

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

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

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

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

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

ARTICLE

MANAGEMENT AND OPERATION OF BUSINESS

SectionManagement.

(a) The General Partner shall conduct, direct and manage all activities of the Partnership. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership shall be exclusively vested in the General Partner, and no Limited Partner or Assignee shall have any management power over the business and affairs of the Partnership. In addition to the powers now or hereafter granted a general partner of a limited partnership under applicable law or which are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to Section 6.3, shall have full power and authority to do all things and on such terms as it, in its sole discretion, may deem necessary or appropriate to conduct the business of the Partnership, to exercise all powers set forth in Section 3.2 and to effectuate the purposes set forth in Section 3.1, including, without limitation, (i) the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness and the incurring of any other obligations; (ii) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership; (iii) the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any or all of the assets of the Partnership or the merger or other combination of the Partnership with or into another Person (the matters described in this clause (iii) being subject, however, to any prior approval that may be required by Section 6.3); (iv) the use of the assets of the Partnership (including, without limitation, cash on

hand) for any purpose consistent with the terms of this Agreement, including, without limitation, the financing of the conduct of the operations of the Partnership or the Operating Partnership, the lending of funds to other Persons (including, without limitation, the Operating Partnership, the General Partner and Affiliates of the General Partner) and the repayment of obligations of the Partnership and the Operating Partnership and the making of capital contributions to the Operating Partnership; (v) the negotiation, execution and performance of any contracts, conveyances or other instruments (including, without limitation, instruments that limit the liability of the Partnership under contractual arrangements to all or particular assets of the Partnership, with the other party to the contract to have no recourse against the General Partner or its assets other than its interest in the Partnership, even if same results in the terms of the transaction being less favorable to the Partnership than would otherwise be the case); (vi) the distribution of Partnership cash; (vii) the selection and dismissal of employees and agents (including, without limitation, employees having titles such as "president," "vice president," "secretary" and "treasurer") and agents, outside attorneys, accountants, consultants and contractors and the determination of their compensation and other terms of employment or hiring; (viii) the maintenance of such insurance for the benefit of the Partnership, the Operating Partnership and the Partners (including, without limitation, the assets of the Operating Partnership and the Partnership) as it deems necessary or appropriate; (ix) the formation of, or acquisition of an interest in, and the contribution of property and the making of loans to, any further limited or general partnerships, joint ventures, corporations or other relationships (including, without limitation, the acquisition of interests in, and the contributions of property to, the Operating Partnership from time to time); (x) the control of any matters affecting the rights and obligations of the Partnership, including, without limitation, the bringing and defending of actions at law or in equity and otherwise engaging in the conduct of litigation and the incurring of legal expense and the settlement of claims and litigation; (xi) the indemnification of any Person against liabilities and contingencies to the extent permitted by law; (xii) the entering into of listing agreements with The New York Stock Exchange, Inc. and any other securities exchange and the delisting of some or all of the Units from, or requesting that trading be suspended on, any such exchange (subject to any prior approval that may be required under Section 1.6); (xiii) the purchase, sale or other acquisition or disposition of Units; and (xiv) the undertaking of any action in connection with the Partnership's participation in the Operating Partnership as the limited partner (including, without limitation, contributions or loans of funds by the Partnership to the Operating Partnership). (b) Notwithstanding any other provision of this Agreement, the Operating Partnership Agreement, the Delaware Act or any applicable law, rule or regulation, each of the Partners and Assignees and each other Person who may acquire an interest in Units hereby (i) approves, ratifies and confirms the execution, delivery and performance by the parties thereto of the Operating Partnership Agreement, the Underwriting Agreement, the Contribution Agreement, the agreements and other documents filed as exhibits to the Registration Statement, and the other agreements described in or filed as a part of the Registration Statement, and the engaging by any Affiliate of the General Partner in business and activities (other than Restricted Activities) that are in direct competition with the business and activities of the Partnership and the Operating Partnership; (ii) agrees that the General Partner (on its own or through any officer of the Partnership) is authorized to execute, deliver and perform the agreements referred to in clause (i) of this sentence and the other agreements, acts, transactions and matters described in or contemplated by the Registration Statement on behalf of the Partnership without any further act, approval or vote of the Partners or the Assignees or the other Persons who may acquire an interest in Units; and (iii) agrees that the execution, delivery or performance by the General Partner, the Partnership, the Operating Partnership or any Affiliate of any of them, of this Agreement or any agreement authorized or permitted under this Agreement (including, without limitation, the exercise by the General Partner or any Affiliate of the General Partner of the rights accorded pursuant to Article XVII), or the engaging by any Affiliate of the General Partner in any business and activities (other than Restricted Activities) that are in direct competition with the business and activities of the Partnership and the Operating Partnership, shall not constitute a breach by the General Partner of any duty that the General Partner may owe the Partnership or the Limited Partners or the Assignees or any other Persons under this Agreement (or any other agreements) or of any duty stated or implied by law or equity. The term "Affiliate" when used in this Section 6.1(b) with respect to the General Partner shall not include the Partnership or any Subsidiary of the Partnership.

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

SectionRestrictions on General Partner's Authority.

(c) The General Partner may not, without written approval of the specific act by all of the Outstanding Common Units or by other written instrument executed and delivered by all of the Outstanding Common Units subsequent to the date of this

Agreement, take any action in contravention of this Agreement, including, without limitation, (i) any act that would make it impossible to carry on the ordinary business of the Partnership, except as otherwise provided in this Agreement; (ii) possess Partnership property, or assign any rights in specific Partnership property, for other than a Partnership purpose; (iii) admit a Person as a Partner, except as otherwise provided in this Agreement; (iv) amend this Agreement in any manner, except as otherwise provided in this Agreement; or (v) transfer its interest as general partner of the Partnership, except as otherwise provided in this Agreement.

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

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

SectionReimbursement of the General Partner.

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

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

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

SectionOutside Activities.

(i) After the Closing Date, the General Partner, for so long as it is the general partner of the Partnership, (i) agrees that its sole business will be to act as a general partner of the Partnership, the Operating Partnership and any other partnership of which the Partnership or the Operating Partnership is, directly or indirectly, a partner and to undertake activities that are ancillary or related thereto (including being a limited partner in the Partnership), (ii) shall not enter into or conduct any business or incur any debts or liabilities except in connection with or incidental to (A) its performance of the activities

required or authorized by this Agreement or the Operating Partnership Agreement or described in or contemplated by the Registration Statement and (B) the acquisition, ownership or disposition of Partnership Interests in the Partnership or partnership interests in the Operating Partnership or any other partnership of which the Partnership or the Operating Partnership is, directly or indirectly, a partner, except that, notwithstanding the foregoing, employees of the General Partner may perform services for Ferrell and its Affiliates, and (iii) shall not and shall cause its Affiliates not to engage in any Restricted Activity.

(j) Except as described in Section 6.5(a), no Indemnitee shall be expressly or implicitly restricted or proscribed pursuant to this Agreement, the Operating Partnership Agreement or the partnership relationship established hereby or thereby from engaging in other activities for profit, whether in the businesses engaged in by the Partnership or the Operating Partnership or anticipated to be engaged in by the Partnership, the Operating Partnership or otherwise, including, without limitation, in the case of any Affiliates of the General Partner those businesses and activities (other than Restricted Activities) in direct competition with the business and activities of the Partnership or the Operating Partnership or otherwise described in or contemplated by the Registration Statement. Without limitation of and subject to the foregoing each Indemnitee (other than the General Partner) shall have the right to engage in businesses of every type and description and to engage in and possess an interest in other business ventures of any and every type or description, independently or with others, including, without limitation, in the case of any Affiliates of the General Partner business interests and activities (other than Restricted Activities) in direct competition with the business and activities of the Partnership or the Operating Partnership, and none of the same shall constitute a breach of this Agreement or any duty to the Partnership, the Operating Partnership or any Partner or Assignee. Neither the Partnership, the Operating Partnership, any Limited Partner nor any other Person shall have any rights by virtue of this Agreement, the Operating Partnership Agreement or the partnership relationship established hereby or thereby in any business ventures of any Indemnitee (subject, in the case of the General Partner, to compliance with Section 6.5(c)) and such Indemnitees shall have no obligation to offer any interest in any such business ventures to the Partnership, the Operating Partnership, any Limited Partner or any other Person. The General Partner and any other Persons affiliated with the General Partner may acquire Units or other Partnership Securities in addition to those acquired by any of such Persons on the Closing Date, and, except as otherwise provided in this Agreement, shall be entitled to exercise all rights of an Assignee or Limited Partner, as applicable, relating to such Units or Partnership Securities, as the case may be.

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

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

SectionLoans to and from the General Partner; Contracts with Affiliates.

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

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

(o) The General Partner may itself, or may enter into an agreement with any of its Affiliates to, render services to the Partnership or to the General Partner in the discharge of its duties as general partner of the Partnership. Any services rendered to the Partnership by the General Partner or any of its Affiliates shall be on terms that are fair and reasonable to the Partnership; provided, however, that the requirements of this Section 6.6(c) shall be deemed satisfied as to (i) any transaction approved by Special Approval, (ii) any

transaction, the terms of which are no less favorable to the Partnership than those generally being provided to or available from unrelated third parties or (iii) any transaction that, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Partnership), is equitable to the Partnership. The provisions of Section 6.4 shall apply to the rendering of services described in this Section 6.6(c).

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

(q) Neither the General Partner nor any of its Affiliates shall sell, transfer or convey any property to, or purchase any property from, the Partnership, directly or indirectly, except pursuant to transactions that are fair and reasonable to the Partnership; provided, however, that the requirements of this Section 6.6(e) shall be deemed to be satisfied as to (i) the transactions effected pursuant to Sections 4.1, 4.2 and 4.3, the Contribution Agreement and any other transactions described in or contemplated by the Registration Statement, (ii) any transaction approved by Special Approval, (iii) any transaction, the terms of which are no less favorable to the Partnership than those generally being provided to or available from unrelated third parties, or (iv) any transaction that, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Partnership), is equitable to the Partnership.

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

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

SectionIndemnification.

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

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

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

(w) The Partnership may purchase and maintain (or reimburse the General Partner or its Affiliates for the cost of) insurance, on behalf of the General Partner

and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expense that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(x) For purposes of this Section 6.7, the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute "fines" within the meaning of Section 6.7(a); and action taken or omitted by it with respect to an employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is in, or not opposed to, the best interests of the Partnership.

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

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

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

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

SectionLiability of Indemnitees.

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

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

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

SectionResolution of Conflicts of Interest.

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

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

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

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

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

SectionOther Matters Concerning the General Partner.

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

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

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

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

SectionTitle to Partnership Assets. Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner or Assignee, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner, one or more of its Affiliates or one or more nominees, as the General Partner may determine. The General Partner hereby declares and warrants that any Partnership assets for which record title is held in the name of the General Partner or one or more of its Affiliates or one or more nominees shall be held by the General Partner or such Affiliate or nominee for the use and benefit of the Partnership in accordance with the provisions of this Agreement; provided, however, that the General Partner shall use its reasonable efforts to cause record title to such assets (other than those assets in respect of which the General Partner determines that the expense and difficulty of conveyancing makes transfer of record title to the Partnership impracticable) to be vested in the Partnership as soon as reasonably practicable; provided that, prior to the withdrawal or removal of the General Partner or as soon thereafter as

practicable, the General Partner shall use reasonable efforts to effect the transfer of record title to the Partnership and, prior to any such transfer, will provide for the use of such assets in a manner satisfactory to the Partnership. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which record title to such Partnership assets is held.

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

SectionRegistration Rights of Ferrellgas and its Affiliates.

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

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

(qq) If underwriters are engaged in connection with any registration referred to in this Section 6.13, the Partnership shall provide indemnification, representations, covenants, opinions and other assurance to the underwriters in form and substance reasonably satisfactory to such underwriters. Further, in addition to and not in limitation of the Partnership's obligation under Section 6.7, the Partnership shall, to the fullest extent permitted by law, indemnify and hold harmless the Holder, its officers, directors and each Person who controls the Holder (within the meaning of the Securities Act) and any agent thereof (collectively, "Indemnified Persons") against any losses, claims, demands, actions, causes of action, assessments, damages, liabilities (joint or several), costs and expenses (including, without limitation, interest, penalties and reasonable attorneys' fees and disbursements), resulting to, imposed upon, or incurred by the Indemnified Persons, directly or indirectly, under the Securities Act or otherwise (hereinafter referred to in this Section 6.13(c) as a "claim" and in the plural as "claims"), based upon, arising out of, or

resulting from any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which any Units were registered under the Securities Act or any state securities or Blue Sky laws, in any preliminary prospectus (if used prior to the effective date of such registration statement), or in any summary or final prospectus or in any amendment or supplement thereto (if used during the period the Partnership is required to keep the registration statement current), or arising out of, based upon or resulting from the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading; provided, however, that the Partnership shall not be liable to any Indemnified Person to the extent that any such claim arises out of, is based upon or results from an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, such preliminary, summary or final prospectus or such amendment or supplement, in reliance upon and in conformity with written information furnished to the Partnership by or on behalf of such Indemnified Person specifically for use in the preparation thereof.

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

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

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

ARTICLE

RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

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

SectionManagement of Business. No Limited Partner or Assignee (other than the General Partner, any of its Affiliates or any officer, director, employee, partner, agent or trustee of the General Partner or any of its Affiliates, in its capacity as such, if such Person shall also be a Limited Partner or Assignee) shall participate in the operation, management or control (within the meaning of the Delaware Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. The transaction of any such business by the General Partner, any of its Affiliates or any member, officer, director, employee, partner, agent or trustee of the General Partner or any of its Affiliates, in its capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Limited Partners or Assignees under this Agreement.

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

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

SectionRights of Limited Partners Relating to the Partnership.

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

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

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

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

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

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

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

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

ARTICLE

BOOKS, RECORDS, ACCOUNTING AND REPORTS

SectionRecords and Accounting. The General Partner shall keep or cause to be kept at the principal office of the Partnership appropriate books and records with respect to the Partnership's business, including, without limitation, all books and records necessary to provide to the Limited Partners any information, lists and copies of documents required to be provided pursuant to Section 7.5(a). Any books and records maintained by or on behalf of the Partnership in the regular course of its business, including, without limitation, the record of the Record Holders and Assignees of Units or other Partnership Securities, books of account and records of Partnership proceedings, may be kept on, or be in the form of, computer disks, hard drives, punch cards, magnetic tape, photographs, micrographics or any other information storage device, provided, that the books and records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for both tax and financial reporting purposes, on an accrual basis in accordance with generally accepted accounting principles.

SectionFiscal Year. The fiscal year of the Partnership shall be August 1 to July 31.

SectionReports.

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

(b) As soon as practicable, but in no event later than 90 days after the close of each Quarter except the last Quarter of each year, the General Partner shall cause to be mailed to each Record Holder of a Unit, as of a date selected by the General Partner in its sole discretion, a report containing unaudited financial

statements of the Partnership and such other information as may be required by applicable law, regulation or rule of any National Securities Exchange on which the Units are listed for trading, or as the General Partner determines to be necessary or appropriate.

9 ARTICLE

TAX MATTERS

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

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

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

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

SectionWithholding. Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that it determines in its sole discretion to be necessary or appropriate to cause the Partnership and the Operating Partnership to comply with any withholding requirements established under the Code or any other federal, state or local law including, without limitation, pursuant to Sections 1441, 1442, 1445 and 1446 of the Code. To the extent that the Partnership is required to withhold and pay over to any taxing authority any amount resulting from the allocation or distribution of income to any Partner or Assignee (including, without limitation, by reason of Section 1446 of the Code), the amount withheld shall be treated as a distribution of cash pursuant to Section 5.3 in the amount of such withholding from such Partner.

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

SectionEntity-Level Arrearage Collections. If the Partnership is required by applicable law to pay any federal, state or local income tax on behalf of, or withhold such amount with respect to, any Partner or Assignee or any former Partner or Assignee in respect of Common Units held by such Person (a) the General Partner shall cause the Partnership to pay such tax on behalf of such Partner or Assignee or former Partner or Assignee from the funds of the Partnership; (b) any amount so paid on behalf of, or withheld with respect to, any such Partner or Assignee shall constitute a distribution out of Available Cash to such Partner or Assignee pursuant to Section 5.3; provided, however, in the discretion of the General Partner, such taxes (if pertaining to all such

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

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

10 ARTICLE

CERTIFICATES

SectionCertificates. Upon the Partnership's issuance of Common Units or Senior Units to any Person, the Partnership shall issue one or more Certificates in the name of such Person evidencing the number of such Units being so issued. Certificates shall be executed on behalf of the Partnership by the General Partner. No Common Unit Certificate shall be valid for any purpose until it has been countersigned by the Transfer Agent; provided, however, that if the General Partner elects to issue Units in global or book-entry form, the Certificates shall be valid upon receipt of a certificate from the Transfer Agent certifying that such Units have been duly registered in accordance with the directions of the Partnership. The Partners holding Certificates evidencing Senior Units may exchange such Certificates for Certificates evidencing Common Units on or after the date on which such Senior Units are converted into Common Units pursuant to the terms of Section 5.7(d). The General Partner Units need not be certificated, but upon request of the General Partner, may be represented by Certificates in the same manner as the Common Units or Senior Units.

SectionRegistration, Registration of Transfer and Exchange.

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

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

SectionMutilated, Destroyed, Lost or Stolen Certificates.

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

(d) The General Partner on behalf of the Partnership shall execute, and upon its request, in the case of Common Units, the Transfer Agent shall countersign and

deliver (or, in the case of Units issued in global or book-entry form, register in accordance with the rules and regulations of the Depositary) a new Certificate in place of any Certificate previously issued if the Record Holder of the Certificate:

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

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

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

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

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

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

SectionRecord Holder. In accordance with Section 10.2(b), the Partnership shall be entitled to recognize the Record Holder as the Limited Partner or Assignee with respect to any Units and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such Units on the part of any other Person, whether or not the Partnership shall have actual or other notice thereof, except as otherwise provided by law or any applicable rule, regulation, guideline or requirement of any National Securities Exchange on which the Units are listed for trading. Without limiting the foregoing, when a Person (such as a broker, dealer, bank, trust company or clearing corporation or an agent of any of the foregoing) is acting as nominee, agent or in some other representative capacity for another Person in acquiring and/or holding Units, as between the Partnership on the one hand, and such other Persons, on the other, such representative Person (a) shall be the Limited Partner or Assignee (as the case may be) of record and beneficially, (b) must execute and deliver a Transfer Application and (c) shall be bound by this Agreement and shall have the rights and obligations of a Limited Partner or Assignee (as the case may be) hereunder and as provided for herein.

11 ARTICLE

TRANSFER OF INTERESTS

SectionTransfer.

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

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

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

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

SectionTransfer of the General Partner Interest. Except for a transfer by the General Partner of all, but not less than all, of its General Partner Interest to (a) an Affiliate of the General Partner or (b) another Person in connection with the merger or consolidation of the General Partner with or into another Person or the transfer by the General Partner of all or substantially all of its assets to another Person, the transfer by the General Partner of all or any part of its General Partner Interest to a Person prior to July 31, 2004 shall be subject to the prior approval of at least a majority of the Outstanding Common Units (excluding for purposes of such determination Units owned by the General Partner and its Affiliates). Notwithstanding anything herein to the contrary, no transfer by the General Partner of all or any part of its General Partner Interest to another Person shall be permitted unless (i) the transferee agrees to assume the rights and duties of the General Partner under this Agreement and the Operating Partnership Agreement and to be bound by the provisions of this Agreement and the Operating Partnership Agreement, (ii) the Partnership receives an Opinion of Counsel that such transfer would not result in the loss of limited liability of any Limited Partner or of any limited

partner of the Operating Partnership or cause the Partnership or any of the Operating Partnership to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes and (iii) such transferee also agrees to purchase all (or the appropriate portion thereof, if applicable) of the partnership interest of the General Partner as the general partner of the Operating Partnership. In the case of a transfer pursuant to and in compliance with this Section 11.2, the transferee or successor (as the case may be) shall, subject to compliance with the terms of Section 12.3, be admitted to the Partnership as a General Partner immediately prior to the transfer of the General Partner Interest, and the business of the Partnership shall continue without dissolution.

SectionTransfer of Units (other than General Partner Units).

(e) Units (other than General Partner Units) may be transferred only in the manner described in Section 10.2. The transfer of any Units (other than General Partner Units) and the admission of any new Partner shall not constitute an amendment to this Agreement.

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

(g) Each distribution in respect of Units shall be paid by the Partnership, directly or through the Transfer Agent or through any other Person or agent, only to the Record Holders thereof as of the Record Date set for the distribution. Such payment shall constitute full payment and satisfaction of the Partnership's liability in respect of such payment, regardless of any claim of any Person who may have an interest in such payment by reason of an assignment or otherwise.

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

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

SectionCitizenship Certificates; Non-citizen Assignees.

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

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

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

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

to be the Limited Partner in respect of the Non-citizen Assignee's Units.

SectionRedemption of Interests.

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

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

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

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

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

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

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

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

ARTICLE

ADMISSION OF PARTNERS

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

SectionAdmission of Substituted Limited Partners. By transfer of a Unit (other than a General Partner Unit) in accordance with Article XI, the transferor shall be deemed to have given the transferee the right to seek admission as a Substituted Limited Partner subject to the conditions of, and in the manner permitted under, this Agreement. A transferor of a Certificate (other than a Certificate representing a General Partner Unit) shall, however, only have the authority to convey to a purchaser or other transferee who does not execute and deliver a Transfer Application (a) the right to negotiate such Certificate to a purchaser or other transferee and (b) the right to transfer the right to request admission as a Substituted Limited Partner to such purchaser or other transferee in respect of the transferred Units. Each transferee of a Unit (other than a General Partner Unit) (including, without limitation, any nominee holder or an agent acquiring such Unit for the account of another Person) who executes and delivers a Transfer Application shall, by virtue of such execution and delivery, be an Assignee and be deemed to have applied to become a

Substituted Limited Partner with respect to the Units so transferred to such Person. Such Assignee shall become a Substituted Limited Partner (x) at such time as the General Partner consents thereto, which consent may be given or withheld in the General Partner's sole discretion, and (y) when any such admission is shown on the books and records of the Partnership. If such consent is withheld, such transferee shall be an Assignee. An Assignee shall have an interest in the Partnership equivalent to that of a Limited Partner with respect to allocations and distributions, including, without limitation, liquidating distributions, of the Partnership. With respect to voting rights attributable to Units that are held by Assignees, the General Partner shall be deemed to be the Limited Partner with respect thereto and shall, in exercising the voting rights in respect of such Units on any matter, vote such Units at the written direction of the Assignee who is the Record Holder of such Units. If no such written direction is received, such Units will not be voted. An Assignee shall have no other rights of a Limited Partner.

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

SectionAdmission of Additional Limited Partners.

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

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

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

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

13 ARTICLE

WITHDRAWAL OR REMOVAL OF PARTNERS

SectionWithdrawal of the General Partner.

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

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

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

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

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

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

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

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

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

SectionRemoval of the General Partner. The General Partner may be removed if such removal is approved by Limited Partners holding at least two-thirds of the Outstanding Common Units. Any such action by such Limited Partners for removal of the General Partner must also provide for the election of a successor General Partner by Limited Partners holding at least a majority of the Outstanding Common Units. Such removal shall be effective immediately following the admission of a successor General Partner pursuant to Article XII. The removal of the General Partner shall also automatically constitute the removal of the General Partner as general partner of the Operating Partnership, as provided in the Operating Partnership Agreement. If a Person is elected as a successor General Partner in accordance with the terms of this Section 13.2, the Partnership, as the limited partner of the Operating Partnership, shall cause such Person to become the successor general partner of the Operating Partnership, as provided in the Operating Partnership Agreement. The right of the Limited Partners holding Outstanding Common Units to remove the General Partner shall not exist or be exercised unless the Partnership has received an opinion opining as to the matters covered by a Withdrawal Opinion of Counsel. Any successor General Partner elected in accordance with the terms of this Section 13.2 shall be subject to the provisions of Section 12.3.

SectionInterest of Departing Partner and Successor General Partner.

(c) In the event of (i) withdrawal of the General Partner under circumstances where such withdrawal does not violate this Agreement or (ii) removal of the General Partner by the holders of Common Units under circumstances where Cause does not exist, if a successor General Partner is elected in accordance with the terms of Section 13.1 or 13.2, the Departing Partner shall have the option exercisable prior to the effective date of the departure of such Departing Partner to require its successor to purchase its General Partner Interest and its partnership interest as the general partner in the Operating Partnership (collectively, the "Combined Interest") in exchange for an amount in cash equal to the fair market value of such Combined Interest, such amount to be determined and payable as of the effective date of its departure. If the General Partner is

removed by the Limited Partners under circumstances where Cause exists or if the General Partner withdraws under circumstances where such withdrawal violates this Agreement or the Operating Partnership Agreement, and if a successor General Partner is elected in accordance with the terms of Section 13.1 or 13.2, such successor shall have the option, exercisable prior to the effective date of the departure of such Departing Partner, to purchase the Combined Interest of the Departing Partner for such fair market value of such Combined Interest. In either event, the Departing Partner shall be entitled to receive all reimbursements due such Departing Partner pursuant to Section 6.4, including, without limitation, any employee-related liabilities (including, without limitation, severance liabilities), incurred in connection with the termination of any employees employed by the General Partner for the benefit of the Partnership or the Operating Partnership. Subject to Section 13.3(b), the Departing Partner shall, as of the effective date of its departure, cease to share in any allocations or distributions with respect to its General Partner Interest and Partnership income, gain, loss, deduction and credit will be prorated and allocated as set forth in Section 5.2(g).

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

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

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

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

ARTICLE

DISSOLUTION AND LIQUIDATION

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

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

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

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

(d) entry of a decree of judicial dissolution of the Partnership pursuant to the

provisions of the Delaware Act; or

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

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

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

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

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

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

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

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

SectionDistributions in Kind. Notwithstanding the provisions of Section 14.3, which require the liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if prior to or upon

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

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

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

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

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

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

15 ARTICLE

AMENDMENT OF PARTNERSHIP AGREEMENT; MEETINGS; RECORD DATE

SectionAmendment to be Adopted Solely by General Partner. Each Limited Partner agrees that the General Partner (pursuant to its powers of attorney from the Limited Partners, Special Limited Partners and Assignees), without the approval of any Limited Partner or Assignee, may amend any provision of this Agreement, and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect: (a) a change in the name of the Partnership, the location of the principal place of business of the Partnership, the registered agent of the Partnership or the registered office of the Partnership;

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

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

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

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

distributions are to be made by the Partnership;

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

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

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

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

(j) an amendment that, in the sole discretion of the General Partner, is necessary or desirable to reflect, account for and deal with appropriately the formation by the Partnership of, or investment by the Partnership in, any corporation, partnership, joint venture, limited liability company or other entity other than the Operating Partnership, in connection with the conduct by the Partnership of activities permitted by the terms of Section 3.1; or

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

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

SectionAmendment Requirements.

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

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

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

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

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

SectionMeetings. All acts of Limited Partners to be taken pursuant to this Agreement shall be taken in the manner provided in this Article XV. Meetings of the Limited Partners may be called by the General Partner or by Limited Partners owning 20% or more of the Outstanding Units of the class or classes for which a meeting is proposed. Limited Partners shall call a meeting by delivering to the General Partner one or more requests in writing stating that the signing Limited Partners wish to call a meeting and indicating the general or specific purposes for which the meeting is to be called. Within 60 days after receipt of such a call from Limited Partners or within such greater time as may be reasonably necessary for the Partnership to comply with any

statutes, rules, regulations, listing agreements or similar requirements governing the holding of a meeting or the solicitation of proxies for use at such a meeting, the General Partner shall send a notice of the meeting to the Limited Partners either directly or indirectly through the Transfer Agent. A meeting shall be held at a time and place determined by the General Partner on a date not more than 60 days after the mailing of notice of the meeting. Limited Partners shall not vote on matters that would cause the Limited Partners to be deemed to be taking part in the management and control of the business and affairs of the Partnership so as to jeopardize the Limited Partners' limited liability under the Delaware Act or the law of any other state in which the Partnership is qualified to do business.

SectionNotice of a Meeting. Notice of a meeting called pursuant to Section 15.4 shall be given to the Record Holders in writing by mail or other means of written communication in accordance with Section 18.1. The notice shall be deemed to have been given at the time when deposited in the mail or sent by other means of written communication.

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

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

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

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

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

and the revocation of approvals in writing.

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

SectionVoting and Other Rights.

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

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

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

ARTICLE

MERGER

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

(b) Without the approval of the holders of at least the majority of the Outstanding Senior Units, the Partnership shall not, in a single transaction or series of related transactions, consolidate with or merge with or into, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its or the Operating Partnership's (which includes the sale by the Partnership of its limited partnership interests in the Operating Partnership) assets to, another Person unless: (A) either (1) the Partnership is the Surviving Business Entity or (2) the Person (if other than the Partnership) formed by such consolidation or into which the Partnership is merged or to which the properties and assets of the Partnership or Operating Partnership are sold, assigned, transferred, leased, conveyed or otherwise disposed of shall be an entity organized under the laws of the United States or any State thereof or the District of Columbia and shall expressly assume all of the obligations of the

Partnership under this Agreement, the WNGL Purchase Agreement and the WNGL Registration Rights Agreement with respect to the Senior Units; and (B) if the Partnership is not the Surviving Business Entity, the Senior Units shall be converted into or exchanged for and shall become equity interests of such Surviving Business entity, having in respect of such Surviving Business Entity the same powers, preferences and relative, participating, optional or other special rights and the qualifications, limitations or restrictions thereon, that the Senior Units had immediately prior to such transactions.

SectionProcedure for Merger or Consolidation. Merger or consolidation of the Partnership pursuant to this Article XVI requires the prior approval of the General Partner. If the General Partner shall determine, in the exercise of its sole discretion, to consent to the merger or consolidation, the General Partner shall approve the Merger Agreement, which shall set forth:

(a) The names and jurisdictions of formation or organization of each of the business entities proposing to merge or consolidate;

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

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

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

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

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

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

SectionApproval by Holders of Common Units of Merger or Consolidation.

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

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

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

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

SectionEffect of Merger.

(k) At the effective time of the certificate of merger:

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

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

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

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

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

17 ARTICLE

RIGHT TO ACQUIRE UNITS

SectionRight to Acquire Units.

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

(b) If the General Partner, any Affiliate of the General Partner or the Partnership elects to exercise the right to purchase Units granted pursuant to Section 17.1(a), the General Partner shall deliver to the Transfer Agent notice of such election to purchase (the "Notice of Election to Purchase") and shall cause the Transfer Agent to mail a copy of such Notice of Election to Purchase to the Record Holders of Units (as of a Record Date selected by the General Partner) at least 10, but not more than 60, days prior to the Purchase Date. Such Notice of Election to Purchase shall also be published for a period of at least three consecutive days in at least two daily newspapers of general circulation printed in the English language and published in the Borough of Manhattan, New York. The Notice of Election to Purchase shall specify the Purchase Date and the price (determined in accordance with Section 17.1(a) at which Units will be purchased and state that the General Partner, its Affiliate or the Partnership, as the case may be, elects to purchase such Units, upon surrender of Certificates representing such Units in exchange for payment, at such office or offices of the Transfer Agent as the Transfer Agent may specify, or as may be required by any National Securities Exchange on which the Units are listed or admitted to trading. Any such Notice of Election to Purchase mailed to a Record Holder of Units at his address as reflected in the records of the Transfer Agent shall be conclusively presumed to have been given whether or not the owner receives such notice. On or prior to the Purchase Date, the General Partner, its Affiliate or the Partnership, as the case may be, shall deposit with the Transfer Agent cash in an amount sufficient to pay the aggregate purchase price of all of the Units to be purchased in accordance with this Section 17.1. If the Notice of Election to Purchase shall have been duly given as aforesaid at least 10 days prior to the Purchase Date, and if on or prior to the Purchase Date the deposit described in the preceding sentence has been made for the benefit of the holders of Units subject to purchase as provided herein, then from and after the Purchase Date, notwithstanding that any Certificate shall not have been surrendered for purchase, all rights of the holders of such Units (including, without limitation, any rights pursuant to Articles IV, V and XIV) shall thereupon cease, except the right to receive the purchase price (determined in accordance with Section 17.1(a)) for Units therefor, without interest, upon surrender to the Transfer Agent of the Certificates representing such Units, and such Units shall thereupon be deemed to be transferred to the General Partner, its Affiliate or the Partnership, as the case may be, on the record books of the Transfer Agent and the Partnership, and the General Partner or any Affiliate of the General Partner, or the Partnership, as the case may be, shall be deemed to be the owner of all such Units from and after the Purchase Date and shall have all rights as the owner of such Units (including, without limitation, all rights as owner of such Units pursuant to Articles IV, V and XIV).

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

SectionRight to Acquire Senior Units.

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

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

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

18 ARTICLE

GENERAL PROVISIONS

SectionAddresses and Notices. Any notice, demand, request, report or proxy materials required or permitted to be given or made to a Partner or Assignee under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first class United States mail or by other means of written communication to the Partner or Assignee at the address described below. Any notice, payment or report to be given or made to a Partner or Assignee hereunder shall be deemed conclusively to have been given or made, and the obligation to give such notice or report or to make such payment shall be deemed conclusively to have been fully satisfied, upon sending of such notice, payment or report to the Record Holder of such Unit at his address as shown on the records of the Transfer Agent or as otherwise shown on the records of the Partnership, regardless of any claim of any Person who may have an interest in such Unit or the Partnership Interest of a General Partner by reason of any assignment or otherwise. An affidavit or certificate of making of any notice, payment or report in accordance with the provisions of this Section 18.1 executed by the General Partner, the Transfer Agent or the mailing organization shall be prima facie evidence of the giving or making of such notice, payment or report. If any notice, payment or report addressed to a Record Holder at the address of such Record Holder appearing on the books and records of the Transfer Agent or the Partnership is returned by the United States Post Office marked to indicate that the United States Postal Service is unable to deliver it, such notice, payment or report and any subsequent notices, payments and reports shall be deemed to have been duly given or made without further mailing (until such time as such Record Holder or another Person notifies the Transfer Agent or the Partnership of a change in his address) if they are available for the Partner or Assignee at the principal office of the Partnership for a period of one year from the date of the giving or making of such notice, payment or report to the other Partners and Assignees. Any notice to the Partnership shall be deemed given if received by the General Partner at the principal office of the Partnership designated pursuant to Section 1.3. The General Partner may rely and shall be protected in relying on any notice or other document from a Partner, Assignee or other Person if believed by it to be genuine.

SectionReferences. Except as specifically provided otherwise, references to "Articles" and "Sections" are to Articles and Sections of this Agreement.

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

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

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

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

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

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

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

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

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

#1076119 v3 - PARTNERSHIP AGREEMENT WITH GP INTEREST CHANGE 61300 1516C
1
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

GENERAL PARTNER:

FERRELLGAS, INC.

By: /s/ Kevin T. Kelly
Name: Kevin T. Kelly
Title: Vice President and CFO

LIMITED PARTNERS:

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

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

By: /s/ Kevin T. Kelly
Name: Kevin T. Kelly
Title: Vice President and CFO

EXHIBIT A

to the Second Amended and Restated Agreement of
Limited Partnership of
FERRELLGAS PARTNERS, L.P.

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

No. Common Units

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

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

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

Dated:

Countersigned and Registered by:

Transfer Agent and Registrar

Authorized Signature

FERRELLGAS, INC.,
as General Partner
By:
President

By:
Secretary

[Reverse of Certificate]

ABBREVIATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SIGNATURE(S) MUST BE GUARANTEED BY A MEMBER FIRM OF THE NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. OR BY A COMMERCIAL BANK OR TRUST COMPANY (Signature)

(Signature)

SIGNATURE(S) GUARANTEED

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

APPLICATION FOR TRANSFER OF COMMON UNITS

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

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

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

Date:
Signature of Assignee

Social Security or other identifying number of Assignee Name and Address of Assignee

Purchase Price
including commissions, if any

Type of Entity (check one)

Individual Partnership Corporation
Trust Other (specify)

Nationality (Check One):

U.S. Citizen, Resident or Domestic Entity

Foreign Corporation, or Non-resident alien

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

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

Complete Either A or B:

A. Individual Interest Holder

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

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

3. My home address is
.

B. Partnership, Corporate or Other Interest-Holder

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

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

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

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

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

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

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

(Name of Interest-Holder)

Signature and Date

Title (if applicable)

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

EXHIBIT B

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

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

No._____ Senior Units

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

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

Dated:

FERRELLGAS, INC.,
as General Partner

By:
President

By:
Secretary

[Reverse of Certificate]

ABBREVIATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Signature)

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

APPLICATION FOR TRANSFER OF SENIOR UNITS

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

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

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

Date: Signature of Assignee

Social Security or other identifying number of Assignee

Name and Address of Assignee

Purchase Price
including commissions, if any

Type of Entity (check one)

Individual Partnership Corporation
Trust Other (specify)

Nationality (Check One):

U.S. Citizen, Resident or Domestic Entity

Foreign Corporation, or Non-resident alien

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

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

Complete Either A or B:

A. Individual Interest Holder

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

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

3. My home address is
.

B. Partnership, Corporate or Other Interest-Holder

1.
(Name of Interest-Holder)

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

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

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

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

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

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

(Name of Interest-Holder)

Signature and Date

Title (if applicable)

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

Form of Election to Convert

To Ferrellgas Partners, L.P.

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

Dated:
Number of Senior Units to be converted:

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

THIRD AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of April 18, 2000

among

FERRELLGAS, L.P.,

FERRELLGAS, INC.,

THE FINANCIAL INSTITUTIONS PARTY HERETO

and

BANK OF AMERICA, N.A.,

as Administrative Agent and Documentation Agent

Arranged By

BANC OF AMERICA SECURITIES LLC

THIRD AMENDED AND RESTATED CREDIT AGREEMENT

This THIRD AMENDED AND RESTATED CREDIT AGREEMENT is entered into as of April 18, 2000, among FERRELLGAS, L.P., a Delaware limited partnership (the "Borrower"), FERRELLGAS, INC., a Delaware corporation and the sole general partner of the Borrower (the "General Partner"), the several financial institutions from time to time party to this Agreement (collectively, the "Banks"; individually, a "Bank") and BANK OF AMERICA, N.A. ("BofA"), as agent for the Banks (in such capacity, the "Administrative Agent" and as documentation agent (in such capacity, "Documentation Agent") under this Agreement.

R E C I T A L S

WHEREAS, the Borrower, the General Partner, the Banks and the Administrative Agent are parties to the Existing Credit Agreement (as defined below), pursuant to which the Banks have (a) made revolving credit loans to the Borrower pursuant to the Facility A Commitments under the Existing Credit Agreement solely for working capital purposes in an aggregate amount of up to $40,000,000, (b) made revolving credit loans to the Borrower and have issued or participated in letters of credit for the account of the Borrower pursuant to the Facility B Commitments under the Existing Credit Agreement, in each case under this clause (b) for working capital and general partnership purposes in an aggregate amount of up to $50,000,000, and (c) made revolving credit loans to the Borrower pursuant to the Facility C Commitments under the Existing Credit Agreement for working capital, Acquisitions and general partnership purposes in an aggregate amount of up to $55,000,000.

WHEREAS, the Borrower has requested that (i) the Facility A Commitments and Facility A Revolving Loans outstanding under the Existing Credit Agreement be continued as Facility A Commitments and Facility A Revolving Loans under this Agreement, the proceeds of which are to be used by the Borrower solely for working capital purposes, (ii) the Facility B Commitments, Facility B Revolving Loans, Facility C Commitments, Facility C Revolving Loans and Existing Letters of Credit (as defined below) outstanding under the Existing Credit Agreement be continued as or converted into (as the case may be) Facility B Commitments, Facility B Revolving Loans and Letters of Credit under this Agreement, the proceeds of which are to be used by the Borrower for Acquisitions, capital expenditures, working capital and general partnership purposes and (iii) the Existing Credit Agreement otherwise be amended and restated in its entirety as set forth below in this Agreement; and

WHEREAS, the Banks are willing, on and subject to the terms and conditions set forth in this Agreement, to amend and restate the terms of the Existing Credit Agreement and to extend credit under this Agreement as more particularly hereinafter set forth.

ACCORDINGLY, the parties hereto agree to amend and restate the Existing Credit Agreement as follows:

ARTICLE I

DEFINITIONS

1.01 Certain Defined Terms. The following terms have the following

meanings: ----------

"1994 Fixed Rate Senior Notes" means the 10% Series A Fixed Rate Senior Notes due 2001 that were issued by the Borrower and Ferrellgas Finance Corp. pursuant to that certain Indenture dated as of July 5, 1994 among the Borrower, Ferrellgas Finance Corp. and Norwest Bank Minnesota, National Association. All of the 1994 Fixed Rate Senior Notes were redeemed prior to the Restatement Effective Date.

"1996 Indenture" means the Indenture dated as of April 26, 1996, among the MLP, Ferrellgas Partners Finance Corp. and American Bank National Association, pursuant to which the MLP Senior Notes were issued, as it may be amended, modified or supplemented from time to time.

"1998 Fixed Rate Senior Notes" means, collectively, (a) the $109,000,000 6.99% Senior Notes, Series A, due August 1, 2005, (b) the $37,000,000 7.08% Senior Notes, Series B, due August 1, 2006, (c) the $52,000,000 7.12% Senior Notes, Series C, due 2008, (d) the $82,000,000 7.24% Senior Notes, Series D, due August 1, 2010 and (e) the $70,000,000 7.42% Senior Notes, Series E, due August 1, 2013, in each case issued by the Borrower pursuant to the 1998 Note Purchase Agreement.

"1998 Note Purchase Agreement" means the Note Purchase Agreement, dated as of July 1, 1998, among the Borrower and the Purchasers named therein, pursuant to which the 1998 Fixed Rate Senior Notes were issued, as it may be amended, modified or supplemented from time to time.

"2000 Note Purchase Agreement" means the Note Purchase Agreement, dated as of February 1, 2000, among the Borrower and the Purchasers named therein, pursuant to which the 2000 Notes were issued, as it may be amended, modified or supplemented from time to time.

"2000 Notes" means, collectively, (a) the $21,000,000 8.68% Senior Notes, Series A, due August 1, 2006, (b) the $90,000,000 8.78% Senior Notes, Series B, due August 1, 2007 and (c) the $73,000,000 8.87% Senior Notes, Series C, due August 1, 2009, in each case issued by the Borrower pursuant to the 2000 Note Purchase Agreement.

"Accounts Receivable Securitization" shall mean a financing arrangement involving the transfer or sale of accounts receivable of the Borrower in the ordinary course of business through one or more SPEs, the terms of which arrangement do not impose (a) any recourse or repurchase obligations upon the Borrower or any Affiliate of the Borrower (other than any such SPE) except to the extent of the breach of a representation or warranty by the Borrower in connection therewith or (b) any negative pledge or Lien on any accounts receivable not actually transferred to any such SPE in connection with such arrangement.

"Acquired Debt" means, with respect to any specified Person, (a) Indebtedness of any other Person existing at the time such other Person merged with or into or became a Subsidiary of such specified Person, including Indebtedness incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Subsidiary of such specified Person and (b) Indebtedness encumbering any asset acquired by such specified Person.

"Acquisition" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition of in excess of 50% of the capital stock, partnership interests or equity of any Person or otherwise causing any Person, to become a Subsidiary of the acquiring Person, or (c) a merger or consolidation or any other combination with another Person (other than a Person that is a Subsidiary of the acquiring Person) provided that the Borrower or the Subsidiary of the acquiring entity is the surviving Person.

"Administrative Agent" has the meaning specified in the introductory clause hereto. References to the "Administrative Agent" shall include BofA in its capacity as agent for the Banks under this Agreement, and any successor agent arising under Section 10.09.

"Administrative Agent's Payment Office" means the address for payments set forth on Schedule 11.02 hereto in relation to the Administrative Agent, or such other address as the Administrative Agent may from time to time specify.

"Affiliate" means, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract, or otherwise. No Bank shall be deemed an Affiliate of the Borrower by reason of the relationship established and governed by this Agreement.

"Agent-Related Persons" means BofA and any successor Administrative Agent arising under Section 10.09, together with their respective Affiliates (including, in the case of BofA, the Arranger), and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

"Agreement" means this Credit Agreement.

"Applicable Margin" means, for each Type of Loan, effective as of the first day of each fiscal quarter, the percentage per annum set forth below opposite the Level of the Pricing Ratio applicable to such fiscal quarter as set forth herein.

Pricing Ratio	Base Rate Loans	Eurodollar Rate Loans
Level 1	0.25%	1.25%
Level 2	0.50%	1.50%
Level 3	0.75%	1.75%
Level 4	1.00%	2.00%
Level 5	1.25%	2.25%

"Arranger" means Banc of America Securities LLC, a wholly-owned subsidiary of BankAmerica Corporation. The Arranger is a registered broker-dealer and permitted to underwrite and deal in certain Ineligible Securities.

"Asset Sale" has the meaning specified in Section 8.02.

"Assignee" has the meaning specified in Section 11.08(a).

"Attorney Costs" means and includes all reasonable and itemized fees and disbursements of any law firm or other external counsel, the allocated cost of internal legal services and all disbursements of internal counsel.

"Attributable Debt" means, in respect of a sale and leaseback arrangement of any property, as at the time of determination, the present value (calculated using a discount rate equal to 7.16%) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such arrangement (including any period for which such lease has been extended).

"Available Cash" has the meaning given to such term in the Partnership Agreement, as amended to October 14, 1998; provided, that (a) Available Cash shall not include any amount of Net Proceeds of Asset Sales until the 270-day period following the consummation of the applicable Asset Sale, (b) investments, loans and other contributions to a Non-Recourse Subsidiary, Unrestricted Subsidiary or Joint Venture are to be treated as "cash disbursements" when made for purposes of determining the amount of Available Cash and (c) cash receipts of a Non-Recourse Subsidiary, Unrestricted Subsidiary or Joint Venture shall not constitute cash receipts of the Borrower for purposes of determining the amount of Available Cash until cash is actually distributed by such Non-Recourse Subsidiary, Unrestricted Subsidiary or Joint Venture to the Borrower or a Restricted Subsidiary.

"Bank" has the meaning specified in the introductory clause to this Agreement. References to the "Banks" shall include BofA and any other Bank designated by the Administrative Agent as an Issuing Bank from time to time, including in their respective capacities as Issuing Banks; for purposes of clarification only, to the extent that an Issuing Bank may have any rights or obligations in addition to those of a Bank due to its status as an Issuing Bank, its status as such will be specifically referenced.

"Bankruptcy Code" means the Federal Bankruptcy Reform Act of 1978, as amended (11 U.S.C. ss.101, et seq.).

"Base Rate" means, for any day, the higher of: (a) 0.50% per annum above the Federal Funds Rate in effect on such day; and (b) the rate of interest in effect for such day as publicly announced from time to time by BofA in San Francisco, California, as its "reference rate." (The "reference rate" is a rate set by BofA based upon various factors including BofA's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate.) Any change in the reference rate announced by BofA shall take effect at the opening of business on the day specified in the public announcement of such change or if no day is so specified, on the day of the announcement.

"Base Rate Loan" means a Loan that bears interest based on the Base Rate.

"BofA" has the meaning specified in the introductory clause hereto.

"Borrower" has the meaning specified in the introductory clause to this Agreement.

"Borrowing" means a borrowing under this Agreement consisting of Loans of the same Type made to the Borrower on the same day by the Banks (or, in the case of Swingline Loans, by BofA) and, for Eurodollar Rate Loans, having the same Interest Period, in either case under Article II.

"Borrowing Date" means any date on which a Borrowing occurs.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in New York or San Francisco are authorized or required by law to close and, if the applicable Business Day relates to any Eurodollar Rate Loan, means such a day on which

dealings are carried on in the London interbank dollar market.

"Capital Adequacy Regulation" means any guideline, request or directive of any central bank or other Governmental Authority, or any other law, rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy of any bank or of any corporation controlling a bank.

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

"Capital Lease Obligation" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be so required to be capitalized on the balance sheet in accordance with GAAP.

"Cash Collateralize" means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Administrative Agent, the Issuing Banks and the Banks, as collateral for the L/C Obligations or any outstanding Loan, cash or deposit account balances pursuant to documentation in form and substance satisfactory to the Administrative Agent (which documents are hereby consented to by the Banks). Derivatives of such term shall have corresponding meaning. The Borrower hereby grants to the Administrative Agent, for the benefit of the Administrative Agent, the Issuing Banks and the Banks, a security interest in all such cash and deposit account balances. Cash collateral shall be maintained in blocked, non-interest bearing deposit accounts at BofA. Such collateral may be invested from time to time in short-term money market instruments and other investments with the consent of the Administrative Agent and the Majority Banks (which consent may be given or withheld in their sole and absolute discretion) provided that the Administrative Agent, the Issuing Banks and the Banks shall at all times have a first priority perfected security interest in such collateral and the proceeds thereof.

"Cash Equivalents" means (a) United States dollars, (b) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof having maturities of not more than eighteen months from the date of acquisition, (c) certificates of deposit and eurodollar time deposits with maturities of six months or less from the date of acquisition, bankers' acceptances with maturities not exceeding six months and overnight bank deposits, in each case with any Bank or with any other domestic commercial bank having capital and surplus in excess of $500 million and a Keefe Bank Watch Rating of "B" or better, (d) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (b) and (c) entered into with any financial institution meeting the qualifications specified in clause (c) above, (e) commercial paper or direct obligations of a Person, provided such Person has publicly outstanding debt having the highest short-term rating obtainable from Moody's Investors Service, Inc. or Standard & Poor's Ratings Services and provided further that such commercial paper or direct obligation matures within 270 days after the date of acquisition, and (f) investments in money market funds all of whose assets consist of securities of the types described in the foregoing clauses (a) through (e).

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

"Class" means, with respect to any Loan, whether such Loan is a Facility A Revolving Loan, a Facility B Revolving Loan or a Swingline Loan.

"Code" means the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder.

"Commercial Letters of Credit" means commercial documentary letters of credit issued by an Issuing Bank pursuant to Article III.

"Commercial Letter of Credit Risk Participation Percentage" means, as of any date and based upon the Level of the Pricing Ratio on such date, the percentage per annum set forth below opposite such Level:

Commercial Letter of Credit Risk

Pricing Ratio	Participation Percentage
Level 1	0.425%
Level 2	0.500%
Level 3	0.575%
Level 4	0.650%
Level 5	0.725%

"Commitment Fee Rate" means, as of any date and based upon the Level of the Pricing Ratio on such date, the percentage per annum set forth below opposite such Level:

Pricing Ratio	Commitment Fee Rate
Level 1	0.275%
Level 2	0.325%
Level 3	0.375%
Level 4	0.425%
Level 5	0.500%

Notwithstanding the foregoing, each of the Commitment Fee Rates specified above shall be increased by 0.125% per annum for each day on which the Effective Amount of the Revolving Loans of the Banks and the L/C Obligations shall be less than 33% of the aggregate amount of the Revolving Loan Commitments of the Banks on such day.

"Compliance Certificate" means a certificate signed by a Responsible Officer of the Borrower substantially in the form of Exhibit C, demonstrating compliance with the covenants contained in this Agreement, including Sections 7.12, 7.13 and 8.12 and the 30 day clean-up period contained in Section 2.01(a)(ii).

"Consolidated Cash Flow" means, with respect to the Borrower and the Restricted Subsidiaries for any period, the Consolidated Net Income for such period, plus (a) an amount equal to any extraordinary loss plus any net loss realized in connection with an asset sale, to the extent such losses were deducted in computing Consolidated Net Income, plus (b) provision for taxes based on income or profits of the Borrower and the Restricted Subsidiaries for such period, to the extent such provision for taxes was deducted in computing Consolidated Net Income, plus (c) Consolidated Interest Expense for such period, whether paid or accrued (including amortization of original issue discount, non-cash interest payments and the interest component of any payments associated with Capital Lease Obligations and net payments (if any) pursuant to Hedging Obligations), to the extent such expense was deducted in computing Consolidated Net Income, plus (d) depreciation and amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) of the Borrower and the Restricted Subsidiaries for such period, to the extent such depreciation and amortization were deducted in computing Consolidated Net Income, plus (e) non-cash employee compensation expenses of the Borrower and the Restricted Subsidiaries for such period, plus (f) the Synthetic Lease Principal Component of the Borrower and the Restricted Subsidiaries for such period; in each case, for such period without duplication on a consolidated basis and determined in accordance with GAAP.

"Consolidated Interest Expense" means, with respect to the Borrower and the Restricted Subsidiaries for any fiscal period, on a consolidated basis, the sum of (a) all interest, fees (including Letter of Credit fees), charges and related expenses paid or payable (without duplication) by the Borrower and the Restricted Subsidiaries for that fiscal period to the Banks hereunder or to any other lender in connection with borrowed money or the deferred purchase price of assets that are considered "interest expense" under GAAP, plus (b) the portion of rent paid or payable (without duplication) by the Borrower and the Restricted Subsidiaries for that fiscal period under Capital Lease Obligations that should be treated as interest in accordance with Financial Accounting Standards Board Statement No. 13, on a consolidated basis, plus (c) the Synthetic Lease Interest Component of the Borrower and the Restricted Subsidiaries for that fiscal period.

"Consolidated Net Income" means, with respect to the Borrower and the Restricted Subsidiaries for any period, the aggregate of the Net Income of the Borrower and the Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; provided, that (a) the Net Income of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid to the Borrower or a Wholly-Owned Subsidiary of the Borrower, (b) the Net Income of any Person that is a Restricted Subsidiary (other than a Wholly-Owned Subsidiary) shall be included only to the extent of the amount of dividends or distributions paid to the Borrower or a Wholly-Owned Subsidiary of the Borrower, (c) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded except to the extent otherwise includable under clause (a) above and (d) the cumulative effect of a change in accounting principles shall be excluded.

"Consolidated Net Worth" means, with respect to the Borrower and the Restricted Subsidiaries as of any date, the sum of (a) the consolidated equity of the common stockholders or partners of the Borrower and the Restricted Subsidiaries as of such date, plus (b) the respective amounts reported on the balance sheet of the Borrower and the Restricted Subsidiaries as of such date with respect to any series of preferred stock (other than Disqualified Interests) that by its terms is not entitled to the payment of dividends unless such dividends may be declared and paid only out of net earnings in respect of the

year of such declaration and payment, but only to the extent of any cash received by the Borrower and the Restricted Subsidiaries upon issuance of such preferred stock, less (x) all write-ups (other than write-ups resulting from foreign currency translations and write-ups of tangible assets of a going concern business made within 12 months after the acquisition of such business) subsequent to the Restatement Effective Date in the book value of any asset owned by the Borrower and the Restricted Subsidiaries, (y) all Investments as of such date in unconsolidated Subsidiaries and in Persons that are not Restricted Subsidiaries (except, in each case, Permitted Investments), and (z) all unamortized debt discount and expense and unamortized deferred charges as of such date, all of the foregoing determined in accordance with GAAP.

"Contingent Obligation" means, as to any Person, any direct or indirect liability of that Person, whether or not contingent, with or without recourse: (a) with respect to any Indebtedness, lease, dividend, distribution, letter of credit or other obligation (the "primary obligations") of another Person (the "primary obligor"), including any obligation of that Person (i) to purchase, repurchase or otherwise acquire such primary obligations or any security therefor, (ii) to advance or provide funds for the payment or discharge of any such primary obligation, or to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (iv) otherwise to assure or hold harmless the holder of any such primary obligation against loss in respect thereof (each, a "Guaranty Obligation"); (b) with respect to any Surety Instrument (other than any Letter of Credit) issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings or payments; (c) to purchase any materials, supplies or other property from, or to obtain the services of, another Person if the relevant contract or other related document or obligation requires that payment for such materials, supplies or other property, or for such services, shall be made regardless of whether delivery of such materials, supplies or other property is ever made or tendered, or such services are ever performed or tendered; or (d) in respect of any Hedging Obligation. The amount of any Contingent Obligation shall, in the case of Guaranty Obligations, be deemed equal to the stated or determinable amount of the primary obligation in respect of which such Guaranty Obligation is made or, if not stated or if indeterminable, the maximum reasonably anticipated liability in respect thereof, and in the case of other Contingent Obligations, shall be equal to the maximum reasonably anticipated liability in respect thereof.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument, document or agreement to which such Person is a party or by which it or any of its property is bound.

"Conversion/Continuation Date" means any date on which, under Section 2.04, the Borrower (a) converts Loans of one Type to another Type, or (b) continues as Loans of the same Type, but with a new Interest Period, Loans having Interest Periods expiring on such date.

"Default" means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default.

"Disqualified Interests" means any Capital Interests which, by their terms (or by the terms of any security into which they are convertible or for which they are exchangeable), or upon the happening of any event, mature or are mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to December 31, 2003.

"Documentation Agent" means BofA.

"Dollars", "dollars" and "$" each mean lawful money of the United States.

"Effective Amount" means (a) with respect to any Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any Borrowings and prepayments or repayments of Loans occurring on such date; and (b) with respect to any outstanding L/C Obligations on any date, the amount of such L/C Obligations on such date after giving effect to any Issuances of Letters of Credit occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any Letters of Credit or any reductions in the maximum amount available for drawing under Letters of Credit taking effect on such date. For purposes of Section 2.07, the Effective Amount shall be determined without giving effect to any mandatory prepayments to be made under such Section 2.07.

"Eligible Assignee" means (a) a commercial bank organized under the laws of the United States, or any state thereof, and having a combined capital and surplus of at least $500,000,000; (b) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development (the "OECD"), or a political subdivision of any such country, and having a combined capital and surplus of at least $500,000,000, provided that such bank is acting through a branch or agency located in the United States; and

(c) a Person that is primarily engaged in the business of commercial banking and that is (i) a Subsidiary of a Bank, (ii) a Subsidiary of a Person of which a Bank is a Subsidiary, or (iii) a Person of which a Bank is a Subsidiary.

"Environmental Claims" means all claims, however asserted, by any Governmental Authority or other Person alleging potential liability or responsibility for violation of any Environmental Law, or for release or injury to the environment.

"Environmental Laws" means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authorities, in each case relating to environmental, health, safety and land use matters.

"Equity Interests" means Capital Interests and all warrants, options or other rights to acquire Capital Interests (but excluding any debt security that is convertible into, or exchangeable for, Capital Interests).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and regulations promulgated thereunder.

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Borrower or the General Partner from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations which is treated as such a withdrawal under Section 4062(e) of ERISA; (c) the filing of a notice of intent to terminate, the treatment of a plan amendment as a termination under Section 4041 or 4041A of ERISA or the commencement of proceedings by the PBGC to terminate a Pension Plan subject to Title IV of ERISA; (d) a failure by the Borrower or the General Partner to make required contributions to a Pension Plan or other Plan subject to Section 412 of the Code; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (f) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or the General Partner; or (g) an application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code with respect to any Pension Plan.

"Eurodollar Rate" shall mean, for each Interest Period in respect of Eurodollar Rate Loans comprising part of the same Borrowing, an interest rate per annum (rounded to the nearest 1/16th of 1% or, if there is no nearest 1/16th of 1%, rounded upward) determined pursuant to the following formula:

$$\text{Eurodollar Rate} = \frac{\text{LIBOR}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

The Eurodollar Rate shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

"Eurodollar Rate Loan" means a Loan that bears interest based on the Eurodollar Rate.

"Eurodollar Reserve Percentage" shall mean the maximum reserve percentage (expressed as a decimal, rounded to the nearest 1/100th of 1% or, if there is no nearest 1/100th of 1%, rounded upward) in effect on the date LIBOR for such Interest Period is determined (whether or not applicable to any Bank) under regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities") having a term comparable to such Interest Period. Without limiting the effect of the foregoing, the Eurodollar Reserve shall include any other reserves required to be maintained by any Bank with respect to (a) any category of liabilities that includes deposits by reference to which the Eurodollar Rate is to be determined as provided in the definition of "Eurodollar Rate" in this Section 1.01 or (b) any category of extensions of credit or other assets that includes Eurodollar Rate Loans.

"Event of Default" means any of the events or circumstances specified in Section 9.01.

"Exchange Act" means the Securities Exchange Act of 1934, and regulations promulgated thereunder.

"Existing Credit Agreement" means the Second Amended and Restated Credit Agreement, dated as of July 2, 1998, as amended prior to the Restatement Effective Date, among the Borrower, the General Partner, the several financial institutions from time to time party thereto and Bank of America, N.A., as Administrative Agent.

"Existing Indebtedness" means Indebtedness and Synthetic Lease Obligations of the Borrower and its Subsidiaries (other than the Obligations) and certain Indebtedness of the General Partner with respect to which the Borrower has assumed the General Partner's repayment obligations, in each case in existence on the Restatement Effective Date and as more fully set forth on Schedule 8.05.

"Existing Letters of Credit" means the letters of credit issued and outstanding on the Restatement Effective Date which are

described in Schedule 3.03. Each of the Existing Letters of Credit is designated on such schedule as a standby letter of credit or a commercial documentary letter of credit.

"Facility A Commitment" means, as to each Bank, the amount set forth opposite such Bank's name on Schedule 2.01 under the caption "Facility A Commitment," as the same may be reduced under Section 2.05 or 2.07 or reduced or increased as a result of one or more assignments under Section 11.08; provided, that the maximum aggregate Facility A Commitment of all Banks shall not exceed $40,000,000 at any time.

"Facility A Revolving Loan" has the meaning specified in Section 2.01(a), and may be a Base Rate Loan or a Eurodollar Rate Loan.

"Facility B Commitment" means, as to each Bank, the amount set forth opposite such Bank's name on Schedule 2.01 under the caption "Facility B Commitment," as the same may be reduced under Section 2.05 or 2.07 or reduced or increased as a result of one or more assignments under Section 11.08; provided, that the maximum aggregate Facility B Commitment of all Banks shall not exceed $117,000,000 at any time.

"Facility B Revolving Loan" has the meaning specified in Section 2.01(b), and may be a Base Rate Loan or a Eurodollar Rate Loan.

"FDIC" means the Federal Deposit Insurance Corporation, and any Governmental Authority succeeding to any of its principal functions.

"Federal Funds Rate" means, for any day, the rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, "H.15(519)") on the preceding Business Day opposite the caption "Federal Funds (Effective)"; or, if for any relevant day such rate is not so published on any such preceding Business Day, the rate for such day will be the arithmetic mean as determined by the Administrative Agent of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 a.m. (New York City time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Administrative Agent.

"Fee Letter" has the meaning specified in Section 2.10(a).

"FCI ESOT" means the employee stock ownership trust of Ferrell Companies, Inc. organized under Section 4975(e)(7) of the Code.

"Ferrellgas Partners Finance Corp." means Ferrellgas Partners Finance Corp., a Delaware corporation and a Wholly-Owned Subsidiary of the MLP.

"Fixed Charge Coverage Ratio" means with respect to the Borrower and the Restricted Subsidiaries for any period, the ratio of Consolidated Cash Flow for such period to Fixed Charges for such period. In the event that the Borrower or any of the Restricted Subsidiaries (a) incurs, assumes or guarantees any Indebtedness or Synthetic Lease Obligations (other than revolving credit borrowings including, with respect to the Borrower, the Loans) or (b) redeems or repays any Indebtedness or Synthetic Lease Obligations (other than revolving credit borrowings that are properly classified as a current liability for GAAP including, with respect to the Borrower, the Loans to the extent that such Loans are so classified and excluding, regardless of classification, any Loans or other Indebtedness or Synthetic Lease Obligations the proceeds of which are used for Acquisitions or Growth Related Capital Expenditures), in any case subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the date of the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Fixed Charge Ratio Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, redemption or repayment of Indebtedness or Synthetic Lease Obligations, as if the same had occurred at the beginning of the applicable reference period. The foregoing calculation of the Fixed Charge Coverage Ratio shall also give pro forma effect to Acquisitions (including all mergers and consolidations), Asset Sales and other dispositions and discontinuances of businesses or assets that have been made by the Borrower or any of the Restricted Subsidiaries during the reference period or subsequent to such reference period and on or prior to the Fixed Charge Ratio Calculation Date assuming that all such Acquisitions, Asset Sales and other dispositions and discontinuances of businesses or assets had occurred on the first day of the reference period; provided, however, that with respect to the Borrower and the Restricted Subsidiaries, (a) Fixed Charges shall be reduced by amounts attributable to businesses or assets that are so disposed of or discontinued only to the extent that the obligations giving rise to such Fixed Charges would no longer be obligations contributing to the Fixed Charges of the Borrower or the Restricted Subsidiaries subsequent to Fixed Charge Ratio Calculation Date and (b) Consolidated Cash Flow generated by an acquired business or asset of the Borrower or the Restricted Subsidiaries shall be determined by the actual gross profit (revenues minus costs of goods sold) of such acquired business or asset during the immediately preceding number of full fiscal quarters as are in the reference period minus the pro forma expenses that would have been incurred by the Borrower and the Restricted Subsidiaries in the operation of such acquired business or asset during such period computed on the basis of (i) personnel expenses for employees retained by the Borrower and the Restricted Subsidiaries in the operation of the acquired business or asset and (ii) non-personnel costs and expenses incurred by the

Borrower and the Restricted Subsidiaries on a per gallon basis in the operation of the Borrower's business at similarly situated Borrower facilities.

"Fixed Charges" means, with respect to the Borrower and the Restricted Subsidiaries for any period, the sum, without duplication, of (a) Consolidated Interest Expense for such period, whether paid or accrued, to the extent such expense was deducted in computing Consolidated Net Income (including amortization of original issue discounts, non-cash interest payments, the interest component of all payments associated with Capital Lease Obligations and net payments (if any) pursuant to Hedging Obligations permitted under this Agreement), (b) commissions, discounts and other fees and charges incurred with respect to letters of credit, (c) any interest expense on Indebtedness of another Person that is guaranteed by the Borrower and the Restricted Subsidiaries or secured by a Lien on assets of any such Person, and (d) the product of (i) all cash dividend payments on any series of preferred stock of the Borrower and the Restricted Subsidiaries, times (ii) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of the Borrower, expressed as a decimal, determined, in each case, on a consolidated basis and in accordance with GAAP.

"FRB" means the Board of Governors of the Federal Reserve System, and any Governmental Authority succeeding to any of its principal functions.

"Funded Debt" means all Indebtedness of the Borrower and the Restricted Subsidiaries, excluding all Contingent Obligations of the Borrower and the Restricted Subsidiaries under or in connection with Letters of Credit outstanding from time to time.

"GAAP" means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination.

"General Partner" has the meaning specified in the introductory clause to this Agreement.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Growth-Related Capital Expenditures" means, with respect to any Person, all capital expenditures by such Person made to improve or enhance the existing capital assets or to increase the customer base of such Person or to acquire or construct new capital assets (but excluding capital expenditures made to maintain, up to the level thereof that existed at the time of such expenditure, the operating capacity of the capital assets of such Person as such assets existed at the time of such expenditure).

"Guarantor" means each Person that executes a Guaranty and its successors and assigns.

"Guaranty" means a continuing guaranty of the Obligations in favor of the Administrative Agent on behalf of the Banks, in substantially the form of Exhibit G or otherwise in form and substance satisfactory to the Administrative Agent.

"Guaranty Obligation" has the meaning specified in the definition of "Contingent Obligation."

"Hedging Obligations" means, with respect to any Person, the obligations of such Person under (a) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements and (b) other agreements or arrangements designed to protect such Person against fluctuations in interest rates.

"Honor Date" has the meaning specified in Section 3.03(c).

"Indebtedness" of any Person means, without duplication: (a) all indebtedness for borrowed money; (b) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade payables entered into in the ordinary course of business on ordinary terms); (c) all non-contingent reimbursement or payment obligations with respect to Surety Instruments; (d) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses; (e) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to property acquired by the Person (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property); (f) all Capital Lease Obligations; (g) all Hedging Obligations; (h) all obligations in respect of Accounts Receivable Securitizations; (i) all indebtedness referred to in clauses (a) through (h) above secured by (or for which the holder of such Indebtedness has an existing right,

contingent or otherwise, to be secured by) any Lien upon or in property (including accounts and contracts rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness; and (j) all Guaranty Obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (a) through (i) above; provided, however, that "Indebtedness" shall not include Synthetic Lease Obligations.

"Indemnified Liabilities" has the meaning specified in Section 11.05.

"Indemnified Person" has the meaning specified in Section 11.05.

"Independent Auditor" has the meaning specified in Section 7.01(a).

"Ineligible Securities" means securities which may not be underwritten or dealt in by member banks of the Federal Reserve System under Section 16 of the Banking Act of 1933 (12 U.S.C. ss. 24, Seventh), as amended.

"Insolvency Proceeding" means (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors, or other similar arrangement in respect of a Person's creditors generally or any substantial portion of a Person's creditors; undertaken under U.S.
Federal, state or foreign law, including the Bankruptcy Code.

"Interest Coverage Ratio" means with respect to the Borrower and the Restricted Subsidiaries for any period, the ratio of Consolidated Cash for such period to Consolidated Interest Expense for such period. In the event that the Borrower or any of the Restricted Subsidiaries (a) incurs, assumes or guarantees any Indebtedness or Synthetic Lease Obligations (other than revolving credit borrowings including, with respect to the Borrower, the Loans) or (b) redeems or repays any Indebtedness or Synthetic Lease Obligations (other than revolving credit borrowings that are properly classified as a current liability under GAAP including, with respect to the Borrower, the Loans, to the extent such Loans are so classified and excluding, regardless of classification, any Loans or other Indebtedness or Synthetic Lease Obligations the proceeds of which are used for Acquisitions or Growth Related Capital Expenditures), in any case subsequent to the commencement of the period for which the Interest Coverage Ratio is being calculated, but prior to the date on which the calculation of the Interest Coverage Ratio is made (the "Interest Coverage Ratio Calculation Date"), then the Interest Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, redemption or repayment of Indebtedness or Synthetic Lease Obligations, as if the same had occurred at the beginning of the applicable reference period. The foregoing calculation of the Interest Coverage Ratio shall also give pro forma effect to Acquisitions (including all mergers and consolidations), Asset Sales and other dispositions and discontinuances of businesses or assets that have been made by the Borrower or any of the Restricted Subsidiaries during the reference period or subsequent to such reference period and on or prior to the Interest Coverage Ratio Calculation Date assuming that all such Acquisitions, Asset Sales and other dispositions and discontinuances of businesses or assets had occurred on the first day of the reference period; provided, however, that with respect to the Borrower and the Restricted Subsidiaries, (a) Consolidated Interest Expense shall be reduced by amounts attributable to businesses or assets that are so disposed of or discontinued only to the extent that the Indebtedness or Synthetic Lease Obligations giving rise to such Consolidated Interest Expense would no longer be Indebtedness or Synthetic Lease Obligations contributing to the Consolidated Interest Expense of the Borrower or the Restricted Subsidiaries subsequent to the Interest Coverage Ratio Calculation Date and (b) Consolidated Cash Flow generated by an acquired business or asset of the Borrower and the Restricted Subsidiaries shall be determined by the actual gross profit (revenues minus costs of goods sold) of such acquired business or asset during the immediately preceding number of full fiscal quarters as in the reference period minus the pro forma expenses that would have been incurred by the Borrower and the Restricted Subsidiaries in the operation of such acquired business or asset during such period computed on the basis of (i) personnel expenses for employees retained by the Borrower and the Restricted Subsidiaries in the operation of the acquired business or asset and (ii) non-personnel costs and expenses incurred by the Borrower and the Restricted Subsidiaries on a per gallon basis in the operation of the Borrower's business at similarly situated facilities of the Borrower.

"Interest Payment Date" means, as to any Eurodollar Rate Loan, the last day of each Interest Period applicable to such Loan and, as to any Base Rate Loan, the first Business Day of each fiscal quarter of the Borrower; provided, however, that if any Interest Period for a Eurodollar Rate Loan exceeds three months, the date that is three months after the beginning of such Interest Period and after each Interest Payment Date thereafter is also an Interest Payment Date, provided, further, that if there is no numerically corresponding day in the calendar month during which an Interest Payment Date is to occur, such Interest Payment Date shall occur on the last Business Day of such calendar month.

"Interest Period" means, as to any Eurodollar Rate Loan, the period commencing on the Borrowing Date of such Loan or on the Conversion/Continuation Date on which the Loan is converted into or continued as a Eurodollar Rate Loan, and ending on the date one, two, three or six months thereafter as selected by the Borrower in its

Notice of Borrowing or Notice of Conversion/Continuation;

provided that:

(a) if any Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the following Business Day unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period for any Revolving Loan shall extend beyond the Revolving Loan Termination Date.

"Investment" means, relative to any Person, any direct or indirect purchase or other acquisition by such Person of stock or other securities of any other Person, or any direct or indirect loan, advance or capital contribution by such Person to any other Person, and any other item which would be classified as an "investment" on a balance sheet of such Person prepared in accordance with GAAP, including, without limitation, any direct or indirect contribution by such Person of property or assets to a joint venture, partnership or other business entity in which such Person retains an interest. For purposes of this Agreement, the amount involved in Investments made during any period shall be the aggregate cost to the Borrower of all such Investments made during such period, determined in accordance with GAAP, but without regard to unrealized increases or decreases in value, or write-ups, write-downs or write-offs, of such Investments and without regard to the existence of any undistributed earnings or accrued interest with respect thereto accrued after the respective dates on which such Investments were made, less any net return of capital realized during such period upon the sale, repayment or other liquidation of such Investment (determined in accordance with GAAP, but without regard to any amounts received during such period as earnings (in the form of dividends not constituting a return of capital, interest or otherwise) on such Investment or as loans from any Person in whom such Investment has been made).

"IRS" means the Internal Revenue Service, and any Governmental Authority succeeding to any of its principal functions.

"Issuance Date" has the meaning specified in Section 3.01(a).

"Issue" means, with respect to any Letter of Credit, to issue or to extend the expiry date of, or to renew or increase the amount of, such Letter of Credit; and the terms "Issued," "Issuing" and "Issuance" have corresponding meanings.

"Issuing Banks" means BofA and Paribas in their respective capacities as issuers of one or more Letters of Credit under this Agreement.

"Joint Venture" means a single-purpose corporation, partnership, joint venture or other similar legal arrangement (whether created by contract or conducted through a separate legal entity) now or hereafter formed by the Borrower or any of its Subsidiaries with another Person in order to conduct a common venture or enterprise with such Person.

"L/C Advance" means each Bank's participation in any L/C Borrowing in accordance with its Pro Rata Share.

"L/C Amendment Application" means an application form for amendment of outstanding Standby Letters of Credit or Commercial Letters of Credit as shall at any time be in use at the applicable Issuing Bank, as such Issuing Bank shall request.

"L/C Application" means an application form for issuances of Standby Letters of Credit or Commercial Letters of Credit as shall at any time be in use at the applicable Issuing Bank, as such Issuing Bank shall request.

"L/C Borrowing" means an extension of credit resulting from a drawing under any Letter of Credit which shall not have been reimbursed on the date when made nor converted into a Borrowing of Facility B Revolving Loans under Section 3.03(c).

"L/C Commitment" means the commitment of the Issuing Banks to Issue, and the commitment of the Banks severally to participate in, Letters of Credit from time to time Issued or outstanding under Article III, in an aggregate amount not to exceed on any date the lesser of $60,000,000 and the aggregate Facility B Commitment, as such amount may be reduced as a result of a reduction in the L/C Commitment pursuant to Section 2.05; provided that the L/C Commitment is a part of the aggregate Facility B Commitment, rather than a separate, independent commitment.

"L/C Obligations" means at any time the sum of (a) the aggregate undrawn amount of all Letters of Credit then outstanding, plus (b) the amount of all unreimbursed drawings under all Letters of Credit, including all outstanding L/C Borrowings, plus (c) all other Obligations of the Borrower under or in connection with the L/C-Related Documents, to the extent not included within clauses (a) and (b) hereof.

"L/C-Related Documents" means the Letters of Credit, the L/C Applications, the L/C Amendment Applications and any other document

relating to any Letter of Credit, including any of the Issuing Banks' standard form reimbursement agreements and other documents for letter of credit issuances.

"Lending Office" means, as to any Bank, the office or offices of such Bank specified as its "Lending Office" or "Domestic Lending Office" or "Eurodollar Lending Office", as the case may be, on Schedule 11.02, or such other office or offices as such Bank may from time to time notify the Borrower and the Administrative Agent.

"Letters of Credit" means, collectively, Standby Letters of Credit and Commercial Letters of Credit.

"Level" means, at any time, Level 1, Level 2, Level 3, Level 4 or Level 5 based on the amount of the Pricing Ratio at such time. For purposes of this Agreement, the following "Levels" of Pricing Ratio (PR) shall apply:

Level	Pricing Ratio
Level 1	PR < 3.25
Level 2	3.25 < PR < 3.75
Level 3	3.75 < PR < 4.25
Level 4	4.25 < PR < 4.75
Level 5	4.75 < PR

The Level of the Pricing Ratio for the period from and after the Restatement Effective Date through the next date on which a change in the Pricing Level shall become effective (as determined as forth below in this paragraph) shall be equal to Level 5. Any change in the Level of the Pricing Ratio shall be determined by the Administrative Agent based upon the financial information required to be contained in the Compliance Certificate delivered by the Borrower to the Administrative Agent with respect to each fiscal quarter of the Borrower and shall become effective as of the third Business Day following the date on which the Compliance Certificate for such quarter was delivered. Upon any failure of the Borrower to deliver a Compliance Certificate for any fiscal quarter prior to 10 days after the date on which such Compliance Certificate is required to be delivered to the Administrative Agent, and without limiting the other rights and remedies of the Administrative Agent and the Banks under this Agreement, the Pricing Ratio shall be deemed to be Level 5 during the period from the due date of such Compliance Certificate through the third Business Day following the date on which such Compliance Certificate is so delivered.

"Leverage Ratio" means, with respect to the Borrower and the Restricted Subsidiaries for any period, the ratio of Funded Debt plus Synthetic Lease Obligations, in each case of the Borrower and the Restricted Subsidiaries as of the last day of such period, to Consolidated Cash Flow for such period. In the event that the Borrower or any of the Restricted Subsidiaries (a) incurs, assumes or guarantees any Indebtedness or Synthetic Lease Obligations (other than revolving credit borrowings including, with respect to the Borrower, the Loans) or (b) redeems or repays any Indebtedness or Synthetic Lease Obligations (other than revolving credit borrowings that are properly classified as a current liability under GAAP including, with respect to the Borrower, the Loans to the extent such Loans are so classified and excluding, regardless of classification, any Loans or other Indebtedness or Synthetic Lease Obligations the proceeds of which are used for Acquisitions or Growth Related Capital Expenditures), in any case subsequent to the commencement of the period for which the Leverage Ratio is being calculated but prior to the date on which the calculation of the Leverage Ratio is made (the "Leverage Ratio Calculation Date"), then the Leverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, redemption or repayment of Indebtedness or Synthetic Lease Obligations, as if the same had occurred at the beginning of the applicable reference period. The foregoing calculation of the Leverage Ratio shall also give pro forma effect to Acquisitions (including all mergers and consolidations), Asset Sales and other dispositions and discontinuances of businesses or assets that have been made by the Borrower or any of the Restricted Subsidiaries during the reference period or subsequent to such reference period and on or prior to the Leverage Ratio Calculation Date assuming that all such Acquisitions, Asset Sales and other dispositions and discontinuances of businesses or assets had occurred on the first day of the reference period; provided, however, that with respect to the Borrower and the Restricted Subsidiaries, (a) Funded Debt and Synthetic Lease Obligations shall be reduced by amounts attributable to businesses or assets that are so disposed of or discontinued only to the extent that the Indebtedness or Synthetic Leases included within such Funded Debt and Synthetic Lease Obligations would no longer be an obligation of the Borrower or the Restricted Subsidiaries subsequent to the Leverage Ratio Calculation Date and (b) Consolidated Cash Flow generated by an acquired business or asset of the Borrower or the Restricted Subsidiaries shall be determined by the actual gross profit (revenues minus costs of goods sold) of such acquired business or asset during the immediately preceding number of full fiscal quarters as in the reference period minus the pro forma expenses that would have been incurred by the Borrower and the Restricted Subsidiaries in the operation of such acquired business or asset during such period computed on the basis of (i) personnel expenses for employees retained by the Borrower and the Restricted Subsidiaries in the operation of the acquired business or asset and (ii) non-personnel costs and expenses incurred by the Borrower and the Restricted Subsidiaries on a per gallon basis in the operation of the Borrower's business at similarly situated facilities of the Borrower.

"LIBOR" means, with respect to any Eurodollar Rate Loan for any Interest Period for such Loan, the per annum rate of interest

appearing on page 3750 of the Telerate Service as of 11:00 London time, two Business Days prior to the beginning of such Interest Period, or if such rate does not appear on page 3750 of the Telerate Service (or otherwise on such service), the rate of interest determined by the Administrative Agent as the rate at which deposits in Dollars in the approximate amount of BofA's Eurodollar Rate Loan for such Interest Period would be offered by BofA's Grand Cayman Branch, Grand Cayman, British West Indies (or such other office as may be designated for such purpose by BofA), to major banks in the offshore Dollar interbank market upon request of such banks at approximately 8:00 a.m. San Francisco time two Business Days prior to the first day of such Interest Period.

"Lien" means any security interest, mortgage, deed of trust, pledge, hypothecation, assignment, charge or deposit arrangement, encumbrance, lien (statutory or other) or preferential arrangement of any kind or nature whatsoever in respect of any property (including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease, any financing lease having substantially the same economic effect as any of the foregoing, or the filing of any financing statement naming the owner of the asset to which such lien relates as debtor, under the Uniform Commercial Code or any comparable law) and any contingent or other agreement to provide any of the foregoing, but not including the interest of a lessor under an operating lease.

"Loan" means an extension of credit by a Bank to the Borrower under Article II or Article III in the form of a Facility A Revolving Loan, Facility B Revolving Loan, L/C Advance or (in the case of BofA) Swingline Loan.

"Loan Documents" means this Agreement, any Notes, the Fee Letter, the L/C-Related Documents, the Guaranties and all other documents delivered to the Administrative Agent or any Bank in connection with this Agreement.

"Majority Banks" means at any time Banks then holding more than 50% of the then aggregate unpaid principal amount of the Loans (other than the Swingline Loans), or, if no such principal amount is then outstanding, Banks then having more than 50% of the aggregate Revolving Loan Commitments, but in no event shall Majority Banks consist of less than three (3) Banks.

"Margin Stock" means "margin stock" as such term is defined in Regulation U of the FRB.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, condition (financial or otherwise) or prospects of the Borrower or the Borrower and its Subsidiaries taken as a whole; (b) a material impairment of the ability of the General Partner, the Borrower or any Subsidiary to perform under any Loan Document or otherwise to avoid any Event of Default; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Borrower or any Subsidiary of any Loan Document.

"MLP" means Ferrellgas Partners, L.P., a Delaware limited partnership and the sole limited partner of the Borrower.

"MLP Senior Notes" means the $160,000,000 9-3/8% Senior Secured Notes issued by the MLP and Ferrellgas Partners Finance Corp. pursuant to the 1996 Indenture.

"Net Income" means, with respect to the Borrower and the Restricted Subsidiaries, the net income (loss) of such Persons, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however, (a) any gain (but not loss), together with any related provision for taxes on such gain (but not loss), realized in connection with (i) any asset sale (including, without limitation, dispositions pursuant to sale and leaseback transactions), or (ii) the disposition of any securities or the extinguishment of any Indebtedness of the Borrower or any of the Restricted Subsidiaries, and (b) any extraordinary gain (but not loss), together with any related provision for taxes on such extraordinary gain (but not loss); provided, however, that all costs and expenses with respect to the redemption of the 1994 Fixed Rate Senior Notes, including, without limitation, cash premiums, tender offer premiums, consent payments and all fees and expenses in connection therewith, shall be added back to the Net Income of the Borrower, the General Partner or the Restricted Subsidiaries to the extent that they were deducted from such Net Income in accordance with GAAP.

"Net Proceeds of Asset Sale" means the aggregate cash proceeds received by the Borrower or any of the Restricted Subsidiaries in respect of any Asset Sale, net of the direct costs relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees, and sales commissions) and any relocation expenses incurred as a result thereof, taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), and amounts required to be applied to the repayment of Indebtedness secured by a Lien on the asset or assets the subject of such Asset Sale.

"Non-Recourse Subsidiary" means any Person that would otherwise be a Subsidiary of the Borrower but is designated as a Non-Recourse Subsidiary in a resolution of the Board of Directors of the General Partner, so long as each of the following remains true: (a) no portion of the Indebtedness or any other obligation (contingent or

otherwise) of such Person (i) is a Contingent Obligation of the Borrower or any of its Subsidiaries, (ii) is recourse or obligates the Borrower or any of its Subsidiaries in any way or (iii) subjects any property or asset of the Borrower or any of its Subsidiaries, directly or indirectly, contingently or otherwise, to satisfaction thereof, (b) neither the Borrower nor any of its Subsidiaries has any contract, agreement, arrangement or understanding or is subject to an obligation of any kind, written or oral, with such Person other than on terms no less favorable to the Borrower and its Subsidiaries than those that might be obtained at the time from persons who are not Affiliates of the Borrower, (c) neither the Borrower nor any of its Subsidiaries has any obligation with respect to such Person (i) to subscribe for additional shares of capital stock, Capital Interests or other Equity Interests therein or (ii) maintain or preserve such Person's financial condition or to cause such Person to achieve certain levels of operating or other financial results, (d) such Person has no more than $1,000 of assets at the time of such designation, (e) such Person is in compliance with the restrictions applicable to Affiliates of the MLP under Section 8.22 and (f) such Person takes steps designed to assure that neither the Borrower nor any of its Subsidiaries will be liable for any portion of the Indebtedness or other obligations of such Person, including maintenance of a corporate or limited partnership structure and observance of applicable formalities such as regular meetings and maintenance of minutes, a substantial and meaningful capitalization and the use of a corporate or partnership name, trade name or trademark not misleadingly similar to those of the Borrower.

"Note" means a promissory note executed by the Borrower in favor of a Bank pursuant to Section 2.02(b), in substantially the form of Exhibit F-1 or F-2.

"Notice of Borrowing" means a notice in substantially the form of Exhibit A.

"Notice of Conversion/Continuation" means a notice in substantially the form of Exhibit B.

"Obligations" means all advances, debts, liabilities, obligations, covenants and duties arising under any Loan Document, owing by the Borrower to any Bank, the Administrative Agent, or any Indemnified Person, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising including, without limitation, all Indebtedness of the Borrower to the Banks for the payment of principal of and interest on all outstanding Loans and all obligations of the Borrower to the Issuing Banks for reimbursement of drawings under Letters of Credit from time to time.

"Organization Documents" means, (a) for any corporation, the certificate or articles of incorporation, the bylaws, any certificate of determination or instrument relating to the rights of preferred shareholders of such corporation, any shareholder rights agreement, and all applicable resolutions of the board of directors (or any committee thereof) of such corporation, (b) for any general or limited partnership, the partnership agreement of such partnership and all amendments thereto and any agreements otherwise relating to the rights of the partners thereof, and (c) for any limited liability company, the limited liability, operating or similar agreement and all amendments thereto and any agreements otherwise relating to the rights of the members thereof.

"Other Taxes" means any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made under this Agreement or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Documents.

"Participant" has the meaning specified in Section 11.08(d).

"Partners' Equity" means the partners' equity as shown on a balance sheet prepared in accordance with GAAP for any partnership.

"Partnership Agreement" shall mean the Second Amended and Restated Agreement of Limited Partnership of the Borrower dated October 14, 1998, as amended from time to time in accordance with the terms of this Agreement.

"PBGC" means the Pension Benefit Guaranty Corporation, or any Governmental Authority succeeding to any of its principal functions under ERISA.

"Pension Plan" means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA which the Borrower or the General Partner sponsors, maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding five (5) plan years.

"Permitted Acquisitions" means Acquisitions by the Borrower and its Subsidiaries which comply with the provisions of Section 8.04.

"Permitted Investments" means (a) any Investments in Cash Equivalents; (b) any Investments in the Borrower or(subject to the provisions of Section 8.21) in a Restricted Subsidiary of the Borrower that is a Guarantor; (c) Investments by the Borrower or any Restricted Subsidiary of the Borrower in a Person in compliance with the other provisions of this Agreement, if as a result of such Investment (i)

such Person becomes a Restricted Subsidiary of the Borrower and a Guarantor or (ii) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Borrower or a Restricted Subsidiary of the Borrower that is a Guarantor; and (d) Investments by the Borrower or any Restricted Subsidiary in Unrestricted Subsidiaries and Joint Ventures; provided that the amount of cash or property contributed, loaned or otherwise advanced by the Borrower or such Restricted Subsidiaries in respect of such Investments may not exceed at any time an aggregate amount equal to the greater of (i) $15,000,000 and (ii) 10% of Consolidated Cash Flow for the most recently ended four fiscal quarters of the Borrower.

"Permitted Liens" has the meaning specified in Section 8.01.

"Permitted Refinancing Indebtedness" means any Indebtedness of the Borrower or any Subsidiary of the Borrower issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Borrower or any of its Subsidiaries; provided that (a) the principal amount of such Indebtedness does not exceed the principal amount of the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (the "Prior Indebtedness") (plus the amount of reasonable expenses incurred in connection therewith), and the effective interest rate per annum on such Indebtedness does not or is not likely to exceed the effective interest rate per annum of the Prior Indebtedness, as determined by the Administrative Agent in its sole discretion; (b) such Indebtedness has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of the Prior Indebtedness; (c) if the Prior Indebtedness is subordinated to the Obligations, such Indebtedness is subordinated to the Obligations on the terms and conditions set forth on part II of Schedule 8.05; and (d) such Indebtedness is incurred by the Borrower or the Subsidiary who is the obligor on the Prior Indebtedness.

"Person" means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, Joint Venture or Governmental Authority.

"Plan" means an employee benefit plan (as defined in Section 3(3) of ERISA) which the Borrower sponsors or maintains or to which the Borrower or the General Partner makes, is making, or is obligated to make contributions and includes any Pension Plan.

"Pricing Ratio" means, as of the last day of each fiscal quarter of the Borrower, the Leverage Ratio for the fiscal period consisting of such fiscal quarter of the Borrower and the three immediately preceding fiscal quarters of the Borrower.

"Pro Rata Share" means, as to any Bank at any time, the percentage set forth on Schedule 2.01 hereto as its "Pro Rata Share," as such amount may be adjusted by assignments under Section 11.08.

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

"Reportable Event" means any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

"Requirement of Law" means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.

"Responsible Officer" means the chief executive officer or the president of the General Partner or any other officer having substantially the same authority and responsibility to act for the General Partner on behalf of the Borrower; or, with respect to actions taken or to be taken under Articles II and III and compliance with financial covenants, the chief financial officer or the treasurer of the General Partner or any other officer having substantially the same authority and responsibility to act for the General Partner on behalf of the Borrower or any other employee of the General Partner designated in a certificate of a Responsible Officer to have authority in such matters.

"Restatement Effective Date" means the first date on or before April 20, 2000 on which all conditions precedent set forth in Sections 5.01 and 5.02 are satisfied or waived by each Bank (or, in the case of subsection 5.01(f), waived by the Persons entitled to receive such payments).

"Restricted Subsidiary" means any Subsidiary of the Borrower (a) of which 80% of the voting Capital Interests are beneficially owned, directly or indirectly, by the Borrower and none of which Capital Interests are owned, directly or indirectly, by Unrestricted Subsidiaries, (b) which is engaged in the same or substantially the same line of business as the Borrower, (c) which is organized under the laws of the United States or any State thereof, (d) which maintains

substantially all of its assets and conducts substantially all of its business within the United States and (e) which is designated as a Restricted Subsidiary in Schedule 6.16 as of the Restatement Effective Date or which shall be designated as a Restricted Subsidiary by the Borrower at a subsequent date pursuant to Section 7.16; provided, however, that (x) to the extent a newly formed or acquired Subsidiary meeting the foregoing requirements is not declared a Restricted Subsidiary or an Unrestricted Subsidiary within 90 days of its formation or acquisition, such Subsidiary shall be deemed to have been designated by the Borrower as a Restricted Subsidiary (in which event the Borrower shall comply, and shall cause such Restricted Subsidiary to comply, with Section 8.21) and (b) a Restricted Subsidiary may be designated as an Unrestricted Subsidiary in accordance with the provisions of Section 7.16.

"Revolving Loan Commitments" means, as to each Bank, the Facility A Commitment and the Facility B Commitment of such Bank.

"Revolving Loans" means, collectively, the Facility A Revolving Loans and the Facility B Revolving Loans.

"Revolving Loan Termination Date" means the earlier of (a) June 30, 2003 (or such later date to which the Revolving Loan Termination Date may be extended pursuant to Section 2.08(c) of this Agreement) and (b) the date on which the Revolving Loan Commitments shall have been terminated pursuant to this Agreement.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Significant Subsidiary" means any Subsidiary of the Borrower that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act of 1933, as such Regulation is in effect on the date of this Agreement.

"Solvent" shall mean, with respect to any Person on any date, that on such date (a) the fair value of the property of such Person is greater than the fair value of the liabilities (including, without limitation, contingent liabilities) of such Person, (b) such Person does not intend to, and does not believe that it will, incur debts and liabilities beyond such Person's ability to pay as such debts and liabilities mature and (c) such Person is not engaged in business or a transaction, and is not about to engage in a business or a transaction, for which such Person's property would constitute an unreasonably small capital.

"SPE" shall mean any special purpose Non-Recourse Subsidiary of the Borrower established in connection with Accounts Receivable Securitizations permitted by Section 8.05.

"Standby Letters of Credit" means standby letters of credit Issued by an Issuing Bank pursuant to Article III.

"Standby Letter of Credit Risk Participation Percentage" means, as of any date and based upon the Level of the Pricing Ratio on such date, the percent per annum set forth below opposite such Level:

Pricing Ratio	Standby Letter of Credit Risk Participation Percentage
Level 1	1.25%
Level 2	1.50%
Level 3	1.75%
Level 4	2.00%
Level 5	2.25%

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which more than 50% of the total voting power of shares of Capital Interests entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof (or, in the case of a limited partnership, more than 50% of either the general partners' Capital Interests or the limited partners' Capital Interests) is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof. Unless otherwise indicated in this Agreement, "Subsidiary" shall mean a Subsidiary of the Borrower. Notwithstanding the foregoing, any Subsidiary of the Borrower that is designated a "Non-Recourse Subsidiary" pursuant to the definition thereof in this Agreement shall, for so long as all of the statements in the definition thereof remain true, not be deemed a Subsidiary of the Borrower.

"Surety Instruments" means all letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, shipside bonds, surety bonds and similar instruments.

"Swingline Loan" has the meaning specified in Section 2.15.

"Synthetic Lease" means each arrangement, however described, under which the obligor accounts for its interest in the property covered thereby under GAAP as lessee of a lease which is not a capital lease under GAAP and accounts for its interest in the property covered thereby for Federal income tax purposes as the owner.

"Synthetic Lease Interest Component" means, with respect to any Person for any period, the portion of rent paid or payable (without duplication) for such period under Synthetic Leases of such Person that

would be treated as interest in accordance with Financial Accounting Standards Board Statement No. 13 if such Synthetic Leases were treated as capital leases under GAAP.

"Synthetic Lease Obligation" means, as to any Person with respect to any Synthetic Lease at any time of determination, the amount of the liability of such Person in respect of such Synthetic Lease that would (if such lease was required to be classified and accounted for as a capital lease on a balance sheet of such Person in accordance with GAAP) be required to be capitalized on the balance sheet of such Person at such time.

"Synthetic Lease Principal Component" means, with respect to any Person for any period, the portion of rent (exclusive of the Synthetic Lease Interest Component) paid or payable (without duplication) for such period under Synthetic Leases of such Person that was deducted in calculating Consolidated Net Income of such Person for such period.

"Taxes" means any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Bank and the Administrative Agent, such taxes (including income taxes or franchise taxes) as are imposed on or measured by each Bank's net income by the jurisdiction (or any political subdivision thereof) under the laws of which such Bank or the Administrative Agent, as the case may be, is organized or maintains a lending office.

"Type" means, with respect to any Loan, whether such Loan is a Base Rate Loan or a Eurodollar Rate Loan.

"UCP" has the meaning specified in Section 3.09.

"Unfunded Pension Liability" means the excess of a Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

"Unrestricted Subsidiary" means any Subsidiary which is not a Restricted Subsidiary.

"United States" and "U.S." each means the United States of America.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing (a) the sum of the products obtained by multiplying (x) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (y) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment, by (b) the then outstanding principal amount of such Indebtedness; provided, however, that with respect to any revolving Indebtedness, the foregoing calculation of Weighted Average Life to Maturity shall be determined based upon the total available commitments and the required reductions of commitments in lieu of the outstanding principal amount and the required payments of principal, respectively.

"Wholly-Owned Subsidiary" means a Subsidiary of which all of the outstanding Capital Interests or other ownership interests (other than directors' qualifying shares) or, in the case of a limited partnership, all of the partners' Capital Interests (other than up to a 1% general partner interest), is owned, beneficially and of record, by the Borrower, a Wholly-Owned Subsidiary of the Borrower or both.

1.02 Other Interpretive Provisions.

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words "hereof", "herein", "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and subsection, Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(c) (i) The term "documents" includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced.

(ii) The term "including" is not limiting and means "including without limitation."

(iii) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding", and the word "through" means "to and including."

(d) Unless otherwise expressly provided in this Agreement, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(e) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(f) This Agreement and other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms.

(g) Unless otherwise expressly provided in this Agreement, financial calculations applicable to the Borrower shall be made on a consolidated basis.

(h) This Agreement and the other Loan Documents are the result of negotiations among and have been reviewed by counsel to the Administrative Agent, the Borrower and the other parties, and are the products of all parties. Accordingly, they shall not be construed against the Banks or the Administrative Agent merely because of the Administrative Agent's or Banks' involvement in their preparation.

1.03 Accounting Principles.

(a) Unless the context otherwise clearly requires, all accounting terms not expressly defined in this Agreement shall be construed, and all financial computations required under this Agreement shall be made, in accordance with GAAP, consistently applied. In the event that GAAP changes during the term of this Agreement such that the covenants contained in Section 7.12 would then be calculated in a different manner or with different components, (i) the Borrower and the Banks agree to amend this Agreement in such respects as are necessary to conform those covenants as criteria for evaluating the Borrower's financial condition to substantially the same criteria as were effective prior to such change in GAAP and (ii) the Borrower shall be deemed to be in compliance with the covenants contained in Section 7.12 during the 90-day period following any such change in GAAP if and to the extent that the Borrower would have been in compliance therewith under GAAP as in effect immediately prior to such change.

(b) Except as otherwise specified, references in this Agreement to "fiscal year" and "fiscal quarter" refer to such fiscal periods of the Borrower.

ARTICLE II

THE CREDITS

2.01 Amounts and Terms of Revolving Loan Commitments.

(a) Facility A Revolving Loans.

(i) Each Bank severally agrees, on the terms and subject to the conditions set forth in this Agreement, to make loans to the Borrower (each such loan, a "Facility A Revolving Loan") from time to ---------- time on any Business Day during the period from the Restatement Effective Date to the Revolving Loan Termination Date, in an aggregate principal amount not to exceed at any time outstanding such Bank's Facility A Commitment as in effect from time to time; provided, however, that, after giving effect to -------- ------- any Borrowing of Facility A Revolving Loans, the Effective Amount of all outstanding Facility A Revolving Loans shall not at any time exceed the combined Facility A Commitments, and the Effective Amount of the Facility A Revolving Loans of any Bank shall not at any time exceed such Bank's Facility A Commitment.

(ii) Within the limits of each Bank's Facility A Commitment and on the other terms and subject to the other conditions of this Agreement, the Borrower may borrow under this Section 2.01(a), prepay under Section 2.06 and reborrow under this Section 2.01(a); provided, that the Borrower shall cause the aggregate outstanding principal amount of Facility A Revolving Loans to be reduced to zero for at least one period of 30 consecutive days during each fiscal year of the Borrower, commencing with the fiscal year in which the Restatement Effective Date occurs.

(b) Facility B Revolving Loans, Letters of Credit and Swingline Loans.

(i) Each Bank severally agrees, on the terms and subject to the conditions set forth in this Agreement, to make loans to the Borrower (each such loan, a "Facility B Revolving Loan") from time to ---------- time on any Business Day during the period from the Restatement Effective Date to the Revolving Loan Termination Date, in an aggregate principal amount not to exceed at any time outstanding such Bank's Facility B Commitment as in effect from time to time; provided, however, that, after giving effect to -------- ------- any Borrowing of Facility B Revolving Loans, the sum of the Effective Amount of all outstanding Facility B Revolving Loans plus the Effective Amount of all L/C Obligations plus the Effective Amount of all Swingline Loans shall not at any time exceed the combined Facility B Commitments, and the Effective Amount of the Facility B Revolving Loans of any Bank plus the participation of such Bank in the Effective Amount of all L/C Obligations plus such Bank's Pro Rata Share of the Effective Amount of all outstanding Swingline Loans shall not at any time exceed such Bank's Facility B Commitment. On the Restatement Effective Date, the aggregate outstanding principal amount of the Facility B Revolving Loans and Swingline Loans, in each case under (and as defined in) the Existing Credit Agreement shall be automatically deemed to be Facility B Revolving Loans under this Agreement for all purposes of this Agreement and the other Loan Documents (including for the purpose of determining usage of the Facility B Commitment under this Agreement as set forth above).

(ii) Within the limits of each Bank's Facility B Commitment and on the other terms and subject to the other conditions of this Agreement, the Borrower may borrow under this Section 2.01(b), prepay under Section 2.06 and reborrow under this Section 2.01(b).

(iii) As a subfacility of the Banks' Facility B Commitments, the Borrower may request the Issuing Banks to Issue Letters of Credit from time to time pursuant to Article III. On the Restatement Effective Date, all

Existing Letters of Credit shall be Letters of Credit under this Agreement and shall constitute usage of the Facility B Commitment under this Agreement.

(iv) In addition, the Borrower may request BofA to make Swingline Loans to the Borrower from time to time pursuant to Section 2.15.

2.02 Loan Accounts. (a) The Loans made by each Bank and the Letters of Credit Issued by the Issuing Banks shall be evidenced by one or more accounts or records maintained by such Bank or Issuing Bank, as the case may be, in the ordinary course of business. The accounts or records maintained by the Administrative Agent, the Issuing Banks and each Bank shall be conclusive absent manifest error of the amount of the Loans made by the Banks to the Borrower and the Letters of Credit Issued for the account of the Borrower, and the interest and payments thereon. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower under this Agreement to pay any amount owing with respect to the Loans or any Letter of Credit.

(b) Upon the request of any Bank made through the Administrative Agent, the Loans made by such Bank may be evidenced by one or more Notes, instead of loan accounts. Each such Bank shall endorse on the schedules annexed to its Note(s) the date, amount and maturity of each Loan made by it and the amount of each payment of principal made by the Borrower with respect thereto. Each such Bank is irrevocably authorized by the Borrower to endorse its Note(s) and each Bank's record shall be conclusive absent manifest error; provided, however, that the failure of a Bank to make, or an error in making, a notation thereon with respect to any Loan shall not limit or otherwise affect the obligations of the Borrower under this Agreement or under any such Note to such Bank.

2.03 Procedure for Borrowing. (a) Each Borrowing of Loans (other than Swingline Loans) shall be made upon the Borrower's irrevocable written notice delivered to the Administrative Agent in the form of a Notice of Borrowing (which notice must be received by the Administrative Agent prior to 9:00 a.m. San Francisco time (i) three Business Days prior to the requested Borrowing Date, in the case of Eurodollar Rate Loans and (ii) one Business Day prior to the requested Borrowing Date, in the case of Base Rate Loans, specifying:

(A) the amount of the Borrowing, which shall be in an aggregate minimum amount of $3,000,000 or any multiple of $1,000,000 in excess thereof for Eurodollar Rate Loans or $1,000,000 or any multiple of $100,000 in excess thereof for Base Rate Loans;

(B) the requested Borrowing Date, which shall be a Business Day;

(C) the Type and Class of Loans comprising the Borrowing; and

(D) the duration of the Interest Period applicable to any Eurodollar Rate Loans included in such notice. If the Notice of Borrowing fails to specify the duration of the Interest Period for any Borrowing comprised of Eurodollar Rate Loans, such Interest Period shall be one month.

(b) The Administrative Agent will promptly notify each Bank of the Administrative Agent's receipt of any Notice of Borrowing and of the amount of such Bank's Pro Rata Share of that Borrowing.

(c) Each Bank will make the amount of its Pro Rata Share of each Borrowing available to the Administrative Agent for the account of the Borrower at the Administrative Agent's Payment Office by 11:00 a.m. San Francisco time on the Borrowing Date requested by the Borrower in funds immediately available to the Administrative Agent. The proceeds of all such Loans will then be made available to the Borrower by the Administrative Agent at such office by crediting the account of the Borrower on the books of BofA with the aggregate of the amounts made available to the Administrative Agent by the Banks and in like funds as received by the Administrative Agent.

(d) After giving effect to any Borrowing, there may not be more than ten different Interest Periods in effect with respect to Eurodollar Rate Loans.

2.04 Conversion and Continuation Elections. (a) The Borrower may, upon irrevocable written notice to the Administrative Agent in accordance with Section 2.04(b):

(i) elect, as of any Business Day, in the case of Base Rate Loans, or as of the last day of the applicable Interest Period, in the case of Eurodollar Rate Loans, to convert any such Loans (or any part thereof in an amount not less than $3,000,000, or that is in an integral multiple of $1,000,000 in excess thereof) into Loans of the other Type; or

(ii) elect as of the last day of the applicable Interest Period, to continue as Eurodollar Rate Loans any Loans having Interest Periods expiring on such day (or any part thereof in an amount not less than $3,000,000, or that is in an integral multiple of $1,000,000 in excess thereof);

provided, that if at any time the aggregate amount of Eurodollar Rate Loans in respect of any Borrowing is reduced, by payment, prepayment, or conversion of part thereof to be less than $3,000,000, such Eurodollar Rate Loans shall automatically convert into Base Rate Loans, and on and after such date the right of the Borrower to continue such Loans as, and convert such Loans into, Eurodollar Rate Loans shall terminate.

(b) The Borrower shall deliver a Notice of Conversion/Continuation to be received by the Administrative Agent not later than 9:00 a.m. San Francisco time at least (i) three Business Days in advance of

the Conversion/Continuation Date, if the Loans are to be converted into or continued as Eurodollar Rate Loans; and (ii) one Business Day in advance of the Conversion/Continuation Date, if the Loans are to be converted into Base Rate Loans, specifying:

(A) the proposed Conversion/Continuation Date;

(B) the aggregate amount and Class of Loans to be converted or renewed;

(C) the Type of Loans resulting from the proposed conversion or continuation; and

(D) other than in the case of conversions into Base Rate Loans, the duration of the requested Interest Period.

(c) If upon the expiration of any Interest Period applicable to Eurodollar Rate Loans, the Borrower has failed to select a new Interest Period within the time period specified in Section 2.04(b) to be applicable to such Eurodollar Rate Loans, or if any Default or Event of Default then exists, the Borrower shall be deemed to have elected to convert such Eurodollar Rate Loans into Base Rate Loans effective as of the expiration date of such Interest Period.

(d) The Administrative Agent will promptly notify each Bank of its receipt of a Notice of Conversion/Continuation, or, if no notice is provided by the Borrower within the time period specified in Section 2.04(b), the Administrative Agent will promptly notify each Bank of the details of any automatic conversion. All conversions and continuations shall be made ratably according to the respective outstanding principal amounts of the Loans with respect to which the notice was given held by each Bank.

(e) Unless the Majority Banks otherwise agree, during the existence of a Default or Event of Default, the Borrower may not elect to have a Loan converted into or continued as a Eurodollar Rate Loan.

(f) After giving effect to any conversion or continuation of Loans, there may not be more than ten different Interest Periods in effect.

2.05 Voluntary Termination or Reduction of Revolving Loan Commitments.

(a) The Borrower may, not later than 11:00 a.m. San Francisco time at least three Business Days prior to its effective date by notice to the Administrative Agent, terminate or permanently reduce the Facility A Commitments by an aggregate minimum amount of $5,000,000 or any multiple of $5,000,000 in excess thereof; unless, after giving effect thereto and to any prepayments of Loans made on the effective date thereof, the Effective Amount of all Facility A Revolving Loans would exceed the amount of the combined Facility A Commitments then in effect.

(b) The Borrower may, not later than 11:00 a.m. San Francisco time at least three Business Days prior to its effective date by notice to the Administrative Agent, terminate or permanently reduce the Facility B Commitments by an aggregate minimum amount of $5,000,000 or any multiple of $5,000,000 in excess thereof; unless, after giving effect thereto and to any prepayments of Loans made on the effective date thereof, (i) the Effective Amount of all Facility B Revolving Loans, L/C Obligations and Swingline Loans together would exceed the amount of the combined Facility B Commitments then in effect, or (ii) the Effective Amount of all L/C Obligations then outstanding would exceed the L/C Commitment.

(c) Once reduced in accordance with this Section, the Commitments may not be increased. Any reduction of the Revolving Loan Commitments shall be applied to each Bank according to its Pro Rata Share.

2.06 Optional Prepayments. (a) Subject to Section 4.04, the Borrower may, at any time or from time to time, not later than 9:00 a.m. San Francisco time at least three (3) Business Days prior to its effective date by irrevocable notice to the Administrative Agent, in the case of Eurodollar Rate Loans, and not later than 9:00 a.m. San Francisco time at least one (1) Business Day prior to its effective date by irrevocable notice to the Administrative Agent, in the case of Base Rate Loans, ratably prepay Loans in whole or in part, in minimum amounts of $3,000,000 or any multiple of $1,000,000 in excess thereof, for Eurodollar Rate Loans, and in minimum amounts of $1,000,000 or any multiple of $100,000 in excess thereof, for Base Rate Loans.

(b) Any such notice of prepayment shall specify the date and amount of such prepayment and the Type(s) and, with respect to voluntary prepayments occurring on or prior to the Revolving Loan Termination Date, the Class(es) of Loans to be prepaid. Prepayments of Base Rate Loans of any Class may be made pursuant to this Agreement on any Business Day. Prepayments of Eurodollar Rate Loans of any Class may be made pursuant to this Agreement only on the last day of any applicable Interest Period; provided, that prepayments of Eurodollar Rate Loans may be made on a day other than the last day of the applicable Interest Period only with payment by the Borrower of the aggregate amount of any associated funding losses of any affected Banks pursuant to Section 4.04. The Administrative Agent will promptly notify each Bank of its receipt of any such notice, and of such Bank's Pro Rata Share of such prepayment.

(c) If any such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein, together, in the case of a Eurodollar Rate Loan, with accrued interest to each such date on the amount prepaid and any amounts required pursuant to Section 4.04.

2.07 Mandatory Prepayments of Loans; Mandatory Commitment Reductions. (a) Subject to Section 4.04, if on any date on or prior to the Revolving Loan

Termination Date the Effective Amount of all Facility A Revolving Loans then outstanding exceeds the combined Facility A Commitments, the Borrower shall immediately, and without notice or demand, prepay the outstanding principal amount of Facility A Revolving Loans by an aggregate amount equal to the applicable excess.

(b) If on any date the Effective Amount of L/C Obligations exceeds the L/C Commitment, the Borrower shall Cash Collateralize on such date the outstanding Letters of Credit in an amount equal to the excess of the aggregate maximum amount then available to be drawn under the Letters of Credit over the L/C Commitment. Subject to Section 4.04, if on any date after giving effect to any Cash Collateralization made on such date pursuant to the preceding sentence, the Effective Amount of all Facility B Revolving Loans then outstanding plus the Effective Amount of all L/C Obligations then outstanding plus the Effective Amount of all Swingline Loans then outstanding exceeds the combined Facility B Commitments, the Borrower shall immediately, and without notice or demand, prepay the outstanding principal amount of the Facility B Revolving Loans, the Swingline Loans and any L/C Advances by an aggregate amount equal to the applicable excess.

(c) The Borrower shall immediately, and without notice or demand, prepay the Obligations (and if necessary, Cash Collateralize Letters of Credit) in full, including, without limitation, the aggregate principal amount of all outstanding Loans, all accrued and unpaid interest thereon and all amounts payable under Section 4.04, and all of the Revolving Loan Commitments shall be automatically reduced to zero, in each case on the 30th day after any Change of Control shall have occurred and be continuing.

(d) If and to the extent that the Revolving Loan Commitments are not equal to zero on the Revolving Loan Termination Date, such Revolving Loan Commitments shall be automatically reduced to zero on the Revolving Loan Termination Date.

2.08 Repayment.

(a) Revolving Loans. The Borrower shall repay to the Banks in full on the Revolving Loan Termination Date the aggregate principal amount of Revolving Loans outstanding on such date together with all accrued and unpaid interest thereon.

(b) Swingline Loans. The Borrower shall repay to BofA in full on the Revolving Loan Termination Date the aggregate principal amount of Swingline Loans outstanding on such date, together with all accrued and unpaid interest thereon.

(c) Extension of Revolving Loan Termination Date. Each Bank, at its sole option and in its sole discretion, upon the written request of Borrower given to the Administrative Agent and each Bank not more than 90 days nor less than 60 days prior to the Revolving Loan Termination Date at any time in effect, may elect to extend such Revolving Loan Termination Date by a period of one year. Within 30 days following receipt of such request, each Bank shall give notice to the Borrower and the Administrative Agent of its decision to extend or not to extend such Revolving Loan Termination Date. If, in accordance with the immediately preceding sentence, all Banks shall have elected to extend such Revolving Loan Termination Date, the Revolving Loan Termination Date shall be extended by a period of one year. In the event that any Bank notifies the Borrower and the Administrative Agent that it will not extend the Revolving Loan Termination Date then in effect, or if any Bank fails to notify the Borrower and the Administrative Agent of its decision to extend or not to extend such Revolving Loan Termination Date, in either case within the applicable 30 day period referred to above, such Revolving Loan Termination Date shall not be extended and the Revolving Loan Termination Date then in effect shall be the Revolving Loan Termination Date for all purposes of this Agreement. Nothing in this Section 2.08(c) shall prevent the Borrower from replacing any Bank that is unwilling to extend the Revolving Loan Termination Date with another Bank or an Eligible Assignee that is willing to extend the Revolving Loan Termination Date as provided in Section 4.07.

2.09 Interest. (a) Each Loan shall bear interest on the outstanding principal amount thereof from the applicable Borrowing Date at a rate per annum equal to the Eurodollar Rate (other than with respect to Swingline Loans) or the Base Rate, as the case may be (and subject to the Borrower's right to convert to other Types of Loans under Section 2.04), plus the Applicable Margin.

(b) Interest on each Loan shall be paid in arrears on each applicable Interest Payment Date and on the Revolving Loan Termination Date. Interest in all cases shall also be paid on the date of any prepayment of Loans under Section 2.07(d) and interest on Eurodollar Rate Loans shall also be paid on the date of prepayment of Loans in all other circumstances under Section 2.06 or 2.07, in each case for the portion of the Loans so prepaid and upon payment (including prepayment) in full thereof and, during the existence of any Event of Default, interest shall be paid on demand of the Administrative Agent at the request or with the consent of the Majority Banks.

(c) Notwithstanding subsection (a) of this Section, while any Event of Default exists or after acceleration, the Borrower shall pay interest (after as well as before entry of judgment thereon to the extent permitted by law) on the principal amount of all outstanding Obligations, at a rate per annum which is determined by adding 2% per annum to the Applicable Margin then in effect for such Loans and, in the case of Obligations not subject to an Applicable Margin, including, without limitation, all letter of credit and commitment fees provided in this Agreement, at a rate per annum equal to the Base Rate plus the Applicable Margin plus 2%; provided, however, that, on and after the expiration of any Interest Period applicable to any Eurodollar Rate Loan outstanding on the date of occurrence of such Event of Default or acceleration, the principal amount of such Loan shall, during the continuation of such Event of Default or after acceleration, bear interest at a rate per annum equal to the Base Rate plus the Applicable Margin plus 2%.

(d) Anything in this Agreement to the contrary notwithstanding, the obligations of the Borrower to any Bank under this Agreement shall be subject to the limitation that payments of interest shall not be required for any period for which interest is computed under this Agreement, to the extent (but only to the extent) that contracting for or receiving such payment by such Bank would be contrary to the provisions of any law applicable to such Bank limiting the highest rate of interest that may be lawfully contracted for, charged or received by such Bank, and in such event the Borrower shall pay such Bank interest at the highest rate permitted by applicable law.

2.10 Fees. In addition to certain fees described in Section 3.08:

(a) Agency Fees. The Borrower shall pay a non-refundable agency fee to the Administrative Agent for the Administrative Agent's own account, as required by the letter agreement (the "Fee Letter") between the Borrower and the Administrative Agent dated as of the Restatement Effective Date.

(b) Commitment Fees. The Borrower shall pay to the Administrative Agent for the account of each Bank (i) a commitment fee with respect to such Bank's Facility A Commitment equal to the Commitment Fee Rate per annum times the actual daily amount by which such Bank's Facility A Commitment exceeded the sum of the aggregate Effective Amount of its Facility A Revolving Loans and (ii) a commitment fee with respect to such Bank's Facility B Commitment equal to the Commitment Fee Rate per annum times the actual daily amount by which such Bank's Facility B Commitment exceeded the aggregate Effective Amount of its Facility B Revolving Loans plus its Pro Rata Share of the Effective Amount of L/C Obligations. Such commitment fees shall accrue from the Restatement Effective Date to the Revolving Loan Termination Date and shall be due and payable quarterly in arrears on the first Business Day of each fiscal quarter following the quarter for which payment is to be made, commencing on the Restatement Effective Date through the Revolving Loan Termination Date, with the final payment to be made on the Revolving Loan Termination Date; provided that, in connection with the full termination of Revolving Loan Commitments under Section 2.05 or Section 2.07, the accrued commitment fees calculated for the period ending on such date shall also be paid on the date of such termination. The commitment fees provided in this subsection shall accrue at all times after the above-mentioned commencement date, including at any time during which one or more conditions in Article V are not met.

(c) Participation Fees. On the Restatement Effective Date, the Borrower shall pay to the Administration Agent for the account of each Bank a non-refundable participation fee in an amount equal to (i) 3/8% multiplied by (ii) the sum of such Bank's Revolving Loan Commitments.

2.11 Computation of Fees and Interest. (a) All computations of interest for Base Rate Loans when the Base Rate is determined by BofA's "reference rate" shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more interest being paid than if computed on the basis of a 365-day year). Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof to the last day thereof.

(b) Each determination of an interest rate by the Administrative Agent shall be conclusive and binding on the Borrower and the Banks in the absence of manifest error.

2.12 Payments by the Borrower. (a) All payments to be made by the Borrower under any Loan Document shall be made without set-off, recoupment, counterclaim or other defense. Except as otherwise expressly provided in this Agreement, all payments by the Borrower shall be made to the Administrative Agent for the account of the Banks at the Administrative Agent's Payment Office, and shall be made in dollars and in immediately available funds, no later than 10:00 a.m. (San Francisco time) on the date specified in this Agreement. The Administrative Agent will promptly distribute to each Bank its Pro Rata Share (or other applicable share as expressly provided in this Agreement) of such payment in like funds as received. Any payment received by the Administrative Agent later than 10:00 a.m. (San Francisco time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue.

(b) Subject to the provisions set forth in the definition of "Interest Period" in this Agreement, whenever any payment is due on a day other than a Business Day, such payment shall be made on the following Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be.

(c) Unless the Administrative Agent receives notice from the Borrower prior to the date on which any payment is due to the Banks that the Borrower will not make such payment in full as and when required, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date in immediately available funds and the Administrative Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Borrower has not made such payment in full to the Administrative Agent, each Bank shall repay to the Administrative Agent on demand such amount distributed to such Bank, together with interest thereon at the Federal Funds Rate for each day from the date such amount is distributed to such Bank until the date repaid.

(d) Unless a due date is otherwise specified in this Agreement, the due date for any Obligation shall be 30 days after demand therefor by the Person to whom the Obligation is owed.

2.13 Payments by the Banks to the Administrative Agent. (a) Unless the Administrative Agent receives notice from a Bank on or prior to the Restatement

Effective Date or, with respect to any Borrowing after the Restatement Effective Date, by 2:00 p.m. (San Francisco time) on the Business Day prior to the date of such Borrowing, that such Bank will not make available as and when required under this Agreement to the Administrative Agent for the account of the Borrower the amount of that Bank's Pro Rata Share of the Borrowing, the Administrative Agent may assume that each Bank has made such amount available to the Administrative Agent in immediately available funds on the Borrowing Date and the Administrative Agent may (but shall not be so required), in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent any Bank shall not have made its full amount available to the Administrative Agent in immediately available funds and the Administrative Agent in such circumstances has made available to the Borrower such amount, that Bank shall on the Business Day following such Borrowing Date make such amount available to the Administrative Agent, together with interest at the Federal Funds Rate for each day during such period. A notice of the Administrative Agent submitted to any Bank with respect to amounts owing under this subsection (a) shall be conclusive, absent manifest error. If such amount is so made available, such payment to the Administrative Agent shall constitute such Bank's Loan on the date of Borrowing for all purposes of this Agreement. If such amount is not made available to the Administrative Agent on the Business Day following the Borrowing Date, the Administrative Agent will notify the Borrower of such failure to fund and, upon demand by the Administrative Agent, the Borrower shall pay such amount to the Administrative Agent for the Administrative Agent's account, together with interest thereon for each day elapsed since the date of such Borrowing, at a rate per annum equal to the interest rate applicable at the time to the Loans comprising such Borrowing.

(b) The failure of any Bank to make any Loan on any Borrowing Date shall not relieve any other Bank of any obligation under this Agreement to make a Loan on such Borrowing Date, but no Bank shall be responsible for the failure of any other Bank to make the Loan to be made by such other Bank on any Borrowing Date.

2.14 Sharing of Payments, Etc. If, other than as expressly provided elsewhere in this Agreement, any Bank shall obtain on account of the Loans made by it any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its Pro Rata Share, such Bank shall immediately (a) notify the Administrative Agent of such fact, and (b) purchase from the other Banks such participations in the Loans made by them as shall be necessary to cause such purchasing Bank to share the excess payment pro rata with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from the purchasing Bank, such purchase shall to that extent be rescinded and each other Bank shall repay to the purchasing Bank the purchase price paid therefor, together with an amount equal to such paying Bank's ratable share (according to the proportion of (i) the amount of such paying Bank's required repayment to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. The Borrower agrees that any Bank so purchasing a participation from another Bank may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Bank were the direct creditor of the Borrower in the amount of such participation. The Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Banks following any such purchases or repayments.

2.15 Discretionary Swingline Loans.

(a) From time to time, subject to the conditions set forth below, at the request of the Borrower, made through the Administrative Agent as set forth below, BofA in its sole and absolute discretion may make short-term loans to the Borrower not to exceed in the aggregate at any one time outstanding the principal sum of $25,000,000, to be used by the Borrower to cover overdrafts, for cash management purposes, or for other general working capital needs of the Borrower (each, a "Swingline Loan"). The availability of Swingline Loans is conditioned on the satisfaction of each of the following conditions: (i) it shall be in the sole and absolute discretion of BofA, on each occasion that a Swingline Loan is requested, whether to make such Swingline Loan; (ii) each Swingline Loan shall bear interest from the time made until the time repaid, or until the time, if any, that such Swingline Loan is converted into a Base Rate Loan as provided below, at the rate(s) from time to time applicable to Base Rate Loans under this Agreement; (iii) at the time of making of any Swingline Loan, the sum of the Effective Amount of all outstanding Swingline Loans plus the Effective Amount of all outstanding Facility B Revolving Loans plus the Effective Amount of all L/C Obligations then outstanding, without duplication, shall not exceed the aggregate Facility B Commitment; (iv) each Swingline Loan, when made, all interest accrued thereon, and all reimbursable costs and expenses incurred or payable in connection therewith, shall constitute an Obligation of Borrower under this Agreement; and (v) each request for a Swingline Loan from BofA pursuant to this Section 2.15 shall be made by the Borrower to the Administrative Agent, shall be funded by BofA through the Administrative Agent, and shall be repaid by the Borrower through the Administrative Agent (in order that the Administrative Agent may keep an accurate record of the outstanding balance at any time of Swingline Loans so as to monitor compliance with the terms and provisions hereof), and each such request shall be in writing unless the Administrative Agent in its sole discretion accepts an oral or telephonic request. Each Swingline Loan shall be made upon the Borrower's irrevocable written notice delivered to the Administrative Agent substantially in the form of a Notice of Borrowing (which notice must be received by the Administrative Agent prior to 1:00 p.m. (San Francisco time) on the requested date of such Swingline Loan), specifying:

(i) the amount of the Swingline Loan, which shall be in a minimum amount of $200,000 or any multiple of $100,000 in excess thereof; and

(ii) the requested date of such Swingline Loan, which shall be a Business Day;

(b) If any Swingline Loan made pursuant to this Section 2.15, and in compliance with the conditions set forth in the immediately preceding paragraph of this Section 2.15, is not repaid by the Borrower on or before the seventh calendar day following the day that it was funded by BofA, BofA shall have the right in BofA's sole and absolute discretion, by giving notice to the Borrower and the Banks, to cause such Swingline Loan automatically upon the giving of such notice to be converted into a Facility B Revolving Loan which is a Base Rate Loan, and upon receipt of such notice each Bank shall fund to the Administrative Agent, for the account of BofA, such Bank's ratable share of such Facility B Revolving Loan, based on such Bank's Pro Rata Share; provided, that if any Insolvency Proceeding has been commenced with respect to the Borrower on or prior to the date on which such Swingline Loan is due, and in lieu of funding its Pro Rata Share of a Facility B Revolving Loan, each Bank shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from BofA a participation in such Swingline Loan equal to the product of such Bank's Pro Rata Share times the amount of such Swingline Loan.

(c) Each Bank's obligation in accordance with this Agreement to make Facility B Revolving Loans upon the failure of a Swingline Loan to be repaid in full when due, or to purchase participations in such Swingline Loans, shall, in each case, be absolute and unconditional and without recourse to BofA and shall not be affected by any circumstance, including (i) any set-off, counterclaim, recoupment, defense or other right which such Bank may have against BofA, the Borrower or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default, an Event of Default or a Material Adverse Effect; or (iii) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

ARTICLE III

THE LETTERS OF CREDIT

3.01 The Letter of Credit Subfacility. (a) On the terms and subject to the conditions set forth in this Agreement and as a subfacility of the Facility B Commitment, (i) the Issuing Banks agree, from time to time on any Business Day during the period from the Restatement Effective Date to the date that is 30 days prior to the Revolving Loan Termination Date to issue Letters of Credit for the account of the Borrower and to amend or renew Letters of Credit previously issued by them, in each case in accordance with Sections 3.02(c) and 3.02(d); and (ii) the Banks severally agree to participate in Letters of Credit Issued for the account of the Borrower; provided, that the Issuing Banks shall not be obligated to Issue, and no Bank shall be obligated to participate in, any Letter of Credit if, as of the date of Issuance of such Letter of Credit (the "Issuance Date"), (1) the Effective Amount of all L/C Obligations plus the Effective Amount of all Facility B Revolving Loans plus the Effective Amount of all Swingline Loans exceeds the combined Facility B Commitments, or (2) the Effective Amount of L/C Obligations exceeds the L/C Commitment. Within the foregoing limits, and subject to the other terms and conditions hereof, the ability of the Borrower to obtain Letters of Credit shall be fully revolving, and, accordingly, the Borrower may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit which have expired or which have been drawn upon and reimbursed.

(b) No Issuing Bank is under any obligation to Issue any Letter of Credit if:

(i) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Issuing Bank from Issuing such Letter of Credit, or any Requirement of Law applicable to such Issuing Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such Issuing Bank shall prohibit, or request that such Issuing Bank refrain from, the Issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such Issuing Bank with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such Issuing Bank is not otherwise compensated under this Agreement) not in effect on the Restatement Effective Date, or shall impose upon such Issuing Bank any unreimbursed loss, cost or expense which was not applicable on the Restatement Effective Date and which such Issuing Bank in good faith deems material to it;

(ii) such Issuing Bank has received written notice from any Bank, the Administrative Agent or the Borrower, on or prior to the Business Day prior to the requested date of Issuance of such Letter of Credit, that one or more of the applicable conditions contained in Article V is not then satisfied;

(iii) the expiry date of any requested Letter of Credit is (A) with respect to Commercial Letters of Credit supporting the purchase of inventory by the Borrower, more than (1) 180 days after the date of Issuance or (2) 30 days prior to the Revolving Loan Termination Date, unless the Majority Banks have approved such expiry date in writing, (B) with respect to Standby Letters of Credit, more than (1) 364 days after the date of Issuance or (2) 30 days prior to the Revolving Loan Termination Date, unless the Majority Banks have approved such expiry date in writing; or (C) with respect to any other Letter of Credit, 30 days prior to the Revolving Loan Termination Date, unless all of the Banks have approved such expiry date in writing;

(iv) the expiry date of any requested Letter of Credit is prior to the maturity date of any financial obligation to be supported by the requested Letter of Credit;

(v) any requested Letter of Credit does not provide for drafts (unless there is a demand for payment in the documentation required to be delivered in connection with any drawing), or is not otherwise in form and substance acceptable to such Issuing Bank, or the Issuance of a Letter of Credit shall violate any applicable policies of such Issuing Bank;

(vi) any Standby Letter of Credit is for the purpose of supporting the issuance of any letter of credit by any other Person other than with respect to any Existing Letter of Credit so designated in Schedule 3.03; or

(vii) such Letter of Credit is to be used for a purpose other than any permitted use of the proceeds of Facility B Revolving Loans as set forth in Section 7.11.

3.02 Issuance, Amendment and Renewal of Letters of Credit. (a) Each Letter of Credit shall be issued upon the irrevocable written request of the Borrower received by the Issuing Bank (with a copy sent by the Borrower to the Administrative Agent) prior to 10:00 a.m. (San Francisco time) on the proposed date of Issuance for Letters of Credit in the form of Exhibit H, I or J hereto and at least four days prior to the proposed date of Issuance for other forms of Letters of Credit. Each such request for issuance of a Letter of Credit shall be by facsimile, confirmed by telephone, in the form of an L/C Application, and shall specify in form and detail satisfactory to the applicable Issuing Bank: (i) the proposed date of issuance of the Letter of Credit (which shall be a Business Day); (ii) the face amount of the Letter of Credit; (iii) the expiry date of the Letter of Credit; (iv) the name and address of the beneficiary thereof; (v) the documents to be presented by the beneficiary of the Letter of Credit in case of any drawing thereunder; (vi) the full text of any certificate to be presented by the beneficiary in case of any drawing thereunder; and (vii) such other matters as the Issuing Bank may require.

(b) Prior to the Issuance of any Letter of Credit, the applicable Issuing Bank will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of the L/C Application or L/C Amendment Application from the Borrower and, if not, such Issuing Bank will provide the Administrative Agent with a copy thereof. Unless such Issuing Bank has received notice on or before 11:00 a.m. (San Francisco time) on the date such Issuing Bank is to issue a requested Letter of Credit from the Administrative Agent (A) directing such Issuing Bank not to issue such Letter of Credit because such issuance is not then permitted under Section 3.01(a) as a result of the limitations set forth in clauses (1) or (2) thereof or Section 3.01(b)(ii); or (B) that one or more conditions specified in Article V are not then satisfied; then, subject to the terms and conditions hereof, such Issuing Bank shall, on the requested date, issue a Letter of Credit in accordance with such Issuing Bank's usual and customary business practices.

(c) From time to time while a Letter of Credit is outstanding and prior to the Revolving Loan Termination Date, any Issuing Bank will, upon the written request of the Borrower received by such Issuing Bank (with a copy sent by the Borrower to the Administrative Agent) at least four days (or such shorter time as such Issuing Bank may agree in a particular instance in its sole discretion) prior to the proposed date of amendment, amend any Letter of Credit issued by it. Each such request for amendment of a Letter of Credit shall be made by facsimile, confirmed by telephone, made in the form of an L/C Amendment Application and shall specify in form and detail satisfactory to such Issuing Bank: (i) the Letter of Credit to be amended; (ii) the proposed date of amendment of the Letter of Credit (which shall be a Business Day); (iii) the nature of the proposed amendment; and (iv) such other matters as such Issuing Bank may require. The applicable Issuing Bank shall be under no obligation to amend any Letter of Credit if: (A) such Issuing Bank would have no obligation at such time to issue such Letter of Credit in its amended form under the terms of this Agreement; or (B) the beneficiary of any such Letter of Credit does not accept the proposed amendment to the Letter of Credit. The Administrative Agent will promptly notify the Banks of the receipt by it of any L/C Application or L/C Amendment Application.

(d) The Issuing Banks and the Banks agree that, while a Letter of Credit is outstanding and prior to the Revolving Loan Termination Date, at the option of the Borrower and upon the written request of the Borrower received by the applicable Issuing Bank (with a copy sent by the Borrower to the Administrative Agent) at least four days (or such shorter time as such Issuing Bank may agree in a particular instance in its sole discretion) prior to the proposed date of notification of renewal, such Issuing Bank shall be entitled to authorize the automatic renewal of any Letter of Credit issued by it. Each such request for renewal of a Letter of Credit shall be made by facsimile, confirmed by telephone, in the form of an L/C Amendment Application, and shall specify in form and detail satisfactory to such Issuing Bank: (i) the Letter of Credit to be renewed; (ii) the proposed date of notification of renewal of the Letter of Credit (which shall be a Business Day); (iii) the revised expiry date of the Letter of Credit; and (iv) such other matters as such Issuing Bank may require. The applicable Issuing Bank shall be under no obligation to so renew any Letter of Credit if: (A) such Issuing Bank would have no obligation at such time to issue or amend such Letter of Credit in its renewed form under the terms of this Agreement; or (B) the beneficiary of any such Letter of Credit does not accept the proposed renewal of the Letter of Credit. If any outstanding Letter of Credit shall provide that it shall be automatically renewed unless the beneficiary thereof receives notice from the applicable Issuing Bank that such Letter of Credit shall not be renewed, and if at the time of renewal such Issuing Bank would be entitled to authorize the automatic renewal of such Letter of Credit in accordance with this Section 3.02(d) upon the request of the Borrower, but such Issuing Bank shall not have received any L/C Amendment Application with respect to such renewal or other written direction by the Borrower with respect thereto, such Issuing Bank shall nonetheless be permitted to allow such Letter of Credit to renew, and the Borrower and the Banks hereby authorize such renewal, and, accordingly, such Issuing Bank shall be deemed to have received an L/C Amendment Application from the Borrower requesting such renewal.

(e) The Issuing Banks may, at their election (or as required by the Administrative Agent at the direction of the Majority Banks), deliver any notices of termination or other communications to any Letter of Credit beneficiary or transferee, and take any other action as necessary or appropriate, at any time and from time to time, in order to cause the expiry

date of such Letter of Credit to be a date not later than the Revolving Loan Termination Date.

(f) This Agreement shall control in the event of any conflict with any L/C-Related Document (other than any Letter of Credit).

(g) The Issuing Banks will also deliver to the Administrative Agent, concurrently or promptly following delivery of a Letter of Credit, or amendment to or renewal of a Letter of Credit, to an advising bank or a beneficiary, a true and complete copy of each such Letter of Credit or amendment to or renewal of a Letter of Credit.

3.03 Existing Letters of Credit; Risk Participations, Drawings and Reimbursements. (a) On and after the Restatement Effective Date, the Existing Letters of Credit shall be deemed for all purposes, including for purposes of the fees to be collected pursuant to Sections 3.08(a) and 3.08(c), and reimbursement costs and expenses to the extent provided in this Agreement, Letters of Credit outstanding under this Agreement and entitled to the benefits of this Agreement and the other Loan Documents, and shall be governed by the applications and agreements pertaining thereto and by this Agreement. Each Existing Letter of Credit designated as a "standby letter of credit" on Schedule 3.03 shall be deemed to be a Standby Letter of Credit, and each Existing Letter of Credit designated as a "commercial documentary letter of credit" on Schedule 3.03 shall be deemed to be a Commercial Letter of Credit. Each Bank shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Issuing Banks on the Restatement Effective Date a participation in each such Letter of Credit and each drawing thereunder in an amount equal to the product of (i) such Bank's Pro Rata Share times (ii) the maximum amount available to be drawn under such Letter of Credit and the amount of such drawing, respectively. For purposes of Sections 2.01(a) and 2.10(b), the Existing Letters of Credit shall be deemed to utilize the Pro Rata Share of each Bank.

(b) Immediately upon the Issuance of each Letter of Credit in addition to those described in Section 3.03(a), each Bank shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the applicable Issuing Bank a participation in such Letter of Credit and each drawing thereunder in an amount equal to the product of (i) the Pro Rata Share of such Bank, times (ii) the maximum amount available to be drawn under such Letter of Credit and the amount of such drawing, respectively. For purposes of Sections 2.01(a) and 2.10(b), each Issuance of a Letter of Credit shall be deemed to utilize the Facility B Commitment of each Bank by an amount equal to the amount of such participation.

(c) In the event of any request for a drawing under a Letter of Credit by the beneficiary or transferee thereof, the applicable Issuing Bank will promptly notify the Borrower. The Borrower shall reimburse such Issuing Bank prior to 10:00 a.m. (San Francisco time), on each date that any amount is paid by such Issuing Bank under any Letter of Credit (each such date, an "Honor Date"), in an amount equal to the amount so paid by such Issuing Bank. In the event the Borrower fails to reimburse such Issuing Bank of any Letter of Credit for the full amount of any drawing under such Letter of Credit by 10:00 a.m. (San Francisco time) on the Honor Date, such Issuing Bank will promptly notify the Administrative Agent and the Administrative Agent will promptly notify each Bank thereof, and the Borrower shall be deemed to have requested that Base Rate Loans be made by the Banks to be disbursed on the Honor Date under such Letter of Credit, subject to the conditions set forth in Section 5.02 (including, without limitation, the condition that no Insolvency Proceeding shall have been commenced by or against the Borrower on the Honor Date). Any notice given by an Issuing Bank or the Administrative Agent pursuant to this Section 3.03(c) may be oral if immediately confirmed in writing (including by facsimile); provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(d) Each Bank shall upon any notice pursuant to Section 3.03(c) make available to the Administrative Agent for the account of the applicable Issuing Bank an amount in Dollars and in immediately available funds equal to its Pro Rata Share of the amount of the drawing, whereupon the participating Banks shall (subject to Section 3.03(e)) each be deemed to have made a Facility B Revolving Loan consisting of a Base Rate Loan to the Borrower in that amount. If any Bank so notified fails to make available to the Administrative Agent for the account of the applicable Issuing Bank the amount of such Bank's Pro Rata Share of the amount of the drawing by no later than 11:00 a.m. (San Francisco time) on the Honor Date, then interest shall accrue on such Bank's obligation to make such payment, from the Honor Date to the date such Bank makes such payment, at a rate per annum equal to the Federal Funds Rate in effect from time to time during such period. The Administrative Agent will promptly give notice of the occurrence of the Honor Date, but failure of the Administrative Agent to give any such notice on the Honor Date or in sufficient time to enable any Bank to effect such payment on such date shall not relieve such Bank from its obligations under this Section 3.03.

(e) With respect to any unreimbursed drawing that is not converted into Facility B Revolving Loans consisting of Base Rate Loans to the Borrower in whole or in part, because of the Borrower's failure to satisfy the conditions set forth in Section 5.02 or for any other reason, the Borrower shall be deemed to have incurred from an Issuing Bank an L/C Borrowing in the amount of such drawing, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at a rate per annum equal to the Base Rate plus the Applicable Margin plus 2% per annum, and each Bank's payment to such Issuing Bank pursuant to Section 3.03(d) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Bank in satisfaction of its participation obligation under this Section 3.03.

(f) Each Bank's obligation in accordance with this Agreement to make the Facility B Revolving Loans or L/C Advances, as contemplated by this Section 3.03, as a result of a drawing under a Letter of Credit, shall be absolute and unconditional and without recourse to the Issuing Banks (except in

circumstances arising solely as a result of willful misconduct or gross negligence by the Issuing Banks) and shall not be affected by any circumstance, including (i) any set-off, counterclaim, recoupment, defense or other right which such Bank may have against any Issuing Bank, the Borrower or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default, an Event of Default or a Material Adverse Effect; or (iii) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

3.04 Repayment of Participations. (a) Upon (and only upon) receipt by the Administrative Agent for the account of an Issuing Bank of immediately available funds from the Borrower (i) in reimbursement of any payment made by such Issuing Bank under the Letter of Credit with respect to which any Bank has paid the Administrative Agent for the account of such Issuing Bank for such Bank's participation in the Letter of Credit pursuant to Section 3.03 or (ii) in payment of interest thereon, the Administrative Agent will pay to each Bank, in the same funds as those received by the Administrative Agent for the account of such Issuing Bank, the amount of such Bank's Pro Rata Share of such funds, and such Issuing Bank shall receive the amount of the Pro Rata Share of such funds of any Bank that did not so pay the Administrative Agent for the account of such Issuing Bank.

(b) If the Administrative Agent or any Issuing Bank is required at any time to return to the Borrower, or to a trustee, receiver, liquidator, custodian, or any official in any Insolvency Proceeding, any portion of the payments made by the Borrower to the Administrative Agent for the account of such Issuing Bank pursuant to Section 3.04(a) in reimbursement of a payment made under the Letter of Credit or interest or fee thereon, each Bank shall, on demand of the Administrative Agent, forthwith return to the Administrative Agent or such Issuing Bank the amount of its Pro Rata Share of any amounts so returned by the Administrative Agent or such Issuing Bank plus interest thereon from the date such demand is made to the date such amounts are returned by such Bank to the Administrative Agent or such Issuing Bank, at a rate per annum equal to the Federal Funds Rate in effect from time to time.

3.05 Role of the Issuing Banks. (a) Each Bank and the Borrower agree that, in paying any drawing under a Letter of Credit, the applicable Issuing Bank shall not have any responsibility to obtain any document (other than any sight draft and certificates expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document.

(b) No Agent-Related Person nor any of the respective correspondents, participants or assignees of an Issuing Bank shall be liable to any Bank for: (i) any action taken or omitted in connection herewith at the request or with the approval of the Banks (including the Majority Banks, as applicable); (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any L/C-Related Document.

(c) The Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude the Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. No Agent-Related Person, nor any of the respective correspondents, participants or assignees of any Issuing Bank, shall be liable or responsible for any of the matters described in clauses (i) through (vii) of Section 3.06; provided, however, anything in such clauses to the contrary notwithstanding, that the Borrower may have a claim against an Issuing Bank, and an Issuing Bank may be liable to the Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrower which the Borrower proves were caused by an Issuing Bank's willful misconduct or gross negligence or an Issuing Bank's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing: (i) an Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary; and (ii) an Issuing Bank shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

3.06 Obligations Absolute. The obligations of the Borrower under this Agreement and any L/C-Related Document to reimburse the Issuing Banks for drawings under Letters of Credit, and to repay any L/C Borrowing and any drawings under Letters of Credit converted into Facility B Revolving Loans, shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement and each such other L/C-Related Document under all circumstances, including the following:

(i) any lack of validity or enforceability of this Agreement or any L/C-Related Document;

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the obligations of the Borrower in respect of any Letter of Credit or any other amendment or waiver of or any consent to departure from all or any of the L/C-Related Documents;

(iii) the existence of any claim, set-off, defense or other right that the Borrower may have at any time against any beneficiary or any transferee of any Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), an Issuing Bank or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by the L/C-Related Documents or any unrelated transaction;

(iv) any draft, demand, certificate or other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any Letter of Credit;

(v) any payment by an Issuing Bank under any Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of any Letter of Credit; or any payment made by an Issuing Bank under any Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of any Letter of Credit, including any arising in connection with any Insolvency Proceeding;

(vi) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any other guarantee, for all or any of the obligations of the Borrower in respect of any Letter of Credit; or

(vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower or a guarantor.

3.07 Cash Collateral Pledge. Upon (i) the request of the Administrative Agent, (A) if an Issuing Bank has honored any full or partial drawing request on any Letter of Credit and such drawing has resulted in an L/C Borrowing under this Agreement, or (B) if, as of the Revolving Loan Termination Date, any Letters of Credit may for any reason remain outstanding and partially or wholly undrawn, or (ii) the occurrence of the circumstances described in Section 2.07(b) requiring the Borrower to Cash Collateralize Letters of Credit, then, the Borrower shall immediately Cash Collateralize the L/C Obligations in an amount equal to the L/C Obligations.

3.08 Letter of Credit Fees. (a) The Borrower agrees to pay to the Administrative Agent for the account of each of the Banks based on their respective Pro Rata Shares a letter of credit fee (i) with respect to the Standby Letters of Credit equal to the Standby Letter of Credit Risk Participation Percentage of the average daily maximum amount available to be drawn of the outstanding Standby Letters of Credit and (ii) with respect to the Commercial Letters of Credit equal to the Commercial Letter of Credit Risk Participation Percentage of the average daily maximum amount available to be drawn of the outstanding Commercial Letters of Credit, in each case computed on a quarterly basis in arrears on the last Business Day of each fiscal quarter based upon Letters of Credit outstanding for that quarter as calculated by the Administrative Agent. Such letter of credit fees shall be due and payable quarterly in arrears on the first Business Day following each fiscal quarter during which Standby Letters of Credit or Commercial Letters of Credit, as the case may be, are outstanding, commencing on the first such quarterly date to occur after the Restatement Effective Date, through the Revolving Loan Termination Date, with the final payment to be made on the Revolving Loan Termination Date.

(b) The Borrower agrees to pay to the applicable Issuing Bank for its sole account a letter of credit fronting fee (i) for each Standby Letter of Credit Issued by such Issuing Bank, equal to 0.125% per annum of the face amount (or increased face amount, as the case may be) of such Standby Letter of Credit and (ii) for each Commercial Letter of Credit Issued by such Issuing Bank, equal to 0.10% per annum of the face amount (or increased face amount, as the case may be) of such Commercial Letter of Credit. Such Letter of Credit fronting fee shall be due and payable quarterly in arrears on the first Business Day following each fiscal quarter during which such Letter of Credit is outstanding, commencing on the first such quarterly date to occur after the Restatement Effective Date, with the final payment to be made on the Revolving Loan Termination Date.

(c) The Borrower agrees to pay to the Issuing Banks from time to time on demand the normal issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the Issuing Banks relating to Standby Letters of Credit and Commercial Letters of Credit as from time to time in effect.

3.09 Uniform Customs and Practice. The Uniform Customs and Practice for Documentary Credits as published by the International Chamber of Commerce ("UCP") most recently at the time of issuance of any Letter of Credit shall (unless otherwise expressly provided in the Letters of Credit) apply to such Letter of Credit.

ARTICLE IV

TAXES, YIELD PROTECTION AND ILLEGALITY

4.01 Taxes. (a) Any and all payments by the Borrower to each Bank or the Administrative Agent under this Agreement and any other Loan Document shall be made free and clear of, and without deduction or withholding for any Taxes. In addition, the Borrower shall pay all Other Taxes.

(b) The Borrower agrees to indemnify and hold harmless each Bank and the Administrative Agent for the full amount of Taxes or Other Taxes (including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section) paid by the Bank or the Administrative Agent and any liability (including interest, additions to tax and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days after the date the Bank or the Administrative Agent makes written demand therefor; provided, however, that if a Bank or the Administrative Agent fails to

make such demand within 90 days after such Bank or the Administrative Agent, as the case may be, obtains actual knowledge of the event entitling such Bank or the Administrative Agent to indemnification under this Section 4.01, such Bank or the Administrative Agent shall, with respect to indemnification payable pursuant to this Section 4.01 in respect of any costs resulting from such event, only be entitled to payment under this Section 4.01 for costs incurred from and after the date 90 days prior to the date that such Bank makes such demand.

(c) If the Borrower shall be required by law to deduct or withhold any Taxes or Other Taxes from or in respect of any sum payable under this Agreement to any Bank or the Administrative Agent, then:

(i) the sum payable shall be increased as necessary so that after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section) such Bank or the Administrative Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholdings been made;

(ii) the Borrower shall make such deductions and withholdings;

(iii) the Borrower shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable law; and

(iv) the Borrower shall also pay to each Bank or the Administrative Agent for the account of such Bank, at the time interest is paid, all additional amounts which the respective Bank specifies as necessary to preserve the after-tax yield the Bank would have received if such Taxes or Other Taxes had not been imposed.

(d) Within 30 days after the date of any payment by the Borrower of Taxes or Other Taxes, the Borrower shall furnish the Administrative Agent the original or a certified copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to the Administrative Agent.

(e) If the Borrower is required to pay additional amounts to any Bank or the Administrative Agent pursuant to subsection (c) of this Section, then such Bank shall use reasonable efforts (consistent with legal and regulatory restrictions) to change the jurisdiction of its Lending Office so as to eliminate any such additional payment by the Borrower which may thereafter accrue, if such change in the judgment of such Bank is not otherwise disadvantageous to such Bank.

4.02 Illegality. (a) If any Bank determines that the introduction of any Requirement of Law, or any change in any Requirement of Law, or in the interpretation or administration of any Requirement of Law, has made it unlawful, or that any central bank or other Governmental Authority has asserted that it is unlawful, for any Bank or its applicable Lending Office to make Eurodollar Rate Loans, then, on notice thereof by the Bank to the Borrower through the Administrative Agent, any obligation of that Bank to make Eurodollar Rate Loans shall be suspended until the Bank notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist.

(b) If a Bank determines that it is unlawful to maintain any Eurodollar Rate Loan, the Borrower shall, upon its receipt of notice of such fact and demand from such Bank (with a copy to the Administrative Agent), prepay in full such Eurodollar Rate Loans of that Bank then outstanding, together with interest accrued thereon and amounts required under Section 4.04, either on the last day of the Interest Period thereof, if the Bank may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if the Bank may not lawfully continue to maintain such Eurodollar Rate Loan. If the Borrower is required to so prepay any Eurodollar Rate Loan, then concurrently with such prepayment, the Borrower shall borrow from the affected Bank, in the amount of such repayment, a Base Rate Loan.

(c) If the obligation of any Bank to make or maintain Eurodollar Rate Loans has been so terminated or suspended, the Borrower may elect, by giving notice to the Bank through the Administrative Agent that all Loans which would otherwise be made by the Bank as Eurodollar Rate Loans shall be instead Base Rate Loans.

(d) Before giving any notice to the Administrative Agent under this Section, the affected Bank shall designate a different Lending Office with respect to its Eurodollar Rate Loans if such designation will avoid the need for giving such notice or making such demand and will not, in the judgment of the Bank, be illegal or otherwise disadvantageous to the Bank.

4.03 Increased Costs and Reduction of Return. (a) If any Bank determines that, due to either (i) the introduction of or any change (other than any change by way of imposition of or increase in reserve requirements included in the calculation of the Eurodollar Rate or in respect of the assessment rate payable by any Bank to the FDIC for insuring U.S. deposits) in or in the interpretation of any law or regulation or (ii) the compliance by that Bank with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law), there shall be any increase in the cost to such Bank of agreeing to make or making, funding or maintaining any Eurodollar Rate Loans or participating in Letters of Credit, or, in the case of any Issuing Bank, any increase in the cost to such Issuing Bank of agreeing to issue, issuing or maintaining any Letter of Credit or of agreeing to make or making, funding or maintaining any unpaid drawing under any Letter of Credit, then the Borrower shall be liable for, and shall from time to time, upon demand (with a copy of such demand to be sent to the Administrative Agent), pay to the Administrative Agent for the account of such Bank, additional amounts as are sufficient to compensate such Bank for such increased costs; provided, however, that if a Bank fails to make such demand within 90 days after such Bank obtains actual knowledge of the event entitling such Bank to compensation under this Section

4.03(a), such Bank shall, with respect to compensation payable pursuant to this Section 4.03(a) in respect of any costs resulting from such event, only be entitled to payment under this Section 4.03(a) for costs incurred from and after the date 90 days prior to the date that such Bank makes such demand.

(b) If any Bank shall have determined that (i) the introduction of any Capital Adequacy Regulation, (ii) any change in any Capital Adequacy Regulation, (iii) any change in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other Governmental Authority charged with the interpretation or administration thereof, or (iv) compliance by the Bank (or its Lending Office) or any corporation controlling the Bank with any Capital Adequacy Regulation, affects or would affect the amount of capital required or expected to be maintained by the Bank or any corporation controlling the Bank and (taking into consideration such Bank's or such corporation's policies with respect to capital adequacy and such Bank's desired return on capital) determines that the amount of such capital is increased as a consequence of its Revolving Loan Commitments, Loans, credits or obligations under this Agreement, then, upon demand of such Bank to the Borrower through the Administrative Agent, the Borrower shall pay to the Bank, from time to time as specified by the Bank, additional amounts sufficient to compensate the Bank for such increase; provided, however, that if a Bank fails to make such demand within 90 days after such Bank obtains actual knowledge of the event entitling such Bank to compensation under this Section 4.03(a), such Bank shall, with respect to compensation payable pursuant to this Section 4.03(a) in respect of any costs resulting from such event, only be entitled to payment under this Section 4.03(a) for costs incurred from and after the date 90 days prior to the date that such Bank makes such demand.

4.04 Funding Losses. The Borrower shall reimburse each Bank and hold each Bank harmless from any loss or expense which the Bank may sustain or incur as a consequence of:

(a) the failure of the Borrower to make on a timely basis any payment of principal of any Eurodollar Rate Loan;

(b) the failure of the Borrower to borrow, continue or convert a Loan after the Borrower has given (or is deemed to have given) a Notice of Borrowing or a Notice of Conversion/ Continuation;

(c) the failure of the Borrower to make any prepayment of Eurodollar Rate Loans in accordance with any notice delivered under Section 2.06;

(d) the prepayment (including pursuant to Section 2.07) or other payment (including after acceleration thereof) of a Eurodollar Rate Loan on a day that is not the last day of the relevant Interest Period; or

(e) the automatic conversion under Section 2.04 of any Eurodollar Rate Loan to a Base Rate Loan on a day that is not the last day of the relevant Interest Period;

including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its Eurodollar Rate Loans or from fees payable to terminate the deposits from which such funds were obtained. Such reimbursement of funding losses or expenses shall be paid by the Borrower to the Administrative Agent within 15 days after demand therefor. For purposes of calculating amounts payable by the Borrower to the Banks under this Section and under Section 4.03(a), each Eurodollar Rate Loan made by a Bank (and each related reserve, special deposit or similar requirement) shall be conclusively deemed to have been funded at the LIBOR used in determining the Eurodollar Rate for such Eurodollar Rate Loan by a matching deposit or other borrowing in the interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan is in fact so funded.

4.05 Inability to Determine Rates . If the Administrative Agent determines that for any reason adequate and reasonable means do not exist for determining the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan or that the Eurodollar Rate applicable pursuant to Section 2.09(a) for any requested Interest Period with respect to a proposed Eurodollar Rate Loan does not adequately and fairly reflect the cost to such Banks of funding such Loan, the Administrative Agent will promptly so notify the Borrower and each Bank. Thereafter, the obligation of the Banks to make or maintain Eurodollar Rate Loans under this Agreement shall be suspended until the Administrative Agent upon the instruction of the Majority Banks revokes such notice in writing. Upon receipt of such notice, the Borrower may revoke any Notice of Borrowing or Notice of Conversion/Continuation then submitted by it. If the Borrower does not revoke such Notice, the Banks shall make, convert or continue the Loans, as proposed by the Borrower, in the amount specified in the applicable notice submitted by the Borrower, but such Loans shall be made, converted or continued as Base Rate Loans instead of Eurodollar Rate Loans.

4.06 Survival. The agreements and obligations of the Borrower in this Article IV shall survive the payment of all other Obligations.

4.07 Replacement of Banks. In the event that (a) any Bank shall request compensation from the Borrower pursuant to Section 4.01 or 4.03 or (b) any Bank shall elect not to extend the Revolving Loan Termination Date as provided in Section 2.08(c), the Borrower may, so long as no Event of Default has occurred and is continuing, give not less than ten Business Days' prior notice to such Bank (with a copy to the Administrative Agent) that the Borrower intends to replace such Bank with respect to its rights and obligations as a "Bank" under this Agreement (including with respect to such Bank's Revolving Loan Commitments, Loans and interest in L/C Obligations) with one or more Eligible Assignees (which may be one or more of the Banks) selected by the Borrower and acceptable to the Administrative Agent and the Issuing Bank(s) (none of which shall unreasonably withhold its consent). The Borrower and each such Bank to be so replaced agrees that such Bank's Revolving Loan Commitments, Loans, interest in L/C Obligations and other rights and obligations of such Bank under this Agreement shall be transferred pursuant and subject to an assignment made in

compliance with Section 11.08.

ARTICLE V

CONDITIONS PRECEDENT

5.01 Conditions to Effectiveness. The effectiveness of the amendment and restatement of the Existing Credit Agreement is subject to the condition that the Administrative Agent have received on or before April 30, 2000 all of the following, in form and substance satisfactory to the Administrative Agent and, where provided below, each Bank, and in sufficient copies for each Bank:

(a) Credit Agreement and any Notes. This Agreement and any Notes requested by the Banks, executed by each party thereto.

(b) Resolutions; Incumbency.

(i) Copies of partnership authorizations for the Borrower and resolutions of the board of directors of the General Partner authorizing the transactions contemplated hereby, certified as of the Restatement Effective Date by the Secretary or an Assistant Secretary of the General Partner; and

(ii) A certificate of the Secretary or Assistant Secretary of the General Partner certifying the names and true signatures of the officers of the General Partner authorized to execute, deliver and perform, as applicable, on behalf of the Borrower and the General Partner, this Agreement and all other Loan Documents to be delivered by the Borrower and the General Partner under this Agreement.

(c) Organization Documents; Good Standing. Each of the following documents:

(i) the articles or certificate of incorporation and the bylaws of the General Partner and the Certificate of Limited Partnership and the Partnership Agreement of the Borrower, in each case as in effect on the Restatement Effective Date, certified by the Secretary or Assistant Secretary of the General Partner as of the Restatement Effective Date;

(ii) a good standing and tax good standing certificate for the General Partner and the Borrower from the Secretary of State (or similar, applicable Governmental Authority) of its state of incorporation or organization, as applicable, and each other state designated by Administrative Agent where the General Partner or the Borrower conducts significant business, in each case as of a recent date.

(d) Legal Opinions. The following legal opinions:

(i) the opinion of Bracewell & Patterson, L.L.P., counsel to the Borrower, the General Partner and the Guarantors, or of such other counsel as are acceptable to the Administrative Agent and the Banks, addressed to the Administrative Agent and the Banks, substantially in the form of Exhibit D; and

(ii) a favorable opinion of Orrick, Herrington & Sutcliffe LLP, special counsel to the Administrative Agent.

(e) Payment of Fees. Evidence of payment by the Borrower of all accrued and unpaid fees, costs and expenses to the extent then due and payable on the Restatement Effective Date, together with Attorney Costs of the Administrative Agent to the extent invoiced prior to or on the Restatement Effective Date, plus such additional amounts of Attorney Costs as shall constitute the Administrative Agent's reasonable estimate of Attorney Costs incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude final settling of accounts between the Borrower and the Administrative Agent); including any such costs, fees and expenses arising under or referenced in the Fee Letter or otherwise in Sections 2.10 and 11.04.

(f) Certificate. A certificate signed by a Responsible Officer, dated as of the Restatement Effective Date, stating that:

(i) the representations and warranties contained in Article VI are true and correct on and as of such date, as though made on and as of such date;

(ii) no Default or Event of Default shall have occurred and is continuing;

(iii) there has not occurred since April 30, 1999 any event or circumstance that has resulted or could reasonably be expected to result in a Material Adverse Effect; and

(iv) on February 28, 2000, the Borrower (A) issued the 2000 Notes in an aggregate principal amount equal to $184,000,000 and (B) repaid in full all of its outstanding obligations and irrevocably terminated the commitments under its Credit Agreement dated as of December 17, 1999 with BofA (in its capacity as the Administrative Agent and the sole Bank thereunder).

(g) No Material Change. There shall have been no Material Adverse Effect between April 30, 1999 and the Restatement Effective Date.

(h) Trading Policies. The trading position policy and the supply inventory position policy as in effect on the Restatement Effective Date, as evidenced by the written policies delivered to the Administrative Agent, shall be satisfactory to the Administrative Agent and the Majority Banks.

(i) Payments under Existing Credit Agreement. Evidence that all interest and fees accrued under the Existing Credit Agreement through and including the Restatement Effective Date shall have been paid by the Borrower.

(j) Assignments. The Banks which are a party to the Existing Credit Agreement shall have effected any assignments of their rights and obligations under the Existing Credit Agreement as may be necessary in order to reflect any change to the Pro Rata Shares of the Banks under this Agreement as of the Restatement Effective Date.

(k) Other Documents. Such other approvals, opinions, documents or materials as the Administrative Agent or any Bank may request.

5.02 Conditions to All Extensions of Credit. The obligation of each Bank to make any Loan to be made by it (including its initial Loan) or to continue or convert any Loan under Section 2.04 and the obligation of the Issuing Banks to Issue any Letters of Credit (including any initial Letters of Credit) is subject to the satisfaction of the following conditions precedent on the relevant Borrowing Date, Conversion/Continuation Date or Issuance Date:

(a) Notice, Application. The Administrative Agent shall have received (with, in the case of the initial Loans only, a copy for each Bank) a Notice of Borrowing or a Notice of Conversion/Continuation, as applicable, or in the case of any Issuance of any Letter of Credit, the applicable Issuing Bank and the Administrative Agent shall have received an L/C Application or L/C Amendment Application, as required under Section 3.02;

(b) Continuation of Representations and Warranties. The representations and warranties in Article VI shall be true and correct in all material respects on and as of such Borrowing Date, Conversion/Continuation Date or Issuance Date with the same effect as if made on and as of such Borrowing Date, Conversion/Continuation Date or Issuance Date (except to the extent such representations and warranties expressly refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date and other than Section 6.22, which shall be true and correct in all material respects on the Restatement Effective Date); and

(c) No Existing Default. No Default or Event of Default shall exist or shall result from such Borrowing, continuation or conversion or Issuance.

(d) Note Purchase Agreements. The incurrence and maintenance of such Loan or Letter of Credit, as the case may be, shall be permitted under Section 10.1 or Section 10.3, as applicable, of the 1998 Note Purchase Agreement and the 2000 Note Purchase Agreement, and the Borrower shall have delivered to the Administrative Agent an officer's certificate demonstrating compliance with such sections.

Each Notice of Borrowing, Notice of Conversion/Continuation and L/C Application or L/C Amendment Application submitted by the Borrower under this Agreement shall constitute a representation and warranty by the Borrower under this Agreement, as of the date of each such notice and as of each Borrowing Date, Conversion/Continuation Date or Issuance Date, as applicable, that the conditions in Section 5.02 are satisfied.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

Each of the Borrower and the General Partner represents and warrants to the Administrative Agent and each Bank that:

6.01 Corporate or Partnership Existence and Power. The General Partner, the MLP, the Borrower and each of the Restricted Subsidiaries:

(a) is a corporation or partnership duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

(b) has the power and authority and all governmental licenses, authorizations, consents and approvals to own its assets, carry on its business as now being or as proposed to be conducted and to execute, deliver, and perform its obligations under the Loan Documents;

(c) is duly qualified as a foreign corporation or partnership and is licensed and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification or license or where the failure so to qualify could reasonably be expected to have a Material Adverse Effect; and

(d) is in compliance with all Requirements of Law, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect.

6.02 Corporate or Partnership Authorization; No Contravention. The execution, delivery and performance by the Borrower and the General Partner of this Agreement and each other Loan Document to which the General Partner, the Borrower or any Restricted Subsidiary is party, have been duly authorized by all necessary partnership action on behalf of the Borrower and all necessary corporate action on behalf of the General Partner and any Restricted Subsidiary, and do not and will not:

(a) contravene the terms of any of the General Partner's, the MLP's, the Borrower's or any Restricted Subsidiary's Organization Documents;

(b) conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any Contractual Obligation to which the General Partner, the MLP, the Borrower or any Restricted Subsidiary is a party or any order, injunction, writ or decree of any Governmental Authority to which such Person or its property is subject where such conflict, breach, contravention or Lien could reasonably be expected to have a Material Adverse Effect; or

(c) violate any material Requirement of Law.

6.03 Governmental Authorization. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority is necessary or required in connection with (a) the execution, delivery or performance by, or enforcement against, the General Partner, the Borrower or any Restricted Subsidiary of this Agreement or any other Loan Document, or (b) the continued operation of Borrower's business as contemplated to be conducted after the date hereof by the Loan Documents, except in each case such approvals, consents, exemptions, authorizations or other actions, notices or filings (i) as have been obtained, (ii) as may be required under state securities or Blue Sky laws, (iii) as are of a routine or administrative nature and are either (A) not customarily obtained or made prior to the consummation of transactions such as the transactions described in clauses (a) or (b) or (B) expected in the judgment of the Borrower to be obtained in the ordinary course of business subsequent to the consummation of the transactions described in clauses (a) or (b), or (iv) that, if not obtained, could not reasonably be expected to have a Material Adverse Effect.

6.04 Binding Effect. This Agreement and each other Loan Document to which the General Partner, the Borrower or any Restricted Subsidiary is a party constitute the legal, valid and binding obligations of such Person, enforceable against such Person in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

6.05 Litigation. There are no actions, suits, proceedings, claims or disputes pending, or to the best knowledge of the Borrower, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against the General Partner, the MLP, the Borrower or any of its Subsidiaries or any of their respective properties which:

(a) purport to affect or pertain to this Agreement or any other Loan Document or any of the transactions contemplated hereby or thereby; or

(b) if determined adversely to the Borrower or its Subsidiaries, would reasonably be expected to have a Material Adverse Effect. No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Loan Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

6.06 No Default. No Default or Event of Default exists or would result from the incurring, continuing or converting of any Obligations by the Borrower. As of the Restatement Effective Date, neither the Borrower nor any Affiliate of the Borrower is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect, or that would, if such default had occurred after the Restatement Effective Date, create an Event of Default under Section 9.01(e).

6.07 ERISA Compliance. (a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law. Each Plan which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS and to the best knowledge of the Borrower and the General Partner, nothing has occurred which would cause the loss of such qualification.

(b) There are no pending, or to the best knowledge of Borrower and the General Partner, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect. There has been no prohibited transaction or other violation of the fiduciary responsibility rule with respect to any Plan which could reasonably result in a Material Adverse Effect.

(c) No ERISA Event has occurred or is reasonably expected to occur with respect to any Pension Plan.

(d) No Pension Plan has any Unfunded Pension Liability that could reasonably be expected to have a Material Adverse Effect.

(e) The Borrower has not incurred, nor does it reasonably expect to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA).

(f) The Borrower has not transferred any Unfunded Pension Liability to any Person or otherwise engaged in a transaction that could be subject to Section 4069 of ERISA.

(g) Except as specifically disclosed in Schedule 6.07, no trade or business (whether or not incorporated under common control with the Borrower within the meaning of Section 414(b), (c), (m) or (o) of the Code) maintains or contributes to any Pension Plan or other Plan subject to Section 412 of the Code. Except as specifically disclosed in Schedule 6.07, neither the Borrower nor any Person under common control with the Borrower (as defined in the preceding sentence) has ever contributed to any multiemployer plan within the meaning of Section 4001(a)(3) of ERISA.

6.08 Use of Proceeds; Margin Regulations. The proceeds of the Loans are to be used solely for the purposes set forth in and permitted by Section 7.11 and Section 8.07. Neither the Borrower nor any Affiliate of the Borrower is generally engaged in the business of purchasing or selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock.

6.09 Title to Properties. The Borrower and each Restricted Subsidiary have good record and marketable title in fee simple to, or valid leasehold interests in,

all real property necessary or used in the ordinary conduct of their respective businesses, except for such defects in title as could not, individually or in the aggregate, have a Material Adverse Effect. As of the Restatement Effective Date and subject to the preceding sentence, the property of the Borrower and its Restricted Subsidiaries is subject to no Liens other than Permitted Liens.

6.10 Taxes. The General Partner has filed all Federal and other material tax returns and reports required to be filed, for itself and for the Borrower, and has paid all Federal and other material taxes, assessments, fees and other governmental charges levied or imposed upon it or its properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against the Borrower that would, if made, have a Material Adverse Effect.

6.11 Financial Condition. (a) The audited consolidated financial statements of the General Partner, the Borrower, the MLP and their respective Subsidiaries dated July 31, 1999 and the unaudited consolidated financial statements of the General Partner, the Borrower, the MLP and their respective Subsidiaries dated January 31, 2000, in each case together with the related consolidated statements of income or operations, shareholders' equity and cash flows for the fiscal periods ended on those respective dates:

(i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, subject to ordinary, good faith year end audit adjustments;

(ii) fairly present the financial condition of the Borrower and its Subsidiaries as of the date thereof and results of operations for the period covered thereby; and

(iii) show all material indebtedness and other liabilities, direct or contingent, of the Borrower and its consolidated Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Contingent Obligations (except that since such date the Borrower (x) issued $184,000,000 aggregate principal amount of the 2000 Notes and (y) repaid in full and irrevocably terminated the commitments under its $183,000,000 credit facility with BofA).

(b) Since January 31, 2000, there has been no Material Adverse Effect.

(c) The General Partner, the MLP, the Borrower and each of the Restricted Subsidiaries are each Solvent, both before and after giving effect to the consummation of each of the transactions contemplated by the Loan Documents.

6.12 Environmental Matters. The Borrower conducts in the ordinary course of business a review of the effect of existing Environmental Laws and existing Environmental Claims on its business, operations and properties, and as a result thereof the Borrower has reasonably concluded that such Environmental Laws and Environmental Claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

6.13 Regulated Entities. None of the Borrower or any Affiliate of the Borrower, is an "Investment Company" within the meaning of the Investment Company Act of 1940. The Borrower is not subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, any state public utilities code, or any other Federal or state statute or regulation limiting its ability to incur Indebtedness.

6.14 No Burdensome Restrictions. Neither the Borrower nor any Restricted Subsidiary is a party to or bound by any Contractual Obligation, or subject to any restriction in any Organization Document, or any Requirement of Law, which could reasonably be expected to have a Material Adverse Effect.

6.15 Copyrights, Patents, Trademarks and Licenses, etc. The Borrower and the Restricted Subsidiaries own or are licensed or otherwise have the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other rights that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person, except for those patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other rights the failure of which to obtain could not reasonably be expected to have a Material Adverse Effect. To the best knowledge of the Borrower, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by the Borrower or any Restricted Subsidiary infringes upon any rights held by any other Person. No claim or litigation regarding any of the foregoing is pending or, to the best knowledge of the Borrower, threatened, and no patent, invention, device, application, principle or any statute, law, rule, regulation, standard or code is pending or, to the knowledge of the Borrower, proposed, which, in either case, could reasonably be expected to have a Material Adverse Effect.

6.16 Subsidiaries and Affiliates. The Borrower (a) has no Subsidiaries or other Affiliates except (i) those specifically disclosed in Schedule 6.16 as of the Restatement Effective Date, (ii) SPEs established in connection with Accounts Receivable Securitizations permitted by Section 8.05, (iii) Restricted and Unrestricted Subsidiaries established in compliance with Section 8.21 subsequent to the Restatement Effective Date and (iv) Joint Ventures established in compliance with Section 8.10 subsequent to the Restatement Effective Date, and (b) has no equity investments in any corporation or entity other than Subsidiaries and Affiliates disclosed in subsection (a) above and other Permitted Investments.

6.17 Insurance. The properties of the Borrower and the Restricted Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of the Borrower, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Borrower or each such

Subsidiary operates and consistent with the practice of the Borrower and the Restricted Subsidiaries as of the Restatement Effective Date.

6.18 Tax Status. The Borrower is subject to taxation under the Code only as a partnership and not as a corporation.

6.19 Full Disclosure. None of the representations or warranties made by the Borrower or any Affiliate of the Borrower in the Loan Documents as of the date such representations and warranties are made or deemed made, and none of the statements contained in any exhibit, report, statement or certificate furnished by or on behalf of the Borrower or any Affiliate of the Borrower in connection with the Loan Documents contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered.

6.20 Fixed Price Supply Contracts. None of the Borrower and its Subsidiaries (other than Non-Recourse Subsidiaries) is a party to any contract for the supply of propane or other product except where (a) the purchase price is set with reference to a spot index or indices substantially contemporaneously with the delivery of such product or (b) delivery of such propane or other product is to be made no more than two years after the purchase price is agreed to.

6.21 Trading Policies. The Borrower has provided to the Administrative Agent an accurate and complete summary of its trading position policy and supply inventory position policy and the Borrower has complied in all material respects with such policies.

6.22 Year 2000. The Borrower and its Subsidiaries have reviewed the areas within their business and operations which could have been or could continue to be adversely affected by the "Year 2000 Problem" (that is, the risk that computer applications used by the Borrower and its Subsidiaries may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date on or after December 31, 1999). Accordingly, the Borrower and its Subsidiaries have developed a program to address such related problems, and have made related appropriate inquiry of material suppliers and vendors. To date, no problems connected with the Year 2000 Problem have occurred which have had a Material Adverse Effect on the Borrower or its Subsidiaries. Although some problems related to the Year 2000 Problem may remain as yet undetected, the Borrower believes that, based on such review and program, the "Year 2000 Problem" will not have a Material Adverse Effect.

ARTICLE VII

AFFIRMATIVE COVENANTS

So long as any Bank shall have any Revolving Loan Commitment under this Agreement, or any Loan or other Obligation shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, unless the Majority Banks waive compliance in writing:

7.01 Financial Statements. The Borrower shall deliver to the Administrative Agent, in form and detail satisfactory to the Administrative Agent and the Majority Banks and consistent with the form and detail of financial statements and projections provided to the Administrative Agent by the Borrower and its Affiliates prior to the Restatement Effective Date, with sufficient copies for each Bank:

(a) as soon as available, but not later than 100 days after the end of each fiscal year (commencing with the fiscal year ended July 31, 2000), a copy of the audited consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such year and the related consolidated statements of income or operations, partners' or shareholders' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, and accompanied by the opinion of a nationally-recognized independent public accounting firm ("Independent Auditor") which report shall state that such consolidated financial statements present fairly the financial position for the periods indicated in conformity with GAAP applied on a basis consistent with prior years. Such opinion shall not be qualified or limited in any manner, including on account of any limitation on it because of a restricted or limited examination by the Independent Auditor of any material portion of the Borrower's or any Subsidiary's records;

(b) as soon as available, but not later than 45 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the fiscal quarter ended April 30, 2000), a copy of the unaudited consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such quarter and the related consolidated statements of income, partners' or shareholders' equity and cash flows for the period commencing on the first day and ending on the last day of such quarter, and certified by a Responsible Officer as fairly presenting, in accordance with GAAP (subject to ordinary, good faith year-end audit adjustments), the financial position and the results of operations of the Borrower and the Subsidiaries;

(c) as soon as available, but not later than 100 days after the end of each fiscal year (commencing with the first fiscal year during all or any part of which the Borrower had one or more Significant Subsidiaries), a copy of an unaudited consolidating balance sheet of the Borrower and its Subsidiaries as at the end of such year and the related consolidating statement of income, partners' or shareholders' equity and cash flows for such year, certified by a Responsible Officer as having been developed and used in connection with the preparation of the financial statements referred to in Section 7.01(a);

(d) as soon as available, but not later than 45 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the first fiscal quarter during all or any part of which the Borrower had one or more Significant Subsidiaries), a copy of the unaudited consolidating balance sheets of the Borrower and its Subsidiaries, and the related consolidating statements

of income, partners' or shareholders' equity and cash flows for such quarter, all certified by a Responsible Officer as having been developed and used in connection with the preparation of the financial statements referred to in Section 7.01(b);

(e) as soon as available, but not later than 60 days after the end of each fiscal year (commencing with the fiscal year ended July 31, 2000), projected consolidated balance sheets of the Borrower and its Subsidiaries as at the end of each of the current and following two fiscal years and related projected consolidated statements of income, partners' or shareholders' equity and cash flows for each such fiscal year, including therein a budget for the current fiscal year, certified by a Responsible Officer as having been developed and prepared by the Borrower in good faith and based upon the Borrower's best estimates and best available information;

(f) as soon as available, but not later than 100 days after the end of each fiscal year of the General Partner (commencing with the fiscal year ended July 31, 2000), a copy of the unaudited (or audited, if available) consolidated balance sheets of the General Partner as of the end of such fiscal year and the related consolidated statements of income, shareholders' equity and cash flows for such fiscal year, certified by a Responsible Officer as fairly presenting, in accordance with GAAP, the financial position and the results of operations of the General Partner and its Subsidiaries (or, if available, accompanied by an opinion of an Independent Auditor as described in Section 7.01(a)); and

(g) as soon as available, but not later than 45 days after the end of each of the first three fiscal quarters of each fiscal year and, with respect to the final fiscal quarter, concurrently with the financial statements referred to in Section 7.01(a), a trading position report as of the last day of each fiscal quarter, certified by a Responsible Officer.

7.02 Certificates; Other Information. The Borrower shall furnish to the Administrative Agent, with sufficient copies for each Bank:

(a) concurrently with the delivery of the financial statements referred to in Section 7.01(a), a certificate of the Independent Auditor stating that in making the examination necessary therefor no knowledge was obtained of any Default or Event of Default, except as specified in such certificate;

(b) concurrently with the delivery of the financial statements referred to in Sections 7.01(a) and (b), a Compliance Certificate executed by a Responsible Officer with respect to the periods covered by such financial statements together with supporting calculations and such other supporting detail as the Administrative Agent and Majority Banks shall require;

(c) promptly, copies of all financial statements and reports that the Borrower, the General Partner, the MLP or any Subsidiary sends to its partners or shareholders, and copies of all financial statements and regular, periodic or special reports (including Forms 10-K, 10-Q and 8-K) that the Borrower or any Affiliate of the Borrower, the General Partner, the MLP or any Subsidiary may make to, or file with, the SEC; and

(d) promptly, such additional information regarding the business, financial or corporate affairs of the Borrower, the General Partner, the MLP or any Subsidiary as the Administrative Agent, at the request of any Bank, may from time to time request.

7.03 Notices. The Borrower shall promptly notify the Administrative Agent and each Bank: -------

(a) of the occurrence of any Default or Event of Default;

(b) of any matter that has resulted or may reasonably be expected to result in a Material Adverse Effect, including (i) breach or non-performance of, or any default under, a Contractual Obligation of the Borrower, the General Partner, the MLP or any Subsidiary; (ii) any dispute, litigation, investigation, proceeding or suspension between the Borrower, the General Partner, the MLP or any Subsidiary and any Governmental Authority; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting the Borrower, the General Partner, the MLP or any Subsidiary, including pursuant to any applicable Environmental Laws, in each case to the extent that any of the foregoing has resulted or may reasonably be expected to result in a Material Adverse Effect;

(c) of any of the following events affecting the Borrower, the General Partner, the MLP or any Subsidiary, together with a copy of any notice with respect to such event that may be required to be filed with a Governmental Authority and any notice delivered by a Governmental Authority to such Person with respect to such event:

(i) an ERISA Event;

(ii) if any of the representations and warranties in Section 6.07 ceases to be true and correct;

(iii) the adoption of any new Pension Plan or other Plan subject to Section 412 of the Code;

(iv) the adoption of any amendment to a Pension Plan or other Plan subject to Section 412 of the Code, if such amendment results in a material increase in contributions or Unfunded Pension Liability; or

(v) the commencement of contributions to any Pension Plan or other Plan subject to Section 412 of the Code;

(d) of any material change in accounting policies or financial reporting practices by the Borrower or any of its consolidated Subsidiaries; and

(e) not later than five Business Days after the effective date of a change in the Borrower's trading position policy or inventory supply position policy, of any change in either policy.

Each notice under this Section shall be accompanied by a written statement by a Responsible Officer setting forth details of the occurrence referred to therein, and stating what action the Borrower or any affected Affiliate proposes to take with respect thereto and at what time. Each notice under Section 7.03(a) shall describe with particularity any and all clauses or provisions of this Agreement or other Loan Document that have been breached or violated.

7.04 Preservation of Corporate or Partnership Existence, Etc. The General Partner and the Borrower shall, and the Borrower shall cause each Restricted Subsidiary to:

(a) preserve and maintain in full force and effect its partnership or corporate existence and good standing under the laws of its state or jurisdiction of organization or incorporation except in connection with transactions permitted by Section 8.03;

(b) preserve and maintain in full force and effect all governmental rights, privileges, qualifications, permits, licenses and franchises necessary or desirable in the normal conduct of its business except in connection with transactions permitted by Section 8.03 and sales of assets permitted by Section 8.02, except where the failure to so preserve or maintain such governmental rights, privileges, qualifications, permits, licenses and franchises could not reasonably be expected to have a Material Adverse Effect;

(c) preserve its business organization and goodwill, except where the failure to so preserve its business organization or goodwill could not reasonably be expected to have a Material Adverse Effect; and

(d) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

7.05 Maintenance of Property. The Borrower shall maintain, and shall cause each Restricted Subsidiary to maintain, and preserve all its property which is used or useful in its business in good working order and condition, ordinary wear and tear excepted. The Borrower and each Restricted Subsidiary shall use the standard of care typical in the industry in the operation and maintenance of its facilities.

7.06 Insurance. The Borrower shall maintain, and shall cause each Restricted Subsidiary to maintain, with financially sound and reputable independent insurers, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons.

7.07 Payment of Obligations. The Borrower and the General Partner shall, and shall cause each Restricted Subsidiary to, pay and discharge as the same shall become due and payable (except to the extent the failure to so pay and discharge could not reasonably be expected to have a Material Adverse Effect), all their respective obligations and liabilities, including:

(a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by the Borrower, the General Partner or such Subsidiary;

(b) all lawful claims which, if unpaid, would by law become a Lien upon its property, unless such claims are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by the Borrower, the General Partner or such Subsidiary; and

(c) all Indebtedness, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness.

7.08 Compliance with Laws. The Borrower shall comply, and shall cause each Restricted Subsidiary to comply, with all Requirements of Law of any Governmental Authority having jurisdiction over it or its business (including the Federal Fair Labor Standards Act), except such as may be contested in good faith or as to which a bona fide dispute may exist or the failure of which to comply with could not reasonably be expected to have a Material Adverse Effect.

7.09 Inspection of Property and Books and Records. The Borrower shall maintain and shall cause each Subsidiary to maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Borrower and such Subsidiary. The Borrower shall permit, and shall cause each Subsidiary to permit, representatives and independent contractors of the Administrative Agent or any Bank to visit and inspect any of their respective properties, to examine their respective corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss their respective affairs, finances and accounts with their respective directors, officers, and independent public accountants, all at the expense of the Borrower and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Borrower; provided, however, when an Event of Default exists the Administrative Agent or any Bank may do any of the foregoing at the expense of the Borrower at any time during normal business hours and without advance notice.

7.10 Environmental Laws. The Borrower shall, and shall cause each Restricted Subsidiary to, conduct its operations and keep and maintain its property in

material compliance with all Environmental Laws, except where failure to comply with such Environmental Laws could not reasonably be expected to have a Material Adverse Effect.

7.11 Use of Proceeds. The Borrower shall use the proceeds of (a) the Facility A Revolving Loans for working capital purposes only and (b) the Facility B Revolving Loans for working capital purposes, Acquisitions, capital expenditures and other general partnership purposes, in each case not in contravention of any Requirement of Law or of any Loan Document.

7.12 Financial Covenants.

(a) Leverage Ratio. The Borrower shall maintain as of the last day of each fiscal quarter a Leverage Ratio equal to or less than (i) 5.10 to 1.00 as of the last day of each fiscal quarter ending on or prior to July 31, 2000, (ii) 5.25 to 1.00 as of the last day of each fiscal quarter ending after July 31, 2000 and on or prior to January 31, 2001, and (iii) 4.75 to 1.00 as of the last day of each fiscal quarter ending after January 31, 2001. For purposes of this Section 7.12(a), (x) Funded Debt and Synthetic Lease Obligations shall be calculated as of the last day of such fiscal quarter and (y) Consolidated Cash Flow shall be calculated for the most recently ended four consecutive fiscal quarters, provided, however, that prior to or concurrently with each delivery of a Compliance Certificate pursuant to Section 7.02(b), the Borrower may elect to calculate Consolidated Cash Flow for the most recently ended eight consecutive fiscal quarters (in which case Consolidated Cash Flow shall be divided by two).

(b) Interest Coverage Ratio. The Borrower shall maintain, as of the last day of each fiscal quarter of the Borrower, an Interest Coverage Ratio for the fiscal period consisting of such fiscal quarter and the three immediately preceding fiscal quarters of at least (i) 2.25 to 1.00 for each such period of four fiscal quarters ending on or prior to January 31, 2001 and (ii) 2.50 to 1.00 each such period of four fiscal quarters ending after January 31, 2001.

7.13 Trading and Supply Policies. The Borrower and its Affiliates shall comply with the Borrower's trading position policy and supply inventory position policy as in effect as of the Restatement Effective Date; provided, however, that the Borrower and its Affiliates may, during any period of four consecutive fiscal quarters, (a) increase the loss limits specified in either the trading position or supply inventory position policy by up to 100% of the amount of such limit as in effect as of the Restatement Effective Date and (b) increase the volume limits specified in either of such policies on the number of barrels of a single product or of all products in the aggregate by up to 100% of each such number as in effect as of the Restatement Effective Date.

7.14 Other General Partner Obligations.

(a) The General Partner shall cause the Borrower to pay and perform each of its Obligations when due. The General Partner acknowledges and agrees that it is executing this Agreement as a principal as well as the general partner on behalf of the Borrower, and that its obligations under this Agreement as general partner are full recourse obligations to the same extent as those of the Borrower.

(b) The General Partner represents, warrants and covenants that it is Solvent, both before and after giving effect to the consummation of the transactions contemplated by the Loan Documents, and that it will remain Solvent until all Obligations under this Agreement shall have been repaid in full and all commitments shall have terminated.

(c) The General Partner, for so long as it is the general partner of the Borrower, (i) agrees that its sole business will be to act as the general partner of the Borrower, the MLP and any further limited partnership of which the Borrower or the MLP is, directly or indirectly, a limited partner and to undertake activities that are ancillary or related thereto (including being a limited partner in the Borrower), (ii) shall not enter into or conduct any business or incur any debts or liabilities except in connection with or incidental to (A) its performance of the activities required or authorized by the partnership agreement of the MLP or the Partnership Agreement or described in or contemplated by the MLP Registration Statement, and (B) the acquisition, ownership or disposition of partnership interests in the Borrower or the MLP or any further limited partnership of which the Borrower or the MLP is, directly or indirectly, a limited partner, except that, notwithstanding the foregoing, employees of the General Partner may perform services for Ferrell Companies, Inc. and its Affiliates.

(d) The General Partner agrees that, until all Obligations under this Agreement shall have been repaid in full and all commitments shall have terminated, it will not exercise any rights it may have (at law, in equity, by contract or otherwise) to terminate, limit or otherwise restrict (whether through repurchase or otherwise and whether or not the General Partner shall remain a general partner in the Borrower) the ability of the Borrower to use the name "Ferrellgas".

(e) The General Partner shall not take any action or refuse to take any reasonable action the effect of which, if taken or not taken, as the case may be, would be to cause the Borrower to be treated as an association taxable as a corporation or otherwise to be taxed as an entity other than a partnership for federal income tax purposes.

7.15 Monetary Judgments. If one or more judgments, orders, decrees or arbitration awards is entered against the Borrower or any Restricted Subsidiary involving in the aggregate a material liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage other than through a standard reservation of rights letter) as to any single or related series of transactions, incidents or conditions, then the Borrower shall maintain adequate reserves for such amount in accordance with GAAP. Such amount so reserved shall be treated as establishment of a reserve for purposes of calculating Available Cash under this Agreement.

7.16 Designations With Respect to Subsidiaries.

(a) The Borrower may designate any Restricted Subsidiary or newly acquired or formed Subsidiary as an Unrestricted Subsidiary or any Unrestricted Subsidiary or newly acquired or formed Subsidiary as a Restricted Subsidiary, in each case subject to satisfaction of each of the following conditions:

(i) immediately before and after giving effect to such designation, no Default or Event of Default shall exist and be continuing;

(ii) after giving effect to such designation, the Borrower would be permitted to incur at least $1 of additional Indebtedness in accordance with the provisions of Section 8.05;

(iii) in the case of a designation of a Restricted Subsidiary, such Restricted Subsidiary shall have executed and delivered to the Administrative Agent a Guaranty and the Borrower shall otherwise be in compliance with Section 8.21;

(iv) in the case of a designation as an Unrestricted Subsidiary (including the designation of a Restricted Subsidiary as an Unrestricted Subsidiary), (x) if such designation were deemed to constitute a sale by the Borrower or any Restricted Subsidiary of all the assets of the Subsidiary so designated, such sale would be in compliance with of Section 8.02 and (y) if such designation (and all other prior designations of Restricted Subsidiaries or newly acquired or formed Subsidiaries as Unrestricted Subsidiaries) were deemed to constitute an Investment by the Borrower or any Restricted Subsidiary in respect of all the assets of the Subsidiary so designated, such investment would be a Permitted Investment, in each case with the net proceeds of such sale or the amount of such Investment being deemed to equal the net book value of such assets in the case of a Restricted Subsidiary or the cost of acquisition or formation in the case of a newly acquired or formed Subsidiary; and

(v) in the case of a designation of a Restricted Subsidiary as an Unrestricted Subsidiary, such Restricted Subsidiary shall not have been an Unrestricted Subsidiary prior to being designated a Restricted Subsidiary.

(b) The Borrower shall deliver to the Administrative Agent and each Bank, within 20 Business Days after any such designation, a certificate of a Responsible Officer stating the effective date of such designation and stating that the foregoing conditions have been satisfied. Such certificate shall be accompanied by a schedule setting forth in reasonable detail the calculations demonstrating compliance with such conditions, where appropriate.

(c) In the case of the designation of any Unrestricted Subsidiary as a Restricted Subsidiary, such new Restricted Subsidiary shall be deemed to have made or acquired all Investments owned by it and incurred all Indebtedness and other obligations owing by it and all Liens to which it or any of its properties are subject, on the date of such designation.

ARTICLE VIII

NEGATIVE COVENANTS

So long as any Bank shall have any Revolving Loan Commitment under this Agreement, or any Loan or other Obligation shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, unless the Majority Banks waive compliance in writing:

8.01 Limitation on Liens. The Borrower shall not, and shall not suffer or permit any Restricted Subsidiary to, directly or indirectly, make, create, incur, assume or suffer to exist any Lien upon or with respect to any part of its property or sell any of its accounts receivable, whether now owned or hereafter acquired, other than the following ("Permitted Liens"):

(a) Liens existing on the Restatement Effective Date set forth in Schedule 8.01;

(b) Liens in favor of the Borrower or Liens to secure Indebtedness of a Restricted Subsidiary to the Borrower or a Wholly-Owned Subsidiary;

(c) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Borrower or any Restricted Subsidiary, provided that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Borrower;

(d) Liens on property existing at the time acquired by the Borrower or any Restricted Subsidiary, provided that such Liens were in existence prior to the contemplation of such acquisition and do not extend to any assets other than those of the Person acquired;

(e) Liens on any property or asset acquired by the Borrower or any Restricted Subsidiary in favor of the seller of such property or asset and construction mortgages on property, in each case, created within six months after the date of acquisition, construction or improvement of such property or asset by the Borrower or such Subsidiary to secure the purchase price or other obligation of the Borrower or such Subsidiary to the seller of such property or asset or the construction or improvement cost of such property in an amount up to 80% of the total cost of the acquisition, construction or improvement of such property or asset; provided that in each case such Lien does not extend to any other property or asset of the Borrower and its Subsidiaries;

(f) Liens incurred or pledges and deposits made in connection with worker's compensation, unemployment insurance and other social security benefits and Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature, in each case, incurred in the ordinary course of business;

(g) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, provided that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;

(h) Liens imposed by law, such as mechanics', carriers', warehousemen's, materialmen's, and vendors' Liens, incurred in good faith in the ordinary course of business with respect to amounts not yet delinquent or being contested in good faith by appropriate proceedings if a reserve or other appropriate provisions, if any, as shall be required by GAAP shall have been made therefor;

(i) zoning restrictions, easements, licenses, covenants, reservations, restrictions on the use of real property or minor irregularities of title incident thereto that do not, in the aggregate, materially detract from the value of the property or the assets of the Borrower or any of its Subsidiaries or impair the use of such property in the operation of the business of the Borrower or any of its Subsidiaries;

(j) Liens of landlords or mortgages of landlords, arising solely by operation of law, on fixtures and movable property located on premises leased by the Borrower or any of its Subsidiaries in the ordinary course of business; (k) Liens incurred and financing statements filed or recorded, in each case with respect to personal property leased by the Borrower and its Subsidiaries in the ordinary course of business to the owners of such personal property which are either (i) operating leases (including, without limitation, Synthetic Leases) or (ii) Capital Leases to the extent (but only to the extent) permitted by Section 8.05; provided, that in each case such Lien does not extend to any other property or asset of the Borrower and its Subsidiaries;

(l) judgment Liens to the extent that such judgments do not cause or constitute a Default or an Event of Default;

(m) Liens incurred in the ordinary course of business of the Borrower or any Restricted Subsidiary with respect to obligations that do not exceed $5,000,000 in the aggregate at any one time outstanding and that (i) are not incurred in connection with the borrowing of money or the obtaining of advances or credit (other than trade credit in the ordinary course of business) and (ii) do not in the aggregate materially detract from the value of the property or materially impair the use thereof in the operation of business by the Borrower or such Subsidiary;

(n) Liens securing Indebtedness incurred to refinance Indebtedness that has been secured by a Lien otherwise permitted under this Agreement, provided that (i) any such Lien shall not extend to or cover any assets or property not securing the Indebtedness so refinanced and (ii) the refinancing Indebtedness secured by such Lien shall have been permitted to be incurred under Section 8.05 and shall not have a principal amount in excess of the Indebtedness so refinanced;

(o) any extension or renewal, or successive extensions or renewals, in whole or in part, of Liens permitted pursuant to the foregoing clauses (a) through (n); provided that no such extension or renewal Lien shall (i) secure more than the amount of Indebtedness or other obligations secured by the Lien being so extended or renewed or (ii) extend to any property or assets not subject to the Lien being so extended or renewed;

(p) Liens in favor of the Administrative Agent, any Issuing Bank and the Banks relating to the Cash Collateralization of the Borrower's Obligations; and

(q) Liens securing Indebtedness of an SPE in connection with an Accounts Receivable Securitization permitted by Section 8.05 (including the filing of any related financing statements naming the Borrower as the debtor thereunder in connection with the sale of accounts receivable by the Borrower to such SPE in connection with any such permitted Accounts Receivable Securitization); provided that the aggregate amount of accounts receivable subject to all such Liens shall at no time exceed 133% of the amount of Accounts Receivable Securitizations permitted to be outstanding under such Section 8.05.

8.02 Asset Sales. The Borrower shall not, and shall not permit any of the Restricted Subsidiaries to, (i) sell, lease, convey or otherwise dispose of any assets (including by way of a sale-and-leaseback) other than sales of inventory in the ordinary course of business consistent with past practice (provided that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Borrower shall be governed by the provisions of Section 8.03 and not by the provisions of this Section 8.02), or (ii) issue or sell Equity Interests of any of its Subsidiaries, in the case of either clause (i) or (ii) above, whether in a single transaction or a series of related transactions, (A) that have a fair market value in excess of the lesser of $10,000,000 or the amount (which amount is equal to $5,000,000 as of the Restatement Effective Date) specified in Section 4.10 the 1996 Indenture as amended from time to time (such lesser amount, the "Applicable Amount"), or (B) for net proceeds in excess of the Applicable Amount (each of the foregoing, an "Asset Sale"), unless (X) the Borrower (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the fair market value (evidenced by a resolution of the board of directors of the General Partner (and, if applicable, the audit committee of such board of directors) set forth in a certificate signed by a Responsible Officer and delivered to the Administrative Agent) of the assets sold or otherwise disposed of and (Y) at least 80% of the consideration therefor received by the Borrower or such Subsidiary is in the form of cash; provided, however, that the amount of (1) any liabilities (as shown on the Borrower's or such Subsidiary's most recent balance sheet or in the notes thereto), of the Borrower or any Subsidiary (other than

liabilities that are by their terms subordinated in right of payment to the Obligations) that are assumed by the transferee of any such assets and (2) any notes or other obligations received by the Borrower or any such Subsidiary from such transferee that are immediately converted by the Borrower or such Subsidiary into cash (to the extent of the cash received), shall be deemed to be cash for purposes of this provision; and provided, further, that the 80% limitation referred to in this clause (Y) shall not apply to any Asset Sale in which the cash portion of the consideration received therefrom, determined in accordance with the foregoing proviso, is equal to or greater than what the after-tax proceeds would have been had such Asset Sale complied with the aforementioned 80% limitation. Notwithstanding the foregoing, Asset Sales shall not be deemed to include (w) sales or transfers of accounts receivable by the Borrower to an SPE and by an SPE to any other Person in connection with any Accounts Receivable Securitization permitted by Section 8.05 (provided that the aggregate amount of such accounts receivable that shall have been transferred to and held by all SPEs at any time shall not exceed 133% of the amount of Accounts Receivable Securitizations permitted to be outstanding under Section 8.05), (x) any transfer of assets by the Borrower or any of its Subsidiaries to the Borrower or a Restricted Subsidiary, (y) any transfer of assets by the Borrower or any of its Subsidiaries to any Person in exchange for other assets used in a line of business permitted under Section 8.15 and having a fair market value not less than that of the assets so transferred and (z) any transfer of assets pursuant to a Permitted Investment or any sale-leaseback (including sale-leasebacks involving Synthetic Leases) permitted by Section 8.17.

8.03 Consolidations and Mergers.

(a) The Borrower shall not consolidate or merge with or into (whether or not the Borrower is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions, to another Person unless (i) the Borrower is the surviving Person, or the Person formed by or surviving any such consolidation or merger (if other than the Borrower) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a corporation or partnership organized or existing under the laws of the United States, any state thereof or the District of Columbia; and (ii) the Person formed by or surviving any such consolidation or merger (if other than the Borrower) or Person to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made assumes all the Obligations of the Borrower pursuant to an assumption agreement in a form reasonably satisfactory to the Administrative Agent, under this Agreement; (iii) immediately after such transaction no Default or Event of Default exists; and (iv) the Borrower or any Person formed by or surviving any such consolidation or merger, or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made (A) shall have Consolidated Net Worth (immediately after the transaction but prior to any purchase accounting adjustments resulting from the transaction) equal to or greater than the Consolidated Net Worth of the Borrower immediately preceding the transaction and (B) shall, at the time of such transaction and after giving effect thereto, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Leverage Ratio test set forth in Section 7.12(a).

(b) The Borrower shall deliver to the Administrative Agent prior to the consummation of the proposed transaction pursuant to the foregoing paragraph (a) an officers' certificate to the foregoing effect signed by a Responsible Officer and an opinion of counsel satisfactory to the Administrative Agent stating that the proposed transaction complies with this Agreement. The Administrative Agent and the Banks shall be entitled to conclusively rely upon such officer's certificate and opinion of counsel.

(c) Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of the Borrower in accordance with this Section 8.03, the successor Person formed by such consolidation or into or with which the Borrower is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Agreement referring to the "Borrower" shall refer to or include instead the successor Person and not the Borrower), and may exercise every right and power of the Borrower under this Agreement with the same effect as if such successor Person had been named as the Borrower in this Agreement; provided, however, that the predecessor Borrower shall not be relieved from the obligation to pay the principal of, premium, if any, and interest on the Obligations except in the case of a sale of all of such Borrower's assets that meets the requirements of Section 8.03.

8.04 Acquisitions. Without limiting the generality of any other provision of this Agreement, neither the Borrower nor any Restricted Subsidiary shall consummate any Acquisition unless (i) the acquiree is primarily a retail propane distribution business; (ii) such Acquisition is undertaken in accordance with all applicable Requirements of Law; (iii) the prior, effective written consent or approval to such Acquisition of the board of directors or equivalent governing body of the acquiree is obtained; and (iv) immediately after giving effect thereto, no Default or Event of Default will occur or be continuing and each of the representations and warranties of the Borrower in this Agreement is true on and as of the date of such Acquisition, both before and after giving effect thereto. Nothing in Section 8.22 shall prohibit (x) the making by the Borrower of a Permitted Acquisition indirectly through the General Partner, the MLP or any of its or their Affiliates in a series of substantially contemporaneous transactions in which the Borrower shall ultimately own the assets that are the subject of such Permitted Acquisition or (y) the assumption of Acquired Debt in connection therewith to the extent such Acquired Debt is (if not otherwise permitted to be incurred by the Borrower pursuant to this Agreement) upon such assumption immediately repaid (with the proceeds of Revolving Loans or otherwise).

8.05 Limitation on Indebtedness. The Borrower shall not, and shall not permit any of the Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, suffer to exist, guarantee or otherwise become directly or

indirectly liable with respect to any Indebtedness (including Acquired Debt) or any Synthetic Leases and the Borrower shall not issue any Disqualified Interests and shall not permit any of the Restricted Subsidiaries to issue any shares of preferred stock; provided, however, that the Borrower and any Restricted Subsidiary of the Borrower may create, incur, issue, assume, suffer to exist, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness (including Acquired Debt) or any Synthetic Lease to the extent that the Leverage Ratio is maintained in accordance with Section 7.12(a), both before and after giving effect to the incurrence of such Indebtedness or such Synthetic Lease, as the case may be, and, provided, further, that (x) the aggregate principal amount of (1) all Capitalized Lease Obligations and all Synthetic Lease Obligations (other than Capitalized Lease Obligations and Synthetic Lease Obligations in respect of Growth-Related Capital Expenditures) of the Borrower and the Restricted Subsidiaries and (2) all Indebtedness for which the Borrower and any Restricted Subsidiary of the Borrower become liable in connection with Acquisitions of retail propane businesses in favor of the sellers of such businesses and secured by any Lien on any property of the Borrower or any of the Restricted Subsidiaries, shall not exceed $65,000,000 at any one time outstanding, and (y) the principal amount of any Indebtedness for which the Borrower or any Restricted Subsidiary of the Borrower becomes liable in connection with Acquisitions of retail propane businesses in favor of the sellers of such businesses shall not exceed the fair market value of the assets so acquired, and (z) the aggregate amount of Indebtedness of the Borrower and its Subsidiaries through one or more SPEs in connection with Accounts Receivable Securitizations shall not exceed $60,000,000 at any one time outstanding.

8.06 Transactions with Affiliates. The Borrower shall not, and shall not permit any of the Restricted Subsidiaries to, sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into any contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate, including any Non-Recourse Subsidiary (each of the foregoing, an "Affiliate Transaction"), unless (a) such Affiliate Transaction is on terms that are no less favorable to the Borrower or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Borrower or such Restricted Subsidiary with an unrelated Person and (b) with respect to (i) any Affiliate Transaction with an aggregate value in excess of $500,000, a majority of the directors of the General Partner having no direct or indirect economic interest in such Affiliate Transaction determines by resolution that such Affiliate Transaction complies with clause (a) above and approves such Affiliate Transaction and (ii) any Affiliate Transaction involving the purchase or other acquisition or sale, lease, transfer or other disposition of properties or assets other than in the ordinary course of business, in each case, having a fair market value or for net proceeds in excess of $15,000,000, the Borrower delivers to the Administrative Agent an opinion as to the fairness to the Borrower or such Restricted Subsidiary from a financial point of view issued by an investment banking firm of national standing; provided, however, that (i) any employment agreement or stock option agreement entered into by the Borrower or any of the Restricted Subsidiaries in the ordinary course of business and consistent with the past practice of the Borrower (or the General Partner) or such Restricted Subsidiary, Restricted Payments permitted by the provisions of Section 8.12, and transactions entered into by the Borrower in the ordinary course of business in connection with reinsuring the self-insurance programs or other similar forms of retained insurable risks of the retail propane businesses operated by the Borrower, the Restricted Subsidiaries and its Affiliates, in each case, shall not be deemed Affiliate Transactions, and (ii) nothing in this Agreement shall authorize the payments by the Borrower to the General Partner or any other Affiliate of the Borrower for administrative expenses incurred by such Person other than such out-of-pocket administrative expenses as such Person shall incur and the Borrower shall pay in the ordinary course of business; and provided, further, that the foregoing provisions of this Section 8.06 shall not apply to transfers of accounts receivable of the Borrower to an SPE in connection with any Accounts Receivable Securitization permitted by Section 8.05.

8.07 Use of Proceeds. The Borrower shall not, and shall not suffer or permit any Restricted Subsidiary to, use any portion of the Loan proceeds or any Letter of Credit, directly or indirectly, (i) to purchase or carry Margin Stock, (ii) to repay or otherwise refinance indebtedness of the Borrower or others incurred to purchase or carry Margin Stock, (iii) to extend credit for the purpose of purchasing or carrying any Margin Stock, or (iv) to acquire any security in any transaction that is subject to Section 13 or 14 of the Exchange Act.

8.08 Use of Proceeds - Ineligible Securities. The Borrower shall not, directly or indirectly, use any portion of the Loan proceeds or any Letter of Credit (i) knowingly to purchase Ineligible Securities from the Arranger during any period in which the Arranger makes a market in such Ineligible Securities, (ii) knowingly to purchase during the underwriting or placement period Ineligible Securities being underwritten or privately placed by the Arranger, or (iii) to make payments of principal or interest on Ineligible Securities underwritten or privately placed by the Arranger and issued by or for the benefit of the Borrower or any Affiliate of the Borrower.

8.09 Contingent Obligations. The Borrower shall not, and shall not suffer or permit any Restricted Subsidiary to, create, incur, assume or suffer to exist any Contingent Obligations except:

(a) endorsements for collection or deposit in the ordinary course of business;

(b) subject to compliance with the trading policies in effect from time to time as submitted to the Administrative Agent, Hedging Obligations entered into in the ordinary course of business as bona fide hedging transactions;

(c) the Guaranties under this Agreement;

(d) Guaranty Obligations to the extent not prohibited by Section 8.05; and (e) indemnities not guaranteeing Indebtedness or Synthetic Lease Obligations of any

Person.

8.10 Joint Ventures. The Borrower shall not, and shall not suffer or permit any Restricted Subsidiary, to enter into any Joint Venture unless the same shall be a Permitted Investment.

8.11 Lease Obligations. The aggregate obligations of the Borrower and the Restricted Subsidiaries for the payment of rent for any property under lease or agreement to lease (excluding obligations of the Borrower and its Subsidiaries under or with respect to Synthetic Leases) for any fiscal year shall not exceed the greater of (a) $40,000,000 or (b) 20% of (i) Consolidated Cash Flow of the Borrower for the most recently ended eight consecutive fiscal quarters divided by (ii) two; provided, however, that any payment of rent for any property under lease or agreement to lease for a term of less than one year (after giving effect to all automatic renewals) shall not be subject to this Section 8.11. For purposes of this Section 8.11, the calculation of Consolidated Cash Flow shall give pro forma effect to Acquisitions (including all mergers and consolidations), Asset Sales and other dispositions and discontinuances of businesses or assets that have been made by the Borrower or any of the Restricted Subsidiaries during the reference period or subsequent to such reference period and on or prior to the date of calculation of Consolidated Cash Flow assuming that all such Acquisitions, Asset Sales and other dispositions and discontinuances of businesses or assets had occurred on the first day of the reference period.

8.12 Restricted Payments. The Borrower shall not and shall not permit any of the Restricted Subsidiaries to, directly or indirectly (i) declare or pay any dividend or make any distribution on account of the Borrower's or any Restricted Subsidiary's Equity Interests (other than (x) dividends or distributions payable in Equity Interests (other than Disqualified Interests) of the Borrower, (y) dividends or distributions payable to the Borrower or a Wholly-Owned Subsidiary that is a Restricted Subsidiary and a Guarantor or (z) distributions or dividends payable pro rata to all holders of Capital Interests of any such Subsidiary); (ii) purchase, redeem, call or otherwise acquire or retire for value any Equity Interests of the Borrower or any Restricted Subsidiary or other Affiliate of the Borrower (other than, subject to compliance with Section 8.21, any such Equity Interests owned by a Wholly-Owned Subsidiary that is a Restricted Subsidiary and a Guarantor); (iii) make any Investment other than a Permitted Investment; or (iv) prepay, purchase, redeem, retire, defease or refinance the 1998 Fixed Rate Senior Notes or the 2000 Notes (all payments and other actions set forth in clauses (i) through (iv) above being collectively referred to as "Restricted Payments"), except to the extent that, at the time of such Restricted Payment:

(a) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof and each of the representations and warranties of the Borrower set forth in this Agreement is true on and as of the date of such Restricted Payment both before and after giving effect thereto; and

(b) the Fixed Charge Coverage Ratio for the Borrower's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such Restricted Payment is made, calculated on a pro forma basis as if such Restricted Payment had been made at the beginning of such four-quarter period, would have been more than (i) 2.15 to 1.00 for each such period of four fiscal quarters ending on or prior to January 31, 2001 and (ii) 2.25 to 1.00 for each such period of four fiscal quarters ending after January 31, 2001; and

(c) such Restricted Payment (the amount of any such payment, if other than cash, to be determined by the Board of Directors, whose determination shall be conclusive and evidenced by a resolution in an officer's certificate signed by a Responsible Officer and delivered to the Administrative Agent), together with the aggregate of all other Restricted Payments (other than any Restricted Payments permitted by the provisions of clause (ii) of the penultimate paragraph of this Section 8.12) made by the Borrower and its Subsidiaries in the fiscal quarter during which such Restricted Payment is made shall not exceed an amount equal to (x) Available Cash of the Borrower for the immediately preceding fiscal quarter plus (y) the lesser of (i) the amount of any Available Cash of the Borrower during the first 45 days of such fiscal quarter and (ii) the excess of the aggregate amount of Loans that the Borrower could have borrowed over the actual amount of Loans outstanding, in each case as of the last day of the immediately preceding fiscal quarter; and

(d) such Restricted Payment (other than (x) Restricted Payments described in clause (i) of the first paragraph of this Section 8.12 made during the fiscal quarter ending January 31, 1997 that do not exceed $26,000,000 in the aggregate or (y) any Restricted Payments described in clauses (iii) or (iv) of the first paragraph of this Section 8.12) the amount of which (to be determined in accordance with clause (c) of this Section 8.12 if made other than with cash) shall not exceed an amount equal to (1) Consolidated Cash Flow of the Borrower and the Restricted Subsidiaries for the period from and after October 31, 1996 through and including the last day of the fiscal quarter ending immediately preceding the date of the proposed Restricted Payment (the "Determination Period"), minus (2) the sum of Consolidated Interest Expense of the Borrower and the Restricted Subsidiaries for the Determination Period plus all capital expenditures (other than Growth-Related Capital Expenditures and net of capital asset sales in the ordinary course of business) made by the Borrower and the Restricted Subsidiaries during the Determination Period plus the aggregate of all other Restricted Payments (other than (x) Restricted Payments described in clause (i) of the first paragraph of this Section 8.12 made during the fiscal quarter ending January 31, 1997 that do not exceed $26,000,000 in the aggregate or (y) any Restricted Payments described in clauses (iii) or (iv) of the first paragraph of this Section 8.12) made by the Borrower and the Restricted Subsidiaries during the period from and after October 31, 1996 through and including the date of the proposed Restricted Payment, plus (3) $30,000,000, plus (4) the excess, if any, of consolidated working capital of the Borrower and the Restricted Subsidiaries at July 31, 1996 over consolidated working capital of the Borrower and the Restricted Subsidiaries at the end of the fiscal year

immediately preceding the date of the proposed Restricted Payment, minus (5) the excess, if any, of consolidated working capital of the Borrower and the Restricted Subsidiaries at the end of the fiscal year immediately preceding the date of the proposed Restricted Payment over consolidated working capital of the Borrower and the Restricted Subsidiaries at July 31, 1996. For purposes of this Section 8.12(d), the calculation of Consolidated Cash Flow shall give pro forma effect to Acquisitions (including all mergers and consolidations), Asset Sales and other dispositions and discontinuances of businesses or assets that have been made by such Person or any of the Restricted Subsidiaries during the reference period or subsequent to such reference period and on or prior to the date of calculation of Consolidated Cash Flow assuming that all such Acquisitions, Asset Sales and other dispositions and discontinuances of businesses or assets had occurred on the first day of the reference period.

The foregoing provisions will not prohibit (i) the payment of any distribution within 60 days after the date on which the Borrower becomes committed to make such distribution, if at said date of commitment such payment would have complied with the provisions of this Agreement; and (ii) the redemption, repurchase, retirement or other acquisition of any Equity Interests of the Borrower in exchange for, or out of the proceeds of, the substantially concurrent sale (other than to a Subsidiary of the Borrower) of other Equity Interests of the Borrower (other than any Disqualified Interests).

Not later than the date of making any Restricted Payment, the General Partner shall deliver to the Administrative Agent an officer's certificate signed by a Responsible Officer stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this Section 7.12 were computed, which calculations may be based upon the Borrower's latest available financial statements.

8.13 Prepayments of Subordinated Indebtedness. The Borrower shall not, and shall not permit any of the Restricted Subsidiaries to, (a) purchase, redeem, retire or otherwise acquire for value, or set apart any money for a sinking, defeasance or other analogous fund for, the purchase, redemption, retirement or other acquisition of, or make any payment or prepayment of the principal of or interest on, or any other amount owing in respect of, any Indebtedness that is subordinated to the Obligations, except for regularly scheduled payments of interest in respect of such Indebtedness required pursuant to the instruments evidencing such Indebtedness that are not made in contravention of the terms and conditions of subordination set forth on part II of Schedule 8.05 or (b) directly or indirectly, make any payment in respect of, or set apart any money for a sinking, defeasance or other analogous fund on account of, Guaranty Obligations subordinated to the Obligations. The foregoing provisions will not prohibit the defeasance, redemption or repurchase of subordinated Indebtedness with the proceeds of Permitted Refinancing Indebtedness.

8.14 Dividend and Other Payment Restrictions Affecting Subsidiaries. The Borrower shall not, and shall not permit any of the Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to (a) pay dividends or make any other distributions to the Borrower or any of the Restricted Subsidiaries (1) on its Capital Interests or (2) with respect to any other interest or participation in, or interest measured by, its profits, (b) pay any indebtedness owed to the Borrower or any of the Restricted Subsidiaries, (c) make loans or advances to the Borrower or any of the Restricted Subsidiaries or (d) transfer any of its properties or assets to the Borrower or any of the Restricted Subsidiaries, except for such encumbrances or restrictions existing under or by reason of (i) Existing Indebtedness, (ii) this Agreement, the 1998 Note Purchase Agreement, the 1998 Fixed Rate Senior Notes, the 2000 Note Purchase Agreement and the 2000 Notes, (iii) applicable law, (iv) any instrument governing Indebtedness or Capital Interests of a Person acquired by the Borrower or any of the Restricted Subsidiaries as in effect at the time of such Acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such Acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, provided that the Consolidated Cash Flow of such Person to the extent that dividends, distributions, loans, advances or transfers thereof is limited by such encumbrance or restriction on the date of acquisition is not taken into account in determining whether such acquisition was permitted by the terms of this Agreement, (v) customary non-assignment provisions in leases entered into in the ordinary course of business and consistent with past practices, (vi) purchase money obligations for property acquired in the ordinary course of business that impose restrictions of the nature described in clause (d) above on the property so acquired, (vii) Permitted Refinancing Indebtedness of any Existing Indebtedness, provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive than those contained in the agreements governing the Indebtedness being refinanced or (viii) other Indebtedness permitted to be incurred subsequent to the Restatement Effective Date pursuant to the provisions of Section 8.05, provided that such restrictions are no more restrictive than those contained in this Agreement.

8.15 Change in Business. The Borrower shall not, and shall not suffer or permit any Restricted Subsidiary to, engage in any material line of business substantially different from those lines of business carried on by the Borrower and the Restricted Subsidiaries on the date of this Agreement.

8.16 Accounting Changes. The Borrower shall not, and shall not suffer or permit any Restricted Subsidiary to, make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change the fiscal year of the Borrower or of any Restricted Subsidiary except as required by the Code.

8.17 Limitation on Sale and Leaseback Transactions. The Borrower will not, and will not permit any of the Restricted Subsidiaries to, enter into any arrangement with any Person providing for the leasing by the Borrower or such Restricted Subsidiary of any property that has been or is to be sold or

transferred by the Borrower or such Restricted Subsidiary to such Person in contemplation of such leasing; provided, however, that the Borrower or such Restricted Subsidiary may enter into such sale and leaseback transaction if: (i) the Borrower could have (A) incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and leaseback transaction pursuant to the Leverage Ratio test set forth in Section 7.12(a) and (B) secured a Lien on such Indebtedness pursuant to Section 8.01; (ii) the lease in such sale and leaseback transaction is for a term not in excess of the lesser of (A) three years and (B) 60% of the remaining useful life of such property; or (iii) such sale and leaseback transaction is otherwise permitted by the last sentence of Section 4.17 of the 1996 Indenture as in effect as of the date of this Agreement.

8.18 [Intentionally Omitted]

8.19 Amendments of Organization Documents or Certain Debt Agreements. The Borrower shall not modify, amend, supplement or replace, nor permit any modification, amendment, supplement or replacement of the Organization Documents of the General Partner, the Borrower or any Subsidiary of the Borrower, the MLP Senior Notes, the 1996 Indenture, the 1998 Fixed Rate Senior Notes, the 1998 Note Purchase Agreement, the 2000 Notes or the 2000 Note Purchase Agreement or any document executed and delivered in connection with any of the foregoing, in any respect that would adversely affect the Banks, the Borrower's ability to perform the Obligations, or the Guarantor's ability to perform its obligations under the Guaranty, in each such case without the prior written consent of the Administrative Agent and the Majority Banks. Furthermore, the Borrower shall not permit any modification, amendment, supplement or replacement of the Organization Documents of the MLP that would have a material effect on the Borrower without the prior written consent of the Administrative Agent and the Majority Banks.

8.20 Fixed Price Supply Contracts. None of the Borrower and the Restricted Subsidiaries shall at any time be a party or subject to any contract for the supply of propane or other product except where (a) the purchase price is set with reference to a spot index or indices substantially contemporaneously with the delivery of such product or (b) delivery of such propane or other product is to be made no more than two years after the purchase price is agreed to.

8.21 Operations through Subsidiaries. The Borrower shall not conduct any of its operations through Restricted Subsidiaries unless: (a) such Restricted Subsidiary executes a Guaranty guaranteeing payment of the Obligations accompanied by an opinion of counsel to the Restricted Subsidiary addressed to the Administrative Agent and the Banks as to the due authorization, execution, delivery and enforceability of the Guaranty; (b) such Restricted Subsidiary agrees not to incur any Indebtedness other than (i) trade debt, (ii) debt owed to the Borrower or any other Restricted Subsidiary and (iii) Acquired Debt otherwise permitted by this Agreement; (c) the Consolidated Cash Flow of such Restricted Subsidiary, when added to Consolidated Cash Flow of all other Restricted Subsidiaries for any fiscal year, shall not exceed 10% of the Consolidated Cash Flow of the Borrower and the Restricted Subsidiaries for such fiscal year; and (d) the value of the assets of such Restricted Subsidiary, when added to the value of the assets of all other Restricted Subsidiaries for any fiscal year, shall not exceed 10% of the consolidated value of the assets of the Borrower and the Restricted Subsidiaries for such fiscal year, as determined in accordance with GAAP; provided that the requirements of subsections (c) and (d) above shall not apply as to any Restricted Subsidiary if the aggregate Indebtedness of such Restricted Subsidiary, when added to the Indebtedness of all other Restricted Subsidiaries at such time (excluding, in each case, debt of any such Restricted Subsidiary owed to the Borrower or another Restricted Subsidiary), shall not exceed $5 million. The Borrower shall not conduct any of its operations through, and shall not establish, create or otherwise invest in, any Unrestricted Subsidiary unless the same shall be a Permitted Investment.

8.22 Operations of MLP. Except in connection with an indirect Acquisition permitted by Section 8.04, the General Partner and the Borrower shall not permit the MLP or any of its Affiliates (including any Non-Recourse Subsidiary or any Unrestricted Subsidiary) to operate or conduct any business substantially similar to that conducted by the Borrower and the Restricted Subsidiaries within a 25 mile radius of any business conducted by the Borrower and the Restricted Subsidiaries. In order to comply with this Section 8.22, the Borrower may enter into one or more transactions by which its assets and properties are "swapped" or "exchanged" for assets and properties of another Person prior to or concurrently with another transaction which, but for such swap or exchange would violate this Section; provided, that (i) if the value of the MLP's assets or units to be so swapped or exchanged exceeds $15 million, as determined by the audit committee of the Board of Directors of the General Partner, the Borrower shall have first obtained at its expense an opinion from a nationally recognized investment banking firm, addressed to it, the Administrative Agent and the Banks and opining without material qualification and based on assumptions that are realistic at the time, that the exchange or swap transactions are fair to the Borrower and the Restricted Subsidiaries, and (ii) if the value of the MLP's assets or units to be so swapped or exchanged exceeds $50 million, as determined by the audit committee of the Board of Directors of the General Partner, at the option of the Majority Banks, the Administrative Agent shall have first retained, at the Borrower's expense, an investment banking firm on behalf of the Banks who shall also have rendered an opinion containing the statements and content referred to in clause (i).

ARTICLE IX

EVENTS OF DEFAULT

9.01 Event of Default. Any of the following shall constitute an "Event of Default": ----------

(a) Non-Payment. The Borrower or the General Partner fails to pay, (i) when and as required to be paid under this Agreement, any amount of principal of any Loan or of any L/C Obligation, or (ii) within 5 days after the same becomes due, any

interest, fee or any other amount payable under this Agreement or under any other Loan Document; or

(b) Representation or Warranty. Any representation or warranty by the Borrower, the General Partner or any Subsidiary made or deemed made in this Agreement, in any other Loan Document, or which is contained in any certificate, document or financial or other statement by the Borrower, the General Partner, any Subsidiary, or any Responsible Officer, furnished at any time under this Agreement, or in or under any other Loan Document, is incorrect in any material respect on or as of the date made or deemed made; or

(c) Specific Defaults. The Borrower fails to perform or observe any term, covenant or agreement contained in any of Sections 2.01(a)(ii), 7.03 (other than subsection (d) thereof), 7.12, 7.13 or in any Section in Article VIII; or

(d) Other Defaults. The Borrower, the General Partner or any Subsidiary fails to perform or observe any other term or covenant contained in this Agreement or any other Loan Document, and such default shall continue unremedied for a period of 30 days after the earlier of (i) the date upon which a Responsible Officer knew or reasonably should have known of such failure or (ii) the date upon which written notice thereof is given to the Borrower by the Administrative Agent or any Bank; or

(e) Cross-Default. The Borrower, the General Partner or any Restricted Subsidiary (i) fails to make any payment in respect of any Indebtedness, Synthetic Lease Obligation or Contingent Obligation having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than $10,000,000 when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure; or (ii) fails to perform or observe any other condition or covenant, or any other event (including any termination or similar event in respect of any Accounts Receivable Securitization) shall occur or condition exist, under any agreement or instrument relating to any such Indebtedness, Synthetic Lease Obligation or Contingent Obligation, and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure if the effect of such failure, event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Indebtedness or Synthetic Lease Obligation (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause such Indebtedness or Synthetic Lease Obligation to be declared to be due and payable prior to its stated maturity or to cause such Indebtedness, Synthetic Lease Obligation or Contingent Obligation to be prepaid, purchased or redeemed by the Borrower, the MLP, the General Partner or any Restricted Subsidiary, or such Contingent Obligation to become payable or cash collateral in respect thereof to be demanded; or

(f) Insolvency; Voluntary Proceedings. The General Partner, the MLP, the Borrower or any Restricted Subsidiary (i) ceases or fails to be solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise; (ii) voluntarily ceases to conduct its business in the ordinary course; (iii) commences any Insolvency Proceeding with respect to itself; or (iv) takes any action to effectuate or authorize any of the foregoing; or

(g) Involuntary Proceedings. (i) Any involuntary Insolvency Proceeding is commenced or filed against the General Partner, the MLP, the Borrower or any Restricted Subsidiary, or any writ, judgment, warrant of attachment, execution or similar process, is issued or levied against a substantial part of any such Person's properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within 60 days after commencement, filing or levy; (ii) the General Partner, the MLP, the Borrower or any Restricted Subsidiary admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any Insolvency Proceeding; or (iii) the General Partner, the MLP, the Borrower or any Restricted Subsidiary acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or other similar Person for itself or a substantial portion of its property or business; or

(h) ERISA. (i) An ERISA Event occurs with respect to a Pension Plan which has resulted or could reasonably be expected to result in liability of the Borrower or the General Partner under Title IV of ERISA to the Pension Plan or the PBGC in an aggregate amount in excess of $10,000,000; or (ii) the commencement or increase of contributions to, or the adoption of or the amendment of a Pension Plan by the Borrower, the General Partner or any of their Affiliates which has resulted or could reasonably be expected to result in an increase in Unfunded Pension Liability among all Pension Plans in an aggregate amount in excess of $10,000,000.

(i) Monetary Judgments. One or more judgments, orders, decrees or arbitration awards is entered against the Borrower, the General Partner or any Restricted Subsidiary involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) as to any single or related series of transactions, incidents or conditions, of more than $10,000,000; or

(j) Non-Monetary Judgments. Any non-monetary judgment, order or decree is entered against the Borrower, the General Partner or any Restricted Subsidiary which does or would reasonably be expected to have a Material Adverse Effect, and there shall be any period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(k) Adverse Change. There occurs a Material Adverse Effect; or

(l) Certain Indenture Defaults, Etc. (i) To the extent not otherwise within the scope of Section 9.01(e) above, any "Event of Default" shall occur and be continuing under and as defined in the 1998 Note Purchase Agreement or 2000 Note Purchase Agreement or (ii) any of the following shall occur under or with respect to the 1996 Indenture or any other Indebtedness guaranteed by the Borrower or its Subsidiaries (collectively, the "Guaranteed Indebtedness"): (A) any demand for payment shall be made under any such Guaranty Obligation with respect to the Guaranteed Indebtedness or (B) so long as any such Guaranty Obligation shall be in effect (x) the Borrower or any such Subsidiary shall fail to pay principal of or premium, if any, or interest on such Guaranteed Indebtedness after the expiration of any applicable notice or cure periods or (y) any "Event of Default" (however defined) shall occur and be continuing under such Guaranteed Indebtedness which results in the acceleration of such Guaranteed Indebtedness; or

(m) Guarantor Defaults. Any Guarantor fails in any material respect to perform or observe any term, covenant or agreement in its Guaranty; or any Guaranty is for any reason partially (including with respect to future advances) or wholly revoked or invalidated, or otherwise ceases to be in full force and effect, or any Guarantor or any other Person contests in any manner the validity or enforceability thereof or denies that it has any further liability or obligation thereunder; or any event described at subsections (f) or (g) of this Section occurs with respect to the Guarantor.

9.02 Remedies. If any Event of Default occurs, the Administrative Agent shall, at the request of, or may, with the consent of, the Majority Banks,

(a) declare the commitment of each Bank to make Loans and any obligation of an Issuing Bank to Issue Letters of Credit to be terminated, whereupon such commitments and obligation shall be terminated;

(b) declare an amount equal to the maximum aggregate amount that is or at any time thereafter may become available for drawing under any outstanding Letters of Credit (whether or not any beneficiary shall have presented, or shall be entitled at such time to present, the drafts or other documents required to draw under such Letters of Credit) to be immediately due and payable;

(c) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable under this Agreement or under any other Loan Document to be immediately due and payable (including, without limitation, amounts due under Section 4.04), without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower; and

(d) exercise on behalf of itself and the Banks all rights and remedies available to it and the Banks under the Loan Documents or applicable law;

provided, however, that upon the occurrence of any event specified in subsection (f) or (g) of Section 9.01 (in the case of clause (i) of subsection (g) upon the expiration of the 60-day period mentioned therein), the obligation of each Bank to make Loans and any obligation of the Issuing Banks to Issue Letters of Credit shall automatically terminate and the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable without further act of the Administrative Agent, any Issuing Bank or any Bank.

9.03 Rights Not Exclusive. The rights provided for in this Agreement and the other Loan Documents are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

9.04 Certain Financial Covenant Defaults. In the event that, after taking into account any extraordinary charge to earnings taken or to be taken as of the end of any fiscal period of the Borrower (a "Charge"), and if solely by virtue of such Charge, there would exist an Event of Default due to the breach of any of Sections 7.12(a) or 7.12(b) as of such fiscal period end date, such Event of Default shall be deemed to arise upon the earlier of (a) the date after such fiscal period end date on which the Borrower announces publicly it will take, is taking or has taken such Charge (including an announcement in the form of a statement in a report filed with the SEC) or, if such announcement is made prior to such fiscal period end date, the date that is such fiscal period end date, and (b) the date the Borrower delivers to the Administrative Agent its audited annual or unaudited quarterly financial statements in respect of such fiscal period reflecting such Charge as taken.

ARTICLE X

THE ADMINISTRATIVE AGENT

10.01 Appointment and Authorization. (a) Each of the Banks and each Issuing Bank hereby irrevocably appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth in this Agreement, nor shall the Administrative Agent have or be deemed to have any fiduciary relationship with any Bank or any Issuing Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent. The Documentation Agent shall have no duties or responsibilities in such capacity under this Agreement.

(b) Each Issuing Bank shall act on behalf of the Banks with

respect to any Letters of Credit Issued by it and the documents associated therewith until such time and except for so long as the Administrative Agent may agree at the request of the Majority Lenders to act for such Issuing Bank with respect thereto; provided, however, that such Issuing Bank shall have all of the benefits and immunities (i) provided to the Administrative Agent in this Article X with respect to any acts taken or omissions suffered by such Issuing Bank in connection with Letters of Credit Issued by it or proposed to be Issued by it and the application and agreements for letters of credit pertaining to the Letters of Credit as fully as if the term "Administrative Agent", as used in this Article X, included such Issuing Bank with respect to such acts or omissions, and (ii) as additionally provided in this Agreement with respect to such Issuing Bank.

10.02 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

10.03 Liability of Administrative Agent and Issuing Banks. None of the Agent-Related Persons and Issuing Banks shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (ii) be responsible in any manner to any of the Banks for any recital, statement, representation or warranty made by the Borrower or any Subsidiary or Affiliate of the Borrower, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of the Borrower or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Borrower or any of the Borrower's Subsidiaries or Affiliates.

10.04 Reliance by Administrative Agent and Issuing Banks. (a) The Administrative Agent and each Issuing Bank shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent or applicable Issuing Bank. The Administrative Agent and each Issuing Bank shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Majority Banks as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent and each Issuing Bank shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Majority Banks and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Banks.

(b) For purposes of determining compliance with the conditions specified in Section 5.01, each Bank that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by the Administrative Agent or an Issuing Bank to such Bank for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Bank.

10.05 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Banks, unless the Administrative Agent shall have received written notice from a Bank or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". The Administrative Agent will notify the Banks of its receipt of any such notice. The Administrative Agent shall take such action with respect to such Default or Event of Default as may be requested by the Majority Banks in accordance with Article IX; provided, however, that unless and until the Administrative Agent has received any such request, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Banks.

10.06 Credit Decision. Each Bank acknowledges that none of the Agent-Related Persons or any Issuing Bank has made any representation or warranty to it, and that no act by the Administrative Agent or any Issuing Bank hereinafter taken, including any review of the affairs of the Borrower and its Subsidiaries, shall be deemed to constitute any representation or warranty by any Agent-Related Person or any Issuing Bank to any Bank. Each Bank represents to the Administrative Agent and the Issuing Banks that it has, independently and without reliance upon any Agent-Related Person or any Issuing Bank and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower and its Subsidiaries, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this

Agreement and to extend credit to the Borrower hereunder. Each Bank also represents that it will, independently and without reliance upon any Agent-Related Person or any Issuing Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower. Except for notices, reports and other documents to be furnished to the Banks by the Administrative Agent or any Issuing Bank as specified on Schedule 10.06, neither the Administrative Agent nor any Issuing Bank shall have any duty or responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Borrower which may come into the possession of any of the Agent-Related Persons or any Issuing Bank. The Administrative Agent shall promptly deliver to the Banks the items specified on Schedule 10.06 that are required to be provided by the Borrower only to the extent such items are actually provided by the Borrower.

10.07 Indemnification. Whether or not the transactions contemplated hereby are consummated, the Banks shall indemnify upon demand the Agent-Related Persons and the Issuing Banks (to the extent not reimbursed by or on behalf of the Borrower and without limiting the obligation of the Borrower to do so), pro rata in accordance with its Pro Rata Share on the date the Borrower's reimbursement obligation arises, from and against any and all Indemnified Liabilities; provided, however, that no Bank shall be liable for the payment to the Agent-Related Persons or the Issuing Banks of any portion of such Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank shall reimburse the Administrative Agent and the Issuing Banks upon demand for their ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by them in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to in this Agreement, to the extent that the Administrative Agent or the applicable Issuing Bank is not reimbursed for such expenses by or on behalf of the Borrower. The undertaking in this Section shall survive the payment of all Obligations and the resignation or replacement of the Administrative Agent or any Issuing Bank.

10.08 Administrative Agent in Individual Capacity. BofA and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Borrower and its Subsidiaries and Affiliates as though BofA were not the Administrative Agent or an Issuing Bank hereunder and without notice to or consent of the Banks. The Banks acknowledge that, pursuant to such activities, BofA or its Affiliates may receive information regarding the Borrower or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Borrower or such Subsidiary) and acknowledge that the Administrative Agent shall be under no obligation to provide such information to them. With respect to its Loans and participations in Letters of Credit, BofA shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it were not the Administrative Agent or an Issuing Bank.

10.09 Successor Administrative Agent. The Administrative Agent may, and at the request of the Majority Banks shall, resign as Administrative Agent upon 30 days' notice to the Banks. If the Administrative Agent resigns under this Agreement, the Majority Banks shall appoint from among the Banks a successor agent for the Banks. If no successor agent is appointed prior to the effective date of the resignation of the Administrative Agent, the Administrative Agent may appoint, after consulting with the Banks and the Borrower, a successor agent from among the Banks. Upon the acceptance of its appointment as successor agent under this Agreement, such successor agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent and the term "Administrative Agent" shall mean such successor agent and the retiring Administrative Agent's appointment, powers and duties as Administrative Agent shall be terminated. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article X and Sections 11.04 and 11.05 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor agent has accepted appointment as Administrative Agent by the date which is 30 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of the Administrative Agent under this Agreement until such time, if any, as the Majority Banks appoint a successor agent as provided for above. Notwithstanding the foregoing, however, BofA may not be removed as the Administrative Agent at the request of the Majority Banks unless BofA shall also simultaneously be replaced as an "Issuing Bank" hereunder pursuant to documentation in form and substance reasonably satisfactory to BofA.

10.10 Withholding Tax. (a) If any Bank is a "foreign corporation, partnership or trust" within the meaning of the Code and such Bank claims exemption from, or a reduction of, U.S. withholding tax under Sections 1441 or 1442 of the Code, such Bank agrees with and in favor of the Administrative Agent, to deliver to the Administrative Agent:

(i) if such Bank claims an exemption from, or a reduction of, withholding tax under a United States tax treaty, properly completed IRS Forms 1001 and W-8 (or any successor forms) before the payment of any interest in the first calendar year and before the payment of any interest in each third succeeding calendar year during which interest may be paid under this Agreement;

(ii) if such Bank claims that interest paid under this Agreement is exempt from United States withholding tax because it is effectively connected

with a United States trade or business of such Bank, two properly completed and executed copies of IRS Form 4224 (or any successor form) before the payment of any interest is due in the first taxable year of such Bank and in each succeeding taxable year of such Bank during which interest may be paid under this Agreement, and IRS Form W-9 (or any successor form); and

(iii) such other form or forms as may be required under the Code or other laws of the United States as a condition to exemption from, or reduction of, United States withholding tax.

Such Bank agrees to promptly notify the Administrative Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(b) If any Bank claims exemption from, or reduction of, withholding tax under a United States tax treaty by providing IRS Form 1001 and such Bank sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Borrower to such Bank, such Bank agrees to notify the Administrative Agent of the percentage amount in which it is no longer the beneficial owner of Obligations of the Borrower to such Bank. To the extent of such percentage amount, the Administrative Agent will treat such Bank's IRS Form 1001 as no longer valid.

(c) If any Bank claiming exemption from United States withholding tax by filing IRS Form 4224 with the Administrative Agent sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Borrower to such Bank, such Bank agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by Sections 1441 and 1442 of the Code.

(d) If any Bank is entitled to a reduction in the applicable withholding tax, the Administrative Agent may withhold from any interest payment to such Bank an amount equivalent to the applicable withholding tax after taking into account such reduction. If the forms or other documentation required by subsection (a) of this Section are not delivered to the Administrative Agent, then the Administrative Agent may withhold from any interest payment to such Bank not providing such forms or other documentation an amount equivalent to the applicable withholding tax.

(e) If the IRS or any other Governmental Authority of the United States or other jurisdiction asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Bank (because the appropriate form was not delivered, was not properly executed, or because such Bank failed to notify the Administrative Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason) such Bank shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Administrative Agent under this Section, together with all costs and expenses (including Attorney Costs). The obligation of the Banks under this subsection shall survive the payment of all Obligations and the resignation or replacement of the Administrative Agent.

ARTICLE XI

MISCELLANEOUS

11.01 Amendments and Waivers. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent with respect to any departure by the Borrower or the General Partner therefrom, shall be effective unless the same shall be in writing and signed by the Majority Banks (or by the Administrative Agent at the written request of the Majority Banks) and the Borrower and acknowledged by the Administrative Agent, and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such waiver, amendment, or consent shall, unless in writing and signed by all the Banks, the Borrower and the General Partner and acknowledged by the Administrative Agent, do any of the following:

(a) increase or extend the Revolving Loan Commitment of any Bank (or reinstate any Revolving Loan Commitment terminated pursuant to Section 9.02);

(b) postpone or delay any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Banks (or any of them) under this Agreement or under any other Loan Document;

(c) reduce the principal of, or the rate of interest specified in this Agreement on any Loan, or (subject to clause (ii) below) any fees or other amounts payable under this Agreement or under any other Loan Document;

(d) change the percentage of the Revolving Loan Commitments or of the aggregate unpaid principal amount of the Loans which is required for the Banks or any of them to take any action under this Agreement;

(e) amend this Section, or Section 2.14, or any provision of this Agreement providing for consent or other action by all Banks; or

(f) release any of the Guaranties or any liability of any Guarantor under a Guaranty;

and, provided, further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Issuing Banks in addition to the Majority Banks or all the Banks, as the case may be, affect the rights or duties of the Issuing Banks under this Agreement or any L/C-Related Document relating to any Letter of Credit Issued or to be Issued by any such Issuing Bank, (ii) no amendment,

waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Majority Banks or all the Banks, as the case may be, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document, and (iii) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed solely by the parties thereto.

11.02 Notices. (a) Except as otherwise specifically provided in Section 3.02, all notices, requests and other communications shall be in writing (including, unless the context expressly otherwise provides, by facsimile transmission; provided, that any matter transmitted by the Borrower by facsimile (i) shall be immediately confirmed by a telephone call to the recipient at the number specified on Schedule 11.02, and (ii) shall be followed promptly by delivery of a hard copy original thereof) and mailed, faxed or delivered, to the address or facsimile number specified for notices on Schedule 11.02; or, as directed to the Borrower or the Administrative Agent, to such other address as shall be designated by such party in a written notice to the other parties, and as directed to any other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Administrative Agent.

(b) All such notices, requests and communications shall, when transmitted by overnight delivery, or faxed, be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon the third Business Day after the date deposited into the U.S. mail, or if delivered, upon delivery; except that notices pursuant to Article II, III or X shall not be effective until actually received by the Administrative Agent, and notices pursuant to Article III to any Issuing Bank shall not be effective until actually received by such Issuing Bank at the address specified for the "Issuing Banks" on the applicable signature page of this Agreement.

(c) Any agreement of the Administrative Agent and the Banks in this Agreement to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Borrower. The Administrative Agent and the Banks shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Borrower to give such notice and the Administrative Agent and the Banks shall not have any liability to the Borrower or other Person on account of any action taken or not taken by the Administrative Agent or the Banks in reliance upon such telephonic or facsimile notice. The obligation of the Borrower to repay the Loans and L/C Obligations shall not be affected in any way or to any extent by any failure by the Administrative Agent and the Banks to receive written confirmation of any telephonic or facsimile notice or the receipt by the Administrative Agent and the Banks of a confirmation which is at variance with the terms understood by the Administrative Agent and the Banks to be contained in the telephonic or facsimile notice.

11.03 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Bank, any right, remedy, power or privilege under this Agreement, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

11.04 Costs and Expenses. The Borrower shall:

(a) whether or not the transactions contemplated hereby are consummated, pay or reimburse BofA (including in its capacity as Administrative Agent and an Issuing Bank) and the Arranger within five Business Days after demand (subject to Section 5.01(e)) for all costs and expenses incurred by BofA (including in its capacity as Administrative Agent and an Issuing Bank) and the Arranger in connection with the development, preparation, delivery, administration, syndication and execution of, and any amendment, supplement, waiver or modification to (in each case, whether or not consummated), this Agreement, any Loan Document, the Existing Credit Agreement and any other documents prepared in connection herewith or therewith, and the consummation of the transactions contemplated hereby and thereby, including reasonable (giving due regard to the prevailing circumstances) Attorney Costs incurred by BofA (including in its capacity as Administrative Agent and an Issuing Bank) and the Arranger with respect thereto; and

(b) pay or reimburse the Administrative Agent, the Arranger, each Issuing Bank and each Bank within five Business Days after demand for all costs and expenses (including Attorney Costs) incurred by them in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or any other Loan Document during the existence of an Event of Default or after acceleration of the Loans (including in connection with any "workout" or restructuring regarding the Loans, and including in any Insolvency Proceeding or appellate proceeding).

11.05 Indemnity. Whether or not the transactions contemplated hereby are consummated, the Borrower shall indemnify and hold the Agent-Related Persons, the Issuing Banks, the Arranger and each Bank and each of their respective officers, directors, employees, counsel, agents and attorneys-in-fact (each, an "Indemnified Person") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits and reasonable (giving due regard to the prevailing circumstances) costs, charges, expenses and disbursements (including Attorney Costs) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Loans, the termination of the Letters of Credit and the termination, resignation or replacement of the Administrative Agent or replacement of any Bank or Issuing Bank) be imposed on, incurred by or asserted against any such Person in any way relating to or arising out of this Agreement or any document contemplated by or referred to herein, or the transactions contemplated hereby, or any action taken or omitted by any such Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any Insolvency Proceeding or appellate proceeding) related

to or arising out of this Agreement or the Loans or Letters of Credit or the actual or proposed use of the proceeds thereof, whether or not any Indemnified Person is a party thereto (all the foregoing, collectively, the "Indemnified Liabilities"); provided, that the Borrower shall have no obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities resulting solely from the gross negligence or willful misconduct of such Indemnified Person. The agreements in this Section shall survive payment of all other Obligations.

11.06 Payments Set Aside. To the extent that the Borrower makes a payment to the Administrative Agent or the Banks, or the Administrative Agent or the Banks exercise their right of set-off, and such payment or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Bank in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any Insolvency Proceeding or otherwise, then (a) to the extent of such recovery the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Bank severally agrees to pay to the Administrative Agent upon demand its pro rata share of any amount so recovered from or repaid by the Administrative Agent.

11.07 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Administrative Agent and each Bank. Any attempted or purported assignment in contravention of the preceding sentence shall be null and void.

11.08 Assignments, Participations, Etc. (a) Any Bank may, with the written consent of the Borrower (at all times other than during the existence of an Event of Default), the Administrative Agent and the applicable Issuing Bank(s), which consents shall not be unreasonably withheld, at any time assign and delegate to one or more Eligible Assignees (provided that no written consent of the Borrower, the Administrative Agent or an Issuing Bank shall be required in connection with any assignment and delegation by a Bank to an Eligible Assignee that is an Affiliate of such Bank) (each an "Assignee") all, or any ratable part of all, of the Loans, the Revolving Loan Commitments, the L/C Obligations and the other rights and obligations of such Bank under this Agreement in an aggregate minimum amount of $10,000,000 or a lesser amount as is agreed upon by the Administrative Agent and the Borrower (except that no minimum amount shall apply to an assignment from a Bank to an Assignee that is then a Bank), pro-rated in accordance with the respective amounts of the Facility A Commitment and the Facility B Commitment of such Bank; provided that such Bank shall retain an aggregate amount of not less than $10,000,000 in respect thereof, unless such Bank assigns and delegates all of its rights and obligations pursuant to this Agreement to one or more Eligible Assignees at the time and subject to the conditions set forth in this Agreement; and provided, further, however, that the Borrower and the Administrative Agent may continue to deal solely and directly with such Bank in connection with the interest so assigned to an Assignee until (i) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Borrower and the Administrative Agent by such Bank and the Assignee; (ii) such Bank and its Assignee shall have delivered to the Borrower and the Administrative Agent an Assignment and Acceptance in the form of Exhibit E ("Assignment and Acceptance"), together with any Note or Notes subject to such assignment; and (iii) the assignor Bank has paid to the Administrative Agent a processing fee in the amount of $3,500.

(b) From and after the date that the Administrative Agent notifies the assignor Bank that it has received (and provided its consent with respect to) an executed Assignment and Acceptance and payment of the above-referenced processing fee, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations under this Agreement have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Bank under the Loan Documents, and (ii) the assignor Bank shall, to the extent that rights and obligations under this Agreement and under the other Loan Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under the Loan Documents.

(c) Within five Business Days after its receipt of notice by the Administrative Agent that it has received an executed Assignment and Acceptance and payment of the processing fee (and provided that it consents to such assignment in accordance with Section 11.08(a)), if the Assignee so requests, the Borrower shall execute and deliver to the Administrative Agent, new Notes evidencing such Assignee's assigned Loans and Revolving Loan Commitments and, if the assignor Bank has retained a portion of its Loans and its Revolving Loan Commitments and so requests, replacement Notes in the principal amount or amounts of the Loans retained by the assignor Bank (such Notes to be in exchange for, but not in payment of, the Notes held by such Bank). Immediately upon each Assignee's making its processing fee payment under the Assignment and Acceptance, this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Revolving Loan Commitments arising therefrom. The Revolving Loan Commitments allocated to each Assignee shall reduce such Revolving Loan Commitments of the assigning Bank pro tanto and the Administrative Agent shall promptly prepare and distribute a new Schedule 2.01 reflecting the new commitments.

(d) Any Bank may at any time sell to one or more commercial banks or other Persons not Affiliates of the Borrower (a "Participant") participating interests in any Loans, the Revolving Loan Commitments of that Bank and the other interests of that Bank (the "originating Bank") under this Agreement and under the other Loan Documents; provided, however, that (i) the originating Bank's obligations under this Agreement shall remain unchanged, (ii) the originating Bank shall remain solely responsible for the performance of such obligations, (iii) the Borrower, the Issuing Banks and the Administrative Agent

shall continue to deal solely and directly with the originating Bank in connection with the originating Bank's rights and obligations under this Agreement and the other Loan Documents, and (iv) no Bank shall transfer or grant any participating interest under which the Participant has rights to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other Loan Document, except to the extent such amendment, consent or waiver would require unanimous consent of the Banks as described in the first proviso to Section 11.01. In the case of any such participation, the Participant shall be entitled to the benefit of Sections 4.01, 4.03 and 11.05 as though it were also a Bank under this Agreement, and if amounts outstanding under this Agreement are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Bank under this Agreement.

(e) Each Bank agrees to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all information identified as "confidential" or "secret" by the Borrower and provided to it by the Borrower or any Subsidiary, or by the Administrative Agent on such Borrower's or Subsidiary's behalf, under this Agreement or any other Loan Document, and neither it nor any of its Affiliates shall use any such information other than in connection with or in enforcement of this Agreement and the other Loan Documents; except to the extent such information (i) was or becomes generally available to the public other than as a result of disclosure by the Bank, or (ii) was or becomes available on a non-confidential basis from a source other than the Borrower, provided that such source is not bound by a confidentiality agreement with the Borrower known to the Bank; provided, however, that any Bank may disclose such information (A) at the request or pursuant to any requirement of any Governmental Authority to which the Bank is subject or in connection with an examination of such Bank by any such authority; (B) pursuant to subpoena or other court process; (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; (D) to the extent reasonably required in connection with any litigation or proceeding to which the Administrative Agent, any Bank or their respective Affiliates may be party; (E) to the extent reasonably required in connection with the exercise of any remedy under this Agreement or under any other Loan Document; (F) to such Bank's independent auditors and other professional advisors; (G) to any Affiliate of such Bank, or to any Participant or Assignee, actual or potential, provided that such Affiliate, Participant or Assignee agrees to keep such information confidential to the same extent required of the Banks under this Agreement, and (H) as to any Bank, as expressly permitted under the terms of any other document or agreement regarding confidentiality to which the Borrower is party or is deemed party with such Bank.

(f) Notwithstanding any other provision in this Agreement, any Bank may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement and any Note held by it in favor of any Federal Reserve Bank in accordance with Regulation A of the FRB or U.S. Treasury Regulation 31 CFR ss.203.14, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law.

11.09 Set-off. In addition to any rights and remedies of the Banks provided by law, if an Event of Default exists or the Loans have been accelerated, each Bank is authorized at any time and from time to time, without prior notice to the Borrower, any such notice being waived by the Borrower to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Bank to or for the credit or the account of the Borrower against any and all Obligations owing to such Bank, now or hereafter existing, irrespective of whether or not the Administrative Agent or such Bank shall have made demand under this Agreement or any Loan Document and although such Obligations may be contingent or unmatured. Each Bank agrees promptly to notify the Borrower and the Administrative Agent after any such set-off and application made by such Bank; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

11.10 Notification of Addresses, Lending Offices, Etc. Each Bank shall notify the Administrative Agent in writing of any changes in the address to which notices to the Bank should be directed, of addresses of any Lending Office, of payment instructions in respect of all payments to be made to it under this Agreement and of such other administrative information as the Administrative Agent shall reasonably request.

11.11 Assignment of Revolving Loans. (a) On or prior to the Restatement Effective Date, the Administrative Agent shall notify each Bank of the amount required to be paid by or to such Bank so that the Revolving Loans held by the Banks on the Restatement Effective Date (before giving effect to any new Revolving Loans made on such date) shall be held by each Bank pro rata in accordance with the Revolving Loan Commitments of the Banks set forth on Schedule 2.01. Each Bank which is required to reduce the amount of Revolving Loans held by it (each such Bank, a "Decreasing Bank") shall irrevocably assign, without recourse or warranty of any kind whatsoever (except that each Decreasing Bank warrants that it is the legal and beneficial owner of the Loans assigned by it under this Section 11.11 and that such Loans are held by such Decreasing Bank free and clear of adverse claims), to each Bank which is required to increase the amount of Revolving Loans held by it (each such Bank, an "Increasing Bank"), and each Increasing Bank shall irrevocably acquire from the Decreasing Banks, a portion of the principal amount of the Revolving Loans of each Decreasing Bank (collectively, the "Acquired Portion") outstanding on the Restatement Effective Date (before giving effect to any new Revolving Loans made on such date) in an amount such that the principal amount of the Revolving Loans held by each Increasing Bank and each Decreasing Bank as of the Restatement Effective Date shall be held in accordance with each such Bank's Pro Rata Share (if any) as of such date. Such assignment and acquisition shall be effective on the Restatement

Effective Date automatically and without any action required on the part of any party other than the payment by the Increasing Banks to the Administrative Agent for the account of the Decreasing Banks of an aggregate amount equal to the Acquired Portion, which amount shall be allocated and paid by the Administrative Agent at or before 12:00 p.m. San Francisco time on the Restatement Effective Date to the Decreasing Banks pro rata based upon the respective reductions in the principal amount of the Revolving Loans held by such Banks on the Restatement Effective Date (before giving effect to any new Revolving Loans made on such date). Each of the Administrative Agent and the Banks shall adjust its records accordingly to reflect the payment of the Acquired Portion. The payment to be made in respect of the Acquired Portion shall be made by the Increasing Banks to the Administrative Agent in Dollars in immediately available funds at or before 11:00 a.m. San Francisco time on the Restatement Effective Date, such payment to be made by the Increasing Banks pro rata based upon the respective increases in the principal amount of the Revolving Loans held by such Banks on the Restatement Effective Date (before giving effect to any new Revolving Loans made on such date).

(b) To the extent any of the Revolving Loans acquired by the Increasing Banks from the Decreasing Banks pursuant to Section 11.11(a) above are Eurodollar Rate Loans and the Restatement Effective Date is not the last day of an Interest Period for such Loans, the Decreasing Banks shall be entitled to compensation from the Borrower as provided in Section 4.04 of the Existing Credit Agreement (as if the Borrower had prepaid such Loans in an amount equal to the Acquired Portion on the Restatement Effective Date). The payment made by the Increasing Banks in respect of the Acquired Portion shall constitute a Loan made by the Increasing Banks on the Restatement Effective Date, and to the extent any Loan acquired by the Increasing Banks on the Restatement Effective Date is a Eurodollar Rate Loan and such date is not the last day of an Interest Period for such Loan, such Loan shall accrue interest at the rate then applicable to such Loan until such last day; provided, however, that the Borrower shall compensate the Increasing Banks for an amount equal to the amount, if any, by which the cost to the Increasing Banks of funding the amount of each such Loan in the respective market for the period from such date to the last day of the then Interest Period for such Loan exceeds such applicable rate.

11.12 Counterparts. This Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument. Transmission by telecopier of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart. The parties hereto shall deliver to each other an original counterpart of this Agreement promptly after the delivery by telecopier; provided, however, that the failure by any party to so deliver an original counterpart shall not affect the sufficiency of a telecopy of such counterpart (and the fact that such telecopy constitutes the due and sufficient delivery of such counterpart), as provided above.

11.13 Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required under this Agreement shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required under this Agreement.

11.14 No Third Parties Benefited. This Agreement is made and entered into for the sole protection and legal benefit of the Borrower, the Banks, the Administrative Agent and the Agent-Related Persons, the Arranger and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents.

11.15 Governing Law and Jurisdiction. (a) THIS AGREEMENT AND ALL NOTES ISSUED UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK; PROVIDED THAT THE ADMINISTRATIVE AGENT AND THE BANKS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE BORROWER, THE GENERAL PARTNER, THE ADMINISTRATIVE AGENT AND THE BANKS CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE BORROWER, THE GENERAL PARTNER, THE ADMINISTRATIVE AGENT AND THE BANKS IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. THE BORROWER, THE GENERAL PARTNER, THE ADMINISTRATIVE AGENT AND THE BANKS EACH WAIVE PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

11.16 Waiver of Jury Trial. THE BORROWER, THE GENERAL PARTNER, THE BANKS AND THE ADMINISTRATIVE AGENT EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY AGENT-RELATED PERSON, PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE BORROWER, THE GENERAL PARTNER, THE BANKS AND THE ADMINISTRATIVE AGENT EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

11.17 Entire Agreement. From and after the Restatement Effective Date (if it shall occur), this Agreement, together with the other Loan Documents, embodies the entire agreement and understanding between and among the Borrower, the General Partner, the Banks and the Administrative Agent, and supersedes the Existing Credit Agreement and all other understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof.

DOCSLA1:344952.1

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

FERRELLGAS, L.P.

By: Ferrellgas, Inc.
Its: General Partner

By: /s/ Kevin T. Kelly
Name: Kevin T. Kelly
Title: Vice President and Chief Financial Officer

FERRELLGAS, INC.

By: /s/ Kevin T. Kelly
Name: Kevin T. Kelly
Title: Vice President and Chief Financial Officer

Address for Notices for
each of the Borrower and
the General Partner:

One Liberty Plaza
Liberty, Missouri 64068
Attention: Chief Financial Officer
Telephone: (816) 792-6901
Facsimile: (816) 792-6979

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

By: /s/ Daryl G.Patterson
Name: Daryl G. Patterson
Title: Managing Director

[SIGNATURES CONTINUED ON NEXT PAGE]

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

By: /s/ Daryl G. Patterson
Name: Daryl G. Patterson
Title: Managing Director

[SIGNATURES CONTINUED ON NEXT PAGE]

WELLS FARGO BANK (TEXAS), N.A.

By: /s/ Charles D. Kirkham
Name: Charles D. Kirkham
Title: Vice President

[SIGNATURES CONTINUED ON NEXT PAGE]

BANK ONE, NA (Chicago Office)

By: /s/ Jeanie C. Harman
Name: Jeanie C. Harman
Title: Officer

[SIGNATURES CONTINUED ON NEXT PAGE]

FIRSTAR BANK N.A.

By: /s/ Barry P. Sullivan
Name: Barry P. Sullivan
Title: Vice President

[SIGNATURES CONTINUED ON NEXT PAGE]

LASALLE BANK NATIONAL ASSOCIATION

By: /s/ Brian Peterson
Name: Brian Peterson
Title: Vice President

[SIGNATURES CONTINUED ON NEXT PAGE]

PARIBAS

By: /s/ Rosine K. Matthews
Name: Rosine K. Matthews
Title: Vice President

By: /s/ Larry Robinson
Name: Larry Robinson
Title: Vice President

[SIGNATURES CONTINUED ON NEXT PAGE]

BANK OF OKLAHOMA, N.A.

By: /s/ Chris Amburgy
Name: Chris Amburgy
Title: Assistant Vice President

[SIGNATURES CONTINUED ON NEXT PAGE]

THE FUJI BANK, LIMITED

By: /s/ Nate Ellis
Name: Nate Ellis
Title: Senior Vice President and Manager

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FIRST AMENDMENT TO SECOND AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP OF FERRELLGAS, L.P.

This First Amendment to Second Amended and Restated Agreement of Limited Partnership of Ferrellgas, L.P. is executed effective as of June 5, 2000, between Ferrellgas, Inc., the general partner of Ferrellgas, L.P. (the "General Partner"), and Ferrellgas Partners, L.P., the sole limited partner of Ferrellgas, L.P. (the "Limited Partner").

WHEREAS, Ferrellgas, L.P. (the "Partnership") is governed by the Second Amended and Restated Agreement of Limited Partnership dated as of October 14, 1998 (the "Partnership Agreement"); and

WHEREAS, pursuant to Section 14.2 of the Partnership Agreement, the General Partner and the Limited Partner desire to amend the Partnership Agreement as set forth herein;

NOW, THEREFORE, in consideration of good and valuable consideration, the sufficiency of which is hereby acknowledged, the General Partner and the Limited Partner agree as follows:

1. The definition of "Percentage Interest" in Article II of the Partnership Agreement is hereby amended in its entirety to be as follows:

"Percentage Interest" means as of the date of such determination as to any Partner, the percentage determined by dividing the amount of that Partner's cumulative Capital Contributions to the Partnership by the cumulative Capital Contributions of all Partners to the Partnership. As of June 5, 2000, the Percentage Interest of the General Partner, in its capacity as such, was 1.0101%, and the Percentage Interest of the Limited Partner, was 98.9899%.

2. Section 4.3 of the Partnership Agreement is hereby amended in its entirety to be as follows:

With the consent of the General Partner, the Limited Partner may, but shall not be obligated to, make additional Capital Contributions to the Partnership. Contemporaneously with the making of any such additional Capital Contributions by the Limited Partner, the General Partner may make an additional Capital Contribution to the Partnership in an amount equal to 1.0204% of the additional Capital Contribution then made by the Limited Partner. The General Partner may, at any time and from time to time, make a Capital Contribution to the Partnership so that the General Partner will have a Capital Account equal to no more than 1.0204% of the sum of the Capital Accounts of all Partners. Except as set forth in Section 13.8, the General Partner shall not be obligated to make any additional Capital Contributions to the Partnership.

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

FERRELLGAS, INC.

By:/s/Kevin T. Kelly
_____
Kevin T. Kelly
Vice President and Chief Financial
Officer

FERRELLGAS PARTNERS, L.P.

By: Ferrellgas, Inc., as general partner

By:/s/ Kevin T. Kelly
_____
Kevin T. Kelly
Vice President and Chief Financial
Officer

OMNIBUS AMENDMENT AGREEMENT NO. 2

Dated as of April 18, 2000

in respect of
FERRELLGAS, LP TRUST NO. 1999-A
PARTICIPATION AGREEMENT
LEASE INTENDED AS SECURITY
LOAN AGREEMENT
Each dated as of December 1, 1999

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OMNIBUS AMENDMENT AGREEMENT NO. 2

THIS OMNIBUS AMENDMENT AGREEMENT NO. 2 dated as of April 18, 2000 (this "Amendment") is among FERRELLGAS, LP, a Delaware limited partnership (the "Lessee"), FERRELLGAS, INC., a Delaware corporation (the "General Partner"), FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, in its individual capacity and in its capacity as certificate trustee under the Trust Agreement referred to below (the "Certificate Trustee"), FIRST SECURITY TRUST COMPANY OF NEVADA, a Nevada banking corporation (the "Agent"), the Persons named on Schedule I hereto, as Certificate Purchasers (the "Certificate Purchasers") and the Persons named on Schedule II hereto, as Lenders (the "Lenders").

RECITALS:

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

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

C. The Lessee and the Certificate Trustee have heretofore entered into that certain Lease Intended as Security dated as of December 1, 1999 (the "Lease").

D. The Certificate Trustee, the Agent and Banc of America Leasing & Capital, LLC, as the original Lender have heretofore entered into that certain Loan Agreement dated as of December 1, 1999, as amended by Amendment No. 1 (as so amended by Amendment No.
1, the "Loan Agreement").

E. The Lessee, the General Partner, the Certificate Trustee, the Agent, the Certificate Purchasers and the Lenders now desire to amend the Participation Agreement, the Lease and the Loan Agreement (collectively, the "Agreements") in the respects, but only in the respects, hereinafter set forth.

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

SECTION 1. AMENDMENT OF AGREEMENTS.

Section 1.1. Amendments to Participation Agreement. (a) Section 4.1 of the Participation Agreement shall be and is hereby amended as follows:

(i) Section 4.1(a) shall be and is hereby amended and restated to read as follows:

"(a) Corporate or Partnership Existence and Power. The General Partner, the MLP, Lessee and each of the Restricted Subsidiaries:

(i) is a corporation or partnership duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

(ii) has the power and authority and all governmental licenses, authorizations, consents and approvals to own its assets, carry on its business as now being or as proposed to be conducted and to execute, deliver, and perform its obligations under the Operative Documents;

(iii) is duly qualified as a foreign corporation or partnership and is licensed and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification or license or where the failure so to qualify could reasonably be expect to have a Material Adverse Effect; and

(iv) is in compliance with all material Requirements of Law, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect."

(ii) Sections 4.1(b), (c), (d), (i) and (n) shall be and are hereby amended by deleting all references therein to the term "Subsidiary" and substituting in place thereof the term "Restricted Subsidiary".

(iii) Section 4.1(g)(iv) shall be and is hereby amended and restated in its entirety to read as follows:

"(iv) No pension Plan has any Unfunded Pension Liability that could reasonably be expected to have a Material Adverse Effect."

(iv) Section 4.1(k) shall be and is hereby amended and restated in its entirety to read as follows:

"(k) Financial Condition. (i) The audited consolidated financial statements of the General Partner, Lessee, the MLP and their respective Subsidiaries dated July 31, 1999 and the unaudited consolidated financial statements of the General Partner, Lessee, the MLP and their respective Subsidiaries dated January 31, 2000, in each case together with the related consolidated statements of income or operations, shareholders' equity and cash flows for the fiscal periods ended on those respective dates:

(A) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, subject to ordinary, good faith year end audit adjustments;

(B) fairly present the financial condition of Lessee and its Subsidiaries as of the date thereof and results of operations for the period covered thereby; and

(C) show all material indebtedness and other liabilities, direct or contingent, of Lessee and its consolidated Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Contingent Obligations (except that since such date Lessee (x) issued $184,000,000 aggregate principal amount of the 2000 Notes and (y) repaid in full and irrevocably terminated the commitments under its $183,000,000 credit facility with BofA.

(ii) Since January 31, 2000, there has been no Material Adverse Effect.

(iii) The General Partner, the MLP, Lessee and each of the other Subsidiaries of Lessee are each Solvent, both before and after giving effect to the consummation of each of the transactions contemplated by the Operative Documents."

(v) Section 4.1(o) shall be and is hereby amended and restated in its entirety to read as follows:

"(o) Copyrights, Patents, Trademarks and Licenses, Etc. Lessee and the Restricted Subsidiaries own or are licensed or otherwise have the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other rights that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person, except for those patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other rights the failure of which to obtain could not reasonably be expected to have a Material Adverse Effect. To the best knowledge of Lessee, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by Lessee or any Restricted Subsidiary infringes upon any rights held by any other Person. No claim or litigation regarding any of the foregoing is pending or, to the best knowledge of Lessee, threatened, and no patent, invention, device, application, principle or any statute, law, rule, regulation, standard or code is pending or, to the knowledge of Lessee, proposed, which, in either case, could reasonably be expected to have a Material Adverse Effect."

(vi) Section 4.1(p) shall be and is hereby amended and restated in its entirety to read as follows:

"(p) Subsidiaries and Affiliates. Lessee (i) has no Subsidiaries or other Affiliates except (A) those specifically disclosed in Schedule IV of Ominibus Amendment Agreement No. 2 as of the Effective Date (B) one or more SPEs established in connection with Accounts Receivable Securitizations permitted by Section 5.21, (C) Restricted and Unrestricted Subsidiaries established in compliance with Section 5.37 and (D) Joint Ventures established in compliance with Section 5.26 subsequent to the Effective Date, and (ii) has no equity investments in any corporation or entity other than (A) Subsidiaries and Affiliates disclosed in subsection (i) above and (B) other Permitted Lessee Investments."

(vii) Section 4.1(q) shall be and is hereby amended and restated in its entirety to read as follows:

"(q) Insurance. The properties of Lessee and the Restricted Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of Lessee, in such amounts, with

such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where Lessee or each such Subsidiary operates and consistent with the practice of the Lessee and the Restricted Subsidiaries as of the Effective Date."

(viii) Section 4.1(t) shall be and is hereby amended and restated in its entirety to read as follows:

"(t) Fixed Price Supply Contracts. None of Lessee and its Subsidiaries (other than Non-Recourse Subsidiaries) is a party to any contract for the supply of propane or other product except where (a) the purchase price is set with reference to a spot index or indices substantially contemporaneously with the delivery of such product or (b) delivery of such propane or other product is to be made no more than two years after the purchase price is agreed to."

(ix) Section 4.1(w) shall be and is hereby amended and restated in its entirety to read as follows:

"(w) Year 2000. Lessee and its Subsidiaries have reviewed the areas within their business and operations which could have been or could continue to be adversely affected by the "Year 2000 Problem" (that is, the risk that computer applications used by Lessee and its Subsidiaries may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date on or after December 31, 1999). Accordingly, Lessee and its Subsidiaries have developed a program to address such related problems, and have made related appropriate inquiry of material suppliers and vendors. To date, no problems connected with the Year 2000 Problem have occurred which have had a Material Adverse Effect on Lessee or its Subsidiaries. Although some problems related to the Year 2000 Problem may remain as yet undetected, the Borrower believes that, based on such review and program, the "Year 2000 Problem" will not have a Material Adverse Effect."

(b) Article V of the Participation Agreement shall be and is hereby amended and restated in its entirety to read as follows:

"ARTICLE V

COVENANTS OF LESSEE

Section 5.1. Financial Statements. Lessee shall deliver to Agent, in form and detail satisfactory to Agent and the Required Participants and consistent with the form and detail of financial statements and projections provided to Agent by Lessee and its Affiliates prior to the Delivery Date, with sufficient copies for each Participant:

(a) as soon as available, but not later than 100 days after the end of each fiscal year (commencing with the fiscal year ended July 31, 2000), a copy of the audited consolidated balance sheet of Lessee and its Subsidiaries as at the end of such year and the related consolidated statements of income or operations, partners' or shareholders' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, and accompanied by the opinion of a nationally-recognized independent public accounting firm ("Independent Auditor") which report shall state that such consolidated financial statements present fairly the financial position for the periods indicated in conformity with GAAP applied on a basis consistent with prior years. Such opinion shall not be qualified or limited in any manner, including on account of any limitation on it because of a restricted or limited examination by the Independent Auditor of any material portion of Lessee's or any Subsidiary's records;

(b) as soon as available, but not later than 45 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the fiscal quarter ended April 30, 2000), a copy of the unaudited consolidated balance sheet of Lessee and its Subsidiaries as of the end of such quarter and the related consolidated statements of income, partners' or shareholders' equity and cash flows for the period commencing on the first day and ending on the last day of such quarter, and certified by a Responsible Officer as fairly presenting, in accordance with GAAP (subject to ordinary, good faith year-end audit adjustments), the financial position and the results of operations of Lessee and the Subsidiaries;

(c) as soon as available, but not later than 100 days after the end of each fiscal year (commencing with the first fiscal year during all or any part of which Lessee had one or more Significant Subsidiaries), a copy of an unaudited consolidating balance sheet of Lessee and its Subsidiaries as at the end of such year and the related consolidating statement of income, partners' or shareholders' equity and cash flows for such year, certified by a Responsible Officer as

having been developed and used in connection with the preparation of the financial statements referred to in subsection 5.1(a);

(d) as soon as available, but not later than 45 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the first fiscal quarter during all or any part of which Lessee had one or more Significant Subsidiaries), a copy of the unaudited consolidating balance sheets of Lessee and its Subsidiaries, and the related consolidating statements of income, partners' or shareholders' equity and cash flows for such quarter, all certified by a Responsible Officer as having been developed and used in connection with the preparation of the financial statements referred to in subsection 5.1(b);

(e) as soon as available, but not later than 60 days after the end of each fiscal year (commencing with the fiscal year ended July 31, 2000), projected consolidated balance sheets of Lessee and its Subsidiaries as at the end of each of the current and following two fiscal years and related projected consolidated statements of income, partners' or shareholders' equity and cash flows for each such fiscal year, including therein a budget for the current fiscal year, certified by a Responsible Officer as having been developed and prepared by Lessee in good faith and based upon Lessee's best estimates and best available information; and

(f) as soon as available, but not later than 100 days after the end of each fiscal year of the General Partner (commencing with the fiscal year ended July 31, 2000), a copy of the unaudited (or audited, if available) consolidated balance sheets of the General Partner as of the end of such fiscal year and the related consolidated statements of income, shareholders' equity and cash flows for such fiscal year, certified by a Responsible Officer as fairly presenting, in accordance with GAAP, the financial position and the results of operations of the General Partner and its Subsidiaries (or, if available, accompanied by an opinion of an Independent Auditor as described in subsection 5.1(a)).

Section 5.2. Certificates; Other Information. Lessee shall furnish to Agent, with sufficient copies for each Participant:

(a) concurrently with the delivery of the financial statements referred to in subsection 5.1(a), a certificate of the Independent Auditor stating that in making the examination necessary therefor no knowledge was obtained of any Lease Default or Lease Event of Default, except as specified in such certificate;

(b) concurrently with the delivery of the financial statements referred to in subsections 5.1(a) and (b), a Compliance Certificate executed by a Responsible Officer with respect to the periods covered by such financial statements together with supporting calculations and such other supporting detail as Agent and the Required Participants shall require;

(c) promptly, copies of all financial statements and reports that Lessee, the General Partner, the MLP or any Subsidiary sends to its partners or shareholders, and copies of all financial statements and regular, periodic or special reports (including Forms 10-K, 10-Q and 8-K) that Lessee or any Affiliate of Lessee, the General Partner, the MLP or any Subsidiary may make to, or file with, the SEC; and

(d) promptly, such additional information regarding the business, financial or corporate affairs of Lessee, the General Partner, the MLP or any Subsidiary as Agent, at the request of any Participant, may from time to time request.

Section 5.3. Notices. Lessee shall promptly notify Agent:

(a) of the occurrence of any Lease Default or Lease Event of Default;

(b) of any matter that has resulted or may reasonably be expected to result in a Material Adverse Effect, including (i) breach or non-performance of, or any default under, a Contractual Obligation of Lessee, the General Partner, the MLP or any Subsidiary; (ii) any dispute, litigation, investigation, proceeding or suspension between Lessee, the General Partner, the MLP or any Subsidiary and any Governmental Authority; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting Lessee, the General Partner, the MLP or any Subsidiary, including pursuant to any applicable Environmental Laws, in each case to the extent that any of the foregoing has resulted or may reasonably be expected to result in a Material Adverse Effect;

(c) of any of the following events affecting Lessee, the General Partner, the MLP or any Subsidiary, together with a copy of any notice with respect to such event that may be required to be filed with a Governmental Authority and any notice delivered by a Governmental Authority to such Person with respect to such event:

(i) an ERISA Event;

(ii) if any of the representations and warranties in Section 4.1(g) ceases to be true and correct;

(iii) the adoption of any new Pension Plan or other Plan subject to Section 412 of the Code;

(iv) the adoption of any amendment to a Pension Plan or other Plan subject to Section 412 of the Code, if such

amendment results in a material increase in contributions or Unfunded Pension Liability; or

(v) the commencement of contributions to any Pension Plan or other Plan subject to Section 412 of the Code; and

(d) of any material change in accounting policies or financial reporting practices by Lessee or any of its consolidated Subsidiaries.

Each notice under this Section shall be accompanied by a written statement by a Responsible Officer setting forth details of the occurrence referred to therein, and stating what action Lessee or any affected Affiliate proposes to take with respect thereto and at what time. Each notice under subsection 5.3(a) shall describe with particularity any and all clauses or provisions of this Agreement or other Operative Document that have been breached or violated.

Section 5.4. Preservation of Corporate or Partnership Existence, Etc. The General Partner and Lessee shall, and Lessee shall cause each Restricted Subsidiary to:

(a) preserve and maintain in full force and effect its partnership or corporate existence and good standing under the laws of its state or jurisdiction of organization or incorporation except in connection with transactions permitted by Section 5.19;

(b) preserve and maintain in full force and effect all material governmental rights, privileges, qualifications, permits, licenses and franchises necessary or desirable in the normal conduct of its business except in connection with transactions permitted by Section 5.19 and sales of assets permitted by Section 5.18, except where the failure to so preserve or maintain such governmental rights, privileges, qualifications, permits, licenses and franchises could not reasonably be expected to have a Material Adverse Effect;

(c) preserve its business organization and goodwill, except where the failure to so preserve its business organization or goodwill could not reasonably be expected to have a Material Adverse Effect; and

(d) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

Section 5.5. Maintenance of Property. Lessee shall maintain, and shall cause each Restricted Subsidiary to maintain, and preserve all its property which is used or useful in its business in good working order and condition, ordinary wear and tear excepted. Lessee and each Restricted Subsidiary shall use the standard of care typical in the industry in the operation and maintenance of its facilities. Lessee shall maintain the Units in accordance with the Lease.

Section 5.6. Insurance. Lessee shall maintain, and shall cause each Restricted Subsidiary to maintain, with financially sound and reputable independent insurers, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons. Lessee shall insure the Units in accordance with the Lease.

Section 5.7. Payment of Obligations. Lessee and the General Partner shall, and shall cause each Restricted Subsidiary to, pay and discharge as the same shall become due and payable (except to the extent the failure to so pay and discharge could not reasonably be expected to have a Material Adverse Effect), all their respective obligations and liabilities, including:

(a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by Lessee, the General Partner or such Subsidiary;

(b) all lawful claims which, if unpaid, would by law become a Lien upon its property, unless such claims are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by Lessee, the General Partner or such Subsidiary; and

(c) all Indebtedness, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness.

Section 5.8. Compliance with Laws. Lessee shall comply, and shall cause each Restricted Subsidiary to comply with all Requirements of Law of any Governmental Authority having jurisdiction over it or its business (including the Federal Fair Labor Standards Act), except such as may be contested in good faith or as to which a bona fide dispute may exist or the failure of which to comply with could not reasonably be expected to have a Material Adverse Effect..

Section 5.9. Inspection of Property and Books and Records. Lessee shall maintain and shall cause each Subsidiary to maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of Lessee and such Subsidiary. Lessee shall permit, and shall cause each Subsidiary to permit, representatives and independent contractors of Agent or any Participant to visit and inspect any of their respective properties, to examine their respective corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss their respective affairs, finances and accounts with their respective

directors, officers, and independent public accountants, all at the expense of Lessee and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to Lessee; provided, however, when a Lease Event of Default exists Agent or any Participant may do any of the foregoing at the expense of Lessee at any time during normal business hours and without advance notice.

Section 5.10. Environmental Laws. Lessee shall, and shall cause each Restricted Subsidiary to, conduct its operations and keep and maintain its property in material compliance with all Environmental Laws, except where failure to comply with such Environmental Laws could not reasonably be expected to have a Material Adverse Effect.

Section 5.11. Use of Proceeds. Lessee shall use the proceeds of the sale of the Units, the Certificates and the Notes for working capital purposes and other general partnership purposes, in each case not in contravention of any Requirement of Law or of any Operative Document.

Section 5.12. Financial Covenants.

(a) Leverage Ratio. Lessee shall maintain as of the last day of each fiscal quarter a Leverage Ratio equal to or less than (i) 5.10 to 1.00 as of the last day of each fiscal quarter ending on or prior to July 31, 2000, (ii) 5.25 to 1.00 as of the last day of each fiscal quarter ending after July 31, 2000 and on or prior to January 31, 2001, and (iii) 4.75 to 1.00 as of the last day of each fiscal quarter ending after January 31, 2001. For purposes of this Section 5.12(a), (x) Funded Debt and Synthetic Lease Obligations shall be calculated as of the last day of such fiscal quarter and (y) Consolidated Cash Flow shall be calculated for the most recently ended four consecutive fiscal quarters, provided, however, that prior to or concurrently with each delivery of a Compliance Certificate pursuant to Section 5.02(b), Lessee may elect to calculate Consolidated Cash Flow for the most recently ended eight consecutive fiscal quarters (in which case Consolidated Cash Flow shall be divided by two).

(b) Interest Coverage Ratio. Lessee shall maintain, as of the last day of each fiscal quarter of Lessee, an Interest Coverage Ratio for the fiscal period consisting of such fiscal quarter and the three immediately preceding fiscal quarters of at least (i) 2.25 to 1.00 for each such period of four fiscal quarters ending on or prior to January 31, 2001 and (ii) 2.50 to 1.00 each such period of four fiscal quarters ending after January 31, 2001.

Section 5.13. Trading and Supply Policies. Lessee and its Affiliates shall comply with Lessee's trading position policy and supply inventory position policy as in effect as of the Effective Date; provided, however, that Lessee and its Affiliates may, during any period of four consecutive fiscal quarters, (a) increase the loss limits specified in either the trading position or supply inventory position policy by up to 100% of the amount of such limit as in effect as of the Effective Date and (b) increase the volume limits specified in either of such policies on the number of barrels of a single product or of all products in the aggregate by up to 100% of each such number as in effect as of the Effective Date.

Section 5.14. Other General Partner Obligations. (a) The General Partner shall cause Lessee to pay and perform each of its Obligations when due. The General Partner acknowledges and agrees that it is executing this Agreement as a principal as well as the general partner on behalf of Lessee, and that its obligations hereunder as general partner are full recourse obligations to the same extent as those of Lessee.

(b) The General Partner represents, warrants and covenants that it is Solvent, both before and after giving effect to the consummation of the transactions contemplated by the Operative Documents, and that it will remain Solvent until all Obligations hereunder and under the other Operative Documents shall have been repaid in full.

(c) The General Partner, for so long as it is the general partner of Lessee, (i) agrees that its sole business will be to act as the general partner of Lessee, the MLP and any further limited partnership of which Lessee or the MLP is, directly or indirectly, a limited partner and to undertake activities that are ancillary or related thereto (including being a limited partner in Lessee), (ii) shall not enter into or conduct any business or incur any debts or liabilities except in connection with or incidental to (A) its performance of the activities required or authorized by the partnership agreement of the MLP or the Partnership Agreement or described in or contemplated by the MLP Registration Statement, and (B) the acquisition, ownership or disposition of partnership interests in Lessee or partnership interests in the MLP or any further limited partnership of which Lessee or the MLP is, directly or indirectly, a limited partner, except that, notwithstanding the foregoing, employees of the General Partner may perform services for Ferrell Companies, Inc. and its Affiliates.

(d) The General Partner agrees that, until all Obligations hereunder and under the other Operative Documents shall have been repaid in full and all commitments shall have terminated, it will not exercise any rights it may have (at law, in equity, by contract or otherwise) to terminate, limit or otherwise restrict (whether through repurchase or otherwise and whether or not the General Partner shall remain a general partner in Lessee) the ability of Lessee to use the name "Ferrellgas".

(e) The General Partner shall not take any action or refuse to take any reasonable action the effect of which, if taken or not taken, as the case may be, would be to cause Lessee to be treated as an association taxable as a corporation or otherwise to be taxed as an entity other than a partnership for federal income tax purposes.

Section 5.15. Monetary Judgments. If one or more judgments, orders, decrees or arbitration awards is entered against Lessee or any Restricted Subsidiary involving in the aggregate a material liability (to the extent not

covered by independent third-party insurance as to which the insurer does not dispute coverage other than through a standard reservation of rights letter) as to any single or related series of transactions, incidents or conditions, then Lessee shall maintain adequate reserves for such amount in accordance with GAAP. Such amount so reserved shall be treated as establishment of a reserve for purposes of calculating Available Cash hereunder.

Section 5.16. Designation With Respect to Subsidiaries. (a) Lessee may designate any Restricted Subsidiary or newly acquired or formed Subsidiary as an Unrestricted Subsidiary or any Unrestricted Subsidiary or newly acquired or formed Subsidiary as a Restricted Subsidiary, in each case subject to satisfaction of each of the following conditions:

(i) immediately before and after giving effect to such designation, no Default or Event of Default shall exist and be continuing;

(ii) after giving effect to such designation, Lessee would be permitted to incur at least $1 of additional Indebtedness in accordance with the provisions of Section 5.21;

(iii) in the case of a designation of a Restricted Subsidiary, such Restricted Subsidiary shall have executed and delivered to Agent a Guaranty and Lessee shall otherwise be in compliance with Section 5.37;

(iv) in the case of a designation as an Unrestricted Subsidiary (including the designation of a Restricted Subsidiary as an Unrestricted Subsidiary), (x) if such designation were deemed to constitute a sale by Lessee or any Restricted Subsidiary of all the assets of the Subsidiary so designated, such sale would be in compliance with of Section 5.18 and (y) if such designation (and all other prior designations of Restricted Subsidiaries or newly acquired or formed Subsidiaries as Unrestricted Subsidiaries) were deemed to constitute an Investment by Lessee or any Restricted Subsidiary in respect of all the assets of the Subsidiary so designated, such Investment would be a Permitted Lessee Investment, in each case with the net proceeds of such sale or the amount of such Investment being deemed to equal the net book value of such assets in the case of a Restricted Subsidiary or the cost of acquisition or formation in the case of a newly acquired or formed Subsidiary; and

(v) in the case of a designation of a Restricted Subsidiary as an Unrestricted Subsidiary, such Restricted Subsidiary shall not have been an Unrestricted Subsidiary prior to being designated a Restricted Subsidiary.

(b) Lessee shall deliver to Agent and each Participant, within 20 Business Days after any such designation, a certificate of a Responsible Officer stating the effective date of such designation and stating that the foregoing conditions have been satisfied. Such certificate shall be accompanied by a schedule setting forth in reasonable detail the calculations demonstrating compliance with such conditions, where appropriate.

(c) In the case of the designation of any Unrestricted Subsidiary as a Restricted Subsidiary, such new Restricted Subsidiary shall be deemed to have made or acquired all Investments owned by it and incurred all Indebtedness and other obligations owing by it and all Liens to which it or any of its properties are subject, on the date of such designation.

Section 5.17. Limitation on Liens. Lessee shall not, and shall not suffer or permit any Restricted Subsidiary to, directly or indirectly, make, create, incur, assume or suffer to exist any Lien upon or with respect to any part of its property or sell any of its accounts receivable, whether now owned or hereafter acquired, other than (x) in the case of the Units or the other Lessee Collateral, Permitted Liens, and (y) in the case of any other property of Lessee or such Subsidiary, the following ("Permitted Encumbrances"):

(a) Liens existing on the Effective Date set forth in Schedule III to Omnibus Amendment Agreement No. 2;

(b) Liens in favor of Lessee or Liens to secure Indebtedness of a Restricted Subsidiary to Lessee or a Wholly-Owned Subsidiary;

(c) Liens on property of a Person existing at the time such Person is merged into or consolidated with Lessee or any Restricted Subsidiary, provided that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with Lessee;

(d) Liens on property existing at the time acquired by Lessee or any Restricted Subsidiary, provided that such Liens were in existence prior to the contemplation of such acquisition and do not extend to any assets other than those of the Person acquired;

(e) Liens on any property or asset acquired by Lessee or any Restricted Subsidiary in favor of the seller of such property or asset and construction mortgages on property, in each case, created within six months after the date of acquisition, construction or improvement of such property or asset by Lessee or such Subsidiary to secure the purchase price or other obligation of Lessee or such Subsidiary to the seller of such property or asset or the construction or improvement cost of such property in an amount up to 80% of the total cost of the acquisition, construction or improvement of such property or asset; provided that in each case such Lien does not extend to any other property or asset of Lessee and its Subsidiaries;

(f) Liens incurred or pledges and deposits made in connection with worker's compensation, unemployment insurance and other social security benefits and Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature, in each case, incurred in the ordinary

course of business;

(g) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, provided that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;

(h) Liens imposed by law, such as mechanics', carriers', warehousemen's, materialmen's, and vendors' Liens, incurred in good faith in the ordinary course of business with respect to amounts not yet delinquent or being contested in good faith by appropriate proceedings if a reserve or other appropriate provisions, if any, as shall be required by GAAP shall have been made therefor;

(i) zoning restrictions, easements, licenses, covenants, reservations, restrictions on the use of real property or minor irregularities of title incident thereto that do not, in the aggregate, materially detract from the value of the property or the assets of Lessee or any of its Subsidiaries or impair the use of such property in the operation of the business of Lessee or any of its Subsidiaries;

(j) Liens of landlords or mortgages of landlords, arising solely by operation of law, on fixtures and movable property located on premises leased by Lessee or any of its Subsidiaries in the ordinary course of business;

(k) Liens incurred and financing statements filed or recorded, in each case with respect to personal property leased by Lessee and its Subsidiaries in the ordinary course of business to the owners of such personal property which are either (i) operating leases (including, without limitation, Synthetic Leases) or (ii) capital leases to the extent (but only to the extent) permitted by Section 5.21; provided, that in each case such Lien does not extend to any other property or asset of Lessee and its Subsidiaries;

(l) judgment Liens to the extent that such judgments do not cause or constitute a Lease Default or Lease Event of Default;

(m) Liens incurred in the ordinary course of business of Lessee or any Restricted Subsidiary with respect to obligations that do not exceed $5,000,000 in the aggregate at any one time outstanding and that (i) are not incurred in connection with the borrowing of money or the obtaining of advances or credit (other than trade credit in the ordinary course of business) and (ii) do not in the aggregate materially detract from the value of the property or materially impair the use thereof in the operation of business by Lessee or such Subsidiary;

(n) Liens securing Indebtedness incurred to refinance Indebtedness that has been secured by a Lien otherwise permitted under this Agreement, provided that (i) any such Lien shall not extend to or cover any assets or property not securing the Indebtedness so refinanced and (ii) the refinancing Indebtedness secured by such Lien shall have been permitted to be incurred under Section 5.21 hereof and shall not have a principal amount in excess of the Indebtedness so refinanced;

(o) any extension or renewal, or successive extensions or renewals, in whole or in part, of Liens permitted pursuant to the foregoing clauses (a) through (n); provided that no such extension or renewal Lien shall (i) secure more than the amount of Indebtedness or other obligations secured by the Lien being so extended or renewed or (ii) extend to any property or assets not subject to the Lien being so extended or renewed;

(p) Liens in favor of the Administrative Agent under the Credit Agreement, any Issuing Bank and the Credit Agreement Banks relating to the Cash Collateralization of Lessee's obligations under the Credit Agreement or Liens created by the Operative Documents; and

(q) Liens securing Indebtedness of an SPE in connection with an Accounts Receivable Securitization permitted by Section 5.21 (including the filing of any related financing statements naming Lessee as the debtor thereunder in connection with the sale of accounts receivable by Lessee to such SPE in connection with any such permitted Accounts Receivable Securitization); provided that the aggregate amount of accounts receivable subject to all such Liens shall at no time exceed 133% of the amount of Accounts Receivable Securitizations permitted to be outstanding under such Section 5.21.

Section 5.18. Asset Sales. Lessee shall not, and shall not permit any of the Restricted Subsidiaries to, (i) sell, lease, convey or otherwise dispose of any assets (including by way of a sale-and-leaseback) other than sales of inventory in the ordinary course of business consistent with past practice (provided that the sale, lease, conveyance or other disposition of all or substantially all of the assets of Lessee shall be governed by the provisions of Section 5.19 hereof and not by the provisions of this Section 5.18), or (ii) issue or sell Equity Interests of any of its Subsidiaries, in the case of either clause (i) or (ii) above, whether in a single transaction or a series of related transactions, (A) that have a fair market value in excess of the lesser of $10,000,000 or the amount (which amount is equal to $5,000,000 as of the Effective Date) specified in Section 4.10 of the 1996 Indenture as amended from time to time (such lesser amount, the "Applicable Amount"), or (B) for net proceeds in excess of the "Applicable Amount" (each of the foregoing, an "Asset Sale"), unless (X) Lessee (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the fair

market value (evidenced by a resolution of the board of directors of the General Partner (and, if applicable, the audit committee of such board of directors) set forth in a certificate signed by a Responsible Officer and delivered to Agent) of the assets sold or otherwise disposed of and (Y) at least 80% of the consideration therefor received by Lessee or such Subsidiary is in the form of cash; provided, however, that the amount of (1) any liabilities (as shown on Lessee's or such Subsidiary's most recent balance sheet or in the notes thereto), of Lessee or any Subsidiary (other than liabilities that are by their terms subordinated in right of payment to the Obligations hereunder and under the other Operative Documents) that are assumed by the transferee of any such assets and (2) any notes or other obligations received by Lessee or any such Subsidiary from such transferee that are immediately converted by Lessee or such Subsidiary into cash (to the extent of the cash received), shall be deemed to be cash for purposes of this provision; and provided, further, that the 80% limitation referred to in this clause (Y) shall not apply to any Asset Sale in which the cash portion of the consideration received therefrom, determined in accordance with the foregoing proviso, is equal to or greater than what the after-tax proceeds would have been had such Asset Sale complied with the aforementioned 80% limitation. Notwithstanding the foregoing, Asset Sales shall not be deemed to include (w) sales or transfers of accounts receivable by Lessee to an SPE and by an SPE to any other Person in connection with any Accounts Receivable Securitization permitted by Section 5.21 (provided that the aggregate amount of such accounts receivable that shall have been transferred to and held by all SPEs at any time shall not exceed 133% of the amount of Accounts Receivable Securitizations permitted to be outstanding under Section 5.21), (x) any transfer of assets by Lessee or any of its Subsidiaries to Lessee or a Restricted Subsidiary, (y) any transfer of assets by Lessee or any of its Subsidiaries to any Person in exchange for other assets used in a line of business permitted under Section 5.31 and having a fair market value not less than that of the assets so transferred and (z) any transfer of assets pursuant to a Permitted Lessee Investment or any sale-leaseback (including sale-leasebacks involving Synthetic Leases) permitted by Section 5.33. Notwithstanding the foregoing, Lessee may not sell, lease, convey or otherwise dispose of any Unit except as permitted by the Lease.

Section 5.19. Consolidations and Mergers. (a) Lessee shall not consolidate or merge with or into (whether or not Lessee is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions, to another Person unless (i) Lessee is the surviving Person, or the Person formed by or surviving any such consolidation or merger (if other than Lessee) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a corporation or partnership organized or existing under the laws of the United States, any state thereof or the District of Columbia; and (ii) the Person formed by or surviving any such consolidation or merger (if other than Lessee) or Person to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made assumes all the Obligations of Lessee under this Agreement and the other Operative Documents pursuant to an assumption agreement in a form reasonably satisfactory to Agent; (iii) immediately after such transaction no Lease Default or Lease Event of Default exists; and (iv) Lessee or any Person formed by or surviving any such consolidation or merger, or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made (A) shall have Consolidated Net Worth (immediately after the transaction but prior to any purchase accounting adjustments resulting from the transaction) equal to or greater than the Consolidated Net Worth of Lessee immediately preceding the transaction and (B) shall, at the time of such transaction and after giving effect thereto, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Leverage Ratio test set forth in Section 5.12(a).

(b) Lessee shall deliver to Agent prior to the consummation of the proposed transaction pursuant to the foregoing paragraph (a) an officers' certificate to the foregoing effect signed by a Responsible Officer and an opinion of counsel satisfactory to Agent stating that the proposed transaction complies with this Agreement. Agent, Certificate Trustee and the Participants shall be entitled to conclusively rely upon such officer's certificate and opinion of counsel.

(c) Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of Lessee in accordance with this Section 5.19, the successor Person formed by such consolidation or into or with which Lessee is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Agreement and the other Operative Documents referring to the "Lessee" shall refer to or include instead the successor Person and not Lessee), and may exercise every right and power of Lessee under this Agreement with the same effect as if such successor Person had been named as Lessee herein; provided, however, that the predecessor Lessee shall not be relieved from the obligation to pay Rent or perform the other Obligations except in the case of a sale of all of such Lessee's assets that meets the requirements of this Section 5.19 hereof.

Section 5.20. Acquisitions. Without limiting the generality of any other provision of this Agreement, neither Lessee nor any Restricted Subsidiary shall consummate any Acquisition unless (i) the acquiree is primarily a retail propane distribution business; (ii) such Acquisition is undertaken in accordance with all applicable Requirements of Law; (iii) the prior, effective written consent or approval to such Acquisition of the board of directors or equivalent governing body of the acquiree is obtained; and (iv) immediately after giving effect thereto, no Lease Default or Lease Event of Default will occur or be continuing and each of the representations and warranties of Lessee herein is true on and as of the date of such Acquisition, both before and after giving effect thereto. Nothing in Section 5.38 shall prohibit (x) the making by Lessee of a Permitted Acquisition indirectly through the General Partner, the MLP or any of its or their Affiliates in a series of substantially contemporaneous transactions in which Lessee shall ultimately own the assets that are the

subject of such Permitted Acquisition or (y) the assumption of Acquired Debt in connection therewith to the extent such Acquired Debt is (if not otherwise permitted to be incurred by Lessee pursuant to this Agreement) upon such assumption immediately repaid (with the proceeds of Revolving Loans or otherwise).

Section 5.21. Limitation on Indebtedness. Lessee shall not, and shall not permit any of the Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, suffer to exist, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness (including Acquired Debt) or any Synthetic Leases and Lessee shall not issue any Disqualified Interests and shall not permit any of the Restricted Subsidiaries to issue any shares of preferred stock; provided, however, that Lessee and any Restricted Subsidiary of Lessee may create, incur, issue, assume, suffer to exist, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness (including Acquired Debt) or any Synthetic Lease to the extent that the Leverage Ratio is maintained in accordance with Section 5.12(a), both before and after giving effect to the incurrence of such Indebtedness or such Synthetic Lease, as the case may be, and, provided, further, that (x) the aggregate principal amount of (1) all Capitalized Lease Obligations and all Synthetic Lease Obligations (other than Capitalized Lease Obligations and Synthetic Lease Obligations in respect of Growth-Related Capital Expenditures) of Lessee and the Restricted Subsidiaries and (2) all Indebtedness for which Lessee and any Restricted Subsidiary of Lessee become liable in connection with Acquisitions of retail propane businesses in favor of the sellers of such businesses and secured by any Lien on any property of Lessee or any of the Restricted Subsidiaries, shall not exceed $65,000,000 at any one time outstanding, and (y) the principal amount of any Indebtedness for which Lessee or any Restricted Subsidiary of Lessee becomes liable in connection with Acquisitions of retail propane businesses in favor of the sellers of such businesses shall not exceed the fair market value of the assets so acquired, and (z) the aggregate amount of Indebtedness of Lessee and its Subsidiaries through one or more SPEs in connection with Accounts Receivable Securitizations shall not exceed $60,000,000 at any one time outstanding.

Section 5.22. Transactions with Affiliates. Lessee shall not, and shall not permit any of the Restricted Subsidiaries to, sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into any contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate, including any Non-Recourse Subsidiary (each of the foregoing, an "Affiliate Transaction"), unless (a) such Affiliate Transaction is on terms that are no less favorable to Lessee or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by Lessee or such Restricted Subsidiary with an unrelated Person and (b) with respect to (i) any Affiliate Transaction with an aggregate value in excess of $500,000, a majority of the directors of the General Partner having no direct or indirect economic interest in such Affiliate Transaction determines by resolution that such Affiliate Transaction complies with clause (a) above and approves such Affiliate Transaction and (ii) any Affiliate Transaction involving the purchase or other acquisition or sale, lease, transfer or other disposition of properties or assets other than in the ordinary course of business, in each case, having a fair market value or for net proceeds in excess of $15,000,000, Lessee delivers to Agent and the Participants an opinion as to the fairness to Lessee or such Restricted Subsidiary from a financial point of view issued by an investment banking firm of national standing; provided, however, that (i) any employment agreement or stock option agreement entered into by Lessee or any of the Restricted Subsidiaries in the ordinary course of business and consistent with the past practice of Lessee (or the General Partner) or such Restricted Subsidiary, Restricted Payments permitted by the provisions of Section 5.28, and transactions entered into by Lessee in the ordinary course of business in connection with reinsuring the self-insurance programs or other similar forms of retained insurable risks of the retail propane businesses operated by Lessee, the Restricted Subsidiaries and its Affiliates, in each case, shall not be deemed Affiliate Transactions, and (ii) nothing herein shall authorize the payments by Lessee to the General Partner or any other Affiliate of Lessee for administrative expenses incurred by such Person other than such out-of-pocket administrative expenses as such Person shall incur and Lessee shall pay in the ordinary course of business; and provided, further, that the foregoing provisions of this Section 5.22 shall not apply to transfers of accounts receivable of Lessee to an SPE in connection with any Accounts Receivable Securitization permitted by Section 5.21.

Section 5.23. Use of Proceeds. Lessee shall not, and shall not suffer or permit any Restricted Subsidiary to, use any portion of the proceeds of the sale of the Units, the Certificates or the Notes, directly or indirectly, (i) to purchase or carry Margin Stock, (ii) to repay or otherwise refinance indebtedness of Lessee or others incurred to purchase or carry Margin Stock, (iii) to extend credit for the purpose of purchasing or carrying any Margin Stock, or (iv) to acquire any security in any transaction that is subject to Section 13 or 14 of the Exchange Act.

Section 5.24. Use of Proceeds - Ineligible Securities. Lessee shall not, directly or indirectly, use any portion of the proceeds of the sale of the Units, the Certificates or the Notes (i) knowingly to purchase Ineligible Securities from the Credit Agreement Arranger during any period in which the Credit Agreement Arranger makes a market in such Ineligible Securities, (ii) knowingly to purchase during the underwriting or placement period Ineligible Securities being underwritten or privately placed by the Credit Agreement Arranger, or (iii) to make payments of principal or interest on Ineligible Securities underwritten or privately placed by the Credit Agreement Arranger and issued by or for the benefit of Lessee or any Affiliate of Lessee.

Section 5.25. Contingent Obligations. Lessee shall not, and shall not suffer or permit any Restricted Subsidiary to, create, incur, assume or suffer to exist any Contingent Obligations except:

(a) endorsements for collection or deposit in the ordinary course of business;

(b) subject to compliance with the trading policies in effect from time to time as submitted to Agent, Hedging Obligations entered into in the ordinary course of business as bona fide hedging transactions;

(c) the Guaranties under the Credit Agreement and the Operative Documents;

(d) Guaranty Obligations to the extent not prohibited by Section 5.21; and

(e) indemnities not guaranteeing Indebtedness or Synthetic Lease Obligations of any Person.

Section 5.26. Joint Ventures. Lessee shall not, and shall not suffer or permit any Restricted Subsidiary to enter into any Joint Venture unless the same shall be a Permitted Lessee Investment.

Section 5.27. Lease Obligations. The aggregate obligations of Lessee and the Restricted Subsidiaries for the payment of rent for any property under lease or agreement to lease (excluding obligations of Lessee and its Subsidiaries under or with respect to Synthetic Leases) for any fiscal year shall not exceed the greater of (a) $40,000,000 or (b) 20% of (i) Consolidated Cash Flow of Lessee for the most recently ended eight consecutive fiscal quarters divided by (ii) two; provided, however, that any payment of rent for any property under lease or agreement to lease for a term of less than one year (after giving effect to all automatic renewals) shall not be subject to this Section 5.27. For purposes of this Section 5.27, the calculation of Consolidated Cash Flow shall give pro forma effect to Acquisitions (including all mergers and consolidations), Asset Sales and other dispositions and discontinuances of businesses or assets that have been made by Lessee or any of the Restricted Subsidiaries during the reference period or subsequent to such reference period and on or prior to the date of calculation of Consolidated Cash Flow assuming that all such Acquisitions, Asset Sales and other dispositions and discontinuances of businesses or assets had occurred on the first day of the reference period.

Section 5.28. Restricted Payments. Lessee shall not and shall not permit any of the Restricted Subsidiaries to, directly or indirectly (i) declare or pay any dividend or make any distribution on account of Lessee's or any Restricted Subsidiary's Equity Interests (other than (x) dividends or distributions payable in Equity Interests (other than Disqualified Interests) of Lessee, (y) dividends or distributions payable to Lessee or a Wholly-Owned Subsidiary that is a Restricted Subsidiary and a Guarantor or (z) distributions or dividends payable pro rata to all holders of Capital Interests of any such Subsidiary); (ii) purchase, redeem, call or otherwise acquire or retire for value any Equity Interests of Lessee or any Restricted Subsidiary or other Affiliate of Lessee (other than, subject to compliance with Section 5.37, any such Equity Interests owned by a Wholly-Owned Subsidiary of Lessee that is a Restricted Subsidiary and a Guarantor); (iii) make any Investment other than a Permitted Lessee Investment; or (iv) prepay, purchase, redeem, retire, defease or refinance the 1998 Fixed Rate Senior Notes or the 2000 Notes (all payments and other actions set forth in clauses (i) through (iv) above being collectively referred to as "Restricted Payments"), except to the extent that, at the time of such Restricted Payment:

(a) no Lease Default or Lease Event of Default shall have occurred and be continuing or would occur as a consequence thereof and each of the representations and warranties of Lessee set forth herein is true on and as of the date of such Restricted Payment both before and after giving effect thereto; and

(b) the Fixed Charge Coverage Ratio for Lessee's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such Restricted Payment is made, calculated on a pro forma basis as if such Restricted Payment had been made at the beginning of such four-quarter period, would have been more than (i) 2.15 to 1.00 for each such period of four fiscal quarters ending on or prior to January 31, 2001 and (ii) 2.25 to 1.00 for each such period of four fiscal quarters ending after January 31, 2001; and

(c) such Restricted Payment (the amount of any such payment, if other than cash, to be determined by the Board of Directors, whose determination shall be conclusive and evidenced by a resolution in an officer's certificate signed by a Responsible Officer and delivered to Agent), together with the aggregate of all other Restricted Payments (other than any Restricted Payments permitted by the provisions of clause (ii) of the penultimate paragraph of this Section 5.28) made by Lessee and its Subsidiaries in the fiscal quarter during which such Restricted Payment is made shall not exceed an amount equal to (x) Available Cash of Lessee for the immediately preceding fiscal quarter plus (y) the lesser of (i) the amount of any Available Cash of Lessee during the first 45 days of such fiscal quarter and (ii) the excess of the aggregate amount of Credit Agreement Loans that Lessee could have borrowed over the actual amount of Credit Agreement Loans outstanding, in each case as of the last day of the immediately preceding fiscal quarter; and

(d) such Restricted Payment (other than (x) Restricted Payments described in clause (i) of the first paragraph of this Section 5.28 made during the fiscal quarter ending January 31, 1997 that do not exceed $26,000,000 in the aggregate or (y) any Restricted Payments described in clauses (iii) or (iv) of the first paragraph of this Section 5.28) the amount of which (to be determined in accordance with clause (c) of this Section 5.28 if made other than with cash) shall not exceed an amount equal to (1) Consolidated Cash Flow of Lessee and the Restricted Subsidiaries for the period from and after October 31, 1996 through and including the last day of the fiscal quarter ending

immediately preceding the date of the proposed Restricted Payment (the "Determination Period"), minus (2) the sum of Consolidated Interest Expense of Lessee and the Restricted Subsidiaries for the Determination Period plus all capital expenditures (other than Growth-Related Capital Expenditures and net of capital asset sales in the ordinary course of business) made by Lessee and the Restricted Subsidiaries during the Determination Period plus the aggregate of all other Restricted Payments (other than (x) Restricted Payments described in clause (i) of the first paragraph of this Section 5.28 made during the fiscal quarter ending January 31, 1997 that do not exceed $26,000,000 in the aggregate or (y) any Restricted Payments described in clauses (iii) or (iv) of the first paragraph of this Section 5.28) made by Lessee and the Restricted Subsidiaries during the period from and after October 31, 1996 through and including the date of the proposed Restricted Payment, plus (3) $30,000,000, plus (4) the excess, if any, of consolidated working capital of Lessee and the Restricted Subsidiaries at July 31, 1996 over consolidated working capital of Lessee and the Restricted Subsidiaries at the end of the fiscal year immediately preceding the date of the proposed Restricted Payment, minus (5) the excess, if any, of consolidated working capital of Lessee and the Restricted Subsidiaries at the end of the fiscal year immediately preceding the date of the proposed Restricted Payment over consolidated working capital of Lessee and the Restricted Subsidiaries at July 31, 1996. For purposes of this subsection 5.28(d), the calculation of Consolidated Cash Flow shall give pro forma effect to Acquisitions (including all mergers and consolidations), Asset Sales and other dispositions and discontinuances of business or assets that have been made by such Person or any of the Restricted Subsidiaries during the reference period or subsequent to such reference period and on or prior to the date of calculation of Consolidated Cash Flow assuming that all such Acquisitions, Asset Sales and other dispositions and discontinuances of businesses or assets had occurred on the first day of the reference period.

The foregoing provisions will not prohibit (i) the payment of any distribution within 60 days after the date on which Lessee becomes committed to make such distribution, if at said date of commitment such payment would have complied with the provisions of this Agreement; and (ii) the redemption, repurchase, retirement or other acquisition of any Equity Interests of Lessee in exchange for, or out of the proceeds of, the substantially concurrent sale (other than to a Subsidiary of Lessee) of other Equity Interests of Lessee (other than any Disqualified Interests).

Not later than the date of making any Restricted Payment, the General Partner shall deliver to Agent an officer's certificate signed by a Responsible Officer stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this Section 5.28 were computed, which calculations may be based upon Lessee's latest available financial statements.

Section 5.29. Prepayments of Subordinated Indebtedness. Lessee shall not, and shall not permit any of the Restricted Subsidiaries to, (a) purchase, redeem, retire or otherwise acquire for value, or set apart any money for a sinking, defeasance or other analogous fund for, the purchase, redemption, retirement or other acquisition of, or make any payment or prepayment of the principal of or interest on, or any other amount owing in respect of, any Indebtedness that is subordinated to the Obligations, except for regularly scheduled payments of interest in respect of such Indebtedness required pursuant to the instruments evidencing such Indebtedness that are not made in contravention of the terms and conditions of subordination set forth on part II of Schedule 5.21 or (b) directly or indirectly, make any payment in respect of, or set apart any money for a sinking, defeasance or other analogous fund on account of, Guaranty Obligations subordinated to the Obligations. The foregoing provisions will not prohibit the defeasance, redemption or repurchase of subordinated Indebtedness with the proceeds of Permitted Refinancing Indebtedness.

Section 5.30. Dividend and Other Payment Restrictions Affecting Subsidiaries. Lessee shall not, and shall not permit any of the Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to (a) pay dividends or make any other distributions to Lessee or any of the Restricted Subsidiaries (1) on its Capital Interests or (2) with respect to any other interest or participation in, or interest measured by, its profits, (b) pay any indebtedness owed to Lessee or any of the Restricted Subsidiaries, (c) make loans or advances to Lessee or any of the Restricted Subsidiaries or (d) transfer any of its properties or assets to Lessee or any of the Restricted Subsidiaries, except for such encumbrances or restrictions existing under or by reason of (i) Existing Indebtedness, (ii) the Operative Documents, the Credit Agreement, the 1998 Note Purchase Agreement, the 1998 Fixed Rate Senior Notes, the 2000 Note Purchase Agreement and the 2000 Notes, (iii) applicable law, (iv) any instrument governing Indebtedness or Capital Interests of a Person acquired by Lessee or any of the Restricted Subsidiaries as in effect at the time of such Acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such Acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, provided that the Consolidated Cash Flow of such Person to the extent that dividends, distributions, loans, advances or transfers thereof is limited by such encumbrance or restriction on the date of acquisition is not taken into account in determining whether such acquisition was permitted by the terms of this Agreement, (v) customary non-assignment provisions in leases entered into in the ordinary course of business and consistent with past practices, (vi) purchase money obligations for property acquired in the ordinary course of business that impose restrictions of the nature described in clause (d) above on the property so acquired, (vii) Permitted Refinancing Indebtedness of any Existing Indebtedness, provided that the restrictions contained in the agreements governing such Permitted

Refinancing Indebtedness are no more restrictive than those contained in the agreements governing the Indebtedness being refinanced or (viii) other Indebtedness permitted to be incurred subsequent to the Effective Date pursuant to the provisions of Section 5.21 hereof, provided that such restrictions are no more restrictive than those contained in this Agreement.

Section 5.31. Change in Business. Lessee shall not, and shall not suffer or permit any Restricted Subsidiary to, engage in any material line of business substantially different from those lines of business carried on by Lessee and the Restricted Subsidiaries on the date hereof.

Section 5.32. Accounting Changes. Lessee shall not, and shall not suffer or permit any Restricted Subsidiary to, make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change the fiscal year of Lessee or of any Restricted Subsidiary except as required by the Code.

Section 5.33. Limitation on Sale and Leaseback Transactions. Lessee will not, and will not permit any of the Restricted Subsidiaries to, enter into any arrangement with any Person providing for the leasing by Lessee or such Restricted Subsidiary of any property that has been or is to be sold or transferred by Lessee or such Restricted Subsidiary to such Person in contemplation of such leasing; provided, however, that Lessee or such Restricted Subsidiary may enter into such sale and leaseback transaction if: (i) Lessee could have (A) incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and leaseback transaction pursuant to the Leverage Ratio test set forth in Section 5.12(a) and (B) secured a Lien on such Indebtedness pursuant to Section 5.17; (ii) the lease in such sale and leaseback transaction is for a term not in excess of the lesser of (A) three years and (B) 60% of the remaining useful life of such property; or (iii) such sale and leaseback transaction is otherwise permitted by the last sentence of Section 4.17 of the 1996 Indenture as in effect as of the date hereof.

Section 5.34. [Intentionally Omitted].

Section 5.35. Amendments of Organization Documents or Certain Debt Agreements. Lessee shall not modify, amend, supplement or replace, nor permit any modification, amendment, supplement or replacement of the Organization Documents of the General Partner, Lessee or any Subsidiary of Lessee, the MLP Senior Notes, the 1996 Indenture, the 1998 Fixed Rate Senior Notes, the 1998 Note Purchase Agreement, the 2000 Notes or the 2000 Note Purchase Agreement or any document executed and delivered in connection with any of the foregoing, in any respect that would adversely affect the Participants, Lessee's ability to perform the Obligations, any Guarantor's ability to perform its obligations under the Guaranty, in each such case without the prior written consent of Agent and the Required Participants. Furthermore, the Lessee shall not permit any modification, amendment, supplement or replacement of the Organization Documents of the MLP that would have a material effect on Lessee without the prior written consent of Agent and the Required Participants.

Section 5.36. [Intentionally Omitted].

Section 5.37. Operations through Subsidiaries. Lessee shall not conduct any of its operations through Restricted Subsidiaries unless: (a) such Restricted Subsidiary executes a Guaranty guaranteeing payment of the Obligations, accompanied by an opinion of counsel to the Restricted Subsidiary addressed to Agent and the Participants as to the due authorization, execution, delivery and enforceability of the Guaranty; (b) such Restricted Subsidiary agrees not to incur any Indebtedness other than (i) trade debt, (ii) debt owed to Lessee or any other Restricted Subsidiary and (iii) Acquired Debt otherwise permitted by this Agreement; (c) the Consolidated Cash Flow of such Restricted Subsidiary, when added to Consolidated Cash Flow of all other Restricted Subsidiaries for any fiscal year, shall not exceed 10% of the Consolidated Cash Flow of Lessee and the Restricted Subsidiaries for such fiscal year; and (d) the value of the assets of such Restricted Subsidiary, when added to the value of the assets of all other Restricted Subsidiaries for any fiscal year, shall not exceed 10% of the consolidated value of the assets of Lessee and the Restricted Subsidiaries for such fiscal year, as determined in accordance with GAAP; provided that the requirements of subsections (c) and (d) above shall not apply as to any Restricted Subsidiary if the aggregate Indebtedness of such Restricted Subsidiary, when added to the Indebtedness of all other Restricted Subsidiaries at such time (excluding, in each case, debt of any such Restricted Subsidiary owed to Lessee or another Restricted Subsidiary), shall not exceed $5 million. Lessee shall not conduct any of its operations through, and shall not establish, create or otherwise invest in, any Unrestricted Subsidiary unless the same shall be a Permitted Lessee Investment.

Section 5.38. Operations of MLP. Except in connection with an indirect Acquisition permitted by Section 5.20, the General Partner and Lessee shall not permit the MLP or any of its Affiliates (including any Non-Recourse Subsidiary or any Unrestricted Subsidiary) to operate or conduct any business substantially similar to that conducted by Lessee and the Restricted Subsidiaries within a 25 mile radius of any business conducted by Lessee and the Restricted Subsidiaries. In order to comply with this Section 5.38, Lessee may enter into one or more transactions by which its assets and properties are "swapped" or "exchanged" for assets and properties of another Person prior to or concurrently with another transaction which, but for such swap or exchange would violate this Section; provided, that (i) if the value of the MLP's assets or units to be so swapped or exchanged exceeds $15 million, as determined by the audit committee of the Board of Directors of the General Partner, Lessee shall have first obtained at its expense an opinion from a nationally recognized investment banking firm, addressed to it, Agent and the Participants and opining without material qualification and based on assumptions that are realistic at the time, that the exchange or swap transactions are fair to Lessee and the Restricted Subsidiaries, and (ii) if the value of the MLP's assets or units to be so swapped or exchanged exceeds $50 million, as determined by the audit committee of the Board of Directors of the General Partner, at the option of the Required Participants, Agent shall have first retained, at Lessee's expense, an

investment banking firm on behalf of the Participants who shall also have rendered an opinion containing the statements and content referred to in clause (i).

Section 5.39. Miscellaneous.

(a) Further Assurances. The Lessee, at its cost and expense, will cause to be promptly and duly taken, executed, acknowledged and delivered all such further acts, documents and assurances as Certificate Trustee or Agent reasonably may request from time to time in order to carry out more effectively the intent and purposes of this Agreement and the other Operative Documents and the Overall Transaction. The Lessee, at its cost and expense, will cause all financing statements (including precautionary financing statements), fixture filings, mortgages and other documents, to be recorded or filed at such places and times in such manner, and will take all such other actions or cause such actions to be taken, as may be necessary or as may be reasonably requested by Agent or Certificate Trustee in order to establish, preserve, protect and perfect the title and Lien of Agent in the Units, the Lessee Collateral and the Lessor Collateral and Certificate Trustee's, Agent's and/or any Participant's rights under this Agreement and the other Operative Documents.

(b) Change of Name or Address. Lessee shall provide Agent thirty (30) days' prior written notice of any change in name, or the address of its chief executive office and principal place of business or the office where it keeps its records concerning its accounts and the Units.

(c) Securities. Lessee shall not, nor shall it permit anyone authorized to act on its behalf to, take any action which would subject the issuance or sale of the Notes or Certificates, the Units, the Trust Estate or the Operative Documents, or any security or lease the offering of which, for purposes of the Securities Act or any state securities laws, would be deemed to be part of the same offering as the offering of the aforementioned items to the registration requirements of Section 5 of the Securities Act or any state securities laws.

(d) Rates. With respect to each determination of Interest and Yield pursuant to this Agreement, the Loan Agreement, the Trust Agreement and Basic Rent under the Lease, Lessee agrees to be bound by Sections 2.6 and 2.7 of the Loan Agreement, Sections 2.4 and 2.5 of the Trust Agreement, and Sections 2.8 and 2.9 hereof and the applicable definitions in Appendix 1.

Section 5.40. Accounting Principles. (a) Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made in accordance with GAAP consistently applied. In the event that GAAP changes during the term of the Lease such that the covenants contained in Section 5.12 would then be calculated in a different manner or with different components, (i) Lessee and the Participants agree to amend this Agreement in such respects as are necessary to conform those covenants as criteria for evaluating Lessee's financial condition to substantially the same criteria as were effective prior to such change in GAAP and (ii) Lessee shall be deemed to be in compliance with the covenants contained in Section 5.12 during the 90-day period following any such change in GAAP if and to the extent that Lessee would have been in compliance therewith under GAAP as in effect immediately prior to such change.

(b) Except as otherwise specified, references herein to "fiscal year" and "fiscal quarter" refer to such fiscal periods of Lessee."

(c) The following definitions set forth in Appendix I to the Participation Agreement shall be and are hereby added as new defined terms or amended and restated, as the case may be, to read as follows:

> "Acquisition" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition of in excess of 50% of the capital stock, partnership interests or equity of any Person or otherwise causing any Person to become a Subsidiary of the acquiring Person, or (c) a merger or consolidation or any other combination with another Person (other than a Person that is a Subsidiary of the acquiring Person) provided that Lessee or the Subsidiary of the acquiring entity is the surviving Person.
>
> "Available Cash" has the meaning given to such term in the Partnership Agreement, as amended to October 14, 1998; provided, that (a) Available Cash shall not include any amount of Net Proceeds of Asset Sales until the 270-day period following the consummation of the applicable Asset Sale, (b) investments, loans and other contributions to a Non-Recourse Subsidiary, Unrestricted Subsidiary or Joint Venture are to be treated as "cash disbursements" when made for purposes of determining the amount of Available Cash and (c) cash receipts of a Non-Recourse Subsidiary, Unrestricted Subsidiary or Joint Venture shall not constitute cash receipts of Lessee for purposes of determining the amount of Available Cash until cash is actually distributed by such Non-Recourse Subsidiary, Unrestricted Subsidiary or Joint Venture to Lessee or a Restricted Subsidiary.
>
> "Capital Interests" means, (a) with respect to any corporation, any and all shares, participations, rights or other equivalent interests in the capital of the corporation, (b) with respect to any partnership or limited liability company, any and all partnership interests (whether general or limited) or limited liability company interests, respectively, and other interests or participations that confer on a Person

the right to receive a share of the profits and losses of, or distributions of assets of, such partnership or limited liability company, and (c) with respect to any other Person, ownership interests of any type in such Person.

"Consolidated Cash Flow" means, with respect to Lessee and the Restricted Subsidiaries for any period, the Consolidated Net Income for such period, plus (a) an amount equal to any extraordinary loss plus any net loss realized in connection with an asset sale, to the extent such losses were deducted in computing Consolidated Net Income, plus (b) provision for taxes based on income or profits of Lessee and the Restricted Subsidiaries for such period, to the extent such provision for taxes was deducted in computing Consolidated Net Income, plus (c) Consolidated Interest Expense for such period, whether paid or accrued (including amortization of original issue discount, non-cash interest payments and the interest component of any payments associated with Capital Lease Obligations and net payments (if any) pursuant to Hedging Obligations), to the extent such expense was deducted in computing Consolidated Net Income, plus (d) depreciation and amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) of Lessee and the Restricted Subsidiaries for such period, to the extent such depreciation and amortization were deducted in computing Consolidated Net Income, plus (e) non-cash employee compensation expenses of Lessee and the Restricted Subsidiaries for such period, plus (f) the Synthetic Lease Principal Component of Lessee and the Restricted Subsidiaries for such period; in each case, for such period without duplication on a consolidated basis and determined in accordance with GAAP.

"Consolidated Interest Expense" means, with respect to Lessee and the Restricted Subsidiaries for any fiscal period, on a consolidated basis, the sum of (a) all interest, fees (including Letter of Credit fees), charges and related expenses paid or payable (without duplication) by Lessee and the Restricted Subsidiaries for that fiscal period to the Banks hereunder or to any other lender in connection with borrowed money or the deferred purchase price of assets that are considered "interest expense" under GAAP, plus (b) the portion of rent paid or payable (without duplication) by Lessee and the Restricted Subsidiaries for that fiscal period under Capital Lease Obligations that should be treated as interest in accordance with Financial Accounting Standards Board Statement No. 13, on a consolidated basis, plus (c) the Synthetic Lease Interest Component of Lessee and the Restricted Subsidiaries for that fiscal period.

"Consolidated Net Income" means, with respect to Lessee and the Restricted Subsidiaries for any period, the aggregate of the Net Income of Lessee and the Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; provided, that (a) the Net Income of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid to Lessee or a Wholly-Owned Subsidiary of Lessee, (b) the Net Income of any Person that is a Restricted Subsidiary (other than a Wholly-Owned Subsidiary) shall be included only to the extent of the amount of dividends or distributions paid to Lessee or a Wholly-Owned Subsidiary of Lessee, (c) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded except to the extent otherwise includable under clause (a) above and (d) the cumulative effect of a change in accounting principles shall be excluded.

"Consolidated Net Worth" means, with respect to Lessee and the Restricted Subsidiaries as of any date, the sum of (a) the consolidated equity of the common stockholders or partners of Lessee and the Restricted Subsidiaries as of such date, plus (b) the respective amounts reported on the balance sheet of Lessee and the Restricted Subsidiaries as of such date with respect to any series of preferred stock (other than Disqualified Interests) that by its terms is not entitled to the payment of dividends unless such dividends may be declared and paid only out of net earnings in respect of the year of such declaration and payment, but only to the extent of any cash received by Lessee and the Restricted Subsidiaries upon issuance of such preferred stock, less (x) all write-ups (other than write-ups resulting from foreign currency translations and write-ups of tangible assets of a going concern business made within 12 months after the acquisition of such business) subsequent to the Effective Date in the book value of any asset owned by Lessee and the Restricted Subsidiaries, (y) all Investments as of such date in unconsolidated Subsidiaries and in Persons that are not Restricted Subsidiaries (except, in each case, Permitted Lessee Investments), and (z) all unamortized debt discount and expense and unamortized deferred charges as of such date, all of the foregoing determined in accordance with GAAP.

"Credit Agreement" means the Third Amended and Restated Credit Agreement dated as of April 18, 2000 among

Lessee, the General Partner, the Administrative Agent, the Credit Agreement Banks and the Documentation Agent.

"Credit Agreement Arranger" means Banc of America Securities LLC.

"Credit Agreement Bank" means the financial institutions defined as "Banks" in the introductory clause to the Credit Agreement.

"Documentation Agent" has the meaning specified in the introductory clause to the Credit Agreement.

"Effective Date" means the first date on which all conditions precedent set forth in Section 5 of Omnibus Amendment Agreement No. 2 are satisfied or waived by the Certificate Purchasers or the Lenders.

"Existing Credit Agreement" means the Second Amended and Restated Credit Agreement, dated as of July 2, 1998, as amended prior to the Effective Date, among Lessee, the General Partner, the several financial institutions from time to time party thereto and Bank of America, N.A., as Administrative Agent.

"Existing Indebtedness" means Indebtedness and Synthetic Lease Obligations of Lessee and its Subsidiaries (other than the "Obligations" as defined in the Credit Agreement) and certain Indebtedness of the General Partner with respect to which Lessee has assumed the General Partner's repayment obligations, in each case in existence on the Restatement Effective Date and as more fully set forth on Schedule V to Omnibus Amendment Agreement No. 2.

"Fixed Charge Coverage Ratio" means with respect to Lessee and the Restricted Subsidiaries for any period, the ratio of Consolidated Cash Flow for such period to Fixed Charges for such period. In the event that Lessee or any of the Restricted Subsidiaries (a) incurs, assumes or guarantees any Indebtedness or Synthetic Lease Obligations (other than revolving credit borrowings including, with respect to Lessee, the Loans) or (b) redeems or repays any Indebtedness or Synthetic Lease Obligations (other than revolving credit borrowings that are properly classified as a current liability for GAAP including, with respect to Lessee, the Loans to the extent that such Loans are so classified and excluding, regardless of classification, any Loans or other Indebtedness or Synthetic Lease Obligations the proceeds of which are used for Acquisitions or Growth Related Capital Expenditures), in any case subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the date of the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Fixed Charge Ratio Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, redemption or repayment of Indebtedness or Synthetic Lease Obligations, as if the same had occurred at the beginning of the applicable reference period. The foregoing calculation of the Fixed Charge Coverage Ratio shall also give pro forma effect to Acquisitions (including all mergers and consolidations), Asset Sales and other dispositions and discontinuances of businesses or assets that have been made by Lessee or any of the Restricted Subsidiaries during the reference period or subsequent to such reference period and on or prior to the Fixed Charge Ratio Calculation Date assuming that all such Acquisitions, Asset Sales and other dispositions and discontinuances of businesses or assets had occurred on the first day of the reference period; provided, however, that with respect to Lessee and the Restricted Subsidiaries, (a) Fixed Charges shall be reduced by amounts attributable to businesses or assets that are so disposed of or discontinued only to the extent that the obligations giving rise to such Fixed Charges would no longer be obligations contributing to the Fixed Charges of Lessee or the Restricted Subsidiaries subsequent to Fixed Charge Ratio Calculation Date and (b) Consolidated Cash Flow generated by an acquired business or asset of Lessee or the Restricted Subsidiaries shall be determined by the actual gross profit (revenues minus costs of goods sold) of such acquired business or asset during the immediately preceding number of full fiscal quarters as are in the reference period minus the pro forma expenses that would have been incurred by Lessee and the Restricted Subsidiaries in the operation of such acquired business or asset during such period computed on the basis of (i) personnel expenses for employees retained by Lessee and the Restricted Subsidiaries in the operation of the acquired business or asset and (ii) non-personnel costs and expenses incurred by Lessee and the Restricted Subsidiaries on a per gallon basis in the operation of Lessee's business at similarly situated Lessee facilities.

"Fixed Charges" means, with respect to Lessee and the Restricted Subsidiaries for any period, the sum, without duplication, of (a) Consolidated Interest Expense for such period, whether paid or accrued, to the extent such expense was deducted in computing Consolidated Net Income (including amortization of original issue discounts, non-cash interest payments, the interest component of all payments associated with Capital Lease Obligations and net payments (if any)

pursuant to Hedging Obligations permitted under this Agreement), (b) commissions, discounts and other fees and charges incurred with respect to letters of credit, (c) any interest expense on Indebtedness of another Person that is guaranteed by Lessee and the Restricted Subsidiaries or secured by a Lien on assets of any such Person, and (d) the product of (i) all cash dividend payments on any series of preferred stock of Lessee and the Restricted Subsidiaries, times (ii) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of Lessee, expressed as a decimal, determined, in each case, on a consolidated basis and in accordance with GAAP.

"Funded Debt" means all Indebtedness of Lessee and the Restricted Subsidiaries, excluding all Contingent Obligations of Lessee and the Restricted Subsidiaries under or in connection with Letters of Credit outstanding from time to time.

"Guaranty" means a continuing guaranty of the Obligations in favor of the Agent on behalf of the Participants, in form and substance satisfactory to the Agent.

"Interest Coverage Ratio" means with respect to Lessee and the Restricted Subsidiaries for any period, the ratio of Consolidated Cash for such period to Consolidated Interest Expense for such period. In the event that Lessee or any of the Restricted Subsidiaries (a) incurs, assumes or guarantees any Indebtedness or Synthetic Lease Obligations (other than revolving credit borrowings including, with respect to Lessee, the Loans) or (b) redeems or repays any Indebtedness or Synthetic Lease Obligations (other than revolving credit borrowings that are properly classified as a current liability under GAAP including, with respect to Lessee, the Loans, to the extent such Loans are so classified and excluding, regardless of classification, any Loans or other Indebtedness or Synthetic Lease Obligations the proceeds of which are used for Acquisitions or Growth Related Capital Expenditures), in any case subsequent to the commencement of the period for which the Interest Coverage Ratio is being calculated, but prior to the date on which the calculation of the Interest Coverage Ratio is made (the "Interest Coverage Ratio Calculation Date"), then the Interest Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, redemption or repayment of Indebtedness or Synthetic Lease Obligations, as if the same had occurred at the beginning of the applicable reference period. The foregoing calculation of the Interest Coverage Ratio shall also give pro forma effect to Acquisitions (including all mergers and consolidations), Asset Sales and other dispositions and discontinuances of businesses or assets that have been made by Lessee or any of the Restricted Subsidiaries during the reference period or subsequent to such reference period and on or prior to the Interest Coverage Ratio Calculation Date assuming that all such Acquisitions, Asset Sales and other dispositions and discontinuances of businesses or assets had occurred on the first day of the reference period; provided, however, that with respect to Lessee and the Restricted Subsidiaries, (a) Consolidated Interest Expense shall be reduced by amounts attributable to businesses or assets that are so disposed of or discontinued only to the extent that the Indebtedness or Synthetic Lease Obligations giving rise to such Consolidated Interest Expense would no longer be Indebtedness or Synthetic Lease Obligations contributing to the Consolidated Interest Expense of Lessee or the Restricted Subsidiaries subsequent to the Interest Coverage Ratio Calculation Date and (b) Consolidated Cash Flow generated by an acquired business or asset of Lessee and the Restricted Subsidiaries shall be determined by the actual gross profit (revenues minus costs of goods sold) of such acquired business or asset during the immediately preceding number of full fiscal quarters as in the reference period minus the pro forma expenses that would have been incurred by Lessee and the Restricted Subsidiaries in the operation of such acquired business or asset during such period computed on the basis of (i) personnel expenses for employees retained by Lessee and the Restricted Subsidiaries in the operation of the acquired business or asset and (ii) non-personnel costs and expenses incurred by Lessee and the Restricted Subsidiaries on a per gallon basis in the operation of Lessee's business at similarly situated facilities of Lessee.

"Investment" means, relative to any Person, any direct or indirect purchase or other acquisition by such Person of stock or other securities of any other Person, or any direct or indirect loan, advance or capital contribution by such Person to any other Person, and any other item which would be classified as an "investment" on a balance sheet of such Person prepared in accordance with GAAP, including, without limitation, any direct or indirect contribution by such Person of property or assets to a joint venture, partnership or other business entity in which such Person retains an interest. For purposes of the Operative Documents, the amount involved in Investments made during any period shall be the aggregate cost to Lessee of all such Investments made during such period, determined in accordance with GAAP, but without regard to unrealized increases or decreases in

value, or write-ups, write-downs or write-offs, of such Investments and without regard to the existence of any undistributed earnings or accrued interest with respect thereto accrued after the respective dates on which such Investments were made, less any net return of capital realized during such period upon the sale, repayment or other liquidation of such Investment (determined in accordance with GAAP, but without regard to any amounts received during such period as earnings (in the form of dividends not constituting a return of capital, interest or otherwise) on such Investment or as loans from any Person in whom such Investment has been made).

"Leverage Ratio" means, with respect to Lessee and the Restricted Subsidiaries for any period, the ratio of Funded Debt plus Synthetic Lease Obligations, in each case of Lessee and the Restricted Subsidiaries as of the last day of such period, to Consolidated Cash Flow for such period. In the event that Lessee or any of the Restricted Subsidiaries (a) incurs, assumes or guarantees any Indebtedness or Synthetic Lease Obligations (other than revolving credit borrowings including, with respect to Lessee, the Loans) or (b) redeems or repays any Indebtedness or Synthetic Lease Obligations (other than revolving credit borrowings that are properly classified as a current liability under GAAP including, with respect to Lessee, the Loans to the extent such Loans are so classified and excluding, regardless of classification, any Loans or other Indebtedness or Synthetic Lease Obligations the proceeds of which are used for Acquisitions or Growth Related Capital Expenditures), in any case subsequent to the commencement of the period for which the Leverage Ratio is being calculated but prior to the date on which the calculation of the Leverage Ratio is made (the "Leverage Ratio Calculation Date"), then the Leverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, redemption or repayment of Indebtedness or Synthetic Lease Obligations, as if the same had occurred at the beginning of the applicable reference period. The foregoing calculation of the Leverage Ratio shall also give pro forma effect to Acquisitions (including all mergers and consolidations), Asset Sales and other dispositions and discontinuances of businesses or assets that have been made by Lessee or any of the Restricted Subsidiaries during the reference period or subsequent to such reference period and on or prior to the Leverage Ratio Calculation Date assuming that all such Acquisitions, Asset Sales and other dispositions and discontinuances of businesses or assets had occurred on the first day of the reference period; provided, however, that with respect to Lessee and the Restricted Subsidiaries, (a) Funded Debt and Synthetic Lease Obligations shall be reduced by amounts attributable to businesses or assets that are so disposed of or discontinued only to the extent that the Indebtedness or Synthetic Leases included within such Funded Debt and Synthetic Lease Obligations would no longer be an obligation of Lessee or the Restricted Subsidiaries subsequent to the Leverage Ratio Calculation Date and (b) Consolidated Cash Flow generated by an acquired business or asset of Lessee or the Restricted Subsidiaries shall be determined by the actual gross profit (revenues minus costs of goods sold) of such acquired business or asset during the immediately preceding number of full fiscal quarters as in the reference period minus the pro forma expenses that would have been incurred by Lessee and the Restricted Subsidiaries in the operation of such acquired business or asset during such period computed on the basis of (i) personnel expenses for employees retained by Lessee and the Restricted Subsidiaries in the operation of the acquired business or asset and (ii) non-personnel costs and expenses incurred by Lessee and the Restricted Subsidiaries on a per gallon basis in the operation of Lessee's business at similarly situated facilities of Lessee.

"Net Income" means, with respect to Lessee and the Restricted Subsidiaries, the net income (loss) of such Persons, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however, (a) any gain (but not loss), together with any related provision for taxes on such gain (but not loss), realized in connection with (i) any asset sale (including, without limitation, dispositions pursuant to sale and leaseback transactions), or (ii) the disposition of any securities or the extinguishment of any Indebtedness of Lessee or any of the Restricted Subsidiaries, and (b) any extraordinary gain (but not loss), together with any related provision for taxes on such extraordinary gain (but not loss); provided, however, that all costs and expenses with respect to the redemption of the 1994 Fixed Rate Senior Notes, including, without limitation, cash premiums, tender offer premiums, consent payments and all fees and expenses in connection therewith, shall be added back to the Net Income of Lessee, the General Partner or the Restricted Subsidiaries to the extent that they were deducted from such Net Income in accordance with GAAP.

"Net Proceeds of Asset Sale" means the aggregate cash proceeds received by Lessee or any of the Restricted Subsidiaries in respect of any Asset Sale, net of the direct costs relating to such Asset Sale (including, without

limitation, legal, accounting and investment banking fees, and sales commissions) and any relocation expenses incurred as a result thereof, taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), and amounts required to be applied to the repayment of Indebtedness secured by a Lien on the asset or assets the subject of such Asset Sale.

"1994 Fixed Rate Senior Notes" means the 10% Series A Fixed Rate Senior Notes due 2001 that were issued by Lessee and Ferrellgas Finance Corp. pursuant to that certain Indenture dated as of July 5, 1994 among Lessee, Ferrellgas Finance Corp. and Norwest Bank Minnesota, National Association. All of the 1994 Fixed Rate Senior Notes were redeemed prior to the Effective Date.

"Omnibus Amendment Agreement No. 2" means Omnibus Amendment Agreement No. 2 in respect of the Participation Agreement and the Lease, dated as of April 18, 2000, between the Lessee, the General Partner, the Certificate Trustee, the Agent, the Certificate Purchasers and the Lender.

"Organization Documents" means, (a) for any corporation, the certificate or articles of incorporation, the bylaws, any certificate of determination or instrument relating to the rights of preferred shareholders of such corporation, any shareholder rights agreement, and all applicable resolutions of the board of directors (or any committee thereof) of such corporation, (b) for any general or limited partnership, the partnership agreement of such partnership and all amendments thereto and any agreements otherwise relating to the rights of the partners thereof, and (c) for any limited liability company, the limited liability, operating or similar agreement and all amendments thereto and any agreements otherwise relating to the rights of the members thereof.

"Partnership Agreement" shall mean the Second Amended and Restated Agreement of Limited Partnership of Lessee dated October 14, 1998, as amended from time to time in accordance with the terms of the Participation Agreement.

"Permitted Lessee Investments" means (a) any Investments in Cash Equivalents; (b) any Investments in Lessee or(subject to the provisions of Section 5.37) in a Restricted Subsidiary of Lessee that is a Guarantor; (c) Investments by Lessee or any Restricted Subsidiary of Lessee in a Person in compliance with the other provisions of this Agreement, if as a result of such Investment (i) such Person becomes a Restricted Subsidiary of Lessee and a Guarantor or (ii) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, Lessee or a Restricted Subsidiary of Lessee that is a Guarantor; and (d) Investments by Lessee or any Restricted Subsidiary in Unrestricted Subsidiaries and Joint Ventures; provided that the amount of cash or property contributed, loaned or otherwise advanced by Lessee or such Restricted Subsidiaries in respect of such Investments may not exceed at any time an aggregate amount equal to the greater of (i) $15,000,000 and (ii) 10% of Consolidated Cash Flow for the most recently ended four fiscal quarters of Lessee.

"Person" means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, Joint Venture or Governmental Authority.

"Quarterly Payment Period" shall mean successive calendar quarters commencing on the Interim Term Expiration Date and thereafter on the last business day in March, June, September and December in each year; provided, however, that no Quarterly Payment Period may end later than the last day of the Lease Term.

"Restricted Subsidiary" means any Subsidiary of Lessee (a) of which 80% or more of the voting Capital Interests are beneficially owned, directly or indirectly, by Lessee and none of which Capital Interests are owned, directly or indirectly, by Unrestricted Subsidiaries, (b) which is engaged in the same or substantially the same line of business as Lessee, (c) which is organized under the laws of the United States or any State thereof, (d) which maintains substantially all of its assets and conducts substantially all of its business within the United States and (e) which is designated as a Restricted Subsidiary in Schedule IV to Omnibus Amendment Agreement No. 2 as of the Effective Date or which shall be designated as a Restricted Subsidiary by Lessee at a subsequent date pursuant to Section 5.16; provided, however, that (x) to the extent a newly formed or acquired Subsidiary meeting the foregoing requirements is not declared a Restricted Subsidiary or an Unrestricted Subsidiary within 90 days of its formation or acquisition, such Subsidiary shall be deemed to have been designated by Lessee as a Restricted Subsidiary (in which event Lessee shall comply, and shall cause such Restricted Subsidiary to comply, with Section 5.37) and (b) a Restricted Subsidiary may be designated as an Unrestricted Subsidiary in accordance with the provisions of Section 5.16.

"2000 Note Purchase Agreement" means the Note Purchase Agreement, dated as of February 1, 2000 among Lessee and the Purchasers named therein, pursuant to which the 2000 Notes were issued, as it may be amended, modified or supplemented from time to time.

"2000 Notes" means, collectively, (a) the $21,000,000 8.68% Senior Notes, Series A, due August 1, 2006, (b) the $90,000,000 8.78% Senior Notes, Series B, due August 1, 2007 and (c) the $73,000,000 8.87% Senior Notes, Series C, due August 1, 2009, in each case issued by Lessee pursuant to the 2000 Note Purchase Agreement.

"Unrestricted Subsidiary" means any Subsidiary which is not a Restricted Subsidiary."

Section 1.2. Amendments to Lease. (a) Section 8.1 of the Lease shall be and is hereby amended and restated in its entirety to read as follows:

"Section 8.1. Events of Default. The following shall constitute events of default (each a "Lease Event of Default") hereunder:

(a) Non-Payment. Lessee fails to pay, (i) when and as required to be paid herein, any payment of Basic Rent or any amount payable pursuant to Section 6.1(a), or Article IX, or (ii) within 5 days after the same becomes due, any Supplemental Rent (other than Supplemental Rent described in clause (i)); or

(b) Representation or Warranty. Any representation or warranty by Lessee or the General Partner made or deemed made herein, in any other Operative Document, or which is contained in any certificate, document or financial or other statement by Lessee, the General Partner, or any Responsible Officer, furnished at any time under this Lease, or in or under any other Operative Document, is incorrect in any material respect on or as of the date made or deemed made; or

(c) Specific Defaults. (i) Lessee fails to maintain the insurance required by Section 6.2 or Lessee fails to perform or observe any term, covenant or agreement contained in any of (A) Section 5.2 hereof or (B) Section 5.3 (other than subsection (d) thereof), 5.12, 5.13 or 5.17 through 5.38, inclusive, of the Participation Agreement; or (ii) Lessee shall fail to sell all of the Units on the Termination Date in accordance with and satisfaction of each of the terms, covenants, conditions and agreements set forth under Article IX in connection with and following its exercise of the Sale Option; or

(d) Other Defaults. Lessee, the General Partner or any Subsidiary fails to perform or observe any other term or covenant contained in this Lease or any other Operative Document, and such default shall continue unremedied for a period of 30 days after the earlier of (i) the date upon which a Responsible Officer knew of such failure or (ii) the date upon which written notice thereof is given to Lessee by the Lessor or Agent; provided that if (i) such default is not curable by the payment of money and cannot be cured within such 30 day period, and (ii) Lessee, the General Partner or such Subsidiary is diligently pursuing the cure of such default, then the period for cure of such default will be extended for the period necessary for Lessee, the General Partner or such Subsidiary to effect such cure, but in no event longer than 90 days from the date of such notice or knowledge; or

(e) Cross-Default. Lessee, the General Partner or any Restricted Subsidiary (i) fails to make any payment in respect of any Indebtedness, Synthetic Lease Obligation or Contingent Obligation having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than $10,000,000 when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure or (ii) fails to perform or observe any other condition or covenant, or any other event (including any termination or similar event in respect of any Accounts Receivable Securitization) shall occur or condition exist, under any agreement or instrument relating to any such Indebtedness, Synthetic Lease Obligation or Contingent Obligation, and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure if the effect of such failure, event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Indebtedness or Synthetic Lease Obligation (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause such Indebtedness or Synthetic Lease Obligation to be declared to be due and payable prior to its stated maturity or to cause such Indebtedness, Synthetic Lease Obligation or Contingent Obligation to be prepaid, purchased or redeemed by Lessee, the MLP, the General Partner or any Restricted Subsidiary, or such Contingent Obligation to become payable or cash collateral in respect thereof to be demanded; or

(f) Insolvency; Voluntary Proceedings. The General Partner, the MLP, Lessee or any Restricted Subsidiary (i) ceases or fails to be solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise, (ii) voluntarily ceases to conduct its business in the ordinary course, (iii) commences any Insolvency Proceeding with respect to itself, or (iv) takes any action to effectuate or authorize any of the foregoing;

or

(g) Involuntary Proceedings. (i) Any involuntary Insolvency Proceeding is commenced or filed against the General Partner, the MLP, Lessee or any Restricted Subsidiary, or any writ, judgment, warrant of attachment, execution or similar process is issued or levied against a substantial part of any such Person's properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within 60 days after commencement, filing or levy, (ii) the General Partner, the MLP, Lessee or any Restricted Subsidiary admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any Insolvency Proceeding or (iii) the General Partner, the MLP, Lessee or any Restricted Subsidiary acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor) or other similar Person for itself or a substantial portion of its property or business; or

(h) ERISA. (i) An ERISA Event occurs with respect to a Pension Plan which has resulted or could reasonably be expected to result in liability of Lessee or the General Partner under Title IV of ERISA to the Pension Plan or the PBGC in an aggregate amount in excess of $10,000,000 or (ii) the commencement or increase of contributions to, or the adoption of or the amendment of a Pension Plan by Lessee, the General Partner or any of their Affiliates which has resulted or could reasonably be expected to result in an increase in Unfunded Pension Liability among all Pension Plans in an aggregate amount in excess of $10,000,000.

(i) Monetary Judgments. One or more judgments, orders, decrees or arbitration awards is entered against Lessee, the General Partner or any Restricted Subsidiary involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) as to any single or related series of transactions, incidents or conditions, of more than $10,000,000; or

(j) Non-Monetary Judgments. Any non-monetary judgment, order or decree is entered against Lessee, the General Partner or any Restricted Subsidiary which does or would reasonably be expected to have a Material Adverse Effect, and there shall be any period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(k) [Intentionally Omitted.]

(l) Adverse Change. There occurs a Material Adverse Effect; or

(m) Certain Indenture Defaults, Etc. (i) To the extent not otherwise within the scope of subsection (e) above, any "Event of Default" shall occur and be continuing under and as defined in the 1998 Note Purchase Agreement or the 2000 Note Purchase Agreement or (ii) any of the following shall occur under or with respect to the 1996 Indenture or any other Indebtedness guaranteed by Lessee or its Subsidiaries (collectively, the "Guaranteed Indebtedness"): (A) any demand for payment shall be made under any such Guaranty Obligation with respect to the Guaranteed Indebtedness or (B) so long as any such Guaranty Obligation shall be in effect (x) Lessee or any such Subsidiary shall fail to pay principal of or premium, if any, or interest on such Guaranteed Indebtedness after the expiration of any applicable notice or cure periods or (y) any "Event of Default" (however defined) shall occur and be continuing under such Guaranteed Indebtedness which results in the acceleration of such Guaranteed Indebtedness; or

(n) Guarantor Defaults. Any Guarantor fails in any material respect to perform or observe any term, covenant or agreement in its Guaranty, or any Guaranty is for any reason partially (including with respect to future advances) or wholly revoked or invalidated, or otherwise ceases to be in full force and effect, or any Guarantor or any other Person contests in any manner the validity or enforceability thereof or denies that it has any further liability or obligation thereunder or any event described at subsections (f) or (g) of this Section 8.1 occurs with respect to any Guarantor; or

(o) Operative Documents. Any Operative Document shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of Lessee, or Lessee or any of its Affiliates shall, directly or indirectly, contest in any manner in any court the effectiveness, validity, binding nature or enforceability thereof, or the Lien securing Lessee's obligations under the Operative Documents shall, in whole or in part, cease to be a perfected first priority Lien free and clear of all Liens (other than Permitted Liens), or, in any case, Lessee or any of its Affiliates shall, at any time, directly or indirectly, contest in any manner in any court the validity or enforceability thereof; or

(p) Other Lease. A "Lease Event of Default" shall occur under the Other Lease.

(q) Change of Control. A Change of Control occurs."

(b) Section 8.2 shall be and is hereby amended by deleting the reference to "Section 8.1(e) or Section 8.1(f)" contained in the fourth

paragraph thereof and substituting in place thereof the phrase "Section 8.1(f) or Section 8.1(g)".

Section 1.3. Amendment to Loan Agreement. Schedule II to the Loan Agreement shall be and is hereby amended in its entirety to read as Exhibit A attached hereto.

SECTION 2. REPRESENTATIONS OF THE LESSEE.

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

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

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

SECTION 3. AUTHORIZATION AND DIRECTION.

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

SECTION 4. EFFECTIVENESS.

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

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

(b) The Certificate Trustee, the Certificate Purchasers and the Lenders shall have received (i) certificates of existence and good standing with respect to Lessee and the General Partner from the Secretary of State of the state of its organization dated no earlier than the 30th day prior to the Effective Date, (ii) copies of Lessee's Certificate of Limited Partnership, certified by the Secretary of State of the state of its organization dated no earlier than the 30th day prior to the Effective Date, (iii) certificates of the Secretary or Assistant Secretary of the general partner of Lessee, in form and substance satisfactory to Agent and the Participants, and attaching and certifying as to (A) the Lessee's limited partnership agreement, (B) the directors' resolutions in respect of the execution, delivery and performance by Lessee of this Amendment, (C) the general partner's articles of incorporation and bylaws and (D) the incumbency and signatures of persons authorized to execute and deliver documents on behalf of Lessee, and (iv) a legal opinion of Bracewell & Patterson L.L.P., satisfactory in form and substance to the Certificate Trustee, the Certificate Purchasers and the Lenders;

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

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

SECTION 5. FEES AND EXPENSES.

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

SECTION 6. MISCELLANEOUS.

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

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

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

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

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

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

Lessee: FERRELLGAS, LP, as Lessee

By Ferrellgas, Inc., its General Partner

By:
Name:
Title:

General Partner: FERRELLGAS, INC.

By:
Name:
Title:

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

By:
Name:
Title:

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

By:
Name:
Title:

Certificate Purchaser: [_____], as Certificate Purchaser

By:
Name:
Title:

Certificate Purchaser: [_____], as Certificate Purchaser

By:
Name:
Title:

Certificate Purchaser: [_____], as Certificate Purchaser

By:
Name:
Title:

Lender: [_____], as Lender

By:
Name:
Title:

Lender: [_____], as Lender

By:
Name:
Title:

Lender: [_____], as Lender

By:
Name:
Title:

Lender: [_____], as Lender

By:
Name:
Title:

SCHEDULE I

[CERTIFICATE PURCHASERS]

SCHEDULE II

[LENDERS]

SCHEDULE III

[LIENS]

SCHEDULE IV

[SUBSIDIARIES AND AFFILIATES]

SCHEDULE V

[EXISTING INDEBTEDNESS]

EXHIBIT A

SCHEDULE II
(TO LOAN AGREEMENT)

AMORTIZATION OF CLASS A NOTE

Year	Payment Date*	Principal	Loan Balance
			100.000000%
1	3/30/00	0.303030%	99.696970%
	6/30/00	0.303030%	99.393939%
	9/30/00	0.303030%	99.090909%
	12/30/00	0.303030%	98.787879%
2	3/30/01	0.303030%	98.484848%
	6/30/01	0.303030%	98.181818%
	9/30/01	0.303030%	97.878788%
	12/30/01	0.303030%	97.575758%
3	3/30/02	0.303030%	97.272727%
	6/30/02	0.303030%	96.969697%
	9/30/02	0.303030%	96.666667%
	12/30/02	0.303030%	96.363636%
4	3/30/03	0.303030%	96.060606%
	6/30/03	0.303030%	95.757576%
	9/30/03	0.303030%	95.454545%
	12/30/03	0.303030%	95.151515%
5	3/30/04	0.303030%	94.848485%
	6/30/04	0.303030%	94.545455%
	9/30/04	0.303030%	94.242424%
	12/30/04	0.303030%	93.939394%
6	3/30/05	0.303030%	93.636364%
	6/30/05	93.636364%	0.000000%

*last Business Day of calendar quarter

OMNIBUS AMENDMENT AGREEMENT NO. 2

Dated as of April 18, 2000

in respect of
THERMOGAS TRUST NO. 1999-A
PARTICIPATION AGREEMENT
LEASE INTENDED AS SECURITY
LOAN AGREEMENT
Each dated as of December 15, 1999

TABLE OF CONTENTS

OMNIBUS AMENDMENT AGREEMENT NO. 2

THIS OMNIBUS AMENDMENT AGREEMENT NO. 2 dated as of April 18, 2000 (this "Amendment") is among FERRELLGAS, LP, a Delaware limited partnership (as successor in interest to Thermogas L.L.C., a Delaware limited liability company ("Thermogas"), pursuant to the hereinafter defined Assumption Agreement) (the "Lessee"), FERRELLGAS, INC., a Delaware corporation (the "General Partner"), FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, in its individual capacity and in its capacity as certificate trustee under the Trust Agreement referred to below (the "Certificate Trustee"), FIRST SECURITY TRUST COMPANY OF NEVADA, a Nevada banking corporation (the "Agent"), the Persons named on Schedule I hereto, as Certificate Purchasers (the "Certificate Purchasers") and the Persons named on Schedule II hereto, as Lenders (the "Lenders").

RECITALS:

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

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

C. Thermogas and the Certificate Trustee have heretofore entered into that certain Lease Intended as Security dated as of December 15, 1999 (the "Lease").

D. The Certificate Trustee, the Agent and Banc of America Leasing & Capital, LLC, as the original Lender, have heretofore entered into that certain Loan Agreement dated as of December 15, 1999, as amended by Amendment No. 1 (as so amended by Amendment No. 1, the "Loan Agreement").

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

F. The Lessee, the General Partner, the Certificate Trustee, the Agent, the Certificate Purchasers and the Lenders now desire to amend the Participation Agreement, the Lease and the Loan Agreement (collectively, the "Agreements") in the respects, but only in the respects, hereinafter set forth.

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

SECTION 1. AMENDMENT OF AGREEMENTS.

Section 1.1. Amendments to Participation Agreement. (a) Section 4.1 of the Participation Agreement shall be and is hereby amended as follows:

(i) Section 4.1(a) shall be and is hereby amended and restated to read as follows:

"(a) Corporate or Partnership Existence and Power. The General Partner, the MLP, Lessee and each of the Restricted Subsidiaries:

(i) is a corporation or partnership duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

(ii) has the power and authority and all governmental licenses, authorizations, consents and approvals to own its assets, carry on its business as now being or as proposed to be conducted and to execute, deliver, and perform its obligations under the Operative Documents;

(iii) is duly qualified as a foreign corporation or partnership and is licensed and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification or license or where the failure so to qualify could reasonably be expect to have a Material Adverse Effect; and

(iv) is in compliance with all material Requirements of Law, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect."

(ii) Sections 4.1(b), (c), (d), (i) and (n) shall be and are hereby amended by deleting all references therein to the term "Subsidiary" and substituting in place thereof the term "Restricted Subsidiary".

(iii) Section 4.1(g)(iv) shall be and is hereby amended and restated in its

entirety to read as follows:

"(iv) No pension Plan has any Unfunded Pension Liability that could reasonably be expected to have a Material Adverse Effect."

(iv) Section 4.1(k) shall be and is hereby amended and restated in its entirety to read as follows:

"(k) Financial Condition. (i) The audited consolidated financial statements of the General Partner, Lessee, the MLP and their respective Subsidiaries dated July 31, 1999 and the unaudited consolidated financial statements of the General Partner, Lessee, the MLP and their respective Subsidiaries dated January 31, 2000, in each case together with the related consolidated statements of income or operations, shareholders' equity and cash flows for the fiscal periods ended on those respective dates:

(A) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, subject to ordinary, good faith year end audit adjustments;

(B) fairly present the financial condition of Lessee and its Subsidiaries as of the date thereof and results of operations for the period covered thereby; and

(C) show all material indebtedness and other liabilities, direct or contingent, of Lessee and its consolidated Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Contingent Obligations (except that since such date Lessee (x) issued $184,000,000 aggregate principal amount of the 2000 Notes and (y) repaid in full and irrevocably terminated the commitments under its $183,000,000 credit facility with BofA).

(ii) Since January 31, 2000, there has been no Material Adverse Effect.

(iii) The General Partner, the MLP, Lessee and each of the other Subsidiaries of Lessee are each Solvent, both before and after giving effect to the consummation of each of the transactions contemplated by the Operative Documents."

(v) Section 4.1(o) shall be and is hereby amended and restated in its entirety to read as follows:

"(o) Copyrights, Patents, Trademarks and Licenses, Etc. Lessee and the Restricted Subsidiaries own or are licensed or otherwise have the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other rights that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person, except for those patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other rights the failure of which to obtain could not reasonably be expected to have a Material Adverse Effect. To the best knowledge of Lessee, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by Lessee or any Restricted Subsidiary infringes upon any rights held by any other Person. No claim or litigation regarding any of the foregoing is pending or, to the best knowledge of Lessee, threatened, and no patent, invention, device, application, principle or any statute, law, rule, regulation, standard or code is pending or, to the knowledge of Lessee, proposed, which, in either case, could reasonably be expected to have a Material Adverse Effect."

(vi) Section 4.1(p) shall be and is hereby amended and restated in its entirety to read as follows:

"(p) Subsidiaries and Affiliates. Lessee (i) has no Subsidiaries or other Affiliates except (A) those specifically disclosed in Schedule IV of Ominibus Amendment Agreement No. 2 as of the Effective Date (B) one or more SPEs established in connection with Accounts Receivable Securitizations permitted by Section 5.21, (C) Restricted and Unrestricted Subsidiaries established in compliance with Section 5.37 and (D) Joint Ventures established in compliance with Section 5.26 subsequent to the Effective Date, and (ii) has no equity investments in any corporation or entity other than (A) Subsidiaries and Affiliates disclosed in subsection (i) above and (B) other Permitted Lessee Investments."

(vii) Section 4.1(q) shall be and is hereby amended and restated in its

entirety to read as follows:

"(q) Insurance. The properties of Lessee and the Restricted Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of Lessee, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where Lessee or each such Subsidiary operates and consistent with the practice of the Lessee and the Restricted Subsidiaries as of the Effective Date."

(viii) Section 4.1(t) shall be and is hereby amended and restated in its entirety to read as follows:

"(t) Fixed Price Supply Contracts. None of Lessee and its Subsidiaries (other than Non-Recourse Subsidiaries) is a party to any contract for the supply of propane or other product except where (a) the purchase price is set with reference to a spot index or indices substantially contemporaneously with the delivery of such product or (b) delivery of such propane or other product is to be made no more than two years after the purchase price is agreed to."

(ix) Section 4.1(w) shall be and is hereby amended and restated in its entirety to read as follows:

"(w) Year 2000. Lessee and its Subsidiaries have reviewed the areas within their business and operations which could have been or could continue to be adversely affected by the "Year 2000 Problem" (that is, the risk that computer applications used by Lessee and its Subsidiaries may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date on or after December 31, 1999). Accordingly, Lessee and its Subsidiaries have developed a program to address such related problems, and have made related appropriate inquiry of material suppliers and vendors. To date, no problems connected with the Year 2000 Problem have occurred which have had a Material Adverse Effect on Lessee or its Subsidiaries. Although some problems related to the Year 2000 Problem may remain as yet undetected, the Borrower believes that, based on such review and program, the "Year 2000 Problem" will not have a Material Adverse Effect."

(b) Article V of the Participation Agreement shall be and is hereby amended and restated in its entirety to read as follows:

"ARTICLE V

COVENANTS OF LESSEE

Section 5.1. Financial Statements. Lessee shall deliver to Agent, in form and detail satisfactory to Agent and the Required Participants and consistent with the form and detail of financial statements and projections provided to Agent by Lessee and its Affiliates prior to the Delivery Date, with sufficient copies for each Participant:

(a) as soon as available, but not later than 100 days after the end of each fiscal year (commencing with the fiscal year ended July 31, 2000), a copy of the audited consolidated balance sheet of Lessee and its Subsidiaries as at the end of such year and the related consolidated statements of income or operations, partners' or shareholders' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, and accompanied by the opinion of a nationally-recognized independent public accounting firm ("Independent Auditor") which report shall state that such consolidated financial statements present fairly the financial position for the periods indicated in conformity with GAAP applied on a basis consistent with prior years. Such opinion shall not be qualified or limited in any manner, including on account of any limitation on it because of a restricted or limited examination by the Independent Auditor of any material portion of Lessee's or any Subsidiary's records;

(b) as soon as available, but not later than 45 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the fiscal quarter ended April 30, 2000), a copy of the unaudited consolidated balance sheet of Lessee and its Subsidiaries as of the end of such quarter and the related consolidated statements of income, partners' or shareholders' equity and cash flows for the period commencing on the first day and ending on the last day of such quarter, and certified by a Responsible Officer as fairly presenting, in accordance with GAAP (subject to ordinary, good faith year-end audit adjustments), the financial position and the results of operations of Lessee and the Subsidiaries;

(c) as soon as available, but not later than 100 days after

the end of each fiscal year (commencing with the first fiscal year during all or any part of which Lessee had one or more Significant Subsidiaries), a copy of an unaudited consolidating balance sheet of Lessee and its Subsidiaries as at the end of such year and the related consolidating statement of income, partners' or shareholders' equity and cash flows for such year, certified by a Responsible Officer as having been developed and used in connection with the preparation of the financial statements referred to in subsection 5.1(a);

(d) as soon as available, but not later than 45 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the first fiscal quarter during all or any part of which Lessee had one or more Significant Subsidiaries), a copy of the unaudited consolidating balance sheets of Lessee and its Subsidiaries, and the related consolidating statements of income, partners' or shareholders' equity and cash flows for such quarter, all certified by a Responsible Officer as having been developed and used in connection with the preparation of the financial statements referred to in subsection 5.1(b);

(e) as soon as available, but not later than 60 days after the end of each fiscal year (commencing with the fiscal year ended July 31, 2000), projected consolidated balance sheets of Lessee and its Subsidiaries as at the end of each of the current and following two fiscal years and related projected consolidated statements of income, partners' or shareholders' equity and cash flows for each such fiscal year, including therein a budget for the current fiscal year, certified by a Responsible Officer as having been developed and prepared by Lessee in good faith and based upon Lessee's best estimates and best available information; and

(f) as soon as available, but not later than 100 days after the end of each fiscal year of the General Partner (commencing with the fiscal year ended July 31, 2000), a copy of the unaudited (or audited, if available) consolidated balance sheets of the General Partner as of the end of such fiscal year and the related consolidated statements of income, shareholders' equity and cash flows for such fiscal year, certified by a Responsible Officer as fairly presenting, in accordance with GAAP, the financial position and the results of operations of the General Partner and its Subsidiaries (or, if available, accompanied by an opinion of an Independent Auditor as described in subsection 5.1(a)).

Section 5.2. Certificates; Other Information. Lessee shall furnish to Agent, with sufficient copies for each Participant:

(a) concurrently with the delivery of the financial statements referred to in subsection 5.1(a), a certificate of the Independent Auditor stating that in making the examination necessary therefor no knowledge was obtained of any Lease Default or Lease Event of Default, except as specified in such certificate;

(b) concurrently with the delivery of the financial statements referred to in subsections 5.1(a) and (b), a Compliance Certificate executed by a Responsible Officer with respect to the periods covered by such financial statements together with supporting calculations and such other supporting detail as Agent and the Required Participants shall require;

(c) promptly, copies of all financial statements and reports that Lessee, the General Partner, the MLP or any Subsidiary sends to its partners or shareholders, and copies of all financial statements and regular, periodic or special reports (including Forms 10-K, 10-Q and 8-K) that Lessee or any Affiliate of Lessee, the General Partner, the MLP or any Subsidiary may make to, or file with, the SEC; and

(d) promptly, such additional information regarding the business, financial or corporate affairs of Lessee, the General Partner, the MLP or any Subsidiary as Agent, at the request of any Participant, may from time to time request.

Section 5.3. Notices. Lessee shall promptly notify Agent:

(a) of the occurrence of any Lease Default or Lease Event of Default;

(b) of any matter that has resulted or may reasonably be expected to result in a Material Adverse Effect, including (i) breach or non-performance of, or any default under, a Contractual Obligation of Lessee, the General Partner, the MLP or any Subsidiary; (ii) any dispute, litigation, investigation, proceeding or suspension between Lessee, the General Partner, the MLP or any Subsidiary and any Governmental Authority; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting Lessee, the General Partner, the MLP or any Subsidiary, including pursuant to any applicable Environmental Laws, in each case to the extent that any of the foregoing has resulted or may reasonably be expected to result in a Material Adverse Effect;

(c) of any of the following events affecting Lessee, the General Partner, the MLP or any Subsidiary, together with a copy of any notice with respect to such event that may be required to be filed with a Governmental Authority and any notice delivered by a Governmental Authority to such Person with respect to such event:

(i) an ERISA Event;

(ii) if any of the representations and warranties in Section 4.1(g) ceases to be true and correct;

(iii) the adoption of any new Pension Plan or other Plan subject to Section 412 of the Code;

(iv) the adoption of any amendment to a Pension Plan or other Plan subject to Section 412 of the Code, if such amendment results in a material increase in contributions or Unfunded Pension Liability; or

(v) the commencement of contributions to any Pension Plan or other Plan subject to Section 412 of the Code; and

(d) of any material change in accounting policies or financial reporting practices by Lessee or any of its consolidated Subsidiaries.

Each notice under this Section shall be accompanied by a written statement by a Responsible Officer setting forth details of the occurrence referred to therein, and stating what action Lessee or any affected Affiliate proposes to take with respect thereto and at what time. Each notice under subsection 5.3(a) shall describe with particularity any and all clauses or provisions of this Agreement or other Operative Document that have been breached or violated.

Section 5.4. Preservation of Corporate or Partnership Existence, Etc. The General Partner and Lessee shall, and Lessee shall cause each Restricted Subsidiary to:

(a) preserve and maintain in full force and effect its partnership or corporate existence and good standing under the laws of its state or jurisdiction of organization or incorporation except in connection with transactions permitted by Section 5.19;

(b) preserve and maintain in full force and effect all material governmental rights, privileges, qualifications, permits, licenses and franchises necessary or desirable in the normal conduct of its business except in connection with transactions permitted by Section 5.19 and sales of assets permitted by Section 5.18, except where the failure to so preserve or maintain such governmental rights, privileges, qualifications, permits, licenses and franchises could not reasonably be expected to have a Material Adverse Effect;

(c) preserve its business organization and goodwill, except where the failure to so preserve its business organization or goodwill could not reasonably be expected to have a Material Adverse Effect; and

(d) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

Section 5.5. Maintenance of Property. Lessee shall maintain, and shall cause each Restricted Subsidiary to maintain, and preserve all its property which is used or useful in its business in good working order and condition, ordinary wear and tear excepted. Lessee and each Restricted Subsidiary shall use the standard of care typical in the industry in the operation and maintenance of its facilities. Lessee shall maintain the Units in accordance with the Lease.

Section 5.6. Insurance. Lessee shall maintain, and shall cause each Restricted Subsidiary to maintain, with financially sound and reputable independent insurers, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons. Lessee shall insure the Units in accordance with the Lease.

Section 5.7. Payment of Obligations. Lessee and the General Partner shall, and shall cause each Restricted Subsidiary to, pay and discharge as the same shall become due and payable (except to the extent the failure to so pay and discharge could not reasonably be expected to have a Material Adverse Effect), all their respective obligations and liabilities, including:

(a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by Lessee, the General Partner or such Subsidiary;

(b) all lawful claims which, if unpaid, would by law become a Lien upon its property, unless such claims are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by Lessee, the General Partner or such Subsidiary; and

(c) all Indebtedness, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness.

Section 5.8. Compliance with Laws. Lessee shall comply, and shall cause each Restricted Subsidiary to comply with all Requirements of Law of any Governmental Authority having jurisdiction over it or its business (including the Federal Fair Labor Standards Act), except such as may be contested in good faith or as to which a bona fide dispute may exist or the failure of which to comply with could not reasonably be expected to have a Material Adverse Effect..

Section 5.9. Inspection of Property and Books and Records. Lessee shall maintain and shall cause each Subsidiary to maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters

involving the assets and business of Lessee and such Subsidiary. Lessee shall permit, and shall cause each Subsidiary to permit, representatives and independent contractors of Agent or any Participant to visit and inspect any of their respective properties, to examine their respective corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss their respective affairs, finances and accounts with their respective directors, officers, and independent public accountants, all at the expense of Lessee and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to Lessee; provided, however, when a Lease Event of Default exists Agent or any Participant may do any of the foregoing at the expense of Lessee at any time during normal business hours and without advance notice.

Section 5.10. Environmental Laws. Lessee shall, and shall cause each Restricted Subsidiary to, conduct its operations and keep and maintain its property in material compliance with all Environmental Laws, except where failure to comply with such Environmental Laws could not reasonably be expected to have a Material Adverse Effect.

Section 5.11. Use of Proceeds. Lessee shall use the proceeds of the sale of the Units, the Certificates and the Notes for working capital purposes and other general partnership purposes, in each case not in contravention of any Requirement of Law or of any Operative Document.

Section 5.12. Financial Covenants.

(a) Leverage Ratio. Lessee shall maintain as of the last day of each fiscal quarter a Leverage Ratio equal to or less than (i) 5.10 to 1.00 as of the last day of each fiscal quarter ending on or prior to July 31, 2000, (ii) 5.25 to 1.00 as of the last day of each fiscal quarter ending after July 31, 2000 and on or prior to January 31, 2001, and (iii) 4.75 to 1.00 as of the last day of each fiscal quarter ending after January 31, 2001. For purposes of this Section 5.12(a), (x) Funded Debt and Synthetic Lease Obligations shall be calculated as of the last day of such fiscal quarter and (y) Consolidated Cash Flow shall be calculated for the most recently ended four consecutive fiscal quarters, provided, however, that prior to or concurrently with each delivery of a Compliance Certificate pursuant to Section 5.02(b), Lessee may elect to calculate Consolidated Cash Flow for the most recently ended eight consecutive fiscal quarters (in which case Consolidated Cash Flow shall be divided by two).

(b) Interest Coverage Ratio. Lessee shall maintain, as of the last day of each fiscal quarter of Lessee, an Interest Coverage Ratio for the fiscal period consisting of such fiscal quarter and the three immediately preceding fiscal quarters of at least (i) 2.25 to 1.00 for each such period of four fiscal quarters ending on or prior to January 31, 2001 and (ii) 2.50 to 1.00 each such period of four fiscal quarters ending after January 31, 2001.

Section 5.13. Trading and Supply Policies. Lessee and its Affiliates shall comply with Lessee's trading position policy and supply inventory position policy as in effect as of the Effective Date; provided, however, that Lessee and its Affiliates may, during any period of four consecutive fiscal quarters, (a) increase the loss limits specified in either the trading position or supply inventory position policy by up to 100% of the amount of such limit as in effect as of the Effective Date and (b) increase the volume limits specified in either of such policies on the number of barrels of a single product or of all products in the aggregate by up to 100% of each such number as in effect as of the Effective Date.

Section 5.14. Other General Partner Obligations. (a) The General Partner shall cause Lessee to pay and perform each of its Obligations when due. The General Partner acknowledges and agrees that it is executing this Agreement as a principal as well as the general partner on behalf of Lessee, and that its obligations hereunder as general partner are full recourse obligations to the same extent as those of Lessee.

(b) The General Partner represents, warrants and covenants that it is Solvent, both before and after giving effect to the consummation of the transactions contemplated by the Operative Documents, and that it will remain Solvent until all Obligations hereunder and under the other Operative Documents shall have been repaid in full.

(c) The General Partner, for so long as it is the general partner of Lessee, (i) agrees that its sole business will be to act as the general partner of Lessee, the MLP and any further limited partnership of which Lessee or the MLP is, directly or indirectly, a limited partner and to undertake activities that are ancillary or related thereto (including being a limited partner in Lessee), (ii) shall not enter into or conduct any business or incur any debts or liabilities except in connection with or incidental to (A) its performance of the activities required or authorized by the partnership agreement of the MLP or the Partnership Agreement or described in or contemplated by the MLP Registration Statement, and (B) the acquisition, ownership or disposition of partnership interests in Lessee or partnership interests in the MLP or any further limited partnership of which Lessee or the MLP is, directly or indirectly, a limited partner, except that, notwithstanding the foregoing, employees of the General Partner may perform services for Ferrell Companies, Inc. and its Affiliates.

(d) The General Partner agrees that, until all Obligations hereunder and under the other Operative Documents shall have been repaid in full and all commitments shall have terminated, it will not exercise any rights it may have (at law, in equity, by contract or otherwise) to terminate, limit or otherwise restrict (whether through repurchase or otherwise and whether or not the General Partner shall remain a general partner in Lessee) the ability of Lessee to use the name "Ferrellgas".

(e) The General Partner shall not take any action or refuse to take any reasonable action the effect of which, if taken or not taken, as the case may be, would be to cause Lessee to be treated as an association taxable as a

corporation or otherwise to be taxed as an entity other than a partnership for federal income tax purposes.

Section 5.15. Monetary Judgments. If one or more judgments, orders, decrees or arbitration awards is entered against Lessee or any Restricted Subsidiary involving in the aggregate a material liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage other than through a standard reservation of rights letter) as to any single or related series of transactions, incidents or conditions, then Lessee shall maintain adequate reserves for such amount in accordance with GAAP. Such amount so reserved shall be treated as establishment of a reserve for purposes of calculating Available Cash hereunder.

Section 5.16. Designation With Respect to Subsidiaries. (a) Lessee may designate any Restricted Subsidiary or newly acquired or formed Subsidiary as an Unrestricted Subsidiary or any Unrestricted Subsidiary or newly acquired or formed Subsidiary as a Restricted Subsidiary, in each case subject to satisfaction of each of the following conditions:

(i) immediately before and after giving effect to such designation, no Default or Event of Default shall exist and be continuing;

(ii) after giving effect to such designation, Lessee would be permitted to incur at least $1 of additional Indebtedness in accordance with the provisions of Section 5.21;

(iii) in the case of a designation of a Restricted Subsidiary, such Restricted Subsidiary shall have executed and delivered to Agent a Guaranty and Lessee shall otherwise be in compliance with Section 5.37;

(iv) in the case of a designation as an Unrestricted Subsidiary (including the designation of a Restricted Subsidiary as an Unrestricted Subsidiary), (x) if such designation were deemed to constitute a sale by Lessee or any Restricted Subsidiary of all the assets of the Subsidiary so designated, such sale would be in compliance with of Section 5.18 and (y) if such designation (and all other prior designations of Restricted Subsidiaries or newly acquired or formed Subsidiaries as Unrestricted Subsidiaries) were deemed to constitute an Investment by Lessee or any Restricted Subsidiary in respect of all the assets of the Subsidiary so designated, such Investment would be a Permitted Lessee Investment, in each case with the net proceeds of such sale or the amount of such Investment being deemed to equal the net book value of such assets in the case of a Restricted Subsidiary or the cost of acquisition or formation in the case of a newly acquired or formed Subsidiary; and

(v) in the case of a designation of a Restricted Subsidiary as an Unrestricted Subsidiary, such Restricted Subsidiary shall not have been an Unrestricted Subsidiary prior to being designated a Restricted Subsidiary.

(b) Lessee shall deliver to Agent and each Participant, within 20 Business Days after any such designation, a certificate of a Responsible Officer stating the effective date of such designation and stating that the foregoing conditions have been satisfied. Such certificate shall be accompanied by a schedule setting forth in reasonable detail the calculations demonstrating compliance with such conditions, where appropriate.

(c) In the case of the designation of any Unrestricted Subsidiary as a Restricted Subsidiary, such new Restricted Subsidiary shall be deemed to have made or acquired all Investments owned by it and incurred all Indebtedness and other obligations owing by it and all Liens to which it or any of its properties are subject, on the date of such designation.

Section 5.17. Limitation on Liens. Lessee shall not, and shall not suffer or permit any Restricted Subsidiary to, directly or indirectly, make, create, incur, assume or suffer to exist any Lien upon or with respect to any part of its property or sell any of its accounts receivable, whether now owned or hereafter acquired, other than (x) in the case of the Units or the other Lessee Collateral, Permitted Liens, and (y) in the case of any other property of Lessee or such Subsidiary, the following ("Permitted Encumbrances"):

(a) Liens existing on the Effective Date set forth in Schedule III to Omnibus Amendment Agreement No. 2;

(b) Liens in favor of Lessee or Liens to secure Indebtedness of a Restricted Subsidiary to Lessee or a Wholly-Owned Subsidiary;

(c) Liens on property of a Person existing at the time such Person is merged into or consolidated with Lessee or any Restricted Subsidiary, provided that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with Lessee;

(d) Liens on property existing at the time acquired by Lessee or any Restricted Subsidiary, provided that such Liens were in existence prior to the contemplation of such acquisition and do not extend to any assets other than those of the Person acquired;

(e) Liens on any property or asset acquired by Lessee or any Restricted Subsidiary in favor of the seller of such property or asset and construction mortgages on property, in each case, created within six months after the date of acquisition, construction or improvement of such property or asset by Lessee or such Subsidiary to secure the purchase price or other obligation of Lessee or such Subsidiary to the seller of such property or asset or the construction or improvement cost of such property in an amount up to 80% of the total cost of the acquisition, construction or improvement of such property or asset; provided that in each case such Lien does not extend to any other property or asset of Lessee and its Subsidiaries;

(f) Liens incurred or pledges and deposits made in connection with worker's compensation, unemployment insurance and other social security benefits and Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature, in each case, incurred in the ordinary course of business;

(g) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, provided that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;

(h) Liens imposed by law, such as mechanics', carriers', warehousemen's, materialmen's, and vendors' Liens, incurred in good faith in the ordinary course of business with respect to amounts not yet delinquent or being contested in good faith by appropriate proceedings if a reserve or other appropriate provisions, if any, as shall be required by GAAP shall have been made therefor;

(i) zoning restrictions, easements, licenses, covenants, reservations, restrictions on the use of real property or minor irregularities of title incident thereto that do not, in the aggregate, materially detract from the value of the property or the assets of Lessee or any of its Subsidiaries or impair the use of such property in the operation of the business of Lessee or any of its Subsidiaries;

(j) Liens of landlords or mortgages of landlords, arising solely by operation of law, on fixtures and movable property located on premises leased by Lessee or any of its Subsidiaries in the ordinary course of business;

(k) Liens incurred and financing statements filed or recorded, in each case with respect to personal property leased by Lessee and its Subsidiaries in the ordinary course of business to the owners of such personal property which are either (i) operating leases (including, without limitation, Synthetic Leases) or (ii) capital leases to the extent (but only to the extent) permitted by Section 5.21; provided, that in each case such Lien does not extend to any other property or asset of Lessee and its Subsidiaries;

(l) judgment Liens to the extent that such judgments do not cause or constitute a Lease Default or Lease Event of Default;

(m) Liens incurred in the ordinary course of business of Lessee or any Restricted Subsidiary with respect to obligations that do not exceed $5,000,000 in the aggregate at any one time outstanding and that (i) are not incurred in connection with the borrowing of money or the obtaining of advances or credit (other than trade credit in the ordinary course of business) and (ii) do not in the aggregate materially detract from the value of the property or materially impair the use thereof in the operation of business by Lessee or such Subsidiary;

(n) Liens securing Indebtedness incurred to refinance Indebtedness that has been secured by a Lien otherwise permitted under this Agreement, provided that (i) any such Lien shall not extend to or cover any assets or property not securing the Indebtedness so refinanced and (ii) the refinancing Indebtedness secured by such Lien shall have been permitted to be incurred under Section 5.21 hereof and shall not have a principal amount in excess of the Indebtedness so refinanced;

(o) any extension or renewal, or successive extensions or renewals, in whole or in part, of Liens permitted pursuant to the foregoing clauses (a) through (n); provided that no such extension or renewal Lien shall (i) secure more than the amount of Indebtedness or other obligations secured by the Lien being so extended or renewed or (ii) extend to any property or assets not subject to the Lien being so extended or renewed;

(p) Liens in favor of the Administrative Agent under the Credit Agreement, any Issuing Bank and the Credit Agreement Banks relating to the Cash Collateralization of Lessee's obligations under the Credit Agreement or Liens created by the Operative Documents; and

(q) Liens securing Indebtedness of an SPE in connection with an Accounts Receivable Securitization permitted by Section 5.21 (including the filing of any related financing statements naming Lessee as the debtor thereunder in connection with the sale of accounts receivable by Lessee to such SPE in connection with any such permitted Accounts Receivable Securitization); provided that the aggregate amount of accounts receivable subject to all such Liens shall at no time exceed 133% of the amount of Accounts Receivable Securitizations permitted to be outstanding under such Section 5.21.

Section 5.18. Asset Sales. Lessee shall not, and shall not permit any of the Restricted Subsidiaries to, (i) sell, lease, convey or otherwise dispose of any assets (including by way of a sale-and-leaseback) other than sales of inventory in the ordinary course of business consistent with past practice (provided that the sale, lease, conveyance or other disposition of all or substantially all of the assets of Lessee shall be governed by the provisions of Section 5.19 hereof and not by the provisions of this Section 5.18), or (ii) issue or sell Equity Interests of any of its Subsidiaries, in the case of either clause (i) or (ii) above, whether in a single transaction or a series of related transactions, (A) that have a fair market value in excess of the lesser of

$10,000,000 or the amount (which amount is equal to $5,000,000 as of the Effective Date) specified in Section 4.10 of the 1996 Indenture as amended from time to time (such lesser amount, the "Applicable Amount"), or (B) for net proceeds in excess of the "Applicable Amount" (each of the foregoing, an "Asset Sale"), unless (X) Lessee (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the fair market value (evidenced by a resolution of the board of directors of the General Partner (and, if applicable, the audit committee of such board of directors) set forth in a certificate signed by a Responsible Officer and delivered to Agent) of the assets sold or otherwise disposed of and (Y) at least 80% of the consideration therefor received by Lessee or such Subsidiary is in the form of cash; provided, however, that the amount of (1) any liabilities (as shown on Lessee's or such Subsidiary's most recent balance sheet or in the notes thereto), of Lessee or any Subsidiary (other than liabilities that are by their terms subordinated in right of payment to the Obligations hereunder and under the other Operative Documents) that are assumed by the transferee of any such assets and (2) any notes or other obligations received by Lessee or any such Subsidiary from such transferee that are immediately converted by Lessee or such Subsidiary into cash (to the extent of the cash received), shall be deemed to be cash for purposes of this provision; and provided, further, that the 80% limitation referred to in this clause (Y) shall not apply to any Asset Sale in which the cash portion of the consideration received therefrom, determined in accordance with the foregoing proviso, is equal to or greater than what the after-tax proceeds would have been had such Asset Sale complied with the aforementioned 80% limitation. Notwithstanding the foregoing, Asset Sales shall not be deemed to include (w) sales or transfers of accounts receivable by Lessee to an SPE and by an SPE to any other Person in connection with any Accounts Receivable Securitization permitted by Section 5.21 (provided that the aggregate amount of such accounts receivable that shall have been transferred to and held by all SPEs at any time shall not exceed 133% of the amount of Accounts Receivable Securitizations permitted to be outstanding under Section 5.21), (x) any transfer of assets by Lessee or any of its Subsidiaries to Lessee or a Restricted Subsidiary, (y) any transfer of assets by Lessee or any of its Subsidiaries to any Person in exchange for other assets used in a line of business permitted under Section 5.31 and having a fair market value not less than that of the assets so transferred and (z) any transfer of assets pursuant to a Permitted Lessee Investment or any sale-leaseback (including sale-leasebacks involving Synthetic Leases) permitted by Section 5.33. Notwithstanding the foregoing, Lessee may not sell, lease, convey or otherwise dispose of any Unit except as permitted by the Lease.

Section 5.19. Consolidations and Mergers. (a) Lessee shall not consolidate or merge with or into (whether or not Lessee is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions, to another Person unless (i) Lessee is the surviving Person, or the Person formed by or surviving any such consolidation or merger (if other than Lessee) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a corporation or partnership organized or existing under the laws of the United States, any state thereof or the District of Columbia; and (ii) the Person formed by or surviving any such consolidation or merger (if other than Lessee) or Person to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made assumes all the Obligations of Lessee under this Agreement and the other Operative Documents pursuant to an assumption agreement in a form reasonably satisfactory to Agent; (iii) immediately after such transaction no Lease Default or Lease Event of Default exists; and (iv) Lessee or any Person formed by or surviving any such consolidation or merger, or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made (A) shall have Consolidated Net Worth (immediately after the transaction but prior to any purchase accounting adjustments resulting from the transaction) equal to or greater than the Consolidated Net Worth of Lessee immediately preceding the transaction and (B) shall, at the time of such transaction and after giving effect thereto, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Leverage Ratio test set forth in Section 5.12(a).

(b) Lessee shall deliver to Agent prior to the consummation of the proposed transaction pursuant to the foregoing paragraph (a) an officers' certificate to the foregoing effect signed by a Responsible Officer and an opinion of counsel satisfactory to Agent stating that the proposed transaction complies with this Agreement. Agent, Certificate Trustee and the Participants shall be entitled to conclusively rely upon such officer's certificate and opinion of counsel.

(c) Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of Lessee in accordance with this Section 5.19, the successor Person formed by such consolidation or into or with which Lessee is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Agreement and the other Operative Documents referring to the "Lessee" shall refer to or include instead the successor Person and not Lessee), and may exercise every right and power of Lessee under this Agreement with the same effect as if such successor Person had been named as Lessee herein; provided, however, that the predecessor Lessee shall not be relieved from the obligation to pay Rent or perform the other Obligations except in the case of a sale of all of such Lessee's assets that meets the requirements of this Section 5.19 hereof.

Section 5.20. Acquisitions. Without limiting the generality of any other provision of this Agreement, neither Lessee nor any Restricted Subsidiary shall consummate any Acquisition unless (i) the acquiree is primarily a retail propane distribution business; (ii) such Acquisition is undertaken in accordance with all applicable Requirements of Law; (iii) the prior, effective written consent or approval to such Acquisition of the board of directors or equivalent governing body of the acquiree is obtained; and (iv) immediately after giving effect thereto, no Lease Default or Lease Event of Default will occur or be

continuing and each of the representations and warranties of Lessee herein is true on and as of the date of such Acquisition, both before and after giving effect thereto. Nothing in Section 5.38 shall prohibit (x) the making by Lessee of a Permitted Acquisition indirectly through the General Partner, the MLP or any of its or their Affiliates in a series of substantially contemporaneous transactions in which Lessee shall ultimately own the assets that are the subject of such Permitted Acquisition or (y) the assumption of Acquired Debt in connection therewith to the extent such Acquired Debt is (if not otherwise permitted to be incurred by Lessee pursuant to this Agreement) upon such assumption immediately repaid (with the proceeds of Revolving Loans or otherwise).

Section 5.21. Limitation on Indebtedness. Lessee shall not, and shall not permit any of the Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, suffer to exist, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness (including Acquired Debt) or any Synthetic Leases and Lessee shall not issue any Disqualified Interests and shall not permit any of the Restricted Subsidiaries to issue any shares of preferred stock; provided, however, that Lessee and any Restricted Subsidiary of Lessee may create, incur, issue, assume, suffer to exist, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness (including Acquired Debt) or any Synthetic Lease to the extent that the Leverage Ratio is maintained in accordance with Section 5.12(a), both before and after giving effect to the incurrence of such Indebtedness or such Synthetic Lease, as the case may be, and, provided, further, that (x) the aggregate principal amount of (1) all Capitalized Lease Obligations and all Synthetic Lease Obligations (other than Capitalized Lease Obligations and Synthetic Lease Obligations in respect of Growth-Related Capital Expenditures) of Lessee and the Restricted Subsidiaries and (2) all Indebtedness for which Lessee and any Restricted Subsidiary of Lessee become liable in connection with Acquisitions of retail propane businesses in favor of the sellers of such businesses and secured by any Lien on any property of Lessee or any of the Restricted Subsidiaries, shall not exceed $65,000,000 at any one time outstanding, and (y) the principal amount of any Indebtedness for which Lessee or any Restricted Subsidiary of Lessee becomes liable in connection with Acquisitions of retail propane businesses in favor of the sellers of such businesses shall not exceed the fair market value of the assets so acquired, and (z) the aggregate amount of Indebtedness of Lessee and its Subsidiaries through one or more SPEs in connection with Accounts Receivable Securitizations shall not exceed $60,000,000 at any one time outstanding.

Section 5.22. Transactions with Affiliates. Lessee shall not, and shall not permit any of the Restricted Subsidiaries to, sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into any contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate, including any Non-Recourse Subsidiary (each of the foregoing, an "Affiliate Transaction"), unless (a) such Affiliate Transaction is on terms that are no less favorable to Lessee or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by Lessee or such Restricted Subsidiary with an unrelated Person and (b) with respect to (i) any Affiliate Transaction with an aggregate value in excess of $500,000, a majority of the directors of the General Partner having no direct or indirect economic interest in such Affiliate Transaction determines by resolution that such Affiliate Transaction complies with clause (a) above and approves such Affiliate Transaction and (ii) any Affiliate Transaction involving the purchase or other acquisition or sale, lease, transfer or other disposition of properties or assets other than in the ordinary course of business, in each case, having a fair market value or for net proceeds in excess of $15,000,000, Lessee delivers to Agent and the Participants an opinion as to the fairness to Lessee or such Restricted Subsidiary from a financial point of view issued by an investment banking firm of national standing; provided, however, that (i) any employment agreement or stock option agreement entered into by Lessee or any of the Restricted Subsidiaries in the ordinary course of business and consistent with the past practice of Lessee (or the General Partner) or such Restricted Subsidiary, Restricted Payments permitted by the provisions of Section 5.28, and transactions entered into by Lessee in the ordinary course of business in connection with reinsuring the self-insurance programs or other similar forms of retained insurable risks of the retail propane businesses operated by Lessee, the Restricted Subsidiaries and its Affiliates, in each case, shall not be deemed Affiliate Transactions, and (ii) nothing herein shall authorize the payments by Lessee to the General Partner or any other Affiliate of Lessee for administrative expenses incurred by such Person other than such out-of-pocket administrative expenses as such Person shall incur and Lessee shall pay in the ordinary course of business; and provided, further, that the foregoing provisions of this Section 5.22 shall not apply to transfers of accounts receivable of Lessee to an SPE in connection with any Accounts Receivable Securitization permitted by Section 5.21.

Section 5.23. Use of Proceeds. Lessee shall not, and shall not suffer or permit any Restricted Subsidiary to, use any portion of the proceeds of the sale of the Units, the Certificates or the Notes, directly or indirectly, (i) to purchase or carry Margin Stock, (ii) to repay or otherwise refinance indebtedness of Lessee or others incurred to purchase or carry Margin Stock, (iii) to extend credit for the purpose of purchasing or carrying any Margin Stock, or (iv) to acquire any security in any transaction that is subject to Section 13 or 14 of the Exchange Act.

Section 5.24. Use of Proceeds - Ineligible Securities. Lessee shall not, directly or indirectly, use any portion of the proceeds of the sale of the Units, the Certificates or the Notes (i) knowingly to purchase Ineligible Securities from the Credit Agreement Arranger during any period in which the Credit Agreement Arranger makes a market in such Ineligible Securities, (ii) knowingly to purchase during the underwriting or placement period Ineligible Securities being underwritten or privately placed by the Credit Agreement Arranger, or (iii) to make payments of principal or interest on Ineligible Securities underwritten or privately placed by the Credit Agreement Arranger and issued by or for the benefit of Lessee or any Affiliate of Lessee.

Section 5.25. Contingent Obligations. Lessee shall not, and shall not suffer or permit any Restricted Subsidiary to, create, incur, assume or suffer to exist any Contingent Obligations except:

(a) endorsements for collection or deposit in the ordinary course of business;

(b) subject to compliance with the trading policies in effect from time to time as submitted to Agent, Hedging Obligations entered into in the ordinary course of business as bona fide hedging transactions;

(c) the Guaranties under the Credit Agreement and the Operative Documents;

(d) Guaranty Obligations to the extent not prohibited by Section 5.21; and

(e) indemnities not guaranteeing Indebtedness or Synthetic Lease Obligations of any Person.

Section 5.26. Joint Ventures. Lessee shall not, and shall not suffer or permit any Restricted Subsidiary to enter into any Joint Venture unless the same shall be a Permitted Lessee Investment.

Section 5.27. Lease Obligations. The aggregate obligations of Lessee and the Restricted Subsidiaries for the payment of rent for any property under lease or agreement to lease (excluding obligations of Lessee and its Subsidiaries under or with respect to Synthetic Leases) for any fiscal year shall not exceed the greater of (a) $40,000,000 or (b) 20% of (i) Consolidated Cash Flow of Lessee for the most recently ended eight consecutive fiscal quarters divided by (ii) two; provided, however, that any payment of rent for any property under lease or agreement to lease for a term of less than one year (after giving effect to all automatic renewals) shall not be subject to this Section 5.27. For purposes of this Section 5.27, the calculation of Consolidated Cash Flow shall give pro forma effect to Acquisitions (including all mergers and consolidations), Asset Sales and other dispositions and discontinuances of businesses or assets that have been made by Lessee or any of the Restricted Subsidiaries during the reference period or subsequent to such reference period and on or prior to the date of calculation of Consolidated Cash Flow assuming that all such Acquisitions, Asset Sales and other dispositions and discontinuances of businesses or assets had occurred on the first day of the reference period.

Section 5.28. Restricted Payments. Lessee shall not and shall not permit any of the Restricted Subsidiaries to, directly or indirectly (i) declare or pay any dividend or make any distribution on account of Lessee's or any Restricted Subsidiary's Equity Interests (other than (x) dividends or distributions payable in Equity Interests (other than Disqualified Interests) of Lessee, (y) dividends or distributions payable to Lessee or a Wholly-Owned Subsidiary that is a Restricted Subsidiary and a Guarantor or (z) distributions or dividends payable pro rata to all holders of Capital Interests of any such Subsidiary); (ii) purchase, redeem, call or otherwise acquire or retire for value any Equity Interests of Lessee or any Restricted Subsidiary or other Affiliate of Lessee (other than, subject to compliance with Section 5.37, any such Equity Interests owned by a Wholly-Owned Subsidiary of Lessee that is a Restricted Subsidiary and a Guarantor); (iii) make any Investment other than a Permitted Lessee Investment; or (iv) prepay, purchase, redeem, retire, defease or refinance the 1998 Fixed Rate Senior Notes or the 2000 Notes (all payments and other actions set forth in clauses (i) through (iv) above being collectively referred to as "Restricted Payments"), except to the extent that, at the time of such Restricted Payment:

(a) no Lease Default or Lease Event of Default shall have occurred and be continuing or would occur as a consequence thereof and each of the representations and warranties of Lessee set forth herein is true on and as of the date of such Restricted Payment both before and after giving effect thereto; and

(b) the Fixed Charge Coverage Ratio for Lessee's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such Restricted Payment is made, calculated on a pro forma basis as if such Restricted Payment had been made at the beginning of such four-quarter period, would have been more than (i) 2.15 to 1.00 for each such period of four fiscal quarters ending on or prior to January 31, 2001 and (ii) 2.25 to 1.00 for each such period of four fiscal quarters ending after January 31, 2001; and

(c) such Restricted Payment (the amount of any such payment, if other than cash, to be determined by the Board of Directors, whose determination shall be conclusive and evidenced by a resolution in an officer's certificate signed by a Responsible Officer and delivered to Agent), together with the aggregate of all other Restricted Payments (other than any Restricted Payments permitted by the provisions of clause (ii) of the penultimate paragraph of this Section 5.28) made by Lessee and its Subsidiaries in the fiscal quarter during which such Restricted Payment is made shall not exceed an amount equal to (x) Available Cash of Lessee for the immediately preceding fiscal quarter plus (y) the lesser of (i) the amount of any Available Cash of Lessee during the first 45 days of such fiscal quarter and (ii) the excess of the aggregate amount of Credit Agreement Loans that Lessee could have borrowed over the actual amount of Credit Agreement Loans outstanding, in each case as of the last day of the immediately preceding fiscal quarter; and

(d) such Restricted Payment (other than (x) Restricted Payments described in clause (i) of the first paragraph of this Section 5.28 made during the fiscal quarter ending January 31, 1997 that do not exceed $26,000,000 in the aggregate or (y) any Restricted Payments

described in clauses (iii) or (iv) of the first paragraph of this Section 5.28) the amount of which (to be determined in accordance with clause (c) of this Section 5.28 if made other than with cash) shall not exceed an amount equal to (1) Consolidated Cash Flow of Lessee and the Restricted Subsidiaries for the period from and after October 31, 1996 through and including the last day of the fiscal quarter ending immediately preceding the date of the proposed Restricted Payment (the "Determination Period"), minus (2) the sum of Consolidated Interest Expense of Lessee and the Restricted Subsidiaries for the Determination Period plus all capital expenditures (other than Growth-Related Capital Expenditures and net of capital asset sales in the ordinary course of business) made by Lessee and the Restricted Subsidiaries during the Determination Period plus the aggregate of all other Restricted Payments (other than (x) Restricted Payments described in clause (i) of the first paragraph of this Section 5.28 made during the fiscal quarter ending January 31, 1997 that do not exceed $26,000,000 in the aggregate or (y) any Restricted Payments described in clauses (iii) or (iv) of the first paragraph of this Section 5.28) made by Lessee and the Restricted Subsidiaries during the period from and after October 31, 1996 through and including the date of the proposed Restricted Payment, plus (3) $30,000,000, plus (4) the excess, if any, of consolidated working capital of Lessee and the Restricted Subsidiaries at July 31, 1996 over consolidated working capital of Lessee and the Restricted Subsidiaries at the end of the fiscal year immediately preceding the date of the proposed Restricted Payment, minus (5) the excess, if any, of consolidated working capital of Lessee and the Restricted Subsidiaries at the end of the fiscal year immediately preceding the date of the proposed Restricted Payment over consolidated working capital of Lessee and the Restricted Subsidiaries at July 31, 1996. For purposes of this subsection 5.28(d), the calculation of Consolidated Cash Flow shall give pro forma effect to Acquisitions (including all mergers and consolidations), Asset Sales and other dispositions and discontinuances of business or assets that have been made by such Person or any of the Restricted Subsidiaries during the reference period or subsequent to such reference period and on or prior to the date of calculation of Consolidated Cash Flow assuming that all such Acquisitions, Asset Sales and other dispositions and discontinuances of businesses or assets had occurred on the first day of the reference period.

The foregoing provisions will not prohibit (i) the payment of any distribution within 60 days after the date on which Lessee becomes committed to make such distribution, if at said date of commitment such payment would have complied with the provisions of this Agreement; and (ii) the redemption, repurchase, retirement or other acquisition of any Equity Interests of Lessee in exchange for, or out of the proceeds of, the substantially concurrent sale (other than to a Subsidiary of Lessee) of other Equity Interests of Lessee (other than any Disqualified Interests).

Not later than the date of making any Restricted Payment, the General Partner shall deliver to Agent an officer's certificate signed by a Responsible Officer stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this Section 5.28 were computed, which calculations may be based upon Lessee's latest available financial statements.

Section 5.29. Prepayments of Subordinated Indebtedness. Lessee shall not, and shall not permit any of the Restricted Subsidiaries to, (a) purchase, redeem, retire or otherwise acquire for value, or set apart any money for a sinking, defeasance or other analogous fund for, the purchase, redemption, retirement or other acquisition of, or make any payment or prepayment of the principal of or interest on, or any other amount owing in respect of, any Indebtedness that is subordinated to the Obligations, except for regularly scheduled payments of interest in respect of such Indebtedness required pursuant to the instruments evidencing such Indebtedness that are not made in contravention of the terms and conditions of subordination set forth on part II of Schedule 5.21 or (b) directly or indirectly, make any payment in respect of, or set apart any money for a sinking, defeasance or other analogous fund on account of, Guaranty Obligations subordinated to the Obligations. The foregoing provisions will not prohibit the defeasance, redemption or repurchase of subordinated Indebtedness with the proceeds of Permitted Refinancing Indebtedness.

Section 5.30. Dividend and Other Payment Restrictions Affecting Subsidiaries. Lessee shall not, and shall not permit any of the Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to (a) pay dividends or make any other distributions to Lessee or any of the Restricted Subsidiaries (1) on its Capital Interests or (2) with respect to any other interest or participation in, or interest measured by, its profits, (b) pay any indebtedness owed to Lessee or any of the Restricted Subsidiaries, (c) make loans or advances to Lessee or any of the Restricted Subsidiaries or (d) transfer any of its properties or assets to Lessee or any of the Restricted Subsidiaries, except for such encumbrances or restrictions existing under or by reason of (i) Existing Indebtedness, (ii) the Operative Documents, the Credit Agreement, the 1998 Note Purchase Agreement, the 1998 Fixed Rate Senior Notes, the 2000 Note Purchase Agreement and the 2000 Notes, (iii) applicable law, (iv) any instrument governing Indebtedness or Capital Interests of a Person acquired by Lessee or any of the Restricted Subsidiaries as in effect at the time of such Acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such Acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, provided that the Consolidated Cash Flow of such Person to the extent that dividends, distributions, loans, advances or transfers thereof is limited by such encumbrance or restriction on the date of acquisition is not taken into account in determining whether such acquisition was permitted by the terms of this Agreement, (v) customary

non-assignment provisions in leases entered into in the ordinary course of business and consistent with past practices, (vi) purchase money obligations for property acquired in the ordinary course of business that impose restrictions of the nature described in clause (d) above on the property so acquired, (vii) Permitted Refinancing Indebtedness of any Existing Indebtedness, provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive than those contained in the agreements governing the Indebtedness being refinanced or (viii) other Indebtedness permitted to be incurred subsequent to the Effective Date pursuant to the provisions of Section 5.21 hereof, provided that such restrictions are no more restrictive than those contained in this Agreement.

Section 5.31. Change in Business. Lessee shall not, and shall not suffer or permit any Restricted Subsidiary to, engage in any material line of business substantially different from those lines of business carried on by Lessee and the Restricted Subsidiaries on the date hereof.

Section 5.32. Accounting Changes. Lessee shall not, and shall not suffer or permit any Restricted Subsidiary to, make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change the fiscal year of Lessee or of any Restricted Subsidiary except as required by the Code.

Section 5.33. Limitation on Sale and Leaseback Transactions. Lessee will not, and will not permit any of the Restricted Subsidiaries to, enter into any arrangement with any Person providing for the leasing by Lessee or such Restricted Subsidiary of any property that has been or is to be sold or transferred by Lessee or such Restricted Subsidiary to such Person in contemplation of such leasing; provided, however, that Lessee or such Restricted Subsidiary may enter into such sale and leaseback transaction if: (i) Lessee could have (A) incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and leaseback transaction pursuant to the Leverage Ratio test set forth in Section 5.12(a) and (B) secured a Lien on such Indebtedness pursuant to Section 5.17; (ii) the lease in such sale and leaseback transaction is for a term not in excess of the lesser of (A) three years and (B) 60% of the remaining useful life of such property; or (iii) such sale and leaseback transaction is otherwise permitted by the last sentence of Section 4.17 of the 1996 Indenture as in effect as of the date hereof.

Section 5.34. [Intentionally Omitted].

Section 5.35. Amendments of Organization Documents or Certain Debt Agreements. Lessee shall not modify, amend, supplement or replace, nor permit any modification, amendment, supplement or replacement of the Organization Documents of the General Partner, Lessee or any Subsidiary of Lessee, the MLP Senior Notes, the 1996 Indenture, the 1998 Fixed Rate Senior Notes, the 1998 Note Purchase Agreement, the 2000 Notes or the 2000 Note Purchase Agreement or any document executed and delivered in connection with any of the foregoing, in any respect that would adversely affect the Participants, Lessee's ability to perform the Obligations, any Guarantor's ability to perform its obligations under the Guaranty, in each such case without the prior written consent of Agent and the Required Participants. Furthermore, the Lessee shall not permit any modification, amendment, supplement or replacement of the Organization Documents of the MLP that would have a material effect on Lessee without the prior written consent of Agent and the Required Participants.

Section 5.36. [Intentionally Omitted].

Section 5.37. Operations through Subsidiaries. Lessee shall not conduct any of its operations through Restricted Subsidiaries unless: (a) such Restricted Subsidiary executes a Guaranty guaranteeing payment of the Obligations, accompanied by an opinion of counsel to the Restricted Subsidiary addressed to Agent and the Participants as to the due authorization, execution, delivery and enforceability of the Guaranty; (b) such Restricted Subsidiary agrees not to incur any Indebtedness other than (i) trade debt, (ii) debt owed to Lessee or any other Restricted Subsidiary and (iii) Acquired Debt otherwise permitted by this Agreement; (c) the Consolidated Cash Flow of such Restricted Subsidiary, when added to Consolidated Cash Flow of all other Restricted Subsidiaries for any fiscal year, shall not exceed 10% of the Consolidated Cash Flow of Lessee and the Restricted Subsidiaries for such fiscal year; and (d) the value of the assets of such Restricted Subsidiary, when added to the value of the assets of all other Restricted Subsidiaries for any fiscal year, shall not exceed 10% of the consolidated value of the assets of Lessee and the Restricted Subsidiaries for such fiscal year, as determined in accordance with GAAP; provided that the requirements of subsections (c) and (d) above shall not apply as to any Restricted Subsidiary if the aggregate Indebtedness of such Restricted Subsidiary, when added to the Indebtedness of all other Restricted Subsidiaries at such time (excluding, in each case, debt of any such Restricted Subsidiary owed to Lessee or another Restricted Subsidiary), shall not exceed $5 million. Lessee shall not conduct any of its operations through, and shall not establish, create or otherwise invest in, any Unrestricted Subsidiary unless the same shall be a Permitted Lessee Investment.

Section 5.38. Operations of MLP. Except in connection with an indirect Acquisition permitted by Section 5.20, the General Partner and Lessee shall not permit the MLP or any of its Affiliates (including any Non-Recourse Subsidiary or any Unrestricted Subsidiary) to operate or conduct any business substantially similar to that conducted by Lessee and the Restricted Subsidiaries within a 25 mile radius of any business conducted by Lessee and the Restricted Subsidiaries. In order to comply with this Section 5.38, Lessee may enter into one or more transactions by which its assets and properties are "swapped" or "exchanged" for assets and properties of another Person prior to or concurrently with another transaction which, but for such swap or exchange would violate this Section; provided, that (i) if the value of the MLP's assets or units to be so swapped or exchanged exceeds $15 million, as determined by the audit committee of the Board of Directors of the General Partner, Lessee shall have first obtained at its expense an opinion from a nationally recognized investment banking firm, addressed to it, Agent and the Participants and opining without material

qualification and based on assumptions that are realistic at the time, that the exchange or swap transactions are fair to Lessee and the Restricted Subsidiaries, and (ii) if the value of the MLP's assets or units to be so swapped or exchanged exceeds $50 million, as determined by the audit committee of the Board of Directors of the General Partner, at the option of the Required Participants, Agent shall have first retained, at Lessee's expense, an investment banking firm on behalf of the Participants who shall also have rendered an opinion containing the statements and content referred to in clause (i).

Section 5.39. Miscellaneous.

(a) Further Assurances. The Lessee, at its cost and expense, will cause to be promptly and duly taken, executed, acknowledged and delivered all such further acts, documents and assurances as Certificate Trustee or Agent reasonably may request from time to time in order to carry out more effectively the intent and purposes of this Agreement and the other Operative Documents and the Overall Transaction. The Lessee, at its cost and expense, will cause all financing statements (including precautionary financing statements), fixture filings, mortgages and other documents, to be recorded or filed at such places and times in such manner, and will take all such other actions or cause such actions to be taken, as may be necessary or as may be reasonably requested by Agent or Certificate Trustee in order to establish, preserve, protect and perfect the title and Lien of Agent in the Units, the Lessee Collateral and the Lessor Collateral and Certificate Trustee's, Agent's and/or any Participant's rights under this Agreement and the other Operative Documents.

(b) Change of Name or Address. Lessee shall provide Agent thirty (30) days' prior written notice of any change in name, or the address of its chief executive office and principal place of business or the office where it keeps its records concerning its accounts and the Units.

(c) Securities. Lessee shall not, nor shall it permit anyone authorized to act on its behalf to, take any action which would subject the issuance or sale of the Notes or Certificates, the Units, the Trust Estate or the Operative Documents, or any security or lease the offering of which, for purposes of the Securities Act or any state securities laws, would be deemed to be part of the same offering as the offering of the aforementioned items to the registration requirements of Section 5 of the Securities Act or any state securities laws.

(d) Rates. With respect to each determination of Interest and Yield pursuant to this Agreement, the Loan Agreement, the Trust Agreement and Basic Rent under the Lease, Lessee agrees to be bound by Sections 2.6 and 2.7 of the Loan Agreement, Sections 2.4 and 2.5 of the Trust Agreement, and Sections 2.8 and 2.9 hereof and the applicable definitions in Appendix 1.

Section 5.40. Accounting Principles. (a) Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made in accordance with GAAP consistently applied. In the event that GAAP changes during the term of the Lease such that the covenants contained in Section 5.12 would then be calculated in a different manner or with different components, (i) Lessee and the Participants agree to amend this Agreement in such respects as are necessary to conform those covenants as criteria for evaluating Lessee's financial condition to substantially the same criteria as were effective prior to such change in GAAP and (ii) Lessee shall be deemed to be in compliance with the covenants contained in Section 5.12 during the 90-day period following any such change in GAAP if and to the extent that Lessee would have been in compliance therewith under GAAP as in effect immediately prior to such change.

(b) Except as otherwise specified, references herein to "fiscal year" and "fiscal quarter" refer to such fiscal periods of Lessee."

(c) The following definitions set forth in Appendix I to the Participation Agreement shall be and are hereby added as new defined terms or amended and restated, as the case may be, to read as follows:

> "Acquisition" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition of in excess of 50% of the capital stock, partnership interests or equity of any Person or otherwise causing any Person to become a Subsidiary of the acquiring Person, or (c) a merger or consolidation or any other combination with another Person (other than a Person that is a Subsidiary of the acquiring Person) provided that Lessee or the Subsidiary of the acquiring entity is the surviving Person.
>
> "Available Cash" has the meaning given to such term in the Partnership Agreement, as amended to October 14, 1998; provided, that (a) Available Cash shall not include any amount of Net Proceeds of Asset Sales until the 270-day period following the consummation of the applicable Asset Sale, (b) investments, loans and other contributions to a Non-Recourse Subsidiary, Unrestricted Subsidiary or Joint Venture are to be treated as "cash disbursements" when made for purposes of determining the amount of Available Cash and (c) cash receipts of a Non-Recourse Subsidiary, Unrestricted Subsidiary or Joint Venture shall not constitute cash receipts of Lessee for purposes of determining the amount of Available Cash until cash is actually distributed by such Non-Recourse Subsidiary, Unrestricted Subsidiary or Joint Venture to Lessee or a Restricted Subsidiary.
>
> "Capital Interests" means, (a) with respect to any

corporation, any and all shares, participations, rights or other equivalent interests in the capital of the corporation, (b) with respect to any partnership or limited liability company, any and all partnership interests (whether general or limited) or limited liability company interests, respectively, and other interests or participations that confer on a Person the right to receive a share of the profits and losses of, or distributions of assets of, such partnership or limited liability company, and (c) with respect to any other Person, ownership interests of any type in such Person.

"Consolidated Cash Flow" means, with respect to Lessee and the Restricted Subsidiaries for any period, the Consolidated Net Income for such period, plus (a) an amount equal to any extraordinary loss plus any net loss realized in connection with an asset sale, to the extent such losses were deducted in computing Consolidated Net Income, plus (b) provision for taxes based on income or profits of Lessee and the Restricted Subsidiaries for such period, to the extent such provision for taxes was deducted in computing Consolidated Net Income, plus (c) Consolidated Interest Expense for such period, whether paid or accrued (including amortization of original issue discount, non-cash interest payments and the interest component of any payments associated with Capital Lease Obligations and net payments (if any) pursuant to Hedging Obligations), to the extent such expense was deducted in computing Consolidated Net Income, plus (d) depreciation and amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) of Lessee and the Restricted Subsidiaries for such period, to the extent such depreciation and amortization were deducted in computing Consolidated Net Income, plus (e) non-cash employee compensation expenses of Lessee and the Restricted Subsidiaries for such period, plus (f) the Synthetic Lease Principal Component of Lessee and the Restricted Subsidiaries for such period; in each case, for such period without duplication on a consolidated basis and determined in accordance with GAAP.

"Consolidated Interest Expense" means, with respect to Lessee and the Restricted Subsidiaries for any fiscal period, on a consolidated basis, the sum of (a) all interest, fees (including Letter of Credit fees), charges and related expenses paid or payable (without duplication) by Lessee and the Restricted Subsidiaries for that fiscal period to the Banks hereunder or to any other lender in connection with borrowed money or the deferred purchase price of assets that are considered "interest expense" under GAAP, plus (b) the portion of rent paid or payable (without duplication) by Lessee and the Restricted Subsidiaries for that fiscal period under Capital Lease Obligations that should be treated as interest in accordance with Financial Accounting Standards Board Statement No. 13, on a consolidated basis, plus (c) the Synthetic Lease Interest Component of Lessee and the Restricted Subsidiaries for that fiscal period.

"Consolidated Net Income" means, with respect to Lessee and the Restricted Subsidiaries for any period, the aggregate of the Net Income of Lessee and the Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; provided, that (a) the Net Income of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid to Lessee or a Wholly-Owned Subsidiary of Lessee, (b) the Net Income of any Person that is a Restricted Subsidiary (other than a Wholly-Owned Subsidiary) shall be included only to the extent of the amount of dividends or distributions paid to Lessee or a Wholly-Owned Subsidiary of Lessee, (c) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded except to the extent otherwise includable under clause (a) above and (d) the cumulative effect of a change in accounting principles shall be excluded.

"Consolidated Net Worth" means, with respect to Lessee and the Restricted Subsidiaries as of any date, the sum of (a) the consolidated equity of the common stockholders or partners of Lessee and the Restricted Subsidiaries as of such date, plus (b) the respective amounts reported on the balance sheet of Lessee and the Restricted Subsidiaries as of such date with respect to any series of preferred stock (other than Disqualified Interests) that by its terms is not entitled to the payment of dividends unless such dividends may be declared and paid only out of net earnings in respect of the year of such declaration and payment, but only to the extent of any cash received by Lessee and the Restricted Subsidiaries upon issuance of such preferred stock, less (x) all write-ups (other than write-ups resulting from foreign currency translations and write-ups of tangible assets of a going concern business made within 12 months after the acquisition of such business) subsequent to the Effective Date in the book value of any asset owned by Lessee and the Restricted Subsidiaries, (y) all Investments as of such date in unconsolidated Subsidiaries and in Persons that are not Restricted Subsidiaries (except, in each case, Permitted

Lessee Investments), and (z) all unamortized debt discount and expense and unamortized deferred charges as of such date, all of the foregoing determined in accordance with GAAP.

"Credit Agreement" means the Third Amended and Restated Credit Agreement dated as of April 18, 2000 among Lessee, the General Partner, the Administrative Agent, the Credit Agreement Banks and the Documentation Agent.

"Credit Agreement Arranger" means Banc of America Securities LLC.

"Credit Agreement Bank" means the financial institutions defined as "Banks" in the introductory clause to the Credit Agreement.

"Documentation Agent" has the meaning specified in the introductory clause to the Credit Agreement.

"Effective Date" means the first date on which all conditions precedent set forth in Section 5 of Omnibus Amendment Agreement No. 2 are satisfied or waived by the Certificate Purchasers or the Lenders.

"Existing Credit Agreement" means the Second Amended and Restated Credit Agreement, dated as of July 2, 1998, as amended prior to the Effective Date, among Lessee, the General Partner, the several financial institutions from time to time party thereto and Bank of America, N.A., as Administrative Agent.

"Existing Indebtedness" means Indebtedness and Synthetic Lease Obligations of Lessee and its Subsidiaries (other than the "Obligations" as defined in the Credit Agreement) and certain Indebtedness of the General Partner with respect to which Lessee has assumed the General Partner's repayment obligations, in each case in existence on the Restatement Effective Date and as more fully set forth on Schedule V to Omnibus Amendment Agreement No. 2.

"Fixed Charge Coverage Ratio" means with respect to Lessee and the Restricted Subsidiaries for any period, the ratio of Consolidated Cash Flow for such period to Fixed Charges for such period. In the event that Lessee or any of the Restricted Subsidiaries (a) incurs, assumes or guarantees any Indebtedness or Synthetic Lease Obligations (other than revolving credit borrowings including, with respect to Lessee, the Loans) or (b) redeems or repays any Indebtedness or Synthetic Lease Obligations (other than revolving credit borrowings that are properly classified as a current liability for GAAP including, with respect to Lessee, the Loans to the extent that such Loans are so classified and excluding, regardless of classification, any Loans or other Indebtedness or Synthetic Lease Obligations the proceeds of which are used for Acquisitions or Growth Related Capital Expenditures), in any case subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the date of the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Fixed Charge Ratio Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, redemption or repayment of Indebtedness or Synthetic Lease Obligations, as if the same had occurred at the beginning of the applicable reference period. The foregoing calculation of the Fixed Charge Coverage Ratio shall also give pro forma effect to Acquisitions (including all mergers and consolidations), Asset Sales and other dispositions and discontinuances of businesses or assets that have been made by Lessee or any of the Restricted Subsidiaries during the reference period or subsequent to such reference period and on or prior to the Fixed Charge Ratio Calculation Date assuming that all such Acquisitions, Asset Sales and other dispositions and discontinuances of businesses or assets had occurred on the first day of the reference period; provided, however, that with respect to Lessee and the Restricted Subsidiaries, (a) Fixed Charges shall be reduced by amounts attributable to businesses or assets that are so disposed of or discontinued only to the extent that the obligations giving rise to such Fixed Charges would no longer be obligations contributing to the Fixed Charges of Lessee or the Restricted Subsidiaries subsequent to Fixed Charge Ratio Calculation Date and (b) Consolidated Cash Flow generated by an acquired business or asset of Lessee or the Restricted Subsidiaries shall be determined by the actual gross profit (revenues minus costs of goods sold) of such acquired business or asset during the immediately preceding number of full fiscal quarters as are in the reference period minus the pro forma expenses that would have been incurred by Lessee and the Restricted Subsidiaries in the operation of such acquired business or asset during such period computed on the basis of (i) personnel expenses for employees retained by Lessee and the Restricted Subsidiaries in the operation of the acquired business or asset and (ii) non-personnel costs and expenses incurred by Lessee and the Restricted Subsidiaries on a per gallon basis in the operation of Lessee's business at similarly situated Lessee facilities.

"Fixed Charges" means, with respect to Lessee and the Restricted Subsidiaries for any period, the sum, without

duplication, of (a) Consolidated Interest Expense for such period, whether paid or accrued, to the extent such expense was deducted in computing Consolidated Net Income (including amortization of original issue discounts, non-cash interest payments, the interest component of all payments associated with Capital Lease Obligations and net payments (if any) pursuant to Hedging Obligations permitted under this Agreement), (b) commissions, discounts and other fees and charges incurred with respect to letters of credit, (c) any interest expense on Indebtedness of another Person that is guaranteed by Lessee and the Restricted Subsidiaries or secured by a Lien on assets of any such Person, and (d) the product of (i) all cash dividend payments on any series of preferred stock of Lessee and the Restricted Subsidiaries, times (ii) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of Lessee, expressed as a decimal, determined, in each case, on a consolidated basis and in accordance with GAAP.

"Funded Debt" means all Indebtedness of Lessee and the Restricted Subsidiaries, excluding all Contingent Obligations of Lessee and the Restricted Subsidiaries under or in connection with Letters of Credit outstanding from time to time.

"Guaranty" means a continuing guaranty of the Obligations in favor of the Agent on behalf of the Participants, in form and substance satisfactory to the Agent.

"Interest Coverage Ratio" means with respect to Lessee and the Restricted Subsidiaries for any period, the ratio of Consolidated Cash for such period to Consolidated Interest Expense for such period. In the event that Lessee or any of the Restricted Subsidiaries (a) incurs, assumes or guarantees any Indebtedness or Synthetic Lease Obligations (other than revolving credit borrowings including, with respect to Lessee, the Loans) or (b) redeems or repays any Indebtedness or Synthetic Lease Obligations (other than revolving credit borrowings that are properly classified as a current liability under GAAP including, with respect to Lessee, the Loans, to the extent such Loans are so classified and excluding, regardless of classification, any Loans or other Indebtedness or Synthetic Lease Obligations the proceeds of which are used for Acquisitions or Growth Related Capital Expenditures), in any case subsequent to the commencement of the period for which the Interest Coverage Ratio is being calculated, but prior to the date on which the calculation of the Interest Coverage Ratio is made (the "Interest Coverage Ratio Calculation Date"), then the Interest Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, redemption or repayment of Indebtedness or Synthetic Lease Obligations, as if the same had occurred at the beginning of the applicable reference period. The foregoing calculation of the Interest Coverage Ratio shall also give pro forma effect to Acquisitions (including all mergers and consolidations), Asset Sales and other dispositions and discontinuances of businesses or assets that have been made by Lessee or any of the Restricted Subsidiaries during the reference period or subsequent to such reference period and on or prior to the Interest Coverage Ratio Calculation Date assuming that all such Acquisitions, Asset Sales and other dispositions and discontinuances of businesses or assets had occurred on the first day of the reference period; provided, however, that with respect to Lessee and the Restricted Subsidiaries, (a) Consolidated Interest Expense shall be reduced by amounts attributable to businesses or assets that are so disposed of or discontinued only to the extent that the Indebtedness or Synthetic Lease Obligations giving rise to such Consolidated Interest Expense would no longer be Indebtedness or Synthetic Lease Obligations contributing to the Consolidated Interest Expense of Lessee or the Restricted Subsidiaries subsequent to the Interest Coverage Ratio Calculation Date and (b) Consolidated Cash Flow generated by an acquired business or asset of Lessee and the Restricted Subsidiaries shall be determined by the actual gross profit (revenues minus costs of goods sold) of such acquired business or asset during the immediately preceding number of full fiscal quarters as in the reference period minus the pro forma expenses that would have been incurred by Lessee and the Restricted Subsidiaries in the operation of such acquired business or asset during such period computed on the basis of (i) personnel expenses for employees retained by Lessee and the Restricted Subsidiaries in the operation of the acquired business or asset and (ii) non-personnel costs and expenses incurred by Lessee and the Restricted Subsidiaries on a per gallon basis in the operation of Lessee's business at similarly situated facilities of Lessee.

"Investment" means, relative to any Person, any direct or indirect purchase or other acquisition by such Person of stock or other securities of any other Person, or any direct or indirect loan, advance or capital contribution by such Person to any other Person, and any other item which would be classified as an "investment" on a balance sheet of such Person prepared in accordance with GAAP, including, without limitation, any direct or indirect contribution by such Person of property or assets to a joint venture,

partnership or other business entity in which such Person retains an interest. For purposes of the Operative Documents, the amount involved in Investments made during any period shall be the aggregate cost to Lessee of all such Investments made during such period, determined in accordance with GAAP, but without regard to unrealized increases or decreases in value, or write-ups, write-downs or write-offs, of such Investments and without regard to the existence of any undistributed earnings or accrued interest with respect thereto accrued after the respective dates on which such Investments were made, less any net return of capital realized during such period upon the sale, repayment or other liquidation of such Investment (determined in accordance with GAAP, but without regard to any amounts received during such period as earnings (in the form of dividends not constituting a return of capital, interest or otherwise) on such Investment or as loans from any Person in whom such Investment has been made).

"Leverage Ratio" means, with respect to Lessee and the Restricted Subsidiaries for any period, the ratio of Funded Debt plus Synthetic Lease Obligations, in each case of Lessee and the Restricted Subsidiaries as of the last day of such period, to Consolidated Cash Flow for such period. In the event that Lessee or any of the Restricted Subsidiaries (a) incurs, assumes or guarantees any Indebtedness or Synthetic Lease Obligations (other than revolving credit borrowings including, with respect to Lessee, the Loans) or (b) redeems or repays any Indebtedness or Synthetic Lease Obligations (other than revolving credit borrowings that are properly classified as a current liability under GAAP including, with respect to Lessee, the Loans to the extent such Loans are so classified and excluding, regardless of classification, any Loans or other Indebtedness or Synthetic Lease Obligations the proceeds of which are used for Acquisitions or Growth Related Capital Expenditures), in any case subsequent to the commencement of the period for which the Leverage Ratio is being calculated but prior to the date on which the calculation of the Leverage Ratio is made (the "Leverage Ratio Calculation Date"), then the Leverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, redemption or repayment of Indebtedness or Synthetic Lease Obligations, as if the same had occurred at the beginning of the applicable reference period. The foregoing calculation of the Leverage Ratio shall also give pro forma effect to Acquisitions (including all mergers and consolidations), Asset Sales and other dispositions and discontinuances of businesses or assets that have been made by Lessee or any of the Restricted Subsidiaries during the reference period or subsequent to such reference period and on or prior to the Leverage Ratio Calculation Date assuming that all such Acquisitions, Asset Sales and other dispositions and discontinuances of businesses or assets had occurred on the first day of the reference period; provided, however, that with respect to Lessee and the Restricted Subsidiaries, (a) Funded Debt and Synthetic Lease Obligations shall be reduced by amounts attributable to businesses or assets that are so disposed of or discontinued only to the extent that the Indebtedness or Synthetic Leases included within such Funded Debt and Synthetic Lease Obligations would no longer be an obligation of Lessee or the Restricted Subsidiaries subsequent to the Leverage Ratio Calculation Date and (b) Consolidated Cash Flow generated by an acquired business or asset of Lessee or the Restricted Subsidiaries shall be determined by the actual gross profit (revenues minus costs of goods sold) of such acquired business or asset during the immediately preceding number of full fiscal quarters as in the reference period minus the pro forma expenses that would have been incurred by Lessee and the Restricted Subsidiaries in the operation of such acquired business or asset during such period computed on the basis of (i) personnel expenses for employees retained by Lessee and the Restricted Subsidiaries in the operation of the acquired business or asset and (ii) non-personnel costs and expenses incurred by Lessee and the Restricted Subsidiaries on a per gallon basis in the operation of Lessee's business at similarly situated facilities of Lessee.

"Net Income" means, with respect to Lessee and the Restricted Subsidiaries, the net income (loss) of such Persons, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however, (a) any gain (but not loss), together with any related provision for taxes on such gain (but not loss), realized in connection with (i) any asset sale (including, without limitation, dispositions pursuant to sale and leaseback transactions), or (ii) the disposition of any securities or the extinguishment of any Indebtedness of Lessee or any of the Restricted Subsidiaries, and (b) any extraordinary gain (but not loss), together with any related provision for taxes on such extraordinary gain (but not loss); provided, however, that all costs and expenses with respect to the redemption of the 1994 Fixed Rate Senior Notes, including, without limitation, cash premiums, tender offer premiums, consent payments and all fees and expenses in connection therewith, shall be added back to the Net Income of Lessee, the General Partner or the Restricted Subsidiaries to the extent that they were deducted from such Net Income in

accordance with GAAP.

"Net Proceeds of Asset Sale" means the aggregate cash proceeds received by Lessee or any of the Restricted Subsidiaries in respect of any Asset Sale, net of the direct costs relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees, and sales commissions) and any relocation expenses incurred as a result thereof, taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), and amounts required to be applied to the repayment of Indebtedness secured by a Lien on the asset or assets the subject of such Asset Sale.

"1994 Fixed Rate Senior Notes" means the 10% Series A Fixed Rate Senior Notes due 2001 that were issued by Lessee and Ferrellgas Finance Corp. pursuant to that certain Indenture dated as of July 5, 1994 among Lessee, Ferrellgas Finance Corp. and Norwest Bank Minnesota, National Association. All of the 1994 Fixed Rate Senior Notes were redeemed prior to the Effective Date.

"Omnibus Amendment Agreement No. 2" means Omnibus Amendment Agreement No. 2 in respect of the Participation Agreement and the Lease, dated as of April 18, 2000, between the Lessee, the General Partner, the Certificate Trustee, the Agent, the Certificate Purchasers and the Lender.

"Organization Documents" means, (a) for any corporation, the certificate or articles of incorporation, the bylaws, any certificate of determination or instrument relating to the rights of preferred shareholders of such corporation, any shareholder rights agreement, and all applicable resolutions of the board of directors (or any committee thereof) of such corporation, (b) for any general or limited partnership, the partnership agreement of such partnership and all amendments thereto and any agreements otherwise relating to the rights of the partners thereof, and (c) for any limited liability company, the limited liability, operating or similar agreement and all amendments thereto and any agreements otherwise relating to the rights of the members thereof.

"Partnership Agreement" shall mean the Second Amended and Restated Agreement of Limited Partnership of Lessee dated October 14, 1998, as amended from time to time in accordance with the terms of the Participation Agreement.

"Permitted Lessee Investments" means (a) any Investments in Cash Equivalents; (b) any Investments in Lessee or(subject to the provisions of Section 5.37) in a Restricted Subsidiary of Lessee that is a Guarantor; (c) Investments by Lessee or any Restricted Subsidiary of Lessee in a Person in compliance with the other provisions of this Agreement, if as a result of such Investment (i) such Person becomes a Restricted Subsidiary of Lessee and a Guarantor or (ii) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, Lessee or a Restricted Subsidiary of Lessee that is a Guarantor; and (d) Investments by Lessee or any Restricted Subsidiary in Unrestricted Subsidiaries and Joint Ventures; provided that the amount of cash or property contributed, loaned or otherwise advanced by Lessee or such Restricted Subsidiaries in respect of such Investments may not exceed at any time an aggregate amount equal to the greater of (i) $15,000,000 and (ii) 10% of Consolidated Cash Flow for the most recently ended four fiscal quarters of Lessee.

"Person" means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, Joint Venture or Governmental Authority.

"Quarterly Payment Period" shall mean successive calendar quarters commencing on the Interim Term Expiration Date and thereafter on the last business day in March, June, September and December in each year; provided, however, that no Quarterly Payment Period may end later than the last day of the Lease Term.

"Restricted Subsidiary" means any Subsidiary of Lessee (a) of which 80% or more of the voting Capital Interests are beneficially owned, directly or indirectly, by Lessee and none of which Capital Interests are owned, directly or indirectly, by Unrestricted Subsidiaries, (b) which is engaged in the same or substantially the same line of business as Lessee, (c) which is organized under the laws of the United States or any State thereof, (d) which maintains substantially all of its assets and conducts substantially all of its business within the United States and (e) which is designated as a Restricted Subsidiary in Schedule IV to Omnibus Amendment Agreement No. 2 as of the Effective Date or which shall be designated as a Restricted Subsidiary by Lessee at a subsequent date pursuant to Section 5.16; provided, however, that (x) to the extent a newly formed or acquired Subsidiary meeting the foregoing requirements is not declared a Restricted Subsidiary or an Unrestricted Subsidiary within 90 days of its formation or acquisition, such Subsidiary shall be

deemed to have been designated by Lessee as a Restricted Subsidiary (in which event Lessee shall comply, and shall cause such Restricted Subsidiary to comply, with Section 5.37) and (b) a Restricted Subsidiary may be designated as an Unrestricted Subsidiary in accordance with the provisions of Section 5.16.

"2000 Note Purchase Agreement" means the Note Purchase Agreement, dated as of February 1, 2000 among Lessee and the Purchasers named therein, pursuant to which the 2000 Notes were issued, as it may be amended, modified or supplemented from time to time.

"2000 Notes" means, collectively, (a) the $21,000,000 8.68% Senior Notes, Series A, due August 1, 2006, (b) the $90,000,000 8.78% Senior Notes, Series B, due August 1, 2007 and (c) the $73,000,000 8.87% Senior Notes, Series C, due August 1, 2009, in each case issued by Lessee pursuant to the 2000 Note Purchase Agreement.

"Unrestricted Subsidiary" means any Subsidiary which is not a Restricted Subsidiary."

Section 1.2. Amendments to Lease. (a) Section 8.1 of the Lease shall be and is hereby amended and restated in its entirety to read as follows:

"Section 8.1. Events of Default. The following shall constitute events of default (each a "Lease Event of Default") hereunder:

(a) Non-Payment. Lessee fails to pay, (i) when and as required to be paid herein, any payment of Basic Rent or any amount payable pursuant to Section 6.1(a), or Article IX, or (ii) within 5 days after the same becomes due, any Supplemental Rent (other than Supplemental Rent described in clause (i)); or

(b) Representation or Warranty. Any representation or warranty by Lessee or the General Partner made or deemed made herein, in any other Operative Document, or which is contained in any certificate, document or financial or other statement by Lessee, the General Partner, or any Responsible Officer, furnished at any time under this Lease, or in or under any other Operative Document, is incorrect in any material respect on or as of the date made or deemed made; or

(c) Specific Defaults. (i) Lessee fails to maintain the insurance required by Section 6.2 or Lessee fails to perform or observe any term, covenant or agreement contained in any of (A) Section 5.2 hereof or (B) Section 5.3 (other than subsection (d) thereof), 5.12, 5.13 or 5.17 through 5.38, inclusive, of the Participation Agreement; or (ii) Lessee shall fail to sell all of the Units on the Termination Date in accordance with and satisfaction of each of the terms, covenants, conditions and agreements set forth under Article IX in connection with and following its exercise of the Sale Option; or

(d) Other Defaults. Lessee, the General Partner or any Subsidiary fails to perform or observe any other term or covenant contained in this Lease or any other Operative Document, and such default shall continue unremedied for a period of 30 days after the earlier of (i) the date upon which a Responsible Officer knew of such failure or (ii) the date upon which written notice thereof is given to Lessee by the Lessor or Agent; provided that if (i) such default is not curable by the payment of money and cannot be cured within such 30 day period, and (ii) Lessee, the General Partner or such Subsidiary is diligently pursuing the cure of such default, then the period for cure of such default will be extended for the period necessary for Lessee, the General Partner or such Subsidiary to effect such cure, but in no event longer than 90 days from the date of such notice or knowledge; or

(e) Cross-Default. Lessee, the General Partner or any Restricted Subsidiary (i) fails to make any payment in respect of any Indebtedness, Synthetic Lease Obligation or Contingent Obligation having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than $10,000,000 when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure or (ii) fails to perform or observe any other condition or covenant, or any other event (including any termination or similar event in respect of any Accounts Receivable Securitization) shall occur or condition exist, under any agreement or instrument relating to any such Indebtedness, Synthetic Lease Obligation or Contingent Obligation, and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure if the effect of such failure, event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Indebtedness or Synthetic Lease Obligation (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause such Indebtedness or Synthetic Lease Obligation to be declared to be due and payable prior to its stated maturity or to cause such Indebtedness, Synthetic Lease Obligation or Contingent Obligation to be prepaid, purchased or redeemed by Lessee, the MLP, the General Partner or any Restricted Subsidiary, or such Contingent Obligation to become payable or cash collateral in respect thereof to be demanded; or

(f) Insolvency; Voluntary Proceedings. The General Partner, the MLP, Lessee or any Restricted Subsidiary (i) ceases or fails to be

solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise, (ii) voluntarily ceases to conduct its business in the ordinary course, (iii) commences any Insolvency Proceeding with respect to itself, or (iv) takes any action to effectuate or authorize any of the foregoing; or

(g) Involuntary Proceedings. (i) Any involuntary Insolvency Proceeding is commenced or filed against the General Partner, the MLP, Lessee or any Restricted Subsidiary, or any writ, judgment, warrant of attachment, execution or similar process is issued or levied against a substantial part of any such Person's properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within 60 days after commencement, filing or levy, (ii) the General Partner, the MLP, Lessee or any Restricted Subsidiary admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any Insolvency Proceeding or (iii) the General Partner, the MLP, Lessee or any Restricted Subsidiary acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor) or other similar Person for itself or a substantial portion of its property or business; or

(h) ERISA. (i) An ERISA Event occurs with respect to a Pension Plan which has resulted or could reasonably be expected to result in liability of Lessee or the General Partner under Title IV of ERISA to the Pension Plan or the PBGC in an aggregate amount in excess of $10,000,000 or (ii) the commencement or increase of contributions to, or the adoption of or the amendment of a Pension Plan by Lessee, the General Partner or any of their Affiliates which has resulted or could reasonably be expected to result in an increase in Unfunded Pension Liability among all Pension Plans in an aggregate amount in excess of $10,000,000.

(i) Monetary Judgments. One or more judgments, orders, decrees or arbitration awards is entered against Lessee, the General Partner or any Restricted Subsidiary involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) as to any single or related series of transactions, incidents or conditions, of more than $10,000,000; or

(j) Non-Monetary Judgments. Any non-monetary judgment, order or decree is entered against Lessee, the General Partner or any Restricted Subsidiary which does or would reasonably be expected to have a Material Adverse Effect, and there shall be any period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(k) [Intentionally Omitted.]

(l) Adverse Change. There occurs a Material Adverse Effect; or

(m) Certain Indenture Defaults, Etc. (i) To the extent not otherwise within the scope of subsection (e) above, any "Event of Default" shall occur and be continuing under and as defined in the 1998 Note Purchase Agreement or the 2000 Note Purchase Agreement or (ii) any of the following shall occur under or with respect to the 1996 Indenture or any other Indebtedness guaranteed by Lessee or its Subsidiaries (collectively, the "Guaranteed Indebtedness"): (A) any demand for payment shall be made under any such Guaranty Obligation with respect to the Guaranteed Indebtedness or (B) so long as any such Guaranty Obligation shall be in effect (x) Lessee or any such Subsidiary shall fail to pay principal of or premium, if any, or interest on such Guaranteed Indebtedness after the expiration of any applicable notice or cure periods or (y) any "Event of Default" (however defined) shall occur and be continuing under such Guaranteed Indebtedness which results in the acceleration of such Guaranteed Indebtedness; or

(n) Guarantor Defaults. Any Guarantor fails in any material respect to perform or observe any term, covenant or agreement in its Guaranty, or any Guaranty is for any reason partially (including with respect to future advances) or wholly revoked or invalidated, or otherwise ceases to be in full force and effect, or any Guarantor or any other Person contests in any manner the validity or enforceability thereof or denies that it has any further liability or obligation thereunder or any event described at subsections (f) or (g) of this Section 8.1 occurs with respect to any Guarantor; or

(o) Operative Documents. Any Operative Document shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of Lessee, or Lessee or any of its Affiliates shall, directly or indirectly, contest in any manner in any court the effectiveness, validity, binding nature or enforceability thereof, or the Lien securing Lessee's obligations under the Operative Documents shall, in whole or in part, cease to be a perfected first priority Lien free and clear of all Liens (other than Permitted Liens), or, in any case, Lessee or any of its Affiliates shall, at any time, directly or indirectly, contest in any manner in any court the validity or enforceability thereof; or

(p) Other Lease. A "Lease Event of Default" shall occur under

the Other Lease.

(q) Change of Control. A Change of Control occurs."

(b) Section 8.2 shall be and is hereby amended by deleting the reference to "Section 8.1(e) or Section 8.1(f)" contained in the fourth paragraph thereof and substituting in place thereof the phrase "Section 8.1(f) or Section 8.1(g)".

Section 1.3. Amendment to Loan Agreement. Schedule II to the Loan Agreement shall be and is hereby amended in its entirety to read as Exhibit A attached hereto.

SECTION 2. REPRESENTATIONS OF THE LESSEE.

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

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

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

SECTION 3. AUTHORIZATION AND DIRECTION.

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

SECTION 4. EFFECTIVENESS.

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

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

(b) The Certificate Trustee, the Certificate Purchasers and the Lenders shall have received (i) certificates of existence and good standing with respect to Lessee and the General Partner from the Secretary of State of the state of its organization dated no earlier than the 30th day prior to the Effective Date, (ii) copies of Lessee's Certificate of Limited Partnership, certified by the Secretary of State of the state of its organization dated no earlier than the 30th day prior to the Effective Date, (iii) certificates of the Secretary or Assistant Secretary of the general partner of Lessee, in form and substance satisfactory to Agent and the Participants, and attaching and certifying as to (A) the Lessee's limited partnership agreement, (B) the directors' resolutions in respect of the execution, delivery and performance by Lessee of this Amendment, (C) the general partner's articles of incorporation and bylaws and (D) the incumbency and signatures of persons authorized to execute and deliver documents on behalf of Lessee, and (iv) a legal opinion of Bracewell & Patterson L.L.P., satisfactory in form and substance to the Certificate Trustee, the Certificate Purchasers and the Lenders;

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

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

SECTION 5. FEES AND EXPENSES.

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

SECTION 6. MISCELLANEOUS.

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

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

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

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

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

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

Lessee: FERRELLGAS, LP, as Lessee

By Ferrellgas, Inc., its General Partner

By:
Name:
Title:

General Partner: FERRELLGAS, INC.

By:
Name:
Title:

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

By:
Name:
Title:

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

By:
Name:
Title:

Certificate Purchaser: [_____], as Certificate Purchaser

By:
Name:
Title:

Certificate Purchaser: [_____], as Certificate Purchaser

By:
Name:
Title:

Certificate Purchaser: [_____], as Certificate Purchaser

By:
Name:
Title:

Lender: [_____], as Lender

By:
Name:
Title:

Lender: [_____], as Lender

By:
Name:
Title:

Lender: [_____], as Lender

By:
Name:
Title:

Lender: [_____], as Lender

By:
Name:
Title:

SCHEDULE I

[CERTIFICATE PURCHASERS]

SCHEDULE II

[LENDERS]

SCHEDULE III

[LIENS]

SCHEDULE IV

[SUBSIDIARIES AND AFFILIATES]

SCHEDULE V

[EXISTING INDEBTEDNESS]

EXHIBIT A

SCHEDULE II
(TO LOAN AGREEMENT)

AMORTIZATION OF CLASS A NOTE

Year	Payment Date*	Principal	Loan Balance
			100.000000%
1	3/30/00	0.303030%	99.696970%
	6/30/00	0.303030%	99.393939%
	9/30/00	0.303030%	99.090909%
	12/30/00	0.303030%	98.787879%
2	3/30/01	0.303030%	98.484848%
	6/30/01	0.303030%	98.181818%
	9/30/01	0.303030%	97.878788%
	12/30/01	0.303030%	97.575758%
3	3/30/02	0.303030%	97.272727%
	6/30/02	0.303030%	96.969697%
	9/30/02	0.303030%	96.666667%
	12/30/02	0.303030%	96.363636%
4	3/30/03	0.303030%	96.060606%
	6/30/03	0.303030%	95.757576%
	9/30/03	0.303030%	95.454545%
	12/30/03	0.303030%	95.151515%
5	3/30/04	0.303030%	94.848485%
	6/30/04	0.303030%	94.545455%
	9/30/04	0.303030%	94.242424%
	12/30/04	0.303030%	93.939394%
6	3/30/05	0.303030%	93.636364%
	6/30/05	93.636364%	0.000000%

*last Business Day of calendar quarter

(THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FERRELLGAS PARTNERS, L.P. BALANCE SHEET ON April 30, 2000 AND THE STATEMENT OF EARNINGS ENDING April 30, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS)

0000922358
FERRELLGAS PARTNERS, L.P.
1,000
U.S. DOLLARS

9-MOS
JUL-31-2000
AUG-01-1999
APR-30-2000
1
12,766
0
117,537
0
54,970
197,492
790,602
(257,659)
997,867
166,965
712,042
0
0
155,686
(58,677)
997,867
736,575
803,974
439,627
697,694
0
0
42,809
43,342
0
43,342
0
0
0
43,342
1.16
1.16

5

(THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FERRELLGAS PARTNERS FINANCE, CORP. BALANCE SHEET ON APRIL 30, 2000 AND THE STATEMENT OF EARNINGS ENDING APRIL 30, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS)

0001012493
FERRELLGAS PARTNERS FINANCE CORP.
1
U.S. DOLLARS

9-MOS
JUL-31-2000
AUG-01-1999
APR-30-2000
1
1,000
0
0
0
0
1,000
0
0
1,000
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1,000
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1,000
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(485)
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(485)
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(485)
0
0