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

FORM 10-K

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the fiscal year ended July 31, 1999

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)

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

One Liberty Plaza, Liberty, Missouri 64068

(Address of principal executive offices) (Zip Code)

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

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

Title of each class	Name of each exchange on which registered
Common Units	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act: None

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 [ ]

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

The aggregate market value as of October 1, 1999, of the registrant's Common Units held by nonaffiliates of the registrant, based on the reported closing price of such units on the New York Stock Exchange on such date, was approximately $220,740,026.

At October 1, 1999, Ferrellgas Partners, L.P. had units outstanding as follows:

31,307,116 Common Units
0 Subordinated Units

Documents Incorporated by Reference: None

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

1999 FORM 10-K ANNUAL REPORT

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PART I

ITEM 1. BUSINESS.

Business of Ferrellgas Partners, L.P.

Ferrellgas Partners, L.P. (the "Master Limited Partnership" or the "MLP"), is a Delaware limited partnership which was formed on April 19, 1994. The MLP's Common Units are listed on the New York Stock Exchange. The MLP's activities are conducted through its subsidiary Ferrellgas, L.P. (the "Operating Partnership" or the "OLP"). The MLP, with a 99% limited partner interest, is the sole limited partner of the Operating Partnership. The MLP and the Operating Partnership are together referred to herein as the "Partnership". The Operating Partnership accounts for nearly all of the MLP's consolidated assets, sales and operating earnings. The MLP's consolidated net earnings also reflect interest expense related to $160 million of 9 3/8% Senior Secured Notes issued by the MLP in April 1996.

Business of Ferrellgas, L.P.

The Operating Partnership, a Delaware limited partnership, was formed on April 22, 1994, to acquire, own and operate the propane business and assets of Ferrellgas, Inc. (the "Company", "Ferrellgas", and "General Partner"). The Company has retained a 1% general partner interest in the MLP and also holds a 1.0101% general partner interest in the OLP, representing a 2% general partner interest in the Partnership on a combined basis. As General Partner of the Partnership, the Company performs all management functions required for the Partnership.

General

The Partnership is engaged in the sale, distribution, marketing and trading of propane and other natural gas liquids. The discussion that follows focuses on the Partnership's retail operations and its other operations, which consist primarily of propane and natural gas liquids trading and wholesale propane marketing operations, all of which were conveyed to the Partnership on July 5, 1994. All historical references prior to July 5, 1994 relate to the operations as conducted by the Company.

The Partnership believes that it is the second largest retail marketer of propane in the United States as measured by gallons sold, serving more than 800,000 residential, industrial/commercial and agricultural customers in 45 states and the District of Columbia through 520 retail outlets (excluding area offices) in 38 states, as of July 31, 1999. Some outlets serve interstate markets. Based upon information contained in industry publications for calendar year 1998, the Partnership believes that its retail operations account for approximately 8% of the retail propane gallons sold in the United States. For the Partnership's fiscal years ended July 31, 1999, 1998 and 1997, annual retail propane sales volumes were 680 million, 660 million, and 694 million gallons, respectively. The retail propane business of the Partnership consists principally of transporting propane purchased in the contract and spot markets, primarily from major oil companies, to its retail distribution outlets and then to tanks located on its customers' premises, as well as to portable propane cylinders.

The Partnership also believes that it is a leading natural gas liquids trading company. Annual propane and natural gas liquids trading, wholesale propane and other sales volumes were approximately 0.8 billion, 1.0 billion, and 1.2 billion gallons during the fiscal years ended July 31, 1999, 1998 and 1997, respectively.

Retail Operations

Formation and History

Ferrell Companies, Inc. ("Ferrell"), the parent of Ferrellgas, was founded in 1939 as a single retail propane outlet in Atchison, Kansas and was incorporated in 1954. Ferrellgas was formed in 1984 to operate the retail propane business previously conducted by Ferrell. In July 1994, the propane business and assets of Ferrellgas were contributed to the Partnership in connection with the Partnership's initial public offering of Common Units. Ferrell was previously owned primarily by James E. Ferrell and his family but was sold in July 1998 to the Ferrell Companies, Inc. Employee Stock Ownership Trust ("ESOT").

The Company's initial growth largely resulted from small acquisitions in the rural areas of eastern Kansas, northern and central Missouri, Iowa, western Illinois, southern Minnesota, South Dakota and Texas. In July 1984, the Company acquired propane operations with annual retail sales volumes of approximately 33 million gallons and in December 1986, the Company acquired propane operations with annual retail sales volumes of approximately 395 million gallons. These two major acquisitions and many other smaller acquisitions significantly expanded and diversified the Company's geographic coverage. Since 1986, Ferrellgas has acquired more than 100 smaller independent propane retailers, the largest of which were Skelgas Propane, Inc. ("Skelgas") acquired in May 1996 and Vision Energy Resources, Inc. ("Vision") acquired in November 1994. For the fiscal years ended July 31, 1999 to 1995, the Partnership (or its predecessor) invested approximately $48.7 million, $13.0 million, $38.8 million, $108.8 million, and $70.1 million, respectively, to acquire operations with annual retail sales of approximately 21.5 million, 4.4 million, 20.5 million, 111.8 million, and 70.0 million gallons of propane, respectively. Primarily as a result of this acquisition strategy, retail propane gallons sold by the Partnership (or its predecessor) increased from 68 million in fiscal 1986 to 680 million in fiscal 1999. The propane industry is relatively fragmented, with the ten largest retail distributors possessing approximately 33% of the total retail propane market and much of the industry consisting of more than 5,000 local or regional distributors. The Partnership believes the fragmented nature of the propane industry provides significant opportunities for growth through acquisitions.

Business Strategy

The Partnership's business strategy is to continue its historical focus on residential and commercial retail propane operations. The Partnership anticipates that its future growth will be achieved primarily through the acquisition of smaller retail propane operations throughout the United States and to a lesser extent through the expansion of its existing customer base by increased competitiveness and investment in internal growth opportunities. The Partnership believes that it has obtained a competitive advantage by promoting an entrepreneurial culture that empowers its employees to be responsive to individual customer needs. In addition, the Partnership believes this culture is supported and enhanced by the ownership of Ferrell by the ESOT for the sole benefit of the Company's employees.

The Partnership intends to concentrate its acquisition activities in geographical areas in close proximity to the Partnership's existing operations and to acquire propane retailers that can be efficiently combined with such existing operations to provide an attractive return on investment after taking into account the efficiencies which may result from such combination. However, the Partnership will also pursue acquisitions which broaden its geographic coverage. The Partnership's goal in any acquisition will be to improve the operations and profitability of these smaller companies by integrating them into the Partnership's established supply network. The Partnership regularly evaluates a number of propane distribution companies which may be candidates for acquisition. The Partnership believes that there are numerous local retail propane distribution companies that are possible candidates for acquisition and that its geographic diversity of operations helps to create many attractive acquisition opportunities. The Partnership intends to fund acquisitions through internal cash flow, external borrowings or the issuance of additional Common Units or other securities. The Partnership's ability to accomplish these goals will be subject to the continued availability of acquisition candidates at prices attractive to the Partnership. There is no assurance the Partnership will be successful in sustaining the recent level of acquisitions or that any acquisitions that are made will prove beneficial to the Partnership.

In addition to growth through acquisitions, the Partnership believes that it may also achieve growth within its existing propane operations. As a result of its experience in responding to competition and in implementing more efficient operating standards, the Partnership believes that it has positioned itself to be more successful in direct competition for customers. The Partnership currently has marketing programs underway that focus specific resources toward this effort.

Marketing

Natural gas liquids are derived from petroleum products and are sold in compressed or liquefied form. Propane, the predominant type of natural gas liquid, is typically extracted from natural gas or separated during crude oil refining. Although propane is gaseous at normal pressures, it is compressed into liquid form at relatively low pressures for storage and transportation. Propane is a clean-burning energy source, recognized for its transportability and ease of use relative to alternative forms of stand alone energy sources.

In the residential and commercial markets, propane is primarily used for space heating, water heating and cooking. In the agricultural market propane is primarily used for crop drying, space heating, irrigation and weed control. In addition, propane is used for certain industrial applications, including use as engine fuel, which is burned in internal combustion engines that power vehicles and forklifts, and as a heating or energy source in manufacturing and drying processes.

The retail propane marketing business generally involves large numbers of small volume deliveries averaging approximately 200 gallons each. The market areas are generally rural, but also include suburban areas for industrial applications where natural gas service is not available.

The Partnership utilizes marketing programs targeting both new and existing customers by emphasizing its efficiency in delivering propane to customers as well as its employee training and safety programs. The Partnership sells propane primarily to three markets: residential, industrial/commercial, and agricultural and other (principally to other propane retailers and as engine fuel). During the fiscal year ended July 31, 1999, sales to residential customers accounted for 56% of retail gross profit, sales to industrial and other commercial customers accounted for 32% of retail gross profit, and sales to agricultural and other customers accounted for 12% of retail gross profit. Residential sales have a greater profit margin, more stable customer base and tend to be less sensitive to price changes than the other markets served by the Partnership. No single customer of the Partnership accounted for 10% or more of the Partnership's consolidated revenues in fiscal 1999.

Profits in the retail propane business are primarily based on margins, the cents-per-gallon difference between the purchase price and the sales price of propane. The Partnership generally purchases propane in the contract and spot markets, primarily from major oil companies, on a short-term basis; therefore, its supply costs fluctuate with market price fluctuations. Should wholesale propane prices decline in the future, the Partnership's margins on its retail propane distribution business should increase in the short-term, because retail prices tend to change less rapidly than wholesale prices. Should the wholesale cost of propane increase, for similar reasons retail margins and profitability would likely be reduced, at least for the short-term, until retail prices can be increased. Retail propane customers typically lease their storage tanks from their propane distributors. Over 70% of the Partnership's customers lease their tanks from the Partnership. The lease terms and, in some states, certain fire safety regulations, require leased tanks to be filled only by the propane supplier that owns the tank. The cost and inconvenience of switching tanks minimizes a customer's tendency to switch suppliers of propane on the basis of minor variations in price.

The retail market for propane is seasonal because propane is used primarily for heating in residential and commercial buildings. Consequently, sales and operating profits are concentrated in the second and third fiscal quarters (November through April). In addition, sales volume traditionally fluctuates from year to year in response to variations in weather, price and other factors, although the Partnership believes that the broad geographic distribution of its operations helps to minimize exposure to regional weather or economic patterns. Long-term, historic weather data from the National Climatic Data Center indicates that the average annual temperatures have remained relatively constant over the last 30 years with fluctuations occurring on a year-to-year basis only. During times of colder-than-normal winter weather, the Company has been able to take advantage of its large, efficient distribution network to help avoid supply disruptions such as those experienced by some of its competitors, thereby broadening its long-term customer base.

Supply and Distribution

The Partnership purchases propane primarily from major domestic oil companies. Supplies of propane from these sources have traditionally been readily available, although no assurance can be given that supplies of propane will be readily available in the future. As a result of (i) the Partnership's ability to buy large volumes of propane and (ii) the Partnership's large distribution system and underground storage capacity, the Partnership believes it is in a position to achieve product cost savings and avoid shortages during periods of tight supply to an extent not generally available to other retail propane distributors. The Partnership is not dependent upon any single supplier or group of suppliers, the loss of which would have a material adverse effect on the Partnership. For the year ended July 31, 1999, no supplier provided more than 10% of the Partnership's total propane purchases. A portion of the Partnership's propane inventory is purchased under supply contracts which typically have a one year term and a fluctuating price relating to spot market prices. Additionally, the Partnership will enter into fixed price contracts which have terms of less than one year. Certain of the Partnership's contracts specify minimum and maximum amounts of propane to be purchased thereunder. The Partnership may purchase and store inventories of propane in order to help insure uninterrupted deliverability during periods of extreme demand. The Partnership owns three underground storage facilities with an aggregate capacity of approximately 206 million gallons. Currently, approximately 173 million gallons of this capacity is leased to third parties. The remaining space is available for the Partnership's use.

Propane is generally transported from natural gas processing plants and refineries, pipeline terminals and storage facilities to retail distribution outlets and wholesale customers by railroad tank cars leased by the Partnership and highway transport trucks owned or leased by the Partnership. Common carrier transport trucks may be used during the peak delivery season in the winter months or to provide service in areas where economic considerations favor common carrier use. Propane is then transported from the Partnership's retail distribution outlets to customers by its fleet of 1,586 bulk delivery trucks, which are fitted generally with 2,000 to 3,000 gallon propane tanks. Propane storage tanks located on the customers' premises are then filled from the delivery truck. Propane is also delivered to customers in portable cylinders.

Industry and Competition

Industry

Based upon industry publications, propane accounts for approximately 3% to 4% of household energy consumption in the United States, an average level which has remained relatively constant for the past two decades. Propane competes primarily with natural gas, electricity and fuel oil as an energy source principally on the basis of price, availability and portability. Propane serves as an alternative to natural gas in rural and suburban areas where natural gas is unavailable or portability of product is required. Propane is generally more expensive than natural gas on an equivalent BTU basis in locations served by natural gas, although propane is often sold in such areas as a standby fuel for use during peak demands and during interruption in natural gas service. The expansion of natural gas into traditional propane markets has historically been inhibited by the capital costs required to expand distribution and pipeline systems. Although the extension of natural gas pipelines tends to displace propane distribution in the neighborhoods affected, the Partnership believes that new opportunities for propane sales arise as more geographically remote neighborhoods are developed. Propane is generally less expensive to use than electricity for space heating, water heating and cooking and competes effectively with electricity in those parts of the country where propane is cheaper than electricity on an equivalent BTU basis. Although propane is similar to fuel oil in application, market demand and price, propane and fuel oil have generally developed their own distinct geographic markets. Because residential furnaces and appliances that burn propane will not operate on fuel oil, a conversion from one fuel to the other requires the installation of new equipment. The Partnership's residential retail propane customers, therefore, will have an incentive to switch to fuel oil only if fuel oil becomes significantly less expensive than propane. Likewise, the Partnership may be unable to expand its customer base in areas where fuel oil is widely used, particularly the Northeast United States, unless propane becomes significantly less expensive than fuel oil. Alternatively, many industrial customers who use propane as a heating fuel have the capacity to switch to other fuels, such as fuel oil, on the basis of availability or minor variations in price. The Partnership believes that propane generally is becoming increasingly favored over fuel oil and other alternative sources of fuel as an environmentally preferred energy source.

Competition

In addition to competing with marketers of other fuels, the Partnership competes with other companies engaged in the retail propane distribution business. Competition within the propane distribution industry stems from two types of participants: the larger multi-state marketers, and the smaller, local independent marketers, including recent entrants such as certain rural electric cooperatives. Based upon industry publications, the Partnership believes that the ten largest multi-state retail marketers of propane, including the Partnership, account for approximately 33% of the total retail sales of propane in the United States. Based upon information contained in industry publications for calendar year 1998, the Partnership also believes no single marketer has a greater than 10% share of the total market in the United States and that the Partnership is the second largest retail marketer of propane in the United States, with a market share of approximately 8% as measured by volume of national retail propane sales.

Most of the Partnership's retail distribution outlets compete with three or more marketers or distributors. The principal factors influencing competition among propane marketers are price and service. The Partnership competes with other retail marketers primarily on the basis of reliability of service and responsiveness to customer needs, safety and price. Each retail distribution outlet operates in its own competitive environment because retail marketers locate in close proximity to customers to lower the cost of providing service. The typical retail distribution outlet has an effective marketing radius of approximately 25 miles.

Other Operations

The other operations of the Partnership, which do not constitute reportable segments as described by Statement of Financial Standards No. 131, "Disclosures about Segments of an Enterprise and Other Information", consist principally of trading and wholesale propane marketing. The Partnership, through its natural gas liquids trading and wholesale marketing operations, has become one of the leading independent traders of propane and natural gas liquids in the United States. The Partnership owns no properties that are material to these operations. These operations may utilize available space in the Partnership's underground storage facilities in the furtherance of these businesses. Because the Partnership possesses a large distribution system, underground storage capacity and the ability to buy large volumes of propane, the Partnership believes that it is in a position to achieve product cost savings and avoid shortages during periods of tight supply to an extent not generally available to other retail propane distributors.

Trading

The Partnership's traders are engaged in trading propane and other natural gas liquids for the Partnership's account and for supplying the Partnership's retail and wholesale propane operations. The Partnership primarily trades products purchased from its over 100 suppliers; however, it also conducts transactions on the New York Mercantile Exchange. Trading activity is conducted primarily to generate a profit independent of the retail and wholesale operations, but is also conducted to insure the availability of propane during periods of short supply. Propane represents approximately 70% of the Partnership's total trading volume, with the remainder consisting principally of various other natural gas liquids. The Partnership attempts to minimize trading risk through the enforcement of its trading policies, which include total inventory limits and loss limits, and attempts to minimize credit risk through credit checks and application of its credit policies. However, there can be no assurance that historical experience or the existence of such policies will prevent trading losses in the future. For the Partnership's fiscal years ended July 31, 1999, 1998 and 1997 net revenues of $7.7 million, $7.5 million, and $5.5 million, respectively, were derived from trading activities.

Wholesale Marketing

The Partnership engages in the wholesale marketing and distribution of propane to other retail propane distributors. During the fiscal years ended July 31, 1999, 1998 and 1997, the Partnership sold 103 million, 136 million, and 123 million gallons, respectively, of propane to wholesale customers and had revenues attributable to such sales of $33.8 million, $49.9 million, and $57.5 million, respectively.

Employees

The Partnership has no employees and is managed by the General Partner pursuant to the Partnership Agreement. At July 31, 1999, the General Partner had 3,625 full-time employees and 838 temporary and part-time employees. The General Partner's full-time employees were employed in the following areas:

Retail Locations	3,065
Transportation and Storage	241
Corporate Offices (Liberty, MO & Houston, TX)	319
Total	3,625

Approximately one percent of the General Partner's employees are represented by six local labor unions, which are all affiliated with the International Brotherhood of Teamsters. The General Partner has not experienced any significant work stoppages or other labor problems.

The Partnership's supply, trading, wholesale marketing, distribution scheduling and product accounting functions are operated primarily out of the Partnership's offices located in Houston, by a total full-time corporate staff of 72 people.

Governmental Regulation; Environmental and Safety Matters

From August 1971 until January 1981, the United States Department of Energy regulated the price and allocation of propane. The Partnership is no longer subject to any similar regulation.

Propane is not a hazardous substance within the meaning of federal and state environmental laws. In connection with all acquisitions of retail propane businesses that involve the purchase of real estate, the Partnership conducts a due diligence investigation to attempt to determine whether any substance other than propane has been sold from or stored on any such real estate prior to its purchase. Such due diligence includes questioning the sellers, obtaining representations and warranties concerning the sellers' compliance with environmental laws and visual inspections of the properties.

With respect to the transportation of propane by truck, the Partnership is subject to regulations promulgated under the Federal Motor Carrier Safety Act. These regulations cover the transportation of hazardous materials and are administered by the United States Department of Transportation ("DOT"). National Fire Protection Association Pamphlet No. 58, which establishes a set of rules and procedures governing the safe handling of propane, or comparable regulations, have been adopted as the industry standard in a majority of the states in which the Partnership operates.

The Partnership believes it is in material compliance with all governmental regulations and industry standards applicable to environmental and safety matters. In June 1998, the DOT established a formal Regulation Negotiation Committee to address emergency discharge control issues and the Partnership was granted a seat on this committee. These negotiations were completed successfully in April of 1999 and the new regulations became effective on July 1, 1999 with various requirements phased in over the next seven years. The Partnership is in full compliance with the current regulatory requirements and is working with both the DOT and outside experts to fully test emergency discharge control systems that comply with the new requirements as they become effective. The Partnership expects to meet all regulatory requirements on or before their effective date.

Service Marks and Trademarks

The Partnership markets retail propane under the "Ferrellgas", "Puget Propane", "Seacrist Fuels", and "Elk Grove Gas & Oil", tradenames. The Partnership uses the tradenames "Ferrell North America" and "American Energy Incorporated" for its wholesale operations and uses the tradename "Ferrell Transport" for most of its third party hauling and oil field services operations. In addition, the Partnership has a trademark on the name "FerrellMeter," its patented gas leak detection device. The Company contributed all of its rights, title and interest in such tradenames and trademark in the continental United States to the Partnership. The General Partner will have an option to purchase such tradenames and trademark from the Partnership for a nominal value if the General Partner is removed as general partner of the Partnership other than for cause. If the General Partner ceases to serve as the general partner of the Partnership for any other reason, it will have the option to purchase such tradenames and trademark from the Partnership for fair market value.

Business of Ferrellgas Partners Finance Corp.

Ferrellgas Partners Finance Corp. (the "Finance Corp"), a Delaware corporation, was formed on March 28, 1996, and is a wholly-owned subsidiary of the MLP. The Finance Corp has nominal assets and does not conduct any operations, but serves as a co-obligor for securities issued by the MLP. Accordingly, a discussion of the results of operations, liquidity and capital resources of the Finance Corp is not presented. Certain institutional investors that might otherwise be limited in their ability to invest in securities issued by the MLP by reasons of the legal investment laws of their states of organization or their charter documents, may be able to invest in the MLP's securities because the Finance Corp is a co-obligor. See the notes to the Finance Corp's financial statements for a discussion of the securities with respect to which the Finance Corp is serving as a co-obligor.

ITEM 2. PROPERTIES.

The Partnership owns or leases the following transportation equipment which is utilized primarily in retail operations.

	Owned	Leased	Total
Truck tractors	87	81	168
Transport trailers..	279	32	311
Bulk delivery trucks..	690	896	1,586
Pickup and service trucks.......................................	923	540	1,463
Railroad tank cars..	-	222	222

The transport trailers have an average capacity of approximately 9,000 gallons. The bulk delivery trucks are generally fitted with 2,000 to 3,000 gallon propane tanks. Each railroad tank car has a capacity of approximately 30,000 gallons.

A typical retail distribution outlet is located on one to three acres of land and includes a small office, a workshop, bulk storage capacity of 18,000 gallons to 60,000 gallons and a small inventory of stationary customer storage tanks and portable propane cylinders that the Partnership provides to its retail customers for propane storage. The Partnership owns the land and buildings of approximately 50% of its retail outlets and leases the remaining facilities on terms customary in the industry and in the applicable local markets.

Approximately 715,000 propane tanks are owned by the Partnership, most of which are located on customer property and leased to those customers. The Partnership also owns approximately 646,000 portable propane cylinders, most of which are leased to industrial and commercial customers.

The Partnership owns underground storage facilities at Hutchinson, Kansas; Adamana, Arizona; and Moab, Utah. At July 31, 1999, the capacity of these facilities approximated 114 million gallons, 87 million gallons, and 5 million gallons, respectively (an aggregate of approximately 206 million gallons). Currently, approximately 173 million gallons of this capacity is leased to third parties. The remaining space is available for the Partnership's use.

The Partnership owns the land and two buildings (50,245 square feet of office space) comprising its corporate headquarters in Liberty, Missouri, and leases 27,696 square feet of office space in Houston, Texas, where its trading and wholesale marketing operations are primarily located.

The Partnership believes that it has satisfactory title to or valid rights to use all of its material properties and, although some of such properties are subject to liabilities and leases and, in certain cases, liens for taxes not yet currently due and payable and immaterial encumbrances, easements and restrictions, the Partnership does not believe that any such burdens will materially interfere with the continued use of such properties in its business, taken as a whole. In addition, the Partnership believes that it has, or is in the process of obtaining, all required material approvals, authorizations, orders, licenses, permits, franchises and consents of, and has obtained or made all required material registrations, qualifications and filings with, the various state and local governmental and regulatory authorities which relate to ownership of the Partnership's properties or the operations of its business.

ITEM 3. LEGAL PROCEEDINGS.

Propane is a flammable, combustible gas. Serious personal injury and property damage can occur in connection with its transportation, storage or use. The Partnership, in the ordinary course of business, is threatened with or is named as a defendant in various lawsuits which, among other items, seek actual and punitive damages for product liability, personal injury and property damage. The Partnership maintains liability insurance policies with insurers in such amounts and with such coverages and deductibles as it believes is reasonable and prudent. However, there can be no assurance that such insurance will be adequate to protect the Partnership from material expenses related to such personal injury or property damage or that such levels of insurance will continue to be available in the future at economical prices. It is not possible to determine the ultimate disposition of these matters discussed above; however, management is of the opinion that there are no known claims or known contingent claims that are likely to have a material adverse effect on the results of operations, financial condition or cash flows of the Partnership.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to a vote of the security holders of the Partnership during the fiscal year ended July 31, 1999.

PART II

ITEM 5. MARKET FOR REGISTRANT'S UNITS AND RELATED UNITHOLDER MATTERS.

The Common Units, representing common limited partner interests in the Partnership, are listed and traded on the New York Stock Exchange ("NYSE") under the symbol FGP. The Common Units began trading on June 28, 1994, at an initial public offering price of $21.00 per Common Unit. As of October 1, 1999, there were 747 registered Common Unitholders of record. The following table sets forth the high and low sales prices for the Common Units on the NYSE and the cash distributions declared per Common Unit for the periods indicated.

	Common Unit Price Range				Distributions Declared per Unit	
	High		Low			
	1998	1999	1998	1999	1998	1999
First Quarter	$24.25	$20.94	$22.63	$19.13	$0.50	$0.50
Second Quarter	23.25	21.75	22.00	17.00	0.50	0.50
Third Quarter	22.63	18.88	20.25	16.00	0.50	0.50
Fourth Quarter	21.94	17.94	20.25	16.69	0.50	0.50

During 1994, the Partnership also issued Subordinated Units, all of which were held by Ferrell, for which there was no established public trading market. Effective August 1, 1999, the Subordinated Units converted into Common Units and will be subsequently registered and listed on the NYSE. The Subordinated Units and the conversion to Common Units are more fully described in Notes C and F to the Consolidated Financial Statements provided herein.

The Partnership makes quarterly cash distributions of its Available Cash, as defined by the MLP's Partnership Agreement. Available Cash is generally defined as consolidated cash receipts less consolidated cash disbursements and changes in cash reserves established by the General Partner for future requirements. To the extent necessary, the Partnership will reserve cash inflows from the second and third quarters for distribution in the first and fourth fiscal quarters.

The Partnership is not subject to federal income taxes. Instead, Unitholders are required to report their allocable share of the Partnership's income, gains, losses, deductions and credits, regardless of whether the Partnership makes distributions.

ITEM 6. SELECTED HISTORICAL FINANCIAL DATA.

The following table presents selected consolidated historical financial data of the Partnership.

(in thousands, except per unit data)

	Ferrellgas Partners L.P.				
	Year Ended July 31,				
	1999	1998	1997	1996	1995
Income Statement Data:					
Total revenues	$ 624,149	$ 667,353	$ 804,298	$ 653,640	$ 596,436
Depreciation and amortization	47,257	45,009	43,789	37,024	32,014
ESOP compensation charge	3,295	350	-	-	-
Operating income	62,339	52,760	68,819	62,506	55,927
Interest expense	46,621	49,129	45,769	37,983	31,993
Earnings before minority interest and extraordinary loss	14,783	4,943	23,218	24,312	23,820
Basic earnings per limited partner unit-Earnings before extraordinary loss	0.47	0.16	0.74	0.77	0.76
Cash distributions declared per unit (1)	2.00	2.00	2.00	2.00	1.65
Balance Sheet Data (at end of period):					
Working capital	$ (4,567)	$ (443)	$ 18,111	$ 15,294	$ 28,928
Total assets	656,745	621,223	657,076	654,295	578,596
Long-term debt	583,840	507,222	487,334	439,112	338,188
Partners' Capital:					
Common Unitholders	$ 1,215	$ 27,985	$ 52,863	$ 71,323	$ 84,489
Subordinated Unitholders	(10,516)	19,908	50,337	71,302	91,824
General Partner	(59,553)	(58,976)	(58,417)	(58,016)	(57,676)
Accumulated other comprehensive income	(797)	-	-	-	-
Operating Data:					
Retail propane sales volumes (in gallons)	680,477	659,932	693,995	650,214	575,935
Capital expenditures (2):					
Maintenance	$ 10,505	$ 10,569	$ 10,137	$ 6,657	$ 8,625
Growth	15,238	10,060	6,055	6,654	11,097
Acquisition	48,749	13,003	38,780	108,803	70,069
Total	$ 74,492	$ 33,632	$ 54,972	$ 122,114	$ 89,791
Supplemental Data:					
Adjusted earnings before depreciation, amortization, interest and taxes (3):	$112,891	$98,119	$112,608	$99,530	$87,941
Net cash provided by operating activities	$92,502	$74,337	$75,087	$65,096	$66,030

(1) No cash distributions were declared by the Partnership from inception to July 31, 1994. The $1.65 distribution declared for fiscal year 1995 includes the following (a) a $0.65 distribution made at the end of the 1995 first quarter which included $0.50 for the first quarter of fiscal 1995 and $0.15 for the period from inception to July 31, 1994, (b) a $0.50 distribution for the second quarter of fiscal 1995, and (c) and a $0.50 distribution for the third quarter of fiscal 1995.

(2) The Partnership's capital expenditures fall generally into three categories: (i) maintenance capital expenditures, which include capitalized expenditures for repair and replacement of property, plant and equipment; (ii) growth capital expenditures, which include expenditures for purchases of new propane tanks and other equipment to facilitate expansion of the Partnership's customer base and operating capacity; and (iii) acquisition capital expenditures, which include expenditures related to the acquisitions of retail propane operations. Acquisition capital expenditures represent total cost of acquisition less working capital acquired.

(3) Adjusted EBITDA is calculated as operating income plus depreciation and amortization and an ESOP related non-cash compensation charge. Adjusted EBITDA is not intended to represent cash flow and does not represent the measure of cash available for distribution. Adjusted EBITDA is a non-GAAP measure, but provides additional information for evaluating the Partnership's ability to make the Minimum Quarterly Distribution. Adjusted EBITDA, as defined by the Partnership, may not be comparable to similarly reported measures reported by other companies. In addition, adjusted EBITDA is not intended as an alternative to earnings from continuing operations or net earnings.

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

The following is a discussion of the historical financial condition and results of operations for Ferrellgas Partners, L.P. and its subsidiaries and should be read in conjunction with the historical consolidated financial statements and accompanying notes thereto included elsewhere in this Form 10-K.

Forward-looking statements

Statements included in this report that are not historical facts, including statements concerning possible acquisition growth, regulatory compliance, Year 2000 compliance, and the belief that 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 Minimum Quarterly Distribution ($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) identifying attractive acquisition candidates, acquiring them on economically acceptable terms, or successfully integrating them into our existing operations and making cost saving changes, d) the availability of capacity to transport propane to market areas, e) competition from other energy sources and within the propane industry, f) operating risks incidental to transporting, storing, and distributing propane, g) changes in interest rates, h) governmental legislation and regulations, i) energy efficiency and technology trends, j) Year 2000 compliance and k) 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.

Year 2000 Compliance

Many computer systems and applications in use throughout the world today may not be able to appropriately interpret dates beginning in the year 2000 ("Year 2000" issue). As a result, this problem could have adverse consequences on the operations of companies and the integrity of information processing.

The Partnership began the process in 1997 of identifying and correcting its computer systems and applications that were exposed to the Year 2000 issue. The Partnership initially focused on the systems and applications that were considered critical to its operations and services for supplying propane to its customers and to its ability to account for those business services accurately. These critical areas include the retail propane accounting and operations system (including related computer hardware), financial accounting and reporting system, supply and distribution accounting and operating system, payroll system, local and wide area networks and electronic mail systems. The supply and distribution accounting and operating system, payroll system, financial accounting and reporting system, the retail propane accounting and operations system, and the local and wide area networks are believed to be Year 2000 compliant. The Partnership is nearing completion of the conversion of the electronic mail system and the retail propane computer equipment and expects both to be Year 2000 compliant by the beginning of November 1999. One of the key steps to achieving Year 2000 compliance is the installation of new personal computers at nearly all retail outlets. The Partnership had planned the upgrade of the these computers for business reasons unrelated to Year 2000 issues. The Partnership has acquired all necessary computers and is currently in the process of loading the appropriate software and delivering to each retail location.

The Partnership has also taken steps to identify other non-critical applications that may have exposure to the Year 2000 issue. It has established a separate company group to independently test these applications for Year 2000 compliance. To date, no material Year 2000 issues have been identified as a result of this testing.

There can be no assurance that every system in every location where Ferrellgas conducts business will function properly on January 1, 2000. In addition, there are other Year 2000 risks which are beyond the Partnership's control, any of which if wide spread could have a material adverse affect on the Partnership's operations. Such risks include, but are not limited to, the failure of utility and telecommunications companies to provide service. For these reasons, the Partnership has developed a contingency plan should Year 2000 problems temporarily affect any of our locations. Each Ferrellgas location has been provided with a contingency plan that contains, among others, procedures to keep the Partnership's plants operational, to access emergency management personnel, and to utilize cellular phones.

The Partnership conducts business with several hundred outside suppliers. While no single supplier is considered material to the Partnership, a combined number could constitute a material amount to the Partnership. The Partnership has reviewed its largest suppliers, particularly liquid petroleum gas suppliers, to obtain appropriate assurances that they are, or will be, Year 2000 compliant. This review included general public disclosures made by the supplier, general questionnaires and direct contact with suppliers regarding specific facilities. While no supplier will provide assurances regarding Year 2000 compliance or the effect from external factors on their operations, our review has indicated suppliers are addressing Year 2000 issues. If compliance by the Partnership's suppliers is not achieved in a timely manner, it is unknown what effect, if any, the Year 2000 issue could have on the Partnership's operations.

The Partnership has evaluated its Year 2000 issues and does not expect that the total cost of related modifications and conversions will have a material effect on its financial position, results of operations or cash flows. Such costs are being expensed as incurred. To date, the Partnership has incurred approximately $875,000 to identify and correct its Year 2000 issues. This expense has been primarily related to its critical systems and applications. It is estimated that in the remaining calendar year 1999 the Partnership will incur an additional $100,000 to identify and correct its Year 2000 issues. The Partnership does not anticipate significant purchases of computer software or hardware as a result of its Year 2000 issue and does not believe that the correction of any Year 2000 issues will delay or eliminate other scheduled computer upgrades and replacements. Despite the Partnership's efforts to address and remediate the Year 2000 issue, there can be no assurance that all critical areas and non-critical applications will continue without interruption through January 1, 2000 and beyond.

General

The Partnership is engaged in the sale, distribution, marketing and trading of propane and other natural gas liquids. The Partnership's revenue is derived primarily from the retail propane marketing business. The Partnership believes that it is the second largest retail marketer of propane in the United States, based on gallons sold, serving more than 800,000 residential, industrial/commercial and agricultural customers in 45 states and the District of Columbia through approximately 520 retail outlets (excluding area offices). Annual retail propane sales volumes were 680 million, 660 million, and 694 million gallons for the fiscal years ended July 31, 1999, 1998, and 1997, respectively.

The retail propane business of the Partnership consists principally of transporting propane purchased in the contract and spot markets, primarily from major oil companies, to its retail distribution outlets and then to tanks located on the customers' premises, as well as to portable propane cylinders. In the residential and commercial markets, propane is primarily used for space heating, water heating and cooking. In the agricultural market, propane is primarily used for crop drying, space heating, irrigation and weed control. In addition, propane is used for certain industrial applications, including use as an engine fuel, which is burned in internal combustion engines that power vehicles and forklifts, and as a heating or energy source in manufacturing and drying processes.

The Partnership is also engaged in the trading of propane and other natural gas liquids and wholesale propane marketing. Through its natural gas liquids trading and wholesale marketing operations, the Partnership is one of the leading independent traders of propane and natural gas liquids in the United States.

The Partnership's traders are engaged in trading propane and other natural gas liquids for the Partnership's account and for supplying the Partnership's retail and wholesale propane operations. The Partnership primarily trades products purchased from its over 100 suppliers, however, it also conducts transactions on the New York Mercantile Exchange. Trading activity is conducted primarily to generate a profit independent of the retail and wholesale operations, but is also conducted to insure the availability of propane during periods of short supply. Propane represents approximately 70% of the Partnership's total trading volume, with the remainder consisting principally of various other natural gas liquids. For the Partnership's fiscal years ended July 31, 1999, 1998 and 1997, net revenues from trading activities were $7.7 million, $7.5 million, and $5.5 million, respectively.

Selected Quarterly Financial Data

Due to the seasonality of the retail propane business, first and fourth quarter revenues, gross profit and net earnings are consistently less than the comparable second and third quarter results. Other factors affecting the results of operations include competitive conditions, demand for product, variations in the weather and fluctuations in propane prices.

The following presents the Partnership's selected quarterly financial data for the two years ended July 31, 1999.

Fiscal year ended July 31, 1999 (in thousands, except per unit data)	First Quarter(1)	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$130,339	$230,077	$169,892	$93,841
Gross profit	71,627	128,749	99,721	50,664
Earnings (loss) before extraordinary loss	(11,221)	39,915	13,629	(27,540)
Earnings (loss) before extraordinary loss per limited partners unit - basic and diluted	(0.35)	1.26	0.43	(0.87)
Net earnings (loss) (1)	(24,007)	39,915	13,629	(27,540)

(1) Reflects a $12,786 extraordinary loss on early retirement of debt, net of minority interest of $130.

Fiscal year ended July 31, 1998 (in thousands, except per unit data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$153,205	$248,811	$175,167	$90,170
Gross profit	66,589	117,932	89,449	50,783
Net earnings (loss)	(13,311)	32,759	10,775	(25,280)
Net earnings (loss) per limited partner unit - basic and diluted	(0.42)	1.04	0.34	(0.80)

Results of Operations

Fiscal Year Ended July 31, 1999 versus Fiscal Year Ended July 31, 1998

Total Revenues. Total gas liquids and related product sales decreased 7.1% to $578,025,000 as compared to $622,423,000 in the prior year, primarily due to a decrease in sales price per gallon as a result of the lower wholesale cost of propane experienced in the current year, the effects of warmer weather, and a decrease in revenues from wholesale propane marketing, partially offset by the effect of acquisitions of propane businesses. The winter of fiscal 1999 was reported as the second warmest winter in recorded history. For the year, temperatures were 9% warmer than normal and 1% warmer than the same period last year as reported by the American Gas Association.

A generally lower wholesale product cost environment experienced during fiscal 1999 caused a significant decrease in the sales price per gallon as compared to fiscal 1998. Retail volumes increased by 3.1% or 20,545,000 gallons, primarily due to acquisitions.

Gross Profit. Gross profit increased 8.0% to $350,761,000 as compared to $324,753,000 during fiscal 1998. Retail operations results increased primarily due to increased retail margins and an increase in volumes attributed to acquisitions, partially offset by decreased volumes attributed to warmer weather.

Operating Expenses. Operating expenses increased 3.4% to $205,720,000 in fiscal 1999 as compared to $199,010,000 in fiscal 1998. This year's operating expenses increased due to acquisition-related increases in personnel costs, plant and office expenses, vehicle and other expenses and also due to performance and merit compensation increases.

Vehicle and Tank Lease Expense. Vehicle and tank lease expense increased by $2,849,000 due to the utilization of operating lease financing to fund fleet upgrades and replacements.

Interest Expense. Interest expense decreased 5.1% as compared to the prior year. This decrease was primarily the result of a decrease in the overall average interest rate paid by the Partnership on its borrowings as a result of the refinancing of fixed rate debt and existing revolving credit facility balances, partially offset by the effect of increased borrowings for acquisition and growth capital expenditures (see Financing Activities following).

Extraordinary item. During fiscal year 1999, the Partnership recognized an extraordinary loss of $12,786,000 net of a minority interest of $130,000. The gross extraordinary loss included a payment of a 5% premium and a write-off of unamortized financing costs of $2,916,000, resulting primarily from the early extinguishment of $200,000,000 of its fixed rate senior notes.

Fiscal Year Ended July 31, 1998 versus Fiscal Year Ended July 31, 1997

Total Revenues. Total gas liquids and related product sales decreased 18.1% to $622,423,000 as compared to $759,941,000 in the prior year, primarily due to a decrease in sales price per gallon as a result of the unusually higher wholesale cost of propane experienced in the previous year, the effects of the warmer weather, partially offset by acquisitions of propane businesses.

A less volatile propane market during fiscal 1998 caused a significant decrease in the cost of product, which in turn caused a decrease in sales price per gallon as compared to fiscal 1997. Retail volumes decreased by 4.9% or 34,063,000 gallons, primarily due to the decrease in volumes related to the unusually warm winter during fiscal 1998, attributable in large part to the El Nino weather phenomenon. The winter of fiscal 1998 was reported as the third warmest winter in recorded history. For the year, temperatures were 8% warmer than normal and 4% warmer than the same period last year as reported by the American Gas Association. The warmer than normal temperatures were also compounded by other El Nino related weather factors such as reduced wind chill, humidity, snow and cloud cover, all of which contributed to lower a demand for propane and a decrease in earnings for the Partnership.

Gross Profit. Gross profit decreased 2.8% to $324,753,000 as compared to $334,170,000 during fiscal 1997, primarily due to a decrease in retail sales gross margin dollars, partially offset by an increase from trading profits. Retail operations results decreased primarily due to decreased volumes attributed to the warmer weather, partially offset by the impact of increased retail margins and the increase in volumes attributed to acquisitions.

Operating Expenses. Operating expenses increased slightly to $199,010,000 in fiscal 1998 as compared to $198,298,000 in fiscal 1997. Fiscal year 1998 operating expenses were impacted by decreased variable expenses, resulting from reduced gallon deliveries due to the warmer weather, offset by increased expenses associated with acquisitions.

Vehicle and Tank Lease Expense. Vehicle and tank lease expense increased by $2,694,000 due to the utilization of operating lease financing to fund fleet upgrades and replacements.

Interest Expense. Interest expense increased 7.3% over the prior year due primarily to increased borrowings for the financing of acquisitions, partially offset by a slight decrease in the average interest rate paid by the Partnership on its variable rate borrowings.

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. For the fiscal year ending July 31, 2000, the General Partner believes that the OLP will have sufficient funds 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 Minumum Quarterly Distribution ("MQD") ($0.50 per Unit) on all Common Units.

The MLP Senior Secured Notes, the $350,000,000 OLP senior notes ("New Senior Notes"), the amended and restated OLP credit facility ("Credit Facility") and the additional OLP revolving credit agreement ("Additional Credit Facility") (See Financing Activities following) contain several financial tests which restrict the Partnership's ability to pay distributions, incur indebtedness and engage in certain other business transactions. These tests, in general, are based on the ratio of the MLP's and OLP's consolidated cash flow to fixed charges, primarily interest expense. Because the Partnership is more highly leveraged at the MLP than at the OLP, the tests related to the MLP Senior Secured Notes are more sensitive to fluctuations in consolidated cash flows and fixed charges. The most sensitive of the MLP related tests restricts the Partnership's ability to make certain Restricted Payments which includes, but is not limited to, the payment of the Minimum Quarterly Distribution ("MQD") to unitholders.

Although the MLP's financial performance during fiscal 1999 was adversely impacted by unseasonably warm temperatures, the Partnership believes it will continue to meet the MLP Senior Secured Notes Restricted Payment test during fiscal 2000, in addition to meeting the other financial tests in the MLP Senior Secured Notes, New Senior Notes, Credit Facility and Additional Credit Facility agreements. However, if the OLP were to encounter any unexpected downturns in business operations, it could result in the Partnership not meeting certain financial tests in future quarters, including but not limited to, the MLP Senior Secured Notes Restricted Payment test. Depending on the circumstances, the Partnership would pursue alternatives to permit the continued payment of the MQD to its Common Unitholders. No assurances can be given, however, that such alternatives will be successful with respect to any given quarter.

Because certain financial tests were satisfied during fiscal years 1997, 1998 and 1999 pursuant to the Agreement of Limited Partnership of Ferrellgas Partners, L.P., the Subordinated Units converted to Common Units effective August 1, 1999. One of the primary financial tests applied to each of the three consecutive four quarter periods ending on July 31, 1999, and related to making the MQD on all Common and Subordinated Units. These financial tests are more fully described in Note C to the Consolidated Financial Statements provided herein.

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 existing bank lines, the MLP or OLP may issue additional debt 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.

Operating Activities. Cash provided by operating activities was $92,502,000 for the year ended July 31, 1999, compared to $74,337,000 in the prior year. This increase was primarily due to increased earnings before an extraordinary loss on early extinguishment of debt, the increased non-cash employee stock ownership compensation charge, and the effect of trading operations and acquisitions on the net increase in receivables, inventory and payables.

Investing Activities. The Partnership made total acquisition capital expenditures of $50,049,000 during fiscal 1999. This amount was funded by $43,838,000 cash payments, $6,012,000 of noncompete notes and other consideration and $199,000 of Common Units issued.

During the year ended July 31, 1999, the Partnership made growth and maintenance capital expenditures of $25,743,000 primarily for the following purposes: 1) additions to Partnership-owned underground storage and related facilities, 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 leases additions to its vehicle and transportation equipment fleet of light and medium duty trucks and tractors. The Partnership believes vehicle leasing is a cost effective method for meeting the Partnership's transportation equipment needs. The Partnership continues to seek expansion of 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 equity securities. 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 an increase in growth and maintenance capital expenditures as compared to fiscal 1999 levels.

Financing Activities. On August 4, 1998, the OLP issued $350,000,000 of new privately placed unsecured senior notes ("New Senior Notes") and entered into a $145,000,000 revolving credit facility ("Credit Facility") with its existing banks. The proceeds of the New 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 10% fixed rate Senior Notes ("Senior Notes") issued in July 1994, including a 5% call premium, and to repay outstanding indebtedness under the then existing OLP revolving credit facility. Because these financing activities occurred at the beginning of fiscal 1999, the Partnership does not expect a decrease in interest expense resulting from this transaction during fiscal 2000.

The OLP entered into an additional credit facility agreement on April 30, 1999. This new facility ("Additional Credit Facility") provides for a $38,000,000 unsecured facility for acquisitions, capital expenditures, and general corporate purposes. The outstanding Additional Credit Facility balance at April 29, 2000, may be converted to a term loan and will be due and payable in full July 2, 2001. See Note E to the Consolidated Financial Statements included elsewhere in this report for additional information regarding the New Senior Notes, the Credit Facility and the Additional Credit Facility.

On July 17, 1998, all of the outstanding common stock of Ferrell was purchased by the newly established ESOT. As a result of this change in control in the ownership of Ferrell, and indirectly in the General Partner, the MLP, pursuant to the MLP Senior Secured Note Indenture, was required to offer to purchase the outstanding notes at a price of 101% of the principal amount thereof. The offer to purchase was made on July 27, 1998 and expired August 26, 1998. Upon the expiration of the offer, the MLP accepted for purchase $65,000 of the notes which were all of the notes tendered pursuant to the offer. The MLP assigned its right to purchase the notes to a third party. See Note E to the Consolidated Financial Statements included elsewhere in this report for additional details regarding the offer to purchase the MLP Senior Secured Notes.

During the fiscal year ended July 31, 1999, the Partnership borrowed $57,449,000 under its $145,000,000 Credit Facility to fund expected seasonal working capital needs, business acquisitions, and capital expenditures. In addition, letters of credit outstanding, used primarily to secure obligations under certain insurance arrangements, totaled $32,178,000. The Additional Credit Facility had no borrowings outstanding at July 31, 1999. At July 31, 1999, the Operating Partnership had $72,022,000 available for general corporate, acquisition and working capital purposes under its two credit facilities. The Partnership typically has significant cash needs during the first fiscal quarter due to seasonal low revenues, increasing inventories and the Partnership's cash distribution paid in mid-September.

On April 26, 1996, the MLP issued the MLP Senior Secured Notes. These notes will be redeemable at the option of the Partnership, in whole or in part, at any time on or after June 15, 2001. Interest is payable semi-annually in arrears on June 15 and December 15.

To offset the variable rate characteristic of the revolving credit facility borrowings, the OLP has entered into an interest rate collar agreement, expiring December 2001 with a major bank, that effectively limits interest rates on a certain notional amount between 5.05% and 6.5% under the current pricing arrangement. At July 31, 1999, the total notional principal amount of this agreement was $25,000,000.

During the year ended July 31, 1999, the Partnership paid cash distributions of $2.00 per limited partner unit. These distributions covered the period from May 1, 1998 to April 30, 1999. On August 19, 1999, the Partnership declared its fourth-quarter cash distribution of $0.50 per limited partner unit, which was paid September 14, 1999. The Partnership's annualized distribution is presently $2.00 per limited partner unit.

The MLP Senior Secured Notes, New Senior Notes, Credit Facility and Additional Credit Facility contain various restrictive covenants applicable to the MLP and the OLP, the most restrictive relating to additional indebtedness, sale and disposition of assets, and transactions with affiliates. The MLP and the OLP are in compliance with all requirements, tests, limitations and covenants related to the MLP Senior Secured Notes, New Senior Notes, Credit Facility and Additional Credit Facility. The New Senior Notes and credit facility agreements have similar restrictive covenants to the Senior Notes and credit facility agreements that were replaced.

New Accounting Pronouncements

In fiscal 1999, the Partnership adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS No. 130") and SFAS No. 131 "Disclosures about Segments of an Enterprise and Related Information" ("SFAS No. 131"). The Partnership implemented SFAS No. 130 by changing the format of the statement of partners' capital to include the reporting of comprehensive income. SFAS No. 130 also introduced "accumulated other comprehensive income", a new balance sheet item, to reflect the cumulative activity for other comprehensive income. SFAS No. 131 establishes standards for reporting information about operating segments as well as related disclosures about products and services, geographic areas, and major customers. In determining our reportable segments under the provisions of SFAS No. 131, the Partnership examined the way it organizes its business internally for making operating decisions and assessing business performance. Based on this examination, the Partnership has determined that it has a single reportable operating segment which engages in the distribution of propane and related equipment and supplies. No single customer represents 10% or more of consolidated revenues. In addition, nearly all of the Partnership's revenues are derived from sources within the U.S., and all of its long-lived assets are located in the U.S.

The Financial Accounting Standards Board recently issued SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"). SFAS No. 133, as amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133", 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 7A. 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.

The Partnership has $78,800,000 in variable rate debt outstanding at July 31, 1999. Moreover the Partnership has only $25,000,000 notional amount of interest rate collar agreements outstanding. Thus, assuming a 100 basis point change increase in the variable interest rate to the Partnership, the interest rate risk related to the variable rate debt and the associated interest rate collar agreements is not material to the financial statements.

The Partnership's trading 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 non-trading activities utilize 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 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 $5,041,000 as of July 31, 1999. Actual results may differ.

Further discussion of the risk management activities and accounting for derivative commodity contracts is contained in the accompanying notes to the Consolidated Financial Statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The Partnership's Consolidated Financial Statements and the Independent Auditors' Reports thereon and the Supplementary Financial Information listed on the accompanying Index to Financial Statements and Financial Statement Schedules are hereby incorporated by reference. See Item 7 for Selected Quarterly Financial Data.

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANTS.

Partnership Management

The General Partner manages and operates the activities of the Partnership, and the General Partner anticipates that its activities will be limited to such management and operation. Unitholders do not directly or indirectly participate in the management or operation of the Partnership. The General Partner owes a fiduciary duty to the Unitholders.

The General Partner has appointed persons who are neither officers nor employees of the General Partner or any affiliate of the General Partner to serve on a committee of the Partnership (the "Audit Committee") with the authority to review, at the request of the General Partner, specific matters as to which the General Partner believes there may be a conflict of interest in order to determine if the resolution of such conflict proposed by the General Partner is fair and reasonable to the Partnership. The Audit Committee will only review matters relating to conflicts of interest at the request of the General Partner, and the General Partner has sole discretion to determine which matters, if any, to submit to the Audit Committee. In addition, the Audit Committee has the authority and responsibility for selecting the Partnership's independent public accountants, reviewing the Partnership's annual audit, and resolving accounting policy questions. Any matters approved by the Audit Committee will be conclusively deemed to be fair and reasonable to the Partnership, approved by all unitholders of the Partnership and not a breach by the General Partner of any duties it may owe the Partnership or the Unitholders.

The Partnership does not directly employ any of the persons responsible for managing or operating the Partnership. At July 31, 1999, 3,625 full-time and 838 temporary and part-time individuals were employed by the General Partner.

Directors and Executive Officers of the General Partner

The following table sets forth certain information with respect to the directors and executive officers of the General Partner at October 11, 1999. Each of the persons named below is elected to their respective office or offices annually. Only Mr. Ferrell and Mr. Sheldon have entered into employment agreements with the General Partner. See Employment Agreements.

Name	Age	Director Since	Position
James E. Ferrell	60	1984	Chairman of the Board and a Director of the General Partner
Danley K. Sheldon	41	1998	Chief Executive Officer, President and a Director of the General Partner
Patrick J. Chesterman	49		Executive Vice President and Chief Operating Officer - Ferrellgas North America and Ferrellgas-Houston
James M. Hake	39		Senior Vice President, Acquisitions
Kenneth G. Atchley	36		Vice President, Chief Operating Officer-Western U.S.
Boyd H. McGathey	40		Vice President, Chief Operating Officer-Eastern U.S.
Kevin T. Kelly	34		Vice President, Chief Financial Officer and Treasurer
Patrick J. Walsh	46		Vice President, Administration
A. Andrew Levison	43	1994	Director of the General Partner
Elizabeth T. Solberg	60	1998	Director of the General Partner

James E. Ferrell--Mr. Ferrell has been with Ferrell or its predecessors and its affiliates in various executive capacities since 1965. He served as Chief Executive Officer until August 1998 and as President until October 1996.

Danley K. Sheldon--Mr. Sheldon was named Chief Executive Officer in August 1998 and was named a director of the Company in July 1998. He has been President of the Company since October 1996 and was Chief Financial Officer of the Company from January 1994 until May 1998. He served as Treasurer from 1989 until 1998 and joined the Company in 1986.

Patrick J. Chesterman--Mr. Chesterman was named Executive Vice President and Chief Operating Officer, Ferrell North America and Ferrellgas-Houston in April 1998 after having served as Senior Vice President, Supply since September 1997. After joining the Company in June, 1994, he had one-year assignments as Vice President-Retail Operations, Director of Field Support, and Director of Human Resources. Prior to joining the Company, Mr. Chesterman was Director of Fuels Policy and Operations for the U.S. Air Force.

James M. Hake--Mr. Hake was named Senior Vice President, Acquisitions in August 1998. He had been Vice President, Acquisitions of the Company since October, 1994. He joined the Company in 1986.

Kenneth G. Atchley--Mr. Atchley was named Vice President, Chief Operating Officer-Western U.S. in August 1998. He served as Regional Vice President since May 1996. After joining the Company in 1985, he held District Manager and Area Manager positions.

Boyd H. McGathey--Mr. McGathey was named Vice President, Chief Operating Officer-Eastern U.S. in August 1998. He served as Regional Vice President since February 1997. After joining the Company in 1989, he held District Manager and Area Manager positions.

Kevin T. Kelly--Mr. Kelly was named Vice President and Chief Financial Officer in May 1998 and Treasurer in August 1998. After joining the company in June 1996, he served as Director of Finance and Corporate Controller until May 1998. Prior to joining the Company, Mr. Kelly was Manager of Project Acquisitions with UtiliCorp United, Inc.

Patrick J. Walsh--Mr. Walsh was named Vice President, Administration in August 1998. Prior to that he was Director, Field Services and Director, Marketing and Communications. He joined the Company in 1986 when the Company bought Buckeye Gas Products Company.

A. Andrew Levison---Mr. Levison was elected a Director of the Company in September 1994. Mr. Levison has been a Managing Director of Donaldson, Lufkin & Jenrette Securities Corporation since 1989.

Elizabeth T. Solberg---Ms. Solberg was elected a Director of the Company in July 1998. Ms. Solberg is Executive Vice President and Senior Partner of

Fleishman-Hillard, Inc. and has been with the firm since 1976. She has been a member of the Board of Directors of Kansas City Life Insurance Company since 1997.

Compensation of the General Partner

The General Partner receives no management fee or similar compensation in connection with its management of the Partnership and receives no remuneration other than:

(i) distributions in respect to its 2% general partner interest, on a combined basis, in the Partnership and the Operating Partnership; and

(ii) reimbursement for all direct and indirect costs and expenses incurred on behalf of the Partnership, all selling, general and administrative expenses incurred by the General Partner for or on behalf of the Partnership and all other expenses necessary or appropriate to the conduct of the business of, and allocable to, the Partnership. The selling, general and administrative expenses reimbursed include specific employee benefits and incentive plans for the benefit of the executive officers and employees of the General Partner.

ITEM 11. Executive Compensation.

Summary Compensation Table

The following table sets forth the compensation for the past three years of the Company's Chief Executive Officer ("CEO") and the Company's five most highly compensated executive officers other than the Chief Executive Officer ("named executive officers"), who were serving as executive officers at the end of the 1999 fiscal year.

Name and Principal Position	Year	Annual Compensation: Salary ($)	Annual Compensation: Bonus (1) ($)	Long-Term Compensation: Awards: Stock Options(2) (#)	Long-Term Compensation: Pay-outs: Long-Term Incentive Payouts ($)	All Other Compensation ($)
Danley K. Sheldon	1999	344,802	123,420	937,500	---	12,883 (3)
President and Chief Executive Officer	1998	225,000	50,000	---	---	20,104
	1997	218,221	---	30,000	---	15,440
Patrick J. Chesterman	1999	198,338	110,000	200,000	---	31,197 (3)
Executive Vice President, and Chief Operating Officer, Ferrellgas - Houston	1998	161,500	25,000	---	---	15,530
	1997	132,917	---	20,000	---	9,087
James A. Hake	1999	181,667	55,830	200,000	---	8,140 (3)
Senior Vice President Acquisitions	1998	120,000	85,000	---	---	15,887
	1997	120,000	90,000	15,000	---	13,592
Kenneth G. Atchley	1999	140,003	38,409	200,000	---	7,485 (3)
Vice President, Chief Operating Officer-Western U.S.						
Boyd H. McGathey	1999	140,003	24,348	200,000	---	37,038 (3)
Vice President, Chief Operating Officer-Eastern U.S.						
Kevin T. Kelly	1999	142,808	25,000	150,000	---	5,001 (3)
Vice President, Chief Financial Officer	1998	99,014	50,000	---	---	9,376

(1) Mr. Sheldon receives a bonus pursuant to his employment agreement. All other Named Executives participate in the Ferrellgas Annual Incentive Plan. Awards under both plans are for the year reported, regardless of the year paid.

(2) In 1999, the awards related to grants of stock options from the Incentive Compensation Plan, a non-qualified stock option plan of Ferrell Companies, Inc. In 1997, the awards related to the Ferrellgas, Inc. Unit Option Plan.

(3) Includes for Mr. Sheldon contributions of $11,752 to the employee's 401(k) and profit sharing plans and compensation of $1,131 resulting from the payment of life insurance premiums. Includes for Mr. Chesterman $21,517 for relocation reimbursement, contributions of $8,084 to the employee's 401(k) and profit sharing plans and compensation of $1,596 resulting from the payment of life insurance premiums. Includes for Mr. Hake contributions of $7,530 to the employee's 401(k) and profit sharing plans and compensation of $610 resulting from the payment of life insurance premiums. Includes for Mr. Atchley contributions of $6,660 to the em ployee's 401(k) and profit sharing plans and compensation of $825 resulting from the payment of life insurance premiums. Includes for Mr. McGathey $28,021 for relocation reimbursement, contributions of $8,097 to the employee's 401(k) and profit sharing plans and compensation of $920 resulting from the payment of life insurance premiums. Includes for Mr. Kelly, contributions of $5,001 to the employee's 401(k) and profit sharing plans.

Unit Options

On October 14, 1994, the General Partner adopted the Ferrellgas, Inc. Unit Option Plan (the "Unit Option Plan") pursuant to which key employees are granted options to purchase the MLP's Subordinated Units. The purpose of the Unit Option Plan is to encourage certain employees of the General Partner to develop a proprietary interest in the growth and performance of the Partnership, to generate an increased incentive to contribute to the Partnership's future success and prosperity, thus enhancing the value of the Partnership for the benefit of its Unitholders, and to enhance the ability of the General Partner to attract and retain key individuals who are essential to progress, growth and profitability of the Partnership.

The General Partner has granted options to purchase Units (the "Unit Options"), 781,025 of which are outstanding at July 31, 1999, at prices ranging from $16.80 to $21.67 per unit, which was an estimate of the fair market value of the Subordinated Units at the time of the grant. The options vest immediately or over a one to five year period, and expire on the tenth anniversary of the date of the grant. On July 31, 1999, none of the Unit Options were exercisable. Effective August 1, 1999, with the conversion of the Subordinated Units, the units covered by the options are Common Units.

There were no grants of unit options during the 1999 fiscal year to the CEO and named executive officers.

The following table lists information on the CEO and named executive officers' exercised/unexercised unit options as of October 15, 1999.

AGGREGATED OPTION/ EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options at Fiscal Year-End (#) Exercisable/ Unexercisable	Value of Unexercised In-The-Money Options at Fiscal Year-End ($) Exercisable/ Unexercisable
Danley K. Sheldon	0	0	80,500/19,500	18,375/0
Patrick J. Chesterman	0	0	12,450/17,550	787/0
James M. Hake	0	0	41,250/9,750	9,450/0
Kenneth G. Atchley	0	0	13,188/10,562	1,969/0
Boyd H. McGathey	0	0	7,500/0	1,969/0
Kevin T. Kelly	0	0	3,500/6,500	0/0

Employee Stock Ownership Plan

On July 17, 1998, pursuant to the Ferrell Companies, Inc. Employee Stock Ownership Plan, a newly formed employee stock ownership trust purchased all of the outstanding common stock of Ferrell. The purpose of the ESOP is to provide employees of the General Partner an opportunity for ownership in Ferrell and indirectly in the Partnership. Ferrell makes contributions to the ESOP which allows a portion of the shares of Ferrell owned by the ESOP to be allocated to employees' accounts over time.

Incentive Compensation Plan

On July 17, 1998, a nonqualified stock option plan ("NQP") was establish by Ferrell to allow upper middle and senior level managers of the General Partner to participate in the equity growth of Ferrell, and indirectly in the equity growth of the Partnership. The shares underlying the stock options are common shares of Ferrell. The following table lists information on the CEO and the named executive officers' stock options granted in the fiscal year ended July 31, 1999 .

OPTION GRANTS IN LAST FISCAL YEAR

Name	Individual Grant: Number of Securities Underlying Options Granted (1)	% of Total Options Granted to Employees in Fiscal Year	Exercise Price ($/Share)	Expiration Date	Grant date present value $ (2)
Danley K. Sheldon	937,500	25.3	4.10	01-31-18	1,697,984
Patrick J. Chesterman	200,000	5.4	4.10	01-31-18	362,227
James M. Hake	200,000	5.4	4.10	01-31-18	362,227
Kenneth G. Atchley	200,000	5.4	4.10	01-31-18	362,227
Boyd H. McGathey	200,000	5.4	4.10	01-31-18	362,227
Kevin T. Kelly	150,000	4.0	4.10	01-31-18	271,667

(1) The Ferrell NQP stock options vest ratably in 5% to 10% increments over 12 years or 100% upon a change of control, death, disability or retirement of the participant. Vested options are exercisable in increments based on the timing of the payoff of Ferrell debt, but in no event later than 20 years from the date of issuance.

(2) Based on a binomial option valuation model. The key input variables used in valuing the options were the following: risk-free interest rate of 5.5%; dividend amount of $0; Ferrell stock price volatility of 10.6%; options exercised 25% in 2006, 25% in 2007, 10% in years 2009 through 2013, because this is most likely assuming the Ferrell debt is retired as scheduled. Only two stock values were used in the computation of volatility as Ferrell common stock is not publicly traded and has only had two valuations since the grant date. No adjustments for non-transferability or risk of forfeiture were made. The actual value, if any, a grantee may realize will depend on the excess of the Ferrell stock price over the exercise price on the date the option is exercised, so that there is no assurance the value realized will be at or near the value estimated by the binomial option valuation model.

Profit Sharing Plan

The Ferrell Companies Inc. Profit Sharing and 401(k) Investment Plan is a qualified defined contribution plan (the "Profit Sharing Plan"). All full-time employees of Ferrell or any of its direct or indirect wholly owned subsidiaries with at least one year of service are eligible to participate in the Profit Sharing Plan. In regards to the profit sharing portion, the Board of Directors of Ferrell determines the amount of the annual contribution to the Profit Sharing Plan, which is purely discretionary. This decision is based on the operating results of Ferrell for the previous fiscal year and anticipated future cash needs of the General Partner and Ferrell. The contributions are allocated to the Profit Sharing Plan participants based on each participant's wages or salary as compared to the total of all participants' wages and salaries.

Historically, the annual contribution to the Profit Sharing Plan has been 1% to 7% of each participant's annual wage or salary. With the establishment of the ESOP in July 1998, the Company decided to suspended future contributions to the profit sharing plan beginning with fiscal year 1998. The Profit Sharing Plan also has a 401(k) feature allowing all full-time employees to specify a portion of their pre-tax and/or after-tax compensation to be contributed to the Profit Sharing Plan.

Supplemental Savings Plan

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

Employment Agreements

On July 17, 1998, Mr. James E. Ferrell, as Chairman of the Board of the General Partner, entered into a five year employment agreement with automatic one year renewals. He receives an annual salary of $120,000 and a bonus based on the annual increase in the equity value of Ferrell. In addition to his compensation, Mr. Ferrell participates in the Company's various employee benefit plans, with the exception of the employee stock ownership plan and the nonqualified stock option plan of Ferrell.

Also on July 17, 1998, Mr. Danley K. Sheldon, Chief Executive Officer of the General Partner, entered into an eight year employment agreement, with automatic one year renewals. He receives an annual salary of $340,000 and an annual bonus based on the earnings of the Partnership.

Pursuant to the terms of both employment agreements, in the event of either a termination without cause or resignation for cause, Mr. Ferrell and Mr. Sheldon are entitled to a cash amount equal to three times the greater of 125% of their current base salary or the average compensation paid for the prior three fiscal years, including amounts for the reimbursement of taxes. If a change of control of Ferrell or the General Partner occurs, Mr. Ferrell and Mr. Sheldon will receive a cash termination benefit equal to three times the greater of 125% of their current base salary or the average three year compensation paid.

Mr. Ferrell's agreement contains a non-compete provision for the period of time equal to the greater of five years or the time in which certain outstanding debt of Ferrell is paid in full. The non-compete provision provides that he shall not directly or indirectly own, manage, control, or engage in any business with any person whose business is substantially similar to the business of the Company.

Mr. Sheldon's agreement contains a non-compete provision for a period of two years following his termination of employment. The non-compete provision provides that he shall not directly or indirectly own, manage, control, or engage in any business with any person whose business is substantially similar to the business of the Company.

Compensation of Directors

The General Partner does not pay any additional remuneration to its employees for serving as directors, except for the annual salary of $120,000 paid to Mr. Ferrell pursuant to his employment agreement as discussed above in "Employment Agreements". Beginning in fiscal 1999, directors who are not employees of the General Partner receive an annual retainer of $16,000. They also currently receive a fee per meeting of $1,000 if they attend in person and $500 if they participate by telephone, plus reimbursement for out-of-pocket expenses.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management.

The following table sets forth certain information as of October 11, 1999, regarding the beneficial ownership of the Common Units of the MLP by certain beneficial owners, all directors and named executive officers of the General Partner and the Partnership, each of the named executive officers, and all directors and executive officers of the General Partner as a group. All Subordinated Units converted to Common Units effective August 1, 1999. The General Partner knows of no other person beneficially owning more than 5% of the Common Units.

Ferrellgas Partners, L.P.

Title of Class	Name and Address of Beneficial Owner	Units Beneficially Owned (1)	Percentage of Class
Common Units	ESOT	17,817,600 (2)	56.9
	Goldman, Sachs & Co.	1,729,935 (3)	5.5
	The Goldman Sachs Group	1,729,935 (3)	5.5
	Danley K. Sheldon	84,500	0.3
	Patrick J. Chesterman	12,650	*
	James M. Hake	41,650	0.1
	Kenneth G. Atchley	15,188	*
	Boyd H. McGathey	7,600	*
	Kevin T. Kelly	3,765	*
	Patrick J. Walsh	8,000	*
	James E. Ferrell	10,000	*
	Elizabeth T. Solberg	8,200	*
	A. Andrew Levison	35,300	0.1
	All Directors and Officers as a Group	226,853	0.7

(1) Beneficial ownership for the purposes of the foregoing table is defined by Rule 13d-3 under the Securities Exchange Act of 1934. Under that rule, a person is generally considered to be the beneficial owner of a security if he has or shares the power to vote or direct the voting thereof ("Voting Power") or to dispose or direct the disposition thereof ("Investment Power") or has the right to acquire either of those powers within sixty (60) days. See "Aggregated Option Exercises In Last Fiscal Year And Fiscal Year-End Option Values" Table above for the number of common units that could be acquired by named executive officers through exercising common unit options.

(2) The address for LaSalle National Bank, the trustee for the Ferrell Companies, Inc. Employee Stock Ownership Trust ("ESOT") is 125 S. LaSalle Street, 17th Floor, Chicago, Illinois, 60603.

Includes 17,803,883 Common Units owned by Ferrell which is 100% owned by the ESOT and 13,717 Common Units owned by Ferrell Propane, Inc., a wholly owned subsidiary of Ferrellgas, Inc.

(3) The address for both Goldman Sachs Group, L.P. and Goldman, Sachs & Co. is 85 Broad Street, New York, New York, 10004.

Goldman, Sachs & Co., a broker/dealer, and its parent Goldman Sachs Group, L.P. are deemed to have shared voting power and shared dispositive power over 1,729,935 Common Units owned by their customers.

Compliance With Section 16(a) of the Securities and Exchange Act

Section 16(a) of the Securities and Exchange Act of 1934 requires the General Partner's officers and directors, and persons who own more than 10% of a registered class of the Partnership's equity securities, to file reports of beneficial ownership and changes in beneficial ownership with the Securities and Exchange Commission ("SEC"). Officers, directors and greater than 10% unitholders are required by SEC regulation to furnish the General Partner with copies of all Section 16(a) forms.

Based solely on its review of the copies of such forms received by the General Partner, or written representations from certain reporting persons that no Form 5's ("Annual Statement of Beneficial Ownership of Securities") were required for those persons, the General Partner believes that during fiscal year 1999 all filing requirements applicable to its officers, directors, and greater than 10% beneficial owners were met in a timely manner, except for directors A. Andrew Levison and Elizabeth T. Solberg, who each filed a Form 4 ("Statement of Changes in Beneficial Ownership") one month late in November 1998. Each of the Form 4's related to one transaction.

ITEM 13. Certain Relationships and Related Transactions.

Set forth below is a discussion of certain relationships and related transactions among affiliates of the Partnership.

The Partnership has no employees and is managed and controlled by the General Partner. Pursuant to the Partnership Agreement, the General Partner is entitled to reimbursement for all direct and indirect expenses incurred or payments made on behalf of the Partnership, and 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. These costs, which totaled $143,850,000, $129,808,000 and $128,033,000 for the years ended July 31, 1999, 1998 and 1997, respectively, include compensation and benefits paid to officers and employees of the General Partner, and general and administrative costs. In addition, the conveyance of the net assets of the Company to the Partnership included the assumption of specific liabilities related to employee benefit and incentive plans for the benefit of the officers and employees of the General Partner.

During fiscal 1999, two affiliates of the Partnership which are owned by the chairman of the board, James E. Ferrell, Ferrell International, Ltd. and Ferrell Resources LLC, paid the Partnership a total of $265,000 for accounting and administration services. The Partnership believes these transactions were under terms that were no less favorable to the Partnership than those arranged with other parties.

Ferrell, the parent of the General Partner, and its other wholly-owned subsidiaries formerly engaged in various investment activities including, but not limited to, commodity investments and the trading thereof. The Partnership from time to time acts as an agent on behalf of Ferrell to purchase and market natural gas liquids and enter into certain trading activities. The Partnership charges all direct and indirect expenses incurred in performing this agent role to Ferrell. During the years ended July 31, 1998 and 1997, the Partnership, as Ferrell's agent, performed the following services: i) purchased 1,089,929 barrels of propane during 1997, ii) marketed and sold 469,820 and 619,929 barrels, in 1998 and 1997, respectively, and iii) entered into certain hedging arrangements during 1997. The Partnership charged Ferrell $66,467 and $73,078, in 1998 and 1997, respectively, for its direct and indirect expenses. Of the 469,820 barrels of propane sold in fiscal year 1998, all of these barrels were sold to and used by the Partnership at the applicable market prices (an aggregate of $7,405,200). Of the 619,929 barrels of propane sold in fiscal year 1997, 534,929 barrels were sold to and used by the Partnership at the applicable market prices (an aggregate of $13,128,765). In addition, during fiscal 1998, the Partnership sold to Ferrell certain physical and derivative crude oil commodity contracts totaling 4,120,000 aggregate barrels at a price of $2,548,927. The Partnership believes these transactions were under terms that were no less favorable to the Partnership than those arranged with other parties.

See Note L to the Consolidated Financial Statements in Item 14 for discussion of transactions involving acquisitions related to the General Partner and the Partnership.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) 1. Financial Statements.
See "Index to Financial Statements" set forth on page F-1.
2. Financial Statement Schedules.
See "Index to Financial Statement Schedules" set forth on page S-1.
3. Exhibits.
See "Index to Exhibits" set forth on page E-1.

(b) Reports on Form 8-K.

The Partnership did not file a Form 8-K during the quarter ended July 31, 1999.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FERRELLGAS PARTNERS, L.P.

By Ferrellgas, Inc. (General Partner)

By /s/ Danley K. Sheldon
Danley K. Sheldon
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Danley K. Sheldon Danley K. Sheldon	President, Chief Executive Officer and Director (Principal Executive Officer)	10/28/99
/s/ James E. Ferrell James E. Ferrell	Chairman of the Board	10/28/99
/s/ A. Andrew Levison A. Andrew Levison	Director	10/28/99
/s/ Elizabeth T. Solberg Elizabeth T. Solberg	Director	10/28/99
/s/ Kevin T. Kelly Kevin T. Kelly	Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	10/28/99

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FERRELLGAS PARTNERS FINANCE CORP.

By /s/ Danley K. Sheldon
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Danley K. Sheldon Danley K. Sheldon	Chairman of the Board, Chief Executive Officer and Sole Director (Principal Executive Officer)	10/28/99
/s/ Kevin T. Kelly Kevin T. Kelly	Chief Financial Officer (Principal Financial and Accounting Officer)	10/28/99

INDEX TO EXHIBITS

The exhibits listed on the accompanying Exhibit Index are filed as part of this report. Exhibits required by Item 601 of Regulation S-K which are not listed are not applicable.

	Exhibit Number	Description
(1)	3.1	Agreement of Limited Partnership of Ferrellgas Partners, L.P.
(2)	3.2	Articles of Incorporation for Ferrellgas Partners Finance Corp.
(3)	3.3	Bylaws of Ferrellgas Partners Finance Corp.
(4)	4.1	Indenture dated as of April 26, 1996, among Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp., Ferrellgas, L.P. as guarantor, and American Bank National Association, as Trustee, relating to $160,000,000 9 3/8% Senior Secured Notes due 2006.
(5)	4.2	Registration Rights Agreement dated as of April, 26, 1996, among Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp., Ferrellgas, L.P., Donaldson, Lufkin & Jenrette Securities Corporation and Goldman, Sachs & Co.
(6)	4.3	Ferrellgas, L.P., Note Purchase Agreement Dated as of July 1, 1998 Re: $109,000,000 6.99% Senior Notes, Series A, due August 1, 2005 $37,000,000 7.08% Senior Notes, Series B, due August 1, 2006 $52,000,000 7.12% Senior Notes, Series C, due August 1, 2008 $82,000,000 7.24% Senior Notes, Series D, due August 1, 2010 $70,000,000 7.42% Senior Notes, Series E, due August 1, 2013.
(7)#	10.1	Ferrell Companies, Inc. Supplemental Savings Plan.
(8)#	10.2	Amended and Restated Ferrellgas, Inc. Unit Option Plan.
(9)	10.8	Second Amended and Restated Agreement of Limited Partnership of Ferrellgas, L.P. dated as of October 14, 1998.
(10)	10.9	Pledge and Security Agreement dated as of April 26, 1996, among Ferrellgas Partners, L.P., Ferrellgas, Inc., and American Bank National Association, as collateral agent.
(11)	10.11	Second Amended and Restated Credit Agreement dated as of July 2, 1998, among Ferrellgas, L.P., Ferrellgas, Inc., Bank of America National Trust and Savings Association, as administrative agent, and the other financial institutions party thereto.
(12)	10.12#	Ferrell Companies, Inc. 1998 Incentive Compensation Plan
(13)	10.13#	Employment agreement between James E. Ferrell and Ferrellgas, Inc. dated July 31, 1998.
(14)	10.14#	Employment agreement between Danley K. Sheldon and Ferrellgas, Inc. dated July 31, 1998.

(15)	10.15	First Amendment to the Second Amended and Restated Credit Agreement dated as of October 9, 1998, among Ferrellgas, L.P., Ferrellgas, Inc., Bank of America National Trust and Savings Association, as agent, and the other financial institutions party thereto.
(16)	10.16	Short-Term Revolving Credit Agreement dated as of April 30, 1999, among Ferrellgas, L.P., Ferrellgas, Inc., Bank Of America Trust And Savings Asssociation, as agent, and the other financial institutions party hereto.
	10.17	Second Amendment to the Second Amended and Restated Credit Agreement dated as of April 27, 1999, among Ferrellgas, L.P., Ferrellgas, Inc., Bank of America National Trust and Savings Association, as agent, and the other financial institutions party thereto.
	21.1	List of subsidiaries.
	23.1	Consent of Deloitte & Touche LLP, Independent Auditors.
	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).

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\# Management contracts or compensatory plans.

(1) Incorporated by reference to the same numbered Exhibit to the Registrant's Current Report on Form 8-K filed August 15, 1994.

(2) Incorporated by reference to Exhibit same numbered Exhibit to Registrant's Quarterly Report on Form 10-Q filed on June 13, 1997.

(3) Incorporated by reference to Exhibit same numbered Exhibit to Registrant's Quarterly Report on Form 10-Q filed on June 13, 1997.

(4) Incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on May 6, 1996.

(5) Incorporated by reference to Exhibit 4.2 to Registrant's Current Report on Form 8-K filed on May 6, 1996.

(6) Incorporated by reference to the Exhibit 4.4 to Registrant's Annual Report on Form 10-K filed on October 29, 1998.

(7) Incorporated by reference to the Exhibit 10.7 to Registrant's Annual Report on Form 10-K filed on October 17, 1995.

(8) Incorporated by reference to the Exhibit 10.1 to Registrant's Registration Statement on Form S-8 File No. 333-87633 filed with the Commission on September 23, 1999

(9) Incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q filed on March 17, 1999.

(10) Incorporated by reference to Exhibit 10.2 to Registrant's Current Report on Form 8-K filed on May 6, 1996.

(11) Incorporated by reference to the Exhibit 10.11 to Registrant's Annual Report on Form 10-K filed on October 29, 1998.

(12) Incorporated by reference to the Exhibit 10.12 to Registrant's Annual Report on Form 10-K filed on October 29, 1998.

(13) Incorporated by reference to the Exhibit 10.13 to Registrant's Annual Report on Form 10-K filed on October 29, 1998.

(14) Incorporated by reference to the Exhibit 10.14 to Registrant's Annual Report on Form 10-K filed on October 29, 1998.

(15) Incorporated by reference to the Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q filed on March 17, 1999.

(16) Incorporated by reference to the Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q filed on June 14, 1998.

INDEX TO FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Partners of
Ferrellgas Partners, L.P. and Subsidiaries
Liberty, Missouri

We have audited the accompanying consolidated balance sheets of Ferrellgas Partners, L.P. and subsidiaries as of July 31, 1999 and 1998, and the related consolidated statements of earnings, partners' capital and other comprehensive income and cash flows for each of the three years in the period ending July 31, 1999. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Ferrellgas Partners, L.P. and subsidiaries as of July 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ending July 31, 1999, in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Kansas City, Missouri
September 14, 1999

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except unit data)

ASSETS	July 31, 1999	July 31, 1998
Current Assets:		
Cash and cash equivalents	$ 35,134	$ 16,961
Accounts and notes receivable (net of allowance for doubtful accounts of $1,296 and $1,381 in 1999 and 1998, respectively)	58,380	50,097
Inventories	24,645	34,727
Prepaid expenses and other current assets	6,780	8,706
Total Current Assets	124,939	110,491
Property, plant and equipment, net	405,292	395,855
Intangible assets, net	118,117	105,655
Other assets, net	8,397	9,222
Total Assets	$656,745	$621,223

LIABILITIES AND PARTNERS' CAPITAL		
Current Liabilities:		
Accounts payable	$60,754	$48,017
Other current liabilities	48,266	41,767
Short-term borrowings	20,486	21,150
Total Current Liabilities	129,506	110,934
Long-term debt	583,840	507,222
Other liabilities	12,144	12,640
Contingencies and commitments (Note H)	-	-
Minority interest	906	1,510
Partners' Capital:		
Common unitholders (14,710,765 and 14,699,678 units outstanding in 1999 and 1998, respectively)	1,215	27,985
Subordinated unitholders (16,593,721 units outstanding in 1999 and 1998)	(10,516)	19,908
General partner	(59,553)	(58,976)
Accumulated other comprehensive income	(797)	-
Total Partners' Capital	(69,651)	(11,083)
Total Liabilities and Partners' Capital	$656,745	$621,223

See notes to consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

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

	For the year ended July 31,		
	1999	1998	1997
Revenues:			
Gas liquids and related product sales	$578,025	$622,423	$759,941
Other	46,124	44,930	44,357
Total revenues	624,149	667,353	804,298
Cost of product sold (exclusive of depreciation, shown separately below)	273,388	342,600	470,128
Gross profit	350,761	324,753	334,170
Operating expense	205,720	199,010	198,298
Depreciation and amortization expense	47,257	45,009	43,789
Employee stock ownership plan compensation charge	3,295	350	-
General and administrative expense	19,174	17,497	15,831
Vehicle and tank lease expense	12,976	10,127	7,433
Operating income	62,339	52,760	68,819
Interest expense	(46,621)	(49,129)	(45,769)
Interest income	1,216	1,695	2,002
Loss on disposal of assets	(1,842)	(174)	(1,439)
Earnings before minority interest and extraordinary loss	15,092	5,152	23,613
Minority interest	309	209	395
Earnings before extraordinary loss	14,783	4,943	23,218
Extraordinary loss on early extinguishment of debt, net of minority interest of $130	(12,786)	-	-
Net earnings	1,997	4,943	23,218
General partner's interest in net earnings	20	49	232
Limited partners' interest in net earnings	$ 1,977	$ 4,894	$ 22,986
Basic earnings per limited partner unit:			
Earnings before extraordinary loss	$ 0.47	$ 0.16	$ 0.74
Extraordinary loss	(0.41)	-	-
Net earnings	$ 0.06	$ 0.16	$ 0.74
Diluted earnings per limited partner unit			
Earnings before extraordinary loss	$ 0.47	$ 0.16	$ 0.73
Extraordinary loss	(0.41)	-	-
Net earnings	$ 0.06	$ 0.16	$ 0.73

See notes to consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL AND OTHER COMPREHENSIVE INCOME
(in thousands)

	Number of units						
	Common	Subordinated	Common Unitholders	Subordinated Unitholders	General partner	Accumulated other compre-hensive income	Total partners' capital
August 1, 1996	14,612.6	16,593.7	$71,324	$71,302	$ (58,017)	$ -	$84,609
Quarterly distributions	-	-	(29,224)	(33,188)	(632)	-	(63,044)
Net earnings	-	-	10,763	12,223	232	-	23,218
July 31, 1997	14,612.6	16,593.7	52,863	50,337	(58,417)	-	44,783
Common units issued in connection with acquisitions	87.1	-	2,000	-	20	-	2,020
Contribution from general partner in connection with ESOP compensation charge	-	-	23	320	4	-	347
Quarterly distributions	-	-	(29,356)	(33,188)	(632)	-	(63,176)
Net earnings	-	-	2,455	2,439	49	-	4,943
July 31, 1998	14,699.7	16,593.7	27,985	19,908	(58,976)	-	(11,083)
Common units issued in connection with acquisitions	11.1	-	197	-	2	-	199
Contribution from general partner in connection with ESOP compensation charge	-	-	219	3,010	33	-	3,262
Quarterly distributions	-	-	(29,409)	(33,188)	(632)	-	(63,229)
Comprehensive income:							
Net earnings	-	-	2,223	(246)	20	-	1,997
Other comprehensive income- Pension liability adjustment	-	-	-	-	-	(797)	(797)
Comprehensive income							1,200
July 31, 1999	14,710.8	16,593.7	$1,215	$ (10,516)	$ (59,553)	$ (797)	$ (69,651)

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the year ended July 31,		
	1999	1998	1997
Cash Flows From Operating Activities:			
Net earnings	$1,997	$4,943	$23,218
Reconciliation of net earnings to net cash from operating activities:			
Depreciation and amortization	47,257	45,009	43,789
Employee stock ownership plan compensation charge	3,295	350	
Minority interest	309	209	395
Extraordinary loss	12,786	-	-
Other	4,487	5,236	6,056
Changes in operating assets and liabilities, net of effects from business acquisitions:			
Accounts and notes receivable	(9,565)	9,313	6,685
Inventories	11,382	8,052	(906)
Prepaid expenses and other current assets	1,926	200	(3,221)
Accounts payable	12,737	8,695	(9,078)
Accrued interest expense	2,152	(157)	(1,171)
Other current liabilities	4,235	(7,799)	9,368
Other liabilities	(496)	286	(48)
Net cash provided by operating activities	92,502	74,337	75,087
Cash Flows From Investing Activities:			
Business acquisitions	(43,838)	(9,839)	(36,114)
Capital expenditures	(25,743)	(20,629)	(16,192)
Other	3,286	4,539	3,068
Net cash used in investing activities	(66,295)	(25,929)	(49,238)
Cash Flows From Financing Activities:			
Distributions	(63,229)	(63,176)	(63,044)
Additions to long-term debt	408,113	21,094	45,463
Reductions of long-term debt	(338,613)	(2,759)	(2,640)
Cash paid for call premiums and debt issuance costs	(12,827)	-	-
Net reductions to short-term borrowings	(664)	(636)	(3,734)
Minority interest activity	(818)	(798)	(818)
Other	4	40	(58)
Net cash used in financing activities	(8,034)	(46,235)	(24,831)
Increase in cash and cash equivalents	18,173	2,173	1,018
Cash and cash equivalents - beginning of period	16,961	14,788	13,770
Cash and cash equivalents - end of period	$35,134	$16,961	$14,788
Cash paid for interest	$42,310	$46,546	$44,516

See notes to consolidated financial statements.

A. Partnership Organization and Formation

Ferrellgas Partners, L.P. (the "MLP") was formed April 19, 1994, and is a publicly traded limited partnership, owning a 99% limited partner interest in Ferrellgas, L.P. (the "Operating Partnership" or "OLP"). The MLP and the OLP are both Delaware limited partnerships, and are collectively referred to as the Partnership. Ferrellgas Partners, L.P. was formed to acquire and hold a limited partner interest in the Operating Partnership. The Operating Partnership was formed to acquire, own and operate the propane business and assets of Ferrellgas, Inc. (the "Company" or "General Partner"), a wholly-owned subsidiary of Ferrell Companies, Inc. ("Ferrell"). Ferrell has a 56% limited partnership interest in Ferrellgas Partners, L.P. The Company has retained a 1% general partner interest in Ferrellgas Partners, L.P. and also holds a 1.0101% general partner interest in the Operating Partnership, representing a 2% general partner interest in the Partnership on a combined basis. As General Partner of the Partnership, the Company performs all management functions required for the Partnership.

On July 17, 1998, 100% of the outstanding common stock of Ferrell was purchased primarily from Mr. James E. Ferrell and his family by a newly established leveraged employee stock ownership trust ("ESOT") established pursuant to the Ferrell Companies, Inc. Employee Stock Ownership Plan ("ESOP"). The purpose of the ESOP is to provide employees of the Company an opportunity for ownership in Ferrell and indirectly in the Partnership. As contributions are made by Ferrell to the ESOP in the future, shares of Ferrell are allocated to employees' ESOP accounts.

B. Summary of Significant Accounting Policies

(1) Nature of operations: The Partnership is engaged primarily in the sale, distribution, marketing and trading of propane and other natural gas liquids throughout the United States. The retail market is seasonal because propane is used primarily for heating in residential and commercial buildings. The Partnership serves more than 800,000 residential, industrial/commercial and agricultural customers.

(2) Accounting estimates: The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. Significant estimates impacting the financial statements include reserves that have been established for product liability and other claims.

(3) Principles of consolidation: The accompanying consolidated financial statements present the consolidated financial position, results of operations and cash flows of the Partnership and its wholly-owned subsidiary, Ferrellgas Partners Finance Corp. The Company's 1.0101% General Partner interest in Ferrellgas, L.P. is accounted for as a minority interest. All material intercompany profits, transactions and balances have been eliminated.

(4) Cash and cash equivalents: For purposes of the Consolidated Statements of Cash Flows, the Partnership considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

(5) Inventories: Inventories are stated at the lower of cost or market using average cost and actual cost methods.

(6) Property, plant and equipment and intangible assets: Property, plant and equipment is stated at cost less accumulated depreciation. Expenditures for maintenance and routine repairs are expensed as incurred. Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets ranging from two to thirty years. Intangible assets, consisting primarily of customer location values, goodwill, and noncompete notes, are stated at cost, net of amortization calculated using the straight-line method over periods ranging from 5 to 40 years. Accumulated amortization of intangible assets totaled $139,273,000 and $123,531,000 as of July 31, 1999 and 1998, respectively. The Partnership, using its best estimates based on reasonable and supportable assumptions and projections, reviews for impairment of long-lived assets and certain identifiable intangibles to be held and used whenever events or changes in circumstances indicate that the carrying amount of its assets might not be recoverable and has concluded no financial statement adjustment is required.

(7) Accounting for derivative commodity contracts: The Partnership enters into commodity forward and futures purchase/sale agreements and commodity options involving propane and related products which are used for trading and risk management purposes in connection with its trading activities. To the extent such contracts are entered into at fixed prices and thereby subject the Partnership to market risk, the contracts are accounted for using the fair value method. Under the fair value method, derivatives are carried on the balance sheet at fair value with changes in that value recognized in earnings. The Partnership classifies all earnings from derivative commodity contracts as other revenue on the statement of earnings.

(8) Revenue recognition: Sales are recognized by the Partnership when product is delivered or shipped to its customers.

(9) Income taxes: The Partnership is a limited partnership. As a result, the Partnership's earnings or losses for Federal income tax purposes are included in the tax returns of the individual partners. Accordingly, no recognition has been given to income taxes in the accompanying financial statements of the Partnership. Net earnings for financial statement purposes may differ significantly from taxable income reportable to unitholders as a result of differences between the tax basis and financial reporting basis of assets and liabilities and the taxable income allocation requirements under the Partnership Agreement.

(10) Net earnings per limited partner unit: Net earnings (loss) per limited partner unit is computed by dividing net earnings, after deducting the General Partner's 1% interest, by the weighted average number of outstanding Common Units, Subordinated Units and the dilutive effect (if any) of Unit Options in accordance with Statement of Financial Accounting Standard ("SFAS") No. 128, "Earnings Per Share". The only effect of the application of SFAS No. 128 on the earnings per share was a decrease of $0.01 per unit in fiscal year 1997 to net earnings per limited partner unit. This decrease was due to including the effect of assuming the conversion of 143,000 Unit Options in the denominator of the dilutive per-unit computation.

(11) Unit and stock-based compensation: The Partnership accounts for its Unit Option Plan and the Ferrell Companies Incentive Compensation Plan under the provisions of Accounting Principles Board ("APB") No. 25, "Accounting for Stock Issued to Employees," and makes the pro forma information disclosures required under the provisions of SFAS No. 123, "Accounting for Stock-Based Compensation."

(12) Segment information: In fiscal 1999, the Partnership adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS No. 131"). SFAS No. 131 establishes standards for reporting information about operating segments as well as related disclosures about products and services, geographic areas, and major customers. In determining the Partnership's reportable segments under the provisions of SFAS No. 131, the Partnership examined the way it organizes its business internally for making operating decisions and assessing business performance. Based on this examination, the Partnership has determined that it has a single reportable operating segment which engages in the distribution of propane and related equipment and supplies. No single customer represents 10% or more of consolidated revenues. In addition, nearly all of the Partnership's revenues are derived from sources within the U.S., and all of its long-lived assets are located in the U.S.

(13) Adoption of new accounting standards: In fiscal 1999, the Partnership adopted SFAS No. 130, "Reporting Comprehensive Income" ("SFAS No. 130"). The Partnership implemented SFAS No. 130 by modifying the format of the statement of partners' capital to include the reporting of comprehensive income for an adjustment to a pension liability. SFAS No. 130 also introduced a new balance sheet item "accumulated other comprehensive income" to reflect the cumulative activity for other comprehensive income. The Financial Accounting Standards Board recently issued SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"). SFAS No. 133, as amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133", is required to be adopted by the Partnership beginning in 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.

C. Quarterly Distributions of Available Cash

The Partnership makes quarterly cash distributions 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. These reserves are retained 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 by the Partnership in an amount equal to 100% of its Available Cash will generally be made 98% to the Common and Subordinated Unitholders (the "Unitholders") and 2% to the General Partner, 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. To the extent there is sufficient Available Cash, the holders of Common Units have the right to receive the "Minimum Quarterly Distribution" ($0.50 per Unit), plus any "arrearages", prior to any distribution of Available Cash to the holders of Subordinated Units. Common Units will not accrue arrearages for any quarter after the "Subordination Period" (as defined below) and Subordinated Units will not accrue any arrearages with respect to distributions for any quarter.

In general, the Partnership Agreement provides that the Subordination Period will continue indefinitely until the first day of any quarter beginning on or after August 1, 1999, in which (i) distributions of Available Cash constituting Cash from Operations (as defined in the Partnership Agreement) equal or exceed the Minimum Quarterly Distribution on the Common Units and the Subordinated Units for each of the three consecutive four quarter periods immediately preceding such date and (ii) the Partnership has invested at least $50,000,000 in acquisitions and capital additions or improvements to increase the operating capacity of the Partnership. Management has reported that the Subordinated Units converted into Common Units effective August 1, 1999.

The Partnership makes distributions of all of its Available Cash 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.

D. Supplemental Balance Sheet Information

Inventories consist of:

(in thousands)	1999	1998
Liquefied propane gas and related products	$15,480	$26,316
Appliances, parts and supplies	9,165	8,411
	$24,645	$34,727

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 the date of delivery. All fixed price contracts have terms of less than one year. As of July 31, 1999, in addition to the inventory on hand, the Partnership had committed to take delivery of approximately 59,280,000 gallons at a fixed price for its estimated future retail propane sales.

Property, plant and equipment consist of:

(in thousands)	1999	1998
Land and improvements	$ 32,776	$ 30,368
Buildings and improvements	43,577	40,557
Vehicles	50,897	50,810
Furniture and fixtures	28,626	22,397
Bulk equipment and district facilities	71,693	66,150
Tanks and customer equipment	418,598	404,532
Other	4,369	5,969
	650,536	620,783
Less: accumulated depreciation	245,244	224,928
	$405,292	$395,855

Depreciation expense totaled $30,772,000, $30,034,000, and $29,960,000

for the years ended July 31, 1999, 1998, and 1997, respectively.

Other current liabilities consist of:

(in thousands)	1999	1998
Accrued insurance	$4,300	$ 4,563
Accrued interest	15,065	12,914
Accrued payroll	11,821	8,635
Other	17,080	15,655
	$48,266	$41,767

E. Long-Term Debt

Long-term debt consists of:

(in thousands)	1999	1998
Senior Notes		
Fixed rate, 7.16% due 2005-2013 (1)	$350,000	$ -
Fixed rate, 10%, due 2001 (2)		200,000
Fixed rate, 9.375%, due 2006 (3)	160,000	160,000
Credit Agreement		
Term loan, 8.5%	-	50,000
Revolving credit loans, 6.0% and 8.5% weighted average interest rates, respectively, due 2001 (4) (5)	58,314	85,850
Notes payable, 7.3% and 6.7% weighted average interest rates, respectively, due 1999 to 2007 (6)	18,154	13,558
	586,468	509,408
Less: current portion	2,628	2,186
	$583,840	$507,222

(1) The new OLP fixed rate Senior Notes ("New Senior Notes"), issued in August 1998, are general unsecured obligations of the OLP and rank on an equal basis in right of payment with all senior indebtedness of the OLP and senior to all subordinated indebtedness of the OLP. The outstanding principal amount of the Series A, B, C, D and E Notes shall be due on August 1, 2005, 2006, 2008, 2010, and 2013, respectively. In general, the Notes may not be prepaid prior to maturity at the option of the Partnership.

(2) The old OLP fixed rate Senior Notes, issued in June 1994 were redeemed at the option of the OLP on August 5, 1998 with a 5% premium paid concurrent with the issuance of the New Senior Notes.

(3) The MLP fixed rate Senior Secured Notes ("Senior Secured Notes"), issued in April 1996, will be redeemable at the option of the MLP, in whole or in part, at any time on or after June 15, 2001. The notes are secured by the MLP's partnership interest in the OLP. The Senior Secured Notes bear interest from the date of issuance, payable semi-annually in arrears on June 15 and December 15 of each year. Due to a change of control in the ownership of the General Partner on July 17, 1998 as a result of the ESOP transaction described in Note A, the MLP was required, pursuant to the MLP fixed rate Senior Secured Note Indenture, to offer to purchase the outstanding MLP fixed rate Senior Secured Notes at a price of 101% of the principal amount thereof plus accrued and unpaid interest. The offer to purchase was made on July 27, 1998 and expired August 26, 1998. Upon the expiration of the offer, the MLP accepted for purchase $65,000 of the notes which were all of the notes tendered pursuant to the offer. The MLP assigned its right to purchase the notes to a third party, thus the notes remain outstanding.

(4) At July 31, 1999, the unsecured $145,000,000 Credit Facility (the "Credit Facility"), expiring July 2001, consisted of a $50,000,000 unsecured working capital and general corporate facility including a letter of credit facility, a $55,000,000 unsecured general corporate and acquisition facility and a $40,000,000 revolving working capital facility, which is subject to an annual reduction in outstanding balances to zero for thirty consecutive days. All borrowings under the Credit Facility bear interest at either LIBOR plus an applicable margin varying from 0.425% to 1.375% or the bank's base rate, depending on the nature of the borrowing. The bank's base rate at July 31, 1999 and 1998 was 8.0% and 8.5%, respectively. To offset the variable rate characteristic of the Credit Facility, the OLP entered into a interest rate collar agreement, expiring December 2001, with a major bank limiting the floating rate portion of LIBOR-based loan interest rates on a notional amount of $25,000,000 to between 5.05% and 6.5%.

(5) The OLP entered into a credit facility agreement on April 30, 1999. This new facility ("Additional Credit Facility") provides for a $38,000,000 unsecured facility for acquisitions, capital expenditures, and general corporate purposes. The outstanding Additional Credit Facility balance at April 29, 2000, may be converted to a term loan and will be due and payable in full July 2, 2001. There was not an outstanding balance on this facility at July 31, 1999.

(6) The notes payable are secured by approximately $2,893,000 and $3,729,000 of property and equipment at July 31, 1999 and 1998, respectively.

At July 31, 1999 and 1998, $20,486,000 and $21,150,000, respectively, of short-term borrowings were outstanding under the credit facility and letters of credit outstanding, used primarily to secure obligations under certain insurance arrangements, totaled $32,178,000 and $29,056,000, respectively.

The Senior Secured Notes, the New Senior Notes, the Credit Facility and Additional Credit Facility Agreements contain various restrictive covenants applicable to the MLP and OLP and its subsidiaries, the most restrictive relating to additional indebtedness, sale and disposition of assets, and transactions with affiliates. In addition, the Partnership is prohibited from making cash distributions of the Minimum Quarterly Distribution if a default or event of default exists or would exist upon making such distribution, or if the Partnership fails to meet certain coverage tests. The Partnership is in compliance with all requirements, tests, limitations and covenants related to the Senior Secured Note Indenture, the New Senior Note Indenture, Credit Facility and Additional Credit Facility agreements. The New Senior Notes and the Credit Facility agreements have similar restrictive covenants to the Senior Note Indenture and credit facility agreement that were replaced.

The annual principal payments on long-term debt for each of the next five fiscal years are $2,628,000 in 2000, $3,808,000 in 2001, $1,755,000 in 2002, $1,891,000 in 2003 and $2,031,000 in 2004.

During fiscal year 1999, the Partnership recognized an extraordinary loss of $12,786,000 net of minority interest of $130,000. The gross extraordinary loss included a payment of a 5% premium and a write-off of unamortized financing costs of $2,916,000, resulting primarily from the early extinguishment of $200,000,000 of its fixed rate senior notes.

F. Partners' Capital

Partners' capital consists of 14,710,765 Common Units representing a 46% limited partner interest, 16,593,721 Subordinated Units representing a 53% limited partner interest, and a 1% General Partner interest.

The Agreement of Limited Partnership of Ferrellgas Partners, L.P. (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.

Effective, August 1, 1999, the Subordination Period ended and the Subordinated Units converted to Common Units, because 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 on July 31, 1999. 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.

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.

G. Transactions with Related Parties

The Partnership has no employees and is managed and controlled by the General Partner. Pursuant to the Partnership Agreement, the General Partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on behalf of the Partnership, and 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. These costs, which totaled $143,850,000, $129,808,000, and $128,033,000 for the years ended July 31, 1999, 1998 and 1997, respectively, include compensation and benefits paid to officers and employees of the General Partner, and general and administrative costs.

During fiscal 1999, Ferrell International Limited and Ferrell Resources, LLC, two affiliates of the Partnership which are owned by the General Partner's chairman of the board, James E. Ferrell, paid the Partnership a total of $265,000 for accounting and administration services. The Partnership believes these transactions were under terms that were no less favorable to the Partnership than those available with other parties.

Prior to the ESOP transaction completed on July 17, 1998, Ferrell, the parent of the General Partner and its other wholly-owned subsidiaries, engaged in various investment activities including, but not limited to, commodity investments and the trading thereof. The Partnership from time to time acted as an agent on behalf of Ferrell to purchase and market natural gas liquids and enter into certain trading activities. The Partnership charged all direct and indirect expenses incurred in performing this agent role to Ferrell. During the years ended July 31, 1998 and July 31, 1997, the Partnership, as Ferrell's agent, performed the following services: a) purchased 1,089,929 barrels of propane during 1997, b) marketed and sold 469,820 and 619,929 barrels in 1998 and 1997 respectively, and c) entered into certain hedging arrangements in 1997. The Partnership charged Ferrell $66,467 and $73,078 in 1998 and 1997, respectively, for its direct and indirect expenses related to these transactions. All of the 469,820 barrels of propane sold in fiscal year 1998 were sold to and used by the Partnership at the applicable market prices (an aggregate of $7,405,200). Of the 619,929 barrels of propane sold in fiscal year 1997, 534,929 were sold to and used by the Partnership at the applicable market prices (an aggregate of $13,128,765). In addition, during fiscal 1998, the Partnership sold to Ferrell certain physical and derivative crude oil commodity contracts totaling 4,120,000 aggregate barrels at a price of $2,548,927. Management believes these transactions were under terms that were no less favorable to the Partnership than those available with other parties. Subsequent to the close of the ESOP transaction, Ferrell divested of its wholly-owned subsidiaries that were engaged in these commodity and trading activities.

H. Contingencies and Commitments

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

Certain property and equipment is leased under noncancellable operating leases which require fixed monthly rental payments and which expire at various dates through 2018. Rental expense under these leases totaled $19,595,000, $17,095,000, and $13,169,000, for the years ended July 31, 1999, 1998 and 1997, respectively. Future minimum lease commitments for such leases are $15,846,000 in 2000, $13,094,000 in 2001, $9,931,000 in 2002, $5,229,000 in 2003, $1,563,000 in 2004 and $2,161,000 thereafter.

I. Employee Benefits

The Partnership has no employees and is managed and controlled by the General Partner. The Partnership assumes all liabilities, which include specific liabilities related to the following employee benefit plans for the benefit of the officers and employees of the General Partner.

Ferrell makes contributions to the ESOT which causes a portion of the shares of Ferrell owned by the ESOT to be allocated to employees' accounts over time. The allocation of Ferrell shares to employee accounts causes a non-cash compensation charge to be incurred by Ferrell, equivalent to the fair value of such shares allocated. The Partnership is not obligated to fund or make contributions to the ESOT. Nevertheless, due to the benefit received by the Company's employees from participating in the ESOP, the non-cash compensation charge is also recorded by the Partnership.

The General Partner and its parent Ferrell have a defined contribution profit-sharing plan which covers substantially all employees with more than one year of service. Contributions were made to the plan at the discretion of Ferrell's Board of Directors. With the establishment of the ESOP in July 1998, the Company suspended future contributions to the profit sharing plan beginning with fiscal year 1998. The profit sharing plan, which qualifies under section 401(k) of the Internal Revenue Code, also provides for matching contributions under a cash or deferred arrangement based upon participant salaries and employee contributions to the plan. These matching contributions are not affected by the establishment of the ESOP. Contributions for the year ended July 31, 1997, were $3,000,000 under the profit sharing provision, and for the years ended July 31, 1999, 1998 and 1997, respectively, were $2,110,000, $1,693,000, and $1,542,000 under the 401(k) provision.

J. Unit Options of the Partnership and Stock Options of Ferrell Companies, Inc.

The Ferrellgas, Inc. Unit Option Plan (the "Unit Option Plan") currently authorizes the issuance of options (the "Unit Options") covering up to 850,000 of the MLP's units to certain officers and employees of the General Partner. Effective August 1, 1999, with the conversion of the Subordinated Units, the units covered by the options are Common Units. The Unit Options are exercisable beginning after July 31, 1999, at exercise prices ranging from $16.80 to $21.67 per unit, which was an estimate of the fair market value of the Subordinated Units at the time of the grant. The options vest immediately or over a one to five year period, and expire on the tenth anniversary of the date of the grant.

	Number of Units	Weighted Average Exercise Price	Weighted Average Fair Value
Outstanding, July 31, 1996	668,425	$17.38	
Granted	216,500	20.23	$0.52
Forfeited	(157,325)	18.02	
Outstanding, July 31, 1997	727,600	18.09	
Granted	118,500	19.47	0.47
Forfeited	(64,100)	19.16	
Outstanding, July 31, 1998	782,000	18.21	
Granted	40,000	18.54	0.39
Forfeited	(40,975)	18.15	
Outstanding, July 31, 1999	781,025		
Options exercisable, July 31, 1999	0		

	Options Outstanding at July 31, 1999
Range of option prices at end of year	$16.80-$21.67
Weighted average remaining contractual life	6.9 years

The Ferrell Companies, Inc. nonqualified stock option plan (the "NQP") was established by Ferrell Companies, Inc. ("Ferrell") to allow upper middle and senior level managers of the General Partner to participate in the equity growth of Ferrell and, indirectly in the equity growth of the Partnership. The shares underlying the stock options are common shares of Ferrell, therefore, there is no potential dilution of the Partnership. The Ferrell NQP stock options vest ratably in 5% to 10% increments over 12 years or 100% upon a change of control, death, disability or retirement of the participant. Vested options are exercisable in increments based on the timing of the payoff of Ferrell debt, but in no event later than 20 years from the date of issuance.

The Partnership accounts for stock-based compensation using the intrinsic value method prescribed in APB No. 25 and related Interpretations. Accordingly, no compensation cost has been recognized for the Unit Option Plan, or for the NQP. Had compensation cost for these plans been determined based upon the fair value at the grant date for awards under these plans, consistent with the methodology prescribed under SFAS No. 123, the Partnership's net income and earnings per share would have been reduced as noted in the table below:

	1999	1998	1997
Net earnings as reported	$1,997	$4,943	$23,218
Pro forma adjustment	(465)	(40)	(29)
Net earnings adjusted	$1,532	$4,903	$23,189
Pro forma basic and diluted net earnings per limited partner share	$0.05	$0.16	$0.73

The fair value of the unit options granted during the 1999, 1998 and 1997 fiscal years were determined using a binomial option valuation model with the following assumptions: a) distribution amount of $0.50 per unit per quarter for 1999, 1998 and 1997, b) average Common Unit price volatilities of 18.1%, 16.2% and 16.9% were used as an estimate of Subordinated Unit volatility for 1999, 1998 and 1997, respectively, c) the risk-free interest rates used were 5.5%, 5.7% and 5.9%, for 1999, 1998 and 1997, respectively and d) the expected life of the option used was 5 years for 1999, 1998 and 1997. The fair value of the Ferrell Companies, Inc. NQP stock options granted during the 1999 fiscal year was determined using a binomial option valuation model with the following assumptions: a) no dividends, b) average stock price volatility of 10.6%, c) the risk-free interest rate used was 5.5% and d) expected life of the options between 8 and 15 years.

K. Disclosures About Off Balance Sheet Risk and Fair Value of Financial Instruments

The carrying amount of current financial instruments approximates fair value because of the short maturity of the instruments. The estimated fair value of the Partnership's long-term debt was $568,459,000 and $524,612,000 as of July 31, 1999 and 1998, respectively. The fair value is estimated based on quoted market prices.

Interest Rate Collar Agreements. The Partnership has entered into various interest rate collar agreements involving the exchange of fixed and floating interest payment obligations without the exchange of the underlying principal amounts. At July 31, 1999 and 1998, the total notional principal amount of these agreements was $25,000,000 and $100,000,000, respectively, and the fair value of these agreements was immaterial to the financial position, results of operations or cash flows of the Partnership. The counterparties to these agreements are large financial institutions. The interest rate collar agreements subject the Partnership to financial risk that will vary during the life of these agreements in relation to market interest rates.

Option Commodity Contracts. The Partnership is a party to certain option contracts, involving various liquefied petroleum products, for risk management purposes in connection with its trading activities. Such contracts do not meet the criteria for classification as hedge transactions. Contracts are executed with private counterparties and to a lesser extent on national mercantile exchanges. Open contract positions are summarized below.

Forward, Futures and Swaps Commodity Contracts. The Partnership is a party to certain forward, futures and swaps contracts for trading purposes. Such contracts do not meet the criteria for classification as hedge transactions. Net gains from trading activities were $7,699,000, $7,464,000, and $5,476,000, for the years ended July 31, 1999, 1998, and 1997, respectively. Such contracts permit settlement by delivery of the commodity. Open contract positions are summarized below (assets are defined as purchases or long positions and liabilities are sales or short positions).

	As of July 31 (In thousands, except price per gallon data) Derivative Commodity Instruments Held for Purposes Other than Trading (Options)				Derivative Commodity Instruments Held for Trading Purposes (Forwards, Futures and Swaps)			
	1999		1998		1999		1998	
	Asset	Liab.	Asset	Liab.	Asset	Liab.	Asset	Liab.
Volume (gallons)	3,245	(22,648)	3,927	(13,444)	2,814,698	(2,720,295)	568,949	(628,573)
Price (cent)/gal)	23-39	27-55	31	49-18	19-49	19-49	35-23	35-24
Maturity Dates	8/99-3/00	8/99 3/00	8/98-12/98	8/98-2/99	8/99-12/01	8/99-12/01	8/98-12/99	8/98-12/99
Contract Amounts ($)	10,775	(13,973)	8,295	(19,757)	1,232,209	(1,215,341)	181,541	(201,497)
Fair Value ($)	10,941	(15,850)	7,901	(19,538)	1,337,924	(1,318,526)	186,696	(203,162)
Unrealized gain (loss) ($)	166	(1,877)	(394)	219	105,715	(103,185)	5,155	(1,665)

Risks related to these contracts arise from the possible inability of the counterparties to meet the terms of their contracts and changes in underlying product prices. The Partnership attempts to minimize market risk through the enforcement of its trading policies, which include total inventory limits and loss limits, and attempts to minimize credit risk through application of its credit policies.

L. Business Combinations

During the year ended July 31, 1999, the Partnership made acquisitions of 11 businesses valued at $50,049,000. This amount was funded by $43,838,000 cash payments, $199,000 in Common units and noncash transactions totaling $6,012,000 in the issuance of noncompete notes and other costs and consideration.

During the year ended July 31, 1998, the Partnership made acquisitions of four businesses valued at $12,670,000. This amount was funded by $9,839,000 cash payments, $2,000,000 in common units and noncash transactions totaling $831,000 in the issuance of noncompete notes and other costs and consideration.

During the year ended July 31, 1997, the Partnership made acquisitions of eight businesses valued at $40,200,000. This amount was funded by $36,114,000 cash payments and noncash transactions totaling $4,086,000 in the issuance of noncompete notes and other costs and consideration.

All transactions have been accounted for using the purchase method of accounting and, accordingly, the results of operations of all acquisitions have been included in the consolidated financial statements from their dates of acquisition. The pro forma effect of these transactions was not material to the results of operations.

INDEPENDENT AUDITORS' REPORT

Board of Directors
Ferrellgas Partners Finance Corp.
Liberty, Missouri

We have audited the accompanying balance sheets of Ferrellgas Partners Finance Corp. (a wholly-owned subsidiary of Ferrellgas Partners, L.P.), as of July 31, 1999, and 1998 and the related statement of earnings, stockholder's equity and cash flows for each of the three years in the period ended July 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Ferrellgas Partners Finance Corp. as of July 31, 1999 and 1998, and the results of its operations and its cash flows for each of the three years in the period ended July 31, 1999 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Kansas City, Missouri
September 14, 1999

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

BALANCE SHEET

ASSETS	July 31, 1999	July 31, 1998
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	774	548
Accumulated deficit	(774)	(548)
Total Stockholder's Equity	1,000	1,000
Total Liabilities and Stockholder's Equity	$1,000	$1,000

See notes to financial statements

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

STATEMENTS OF EARNINGS

	For the year ended July 31,		
	1999	1998	1997
Revenues	$-	$-	$-
General and administrative expense	226	221	285
Net loss	$(226)	$(221)	$(285)

See notes to financial statements

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

STATEMENTS OF STOCKHOLDER'S EQUITY

	Common stock		Additional paid in capital	Accumulated deficit	Total stockholder's equity
	Shares	Dollars			
August 1, 1996	1,000	$1,000	$42	$(42)	$1,000
Capital contribution	-	-	285	-	285
Net loss	-	-	-	(285)	(285)
July 31, 1997	1,000	1,000	327	(327)	1,000
Capital contribution	-	-	221	-	221
Net loss	-	-	-	(221)	(221)
July 31, 1998	1,000	1,000	548	(548)	1,000
Capital contribution	-	-	226	-	226
Net loss	-	-	-	(226)	(226)
July 31, 1999	1,000	$1,000	$774	$(774)	$1,000

See notes to financial statements

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

STATEMENTS OF CASH FLOWS

	For the year ended July 31,		
	1999	1998	1997
Cash Flows From Operating Activities:			
Net loss	$(226)	$(221)	$(285)
Cash used by operating activities	(226)	(221)	(285)
Cash Flows From Financing Activities:			
Capital contribution	226	221	285
Cash provided by financing activities	226	221	285
Change in cash	0	0	0
Cash - beginning of period	1,000	1,000	1,000
Cash - end of period	$1,000	$1,000	$1,000

See notes to financial statements

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

NOTES TO FINANCIAL STATEMENTS

A. Formation

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

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

B. Commitment

On April 26, 1996, the Partnership issued $160,000,000 of 9 3/8% Senior Secured Notes due 2006 (the "Senior Notes"). The Senior Notes will be redeemable at the option of the Partnership, in whole or in part, at any time on or after June 15, 2001. Interest is payable semi-annually in arrears on June 15 and December 15 of each year. The Finance Corp. serves as a co-obligor for the Senior Notes.

C. Income Taxes

Income taxes have been computed as though the Company files its own income tax return. Deferred income taxes are provided as a result of temporary differences between financial and tax reporting using the asset/liability method. Deferred income taxes are recognized for the tax consequences of temporary differences between the financial statement carrying amounts and tax basis of existing assets and liabilities.

Due to the inability of the Company to utilize the deferred tax benefit of $320 associated with the current year net operating loss carryforward of $823, which expire at various dates through July 31, 2014, a valuation allowance has been provided on the full amount of the deferred tax asset. Accordingly, there is no net deferred tax benefit for the year ended July 31, 1999 or 1998 and there is no net deferred tax asset as of July 31, 1999 or July 31, 1998.

INDEX TO FINANCIAL STATEMENT SCHEDULES

INDEPENDENT AUDITORS' REPORT

To the Partners of
Ferrellgas Partners, L.P. and Subsidiaries
Liberty, Missouri

We have audited the consolidated financial statements of Ferrellgas Partners, L.P., and subsidiaries as of July 31, 1999 and 1998, and for each of the three years ended July 31, 1999, and have issued our report thereon dated September 14, 1999. Our audit also included the financial statement schedules listed at Item 14(a)2. These financial statement schedules are the responsibility of the Partnership's management. Our responsibility is to express an opinion based on our audit. In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

DELOITTE & TOUCHE LLP
Kansas City, Missouri
September 14, 1999

FERRELLGAS PARTNERS, L.P.
PARENT ONLY

BALANCE SHEET
(in thousands)

ASSETS	July 31, 1999	July 31, 1998
Cash and cash equivalents	$ 1	$ 1
Investment in Ferrellgas, L.P.	88,758	148,013
Other assets, net	3,466	2,778
Total Assets	$ 92,225	$ 150,792

LIABILITIES AND PARTNERS' CAPITAL		
Other current liabilities	$ 1,876	$ 1,875
Long term debt	160,000	160,000
Partners' Capital		
Common unitholders	1,215	27,985
Subordinated unitholders	(10,516)	19,908
General partner	(59,553)	(58,976)
Accumulated other comprehensive income	(797)	-
Total Partners' Capital	(69,651)	(11,083)
Total Liabilities and Partners' Capital	$ 92,225	$ 150,792

FERRELLGAS PARTNERS, L.P.
PARENT ONLY

STATEMENTS OF EARNINGS
(in thousands)

	For the Year Ended		
	July 31, 1999	July 31, 1998	July 31, 1997
Equity in earnings of Ferrellgas, L.P.	$ 17,511	$ 20,462	$ 38,673
Operating expense	-	5	27
Interest expense	15,514	15,514	15,428
Net earnings	$ 1,997	$ 4,943	$ 23,218

FERRELLGAS PARTNERS, L.P.
PARENT ONLY

STATEMENTS OF CASH FLOWS
(in thousands)

	For the Year Ended		
	July 31, 1999	July 31, 1998	July 31, 1997
Cash Flows From Operating Activities:			
Net earnings	$ 1,997	$ 4,943	$ 23,218
Reconciliation of net earnings to net cash from operating activities:			
Amortization of capitalized financing costs	513	513	511
Equity in earnings of Ferrellgas, L.P.	(17,690)	(20,671)	(39,068)
Other current assets	(1,201)	3	879
Distributions received from Ferrellgas, L.P.	79,430	78,176	80,085
Increase (decrease) in other current liabilities	1	(1)	(2,980)
Net cash provided by operating activities	63,050	62,963	62,645
Cash Flows From Financing Activities:			
Distributions to partners	(63,229)	(63,176)	(63,044)
Net advance from affiliate	179	213	399
Net cash used by financing activities	(63,050)	(62,963)	(62,645)
Increase in cash and cash equivalents	-	-	-
Cash and cash equivalents - beginning of period	1	1	1
Cash and cash equivalents - end of period	$ 1	$ 1	$ 1

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARY

VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

Description	Balance at beginning of period	Charged to cost/ expenses	Other Additions	Deductions (amounts charged-off)	Balance at end of period
Year ended July 31, 1999					
Allowance for doubtful accounts	$1,381	$1,622	$40	$1,787	$1,296
Accumulated amortization:					
Intangible assets	123,531	15,742	0	0	139,273
Other assets	9,054	1,686	0	5,735	5,005
Year ended July 31, 1998					
Allowance for doubtful accounts	1,234	3,003	0	2,856	1,381
Accumulated amortization:					
Intangible assets	109,211	14,320	0	0	123,531
Other assets	6,753	2,301	0	0	9,054
Year ended July 31, 1997					
Allowance for doubtful accounts	1,169	2,604	0	2,539	1,234
Accumulated amortization:					
Intangible assets	95,801	13,410	0	0	109,211
Other assets	4,647	2,106	0	0	6,753

SECOND AMENDMENT
TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT

This SECOND AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment"), dated as of April 27, 1999, is entered into by and 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"), each of the financial institutions that is a signatory to this Amendment (collectively, the "Banks") and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as agent for the Banks (in such capacity, the "Administrative Agent"), and amends that certain Second Amended and Restated Credit Agreement, dated as of July 2, 1998 (as the same is in effect immediately prior to the effectiveness of this Amendment, the "Existing Credit Agreement" and as the same may be amended, supplemented or modified and in effect from time to time, the "Credit Agreement"), by and among the Borrower, the General Partner, the Administrative Agent and the Banks from time to time party to the Credit Agreement. Capitalized terms used and not otherwise defined in this Amendment shall have the same meanings in this Amendment as set forth in the Credit Agreement, and the rules of interpretation set forth in Section 1.02 of the Credit Agreement shall be applicable to this Amendment.

RECITAL

The Borrower has requested that the Banks amend Sections 6.20, 7.13 and 8.20 of the Existing Credit Agreement, and the Banks are willing to agree to so amend the Existing Credit Agreement on the terms and subject to the conditions set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements set forth below and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

SECTION 1. Amendments. On the terms of this Amendment and subject to the satisfaction of the conditions precedent set forth below in Section 2:

(a) Section 6.20(b) of the Existing Credit Agreement is hereby amended by deleting the reference therein to "one year" and substituting in lieu thereof "two years."

(b) Section 7.13 of the Existing Credit Agreement is hereby amended to read in its entirety as follows:

> "The Borrower and its Affiliates shall comply with the Borrower's trading position policy and supply inventory position policy as in effect on March 31, 1999, 1999; provided, however, that the Borrower and its Affiliates may, during any period of four consecutive fiscal quarters, (a) increase the stop loss limit specified in either the trading position or supply inventory position policy by up to 100% of the amount of such limit as in effect on July 5, 1994 and (b) increase the volume limit specified in either of such policies on the number of barrels of a single product or of all products in the aggregate by up to 100% of each such number as in effect on July 5, 1994."

(c) Section 8.20(b) of the Existing Credit Agreement is hereby amended by deleting the reference therein to "one year" and substituting in lieu thereof "two years."

SECTION 2. Conditions to Effectiveness. The amendments set forth in Section 1 of this Amendment shall become effective only upon the satisfaction of all of the following conditions precedent (the date of satisfaction of all such conditions being referred to as the "Amendment Effective Date"):

(a) On or before the Amendment Effective Date, the Administrative Agent shall have received, on behalf of the Banks, this Amendment, duly executed and delivered by the Borrower, the General Partner, the Majority Banks and the Administrative Agent.

(b) On or before the Amendment Effective Date, the Administrative Agent and the Banks shall have received a copy of the Borrower's trading position policy and supply inventory position policy as in effect on March 31, 1999.

(c) On or before the Amendment Effective Date, all corporate, partnership and other proceedings taken or to be taken in connection with the transactions contemplated by this Amendment, and all documents incidental thereto, shall be reasonably satisfactory in form and substance to the Administrative Agent and its counsel, and the Administrative Agent and such counsel shall have received all such counterpart originals or certified copies of such documents as they may reasonably request.

(d) The representations and warranties set forth in this Amendment shall be true and correct as of the Amendment Effective Date.

SECTION 3. Representations and Warranties. In order to induce the Administrative Agent and the Banks to enter into this Amendment and to amend the Existing Credit Agreement in the manner provided in this Amendment, the Borrower and the General Partner represent and warrant to the Administrative

Agent and each Bank as of the Amendment Effective Date as follows:

(a) Power and Authority. The Borrower and the General Partner have all requisite corporate or partnership power and authority to enter into this Amendment and to carry out the transactions contemplated by, and perform their respective obligations under, the Existing Credit Agreement as amended by this Amendment (hereafter referred to as the "Amended Credit Agreement").

(b) Authorization of Agreements. The execution and delivery of this Amendment by the Borrower and the General Partner and the performance of the Amended Credit Agreement by the Borrower and the General Partner have been duly authorized by all necessary action, and this Amendment has been duly executed and delivered by the Borrower and the General Partner.

(c) Enforceability. The Amended Credit Agreement constitutes the legal, valid and binding obligation of the Borrower and the General Partner enforceable against the Borrower and the General Partner in accordance with its terms, except as may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights in general. The enforceability of the obligations of the Borrower and the General Partner hereunder is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) No Conflict. The execution and delivery by the Borrower and the General Partner of this Amendment and the performance by the Borrower and the General Partner of the Amended Credit Agreement do not and will not (i) contravene, in any material respect, any provision of any law, regulation, decree, ruling, judgment or order that is applicable to the Borrower or the General Partner, as the case may be, or their respective properties or other assets, (ii) result in a breach of or constitute a default under the charter, bylaws or other organizational documents of the Borrower or the General Partner, as the case may be, or any material agreement, indenture, lease or instrument binding upon the Borrower or the General Partner or their respective properties or other assets or (iii) result in the creation or imposition of any Liens on their respective properties other than as permitted under the Credit Agreement.

(e) Governmental Consents. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower or the General Partner of this Amendment.

(f) Representations and Warranties in the Credit Agreement. The Borrower and the General Partner confirm that as of the Amendment Effective Date the representations and warranties contained in Article VI of the Credit Agreement are (before and after giving effect to this Amendment) true and correct in all material respects (except to the extent any such representation and warranty is expressly stated to have been made as of a specific date, in which case it shall be true and correct as of such specific date) and that no Default has occurred and is continuing.

(g) Subsidiaries. As of the Amendment Effective Date, the Borrower has no Subsidiaries.

SECTION 4. Miscellaneous.

(a) Reference to and Effect on the Existing Credit Agreement and the Other Loan Documents.

(i) Except as specifically amended by this Amendment and the documents executed and delivered in connection herewith, the Existing Credit Agreement and the other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed.

(ii) The execution and delivery of this Amendment and performance of the Amended Credit Agreement shall not, except as expressly provided herein, constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of the Banks under, the Existing Credit Agreement or any of the other Loan Documents.

(iii) Upon the conditions precedent set forth herein being satisfied, this Amendment shall be construed as one with the Existing Credit Agreement, and the Existing Credit Agreement shall, where the context requires, be read and construed throughout so as to incorporate this Amendment.

(b) Fees and Expenses. The Borrower and the General Partner acknowledge that all costs, fees and expenses incurred in connection with this Amendment will be paid in accordance with Section 11.04 of the Existing Credit Agreement.

(c) Headings. Section and subsection headings in this Amendment are included for convenience of reference only and shall not constitute a part of this Amendment for any other purpose or be given any substantive effect.

(d) Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Transmission by telecopier of an executed counterpart of this Amendment shall be deemed to constitute due and sufficient delivery of such counterpart.

(e) Governing Law. This Amendment shall be governed by and construed according to the laws of the State of New York.

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

FERRELLGAS, L.P., a Delaware limited partnership

By: FERRELLGAS, INC.
Its: General Partner

By: /s/ Kevin T. Kelly
Name: Kevin T. Kelly
Title: Chief Financial Officer

FERRELLGAS, INC.

By: /s/ Kevin T. Kelly
Name: Kevin T. Kelly
Title: Chief Financial Officer

ADMINISTRATIVE AGENT

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as Administrative Agent

By: /s/ Daryl G. Patterson
Name: Daryl G. Patterson
Title: Vice President

BANKS

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

By: /s/ Daryl G. Patterson
Name: Daryl G. Patterson
Title: Vice President

NATIONSBANK, N.A.

By: /s/ Daryl G. Patterson
Name: Daryl G. Patterson
Title: Vice President

WELLS FARGO BANK, N.A.

By: /s/ Charles D. Kirkham
Name: Charles D. Kirkham
Title: Vice President

THE BANK OF NEW YORK

By: /s/ David Shedd
Name: David Shedd
Title: Vice President

THE BANK OF NOVA SCOTIA

By: /s/ M. D. Smith
Name: M. D. Smith
Title: Agent

PARIBAS

By: /s/ Rosine K. Matthews
Name: Rosine K. Matthews
Title: Vice President

By: /s/ Larry Robinson
Name: Larry Robinson
Title: Vice President

UNION BANK OF CALIFORNIA, N.A.

By: /s/ Dustin Gaspari
Name: Dustin Gaspari
Title: Assistant Vice President

Exhibit 21.1

SUBSIDIARIES OF
FERRELLGAS PARTNERS, L.P.

Ferrellgas, L.P., a Delaware limited partnership
Ferrellgas Partners Finance Corp., a Delaware Corporation

SUBSIDIARIES OF
FERRELLGAS, L.P.

-None-

Exhibit 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Post-Effective Amendment No. 1 to Registration Statement No. 33-55185 of Ferrellgas Partners, L.P. on Form S-4 of our reports dated September 14, 1999, appearing in the Annual Report on Form 10-K of Ferrellgas Partners, L.P. for the year ended July 31, 1999.

We also consent to the incorporation by reference in Post-Effective Amendment No. 1 to Registration Statement No. 33-55185 of Ferrellgas Partners, L.P. on Form S-4 of our report on Ferrellgas Partners Finance Corp. dated September 14, 1999, appearing in the Annual Report on Form 10-K of Ferrellgas Partners, L.P. for the year ended July 31, 1999.

DELOITTE & TOUCHE LLP
Kansas City, Missouri
October 28, 1999

(THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FERRELLGAS PARTNERS, L.P. BALANCE SHEET ON July 31, 1999 AND THE STATEMENT OF EARNINGS ENDING July 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS)

0000922358
FERRELLGAS PARTNERS, L.P.
1,000
U.S. DOLLARS

12-MOS
JUL-31-1999
AUG-01-1998
JUL-31-1999
1
34,134
0
59,676
1,296
24,645
124,939
650,536
245,244
656,745
129,506
583,840
0
(70,866)
1,215
(70,866)
656,745
578,025
624,149
273,388
542,636
0
0
46,621
14,473
0
14,783
0
(12,786)
0
1,997
.06
.06

5

(THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FERRELLGAS PARTNERS FINANCE, CORP. BALANCE SHEET ON July 31, 1999 AND THE STATEMENT OF EARNINGS ENDING July 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS)

0001012493
FERRELLGAS PARTNERS FINANCE CORP.
1
U.S. DOLLARS

12-MOS
JUL-31-1999
AUG-01-1998
JUL-31-1999
1
1,000
0
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1,000
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(226)
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(226)
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