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, 1997

or

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

For the transition period from __________ to __________

Commission file numbers 1-11331
333-06693

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

(Exact name of registrants as specified in their charters)

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

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. [X]

The aggregate market value as of September 16, 1997, 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 $307,849,089.

At September 16, 1997,Ferrellgas Partners, L.P.had units outstanding as follows:

14,612,580	Common Units
16,593,721	Subordinated Units

Documents Incorporated by Reference: None

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

1997 FORM 10-K ANNUAL REPORT

Table of Contents

			Page
		PART I	
ITEM	1.	BUSINESS	1
ITEM	2.	PROPERTIES	8
ITEM	3.	LEGAL PROCEEDINGS	9
ITEM	4.	SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS	9
		PART II	
ITEM	5.	MARKET FOR THE REGISTRANT'S UNITS AND RELATED UNITHOLDER MATTERS	9
ITEM	6.	SELECTED HISTORICAL AND PRO FORMA FINANCIAL DATA	10
ITEM	7.	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	11
ITEM	8.	FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	17
ITEM	9.	CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	17
		PART III	
ITEM	10.	DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANTS	17
ITEM	11.	EXECUTIVE COMPENSATION	19
ITEM	12.	SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS	

		AND MANAGEMENT	22
ITEM	13.	CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	23

PART IV

ITEM	14.	EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K	23

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 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.

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 operations, chemical feedstocks marketing and wholesale propane marketing, 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 General Partner believes that the Partnership 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 approximately 513 retail outlets with 295 satellite locations in 38 states (some outlets serve interstate markets). For the Partnership's fiscal years ended July 31, 1997, 1996 and 1995, annual retail propane sales volumes were 694 million, 650 million, and 576 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 General Partner also believes that the Partnership is a leading natural gas liquids trading company. Annual propane and natural gas liquids trading, chemical feedstocks and wholesale propane sales volumes were approximately 1.2 billion, 1.7 billion and 1.5 billion gallons during the fiscal years ended July 31, 1997, 1996 and 1995, respectively.

Retail Operations

Formation

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. In 1984, a subsidiary was formed under the name Ferrellgas, Inc. to operate the retail propane business previously conducted by Ferrell. Ferrell is primarily owned by James E. Ferrell and his family. 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 major acquisitions and many other smaller acquisitions significantly expanded and diversified the Company's geographic coverage. In July 1994, the propane business and assets of the Company were contributed to the Partnership.

Business Strategy

The Partnership's business strategy is to continue Ferrellgas' historical focus on residential and commercial retail propane operations and to expand its operations through strategic acquisitions of smaller retail propane operations located throughout the United States and through increased competitiveness and efforts to acquire new customers. 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 over 5,000 local or regional distributors. The Partnership's retail operations account for approximately 8% of the retail propane purchased in the United States, as measured by gallons sold. Since 1986, and as of July 31, 1997, Ferrellgas has acquired 108 smaller independent propane retailers which Ferrellgas believes were not individually material, except for the acquisition of Skelgas Propane, Inc. ("Skelgas") in May 1996 and Vision Energy Resources, Inc. ("Vision") in November 1994. For the fiscal years ended July 31, 1997 to 1993, the Partnership or its predecessor invested approximately $38.8 million, $108.8 million, $70.1 million, $3.4 million, and $0.9 million, respectively, to acquire operations with annual retail sales of approximately 20.5 million, 111.8 million, 70.0 million, 2.9 million, and 0.7 million gallons of propane, respectively.

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 General Partner regularly evaluates a number of propane distribution companies which may be candidates for acquisition. The General Partner believes that there are numerous local retail propane distribution companies that are possible candidates for acquisition by the Partnership and that the Partnership's 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. 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 General Partner believes that the Partnership 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 General Partner believes that it has positioned the Partnership to be more successful in direct competition for customers. The Partnership currently has marketing programs underway which focus specific resources toward this effort.

Marketing

Natural gas liquids are derived from petroleum products and 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 emphasizing its superior ability to deliver propane to customers as well as its training and safety programs. The Partnership sells propane primarily to four specific markets: residential, industrial/commercial, agricultural and other (principally to other propane retailers and as engine fuel). During the fiscal year ended July 31, 1997, sales to residential customers accounted for 61% of retail gross profit, sales to industrial and other commercial customers accounted for 24% of retail gross profit, and sales to agricultural and other customers accounted for 15% 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 accounts for 10% or more of the Partnership's consolidated revenues.

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. Approximately 70% of the Partnership's customers lease their tank from the Partnership. The lease terms and, in some states, certain fire safety regulations, restrict the filling of a leased tank solely to the propane supplier that owns the tank. The cost and inconvenience of switching tanks minimizes a customers tendency to switch among suppliers of propane on the basis of minor variations in price.

The retail market for propane is seasonal because it 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). To the extent necessary, the Partnership will reserve cash inflows from the second and third quarters for distribution to holders of Common Units in the first and fourth fiscal quarters. In addition, sales volume traditionally fluctuates from year to year in response to variations in weather, prices 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 indicate 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 General Partner believes that the Partnership 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, 1997, no supplier at any single delivery point provided more than 10% of the Partnership's total domestic propane supply. 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. Certain of the Partnership's contracts specify certain 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 184 million gallons. Currently, approximately 142 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. The Partnership operates a fleet of transport trucks to transport propane from refineries, natural gas processing plants or pipeline terminals to its retail distribution outlets. 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 1,605 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 information contained in the Energy Information Administration's Annual Energy Review 1996 magazine, propane accounts for approximately 3-4% of household energy consumption in the United States, an average level which has remained relatively constant for the past 19 years. It 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, 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. 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. Based upon information contained in the National Propane Gas Association's LP-Gas Market Facts and the January 1997 issue of LP Gas magazine, 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, 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 consist principally of: (1) trading, (2) chemical feedstocks marketing and (3) wholesale propane marketing. The Partnership, through its natural gas liquids trading operations and wholesale marketing, has become one of the largest 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 utility to buy large volumes of propane, the General Partner believes that the Partnership 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 110 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 over 50% 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, 1997, 1996 and 1995 net revenues of $5.5 million, $7.3 million, and $5.8 million, respectively, were derived from trading activities.

Chemical Feedstocks Marketing

The Partnership is also involved in the marketing of refinery and petrochemical feedstocks. Petroleum by-products are purchased from refineries and sold to petrochemical plants. The Partnership leases 361 railroad tank cars to facilitate product delivery. Revenues of $29.8 million, $44.4 million and $91.9 million were derived from such activities for the Partnership's fiscal years ended July 31, 1997, 1996 and 1995, respectively.

Wholesale Marketing

The Partnership engages in the wholesale distribution of propane to other retail propane distributors. During the fiscal years ended July 31, 1997, 1996 and 1995, the Partnership sold 123 million, 104 million and 96 million gallons, respectively, of propane to wholesale customers and had revenues attributable to such sales of $68.7 million, $42.6 million and $33.5 million, respectively.

Employees

The Partnership has no employees and is managed by the General Partner pursuant to the Partnership Agreement. At July 31, 1997, the General Partner had 3,370 full-time employees and 837 temporary and part-time employees. At July 31, 1997, the General Partner's full-time employees were employed in the following areas:

Retail Locations	2,834
Transportation and Storage	219
Corporate Offices (Liberty, MO & Houston, TX)	317
Total	3,370

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, chemical feedstocks 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 83 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, whereby employees of the General Partner look for evidence of hazardous substances or the existence of underground storage tanks.

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. There are no material environmental claims pending and the Partnership complies in all material respects with all material governmental regulations and industry standards applicable to environmental and safety matters, except as it relates to the DOT Final Interim Rule on emergency shut off valves on bobtail vehicles. The DOT has taken the position that all existing emergency shut off devices used on propane cargo vessels fail to comply with the existing Emergency Discharge Control Regulation 49CFR 178.337-11. Accordingly, the DOT has issued a Final Interim Rule that requires all transporters of propane to implement revised procedures to ensure immediate activation of the emergency shut off device in the event of a catastrophic failure of a cargo vehicle's discharge system. The Partnership is in compliance with Final Interim Rule as to transport vehicles, and is working with both the DOT and outside experts to develop a system for bobtail vehicles that complies with the existing Emergency Discharge Control Regulations as well as the provisions of the Final Interim Rule.

Service Marks and Trademarks

The Partnership markets retail propane under the "Ferrellgas" tradename and uses the tradename "Ferrell North America" for its other 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 Finance Corp. and Ferrellgas Partners Finance Corp.

Ferrellgas Finance Corp. (the "OLP Finance Corp."), a Delaware corporation, was formed April 28, 1994, and is a wholly-owned subsidiary of the Operating Partnership. Ferrellgas Partners Finance Corp. (the "MLP Finance Corp") a Delaware corporation (together with the OLP Finance Corp., the "Finance Corps.") was formed on March 28, 1996, and is a wholly-owned subsidiary of the MLP. The Finance Corps. have nominal assets and do not conduct any operations, but serve as co-obligors for securities issued by the Operating Partnership and the MLP. Certain institutional investors that might otherwise be limited in their ability to invest in securities issued by partnerships by reasons of the legal investment laws of their states of organization or their charter documents, may be able to invest in the Operating Partnership's or MLP's securities because the Finance Corps. are co-obligors. Accordingly, a discussion of the results of operations, liquidity and capital resources of the Finance Corps. are not presented. See the Finance Corp's. notes to financial statements for a discussion of the securities with respect to which the Finance Corps. are serving as co-obligor.

ITEM 2. PROPERTIES.

The Partnership owns or leases the following transportation equipment which is utilized primarily in retail operations, except for railroad tank cars, which are used primarily by chemical feedstocks operations.

	Owned	Leased	Total
Truck tractors	106	48	154
Transport trailers......................	256	31	287
Bulk delivery trucks....................	951	654	1,605
Pickup and service trucks...............	1,015	442	1,457
Railroad tank cars......................	-	361	361

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 about 50% of its retail outlets and leases the remaining facilities on terms customary in the industry and in the applicable local markets.

Approximately 697,000 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 638,000 portable propane cylinders, most of which are leased to industrial and commercial customers for use in manufacturing and processing needs, including forklift operations, and to residential customers for home heating and cooking, and to local dealers who purchase propane from the Partnership for resale.

The Partnership owns underground storage facilities at Hutchinson, Kansas; Adamana, Arizona; and Moab, Utah. At July 31, 1997, the capacity of these facilities approximated 88 million gallons, 88 million gallons and 8 million gallons, respectively (an aggregate of approximately 184 million gallons). Currently, approximately 142 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 the 27,696 square feet of office space in Houston, Texas, where its trading, chemical feedstocks marketing 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 the General Partner 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 or financial condition 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, 1997.

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 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 September 16, 1997, there were 775 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			
	1996	1997	1996	1997	1996	1997
First Quarter	$23.00	$23.50	$21.00	$22.50	$0.50	$0.50
Second Quarter	24.50	22.88	21.25	20.75	0.50	0.50
Third Quarter	24.25	23.00	21.88	21.13	0.50	0.50
Fourth Quarter	23.50	23.00	21.25	21.25	0.50	0.50

The Partnership also has issued Subordinated Units, all of which are held by the Company, for which there is no established public trading market.

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.

The Partnership is not subject to federal income tax. Instead, Unitholders are required to report their allocable share of the Partnership's income, gain, loss, deduction and credit, regardless of whether the Partnership makes distributions.

ITEM 6. SELECTED HISTORICAL AND PRO FORMA FINANCIAL DATA.

The following table presents selected consolidated historical and pro forma financial data of the Partnership and Predecessor.

(in thousands, except per unit data)

	Ferrellgas Partners L.P.					(Predecessor)	
	Historical Year Ended July 31,			Pro Forma Year Ended July 31,	Historical Inception to July 31,	Historical Eleven Months Ended, July 31,	Historical Year Ended July, 31
	1997	1996	1995	1994 (1)	1994	1994	1993
Income Statement Data:							
Total revenues	$804,298	$653,640	$596,436	$526,556	$ 24,566	$501,990	$ 541,945
Depreciation and amortization	43,789	37,024	32,014	28,835	2,383	26,452	30,840
Operating income (loss)	68,819	62,506	55,927	68,631	(2,391)	71,522	58,553
Interest expense	45,769	37,983	31,993	28,130	2,662	53,693	60,071
Earnings (loss) from continuing operations	23,218	24,312	23,820	39,909	(5,026)	12,337	109
Earnings from continuing operations per unit	0.74	0.77	0.76	1.29			
Cash distributions declared per unit (3)	2.00	2.00	1.65				
Balance Sheet Data (at end of period):							
Working capital	$ 18,111	$ 15,294	$ 28,928	$ 34,948	$ 34,948	$ 91,912	$ 74,408
Total assets	657,076	654,295	578,596	477,193	477,193	592,664	573,376
Pay to (rec from) parent and affiliates						(4,050)	(916)
Long-term debt	487,334	439,112	338,188	267,062	267,062	476,441	489,589
Stockholder's equity						22,829	11,359
Partners' Capital:							
Common Unitholders	$ 52,863	$ 71,323	$ 84,489	$ 84,532	$ 84,532		
Subordinated Unitholders	50,337	71,302	91,824	99,483	99,483		
General Partner (2)	(58,417)	(58,016)	(57,676)	(62,622)	(62,622)		
Operating Data:							
Retail propane sales volumes (in gallons)	693,995	650,214	575,935	564,224	23,915	$540,309	553,413
Capital expenditures (4):							
Maintenance	$ 10,137	$ 6,657	$ 8,625	$ 5,688	$ 911	$ 4,777	$ 10,527
Growth	6,055	6,654	11,097	4,032	983	3,049	2,851
Acquisition	38,780	108,803	70,069	3,429	878	2,551	897
Total	$ 54,972	$122,114	$ 89,791	$ 13,149	$ 2,772	$ 10,377	$ 14,275
Supplemental Data:							
Earnings (loss) before interest and taxes (5)	$ 12,608	$ 99,530	$ 87,941	$ 97,466	$ (8)	$ 97,974	$ 89,393

(1) The pro forma year ended July 31, 1994 includes the eleven months ended June 30, 1994 and historical financial data of the Partnership for the period from inception, July 5, 1994, to July 31, 1994 (adjusted principally for the pro forma effect on interest expense resulting from the early retirement of debt net of additional borrowings).

(2) Pursuant to the MLP's Partnership Agreement, the net loss from continuing operations of $5,026,000 was allocated 100% to the General Partner from inception of the Partnership to the last day of the taxable year ending July 31, 1994. An amount equal to 99% of this net loss was reallocated to the limited partners in the taxable year ending July 31, 1995 based on their ownership percentage. In addition, the retirement of debt assumed by the Partnership resulted in an extraordinary loss of approximately $60,062,000 resulting from debt prepayment premiums, consent fees and the write-off of unamortized discount and financing costs. In accordance with the Partnership Agreement, this extraordinary loss was allocated 100% to the General Partner and was not reallocated to the limited partners in the next taxable year.

(3) No cash distributions were declared by the Partnership from inception to July 31, 1994. The $0.65 distribution made at the end of the 1995 first quarter included $0.50 for the first quarter 1995 and $0.15 for the inception period.

(4) The Partnership's capital expenditures fall generally into three categories: (i) maintenance capital expenditures, which include 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.

(5) EBITDA is calculated as operating income (loss) plus depreciation and amortization. EBITDA is not intended to represent cash flow and does not represent the measure of cash available for distribution. EBITDA is a non-GAAP measure, but provides additional information for evaluating the Partnership's ability to make the Minimum Quarterly Distribution. In addition, EBITDA is not intended as an alternative to earnings (loss) from continuing operations or net earnings (loss).

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

The following discussion should be read in conjunction with the historical consolidated financial statements and the notes thereto included elsewhere in this Form 10-K.

Statements included in this report that are not historical facts, including a statement concerning the Partnership's belief that the OLP will have sufficient funds to meet its obligations 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 to enable it to distribute the Minimum Quarterly Distribution ($0.50 per Unit) on all Common Units and Subordinated 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 include but are not limited to the following and their effect on the Partnership's operations: a) the effect of weather conditions on demand for propane, b) price and availability of propane supplies, c) the availability of capacity to transport propane to market areas, d) competition from other energy sources and within the propane industry, e) operating risks incidental to transporting, storing, and distributing propane, f) changes in interest rates g) governmental legislation and regulations, h) energy efficiency and technology trends and (i) other factors that are discussed in the Partnership's filings with the Securities and Exchange Commission.

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 General Partner believes the Partnership 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 513 retail outlets and 295 satellite locations. Annual retail propane sales volumes were 694 million, 650 million, and 576 million gallons for the fiscal years ended July 31, 1997, 1996, and 1995, 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, chemical feedstocks marketing and wholesale propane marketing. Through its natural gas liquids trading operations and wholesale marketing, the Partnership is one of the largest independent traders of propane and natural gas liquids in the United States. In fiscal year 1997, the Partnership's wholesale and trading sales volume was approximately 1.2 billion gallons of propane and other natural gas liquids, over 50% of which was propane.

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 110 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 over 50% 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, 1997, 1996 and 1995, net revenues from trading activities were $5.5 million, $7.3 million and $5.8 million, respectively.

Selected Quarterly Financial Data
(in thousands, except per unit 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.

Fiscal 1997

During the first three quarters of fiscal 1997, the Partnership experienced increased revenues and gross profit due to the affect of acquisitions in the fourth quarter of fiscal 1996 and significantly higher wholesale propane product costs, partially offset by the impact of warmer weather. The fourth quarter gross profit was negatively affected by a cumulative inventory costing adjustment that related to the prior three quarters. This inventory costing adjustment contributed to approximately .3%, 1.4%, and 1.0%, as a percentage of revenues, of the Partnership's gross profit increase in the first, second and third quarters of fiscal 1997, respectively. In addition, net earnings (loss) for the third and fourth quarters of fiscal 1997 were positively affected by favorable general liability claims experience. The following presents the Partnership's selected quarterly financial data for the two years ended July 31, 1997.

Fiscal year ended July 31, 1997

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$167,860	$347,056	$192,873	$ 96,509
Gross profit	66,785	143,291	84,855	39,239
Net earnings (loss)	(10,298)	54,412	9,676	(30,572)
Net earnings (loss) per limited partner unit	(0.33)	1.73	0.31	(0.97)

Fiscal year ended July 31, 1996

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$124,588	$238,381	$190,743	$99,928
Gross profit	55,479	111,909	85,480	44,458
Earnings (loss) before extraordinary loss	(7,303)	41,476	18,012	(27,873)
Earnings (loss) before extraordinary loss per limited partner unit	(0.23)	1.32	0.57	(0.88)
Net earnings (loss) (1)	(7,303)	41,476	18,012	(28,838)

(1) Reflects a $965 extraordinary loss on early retirement of debt, net of minority interest of $10.

Results of Operations

Fiscal Year Ended July 31, 1997 versus Fiscal Year Ended July 31, 1996

Total Revenues. Total revenues increased 23.0% to $804,298,000 as compared to $653,640,000 in the prior year, primarily due to increased sales price per retail gallon, increased retail propane volumes, and to a lesser extent an increase in revenues from other operations (net trading operations, wholesale propane marketing and chemical feedstocks marketing).

A volatile propane market during the first half of fiscal 1997 caused a significant increase in the cost of product which in turn caused an increase in sales price per gallon. Retail volumes increased by 6.7% or 44 million gallons, primarily due to the increase in volumes related to acquisitions partially offset by the affect of warmer weather during fiscal 1997 as compared to fiscal 1996 and by customer conservation efforts. Fiscal 1997 winter temperatures, as reported by the American Gas Association, were 6% warmer than the prior year and 4% warmer than normal.

The 10.2% increase in revenues from other operations to $103,971,000 is due to an increase in wholesale marketing volumes and sales price per gallon, partially offset by a decrease in chemical feedstocks marketing revenues. Wholesale marketing volumes increased primarily due to the effect of acquisitions while price increased as a result of increased cost of product. Chemical feedstocks volumes decreased as a result of decreased availability of product from refineries and decreased demand from petrochemical companies. Unrealized gains and losses on options, forwards, and futures contracts were not significant at July 31, 1997 and 1996, respectively.

Gross Profit. Gross profit increased 12.4% to $334,170,000 as compared to $297,326,000 in the 1996 fiscal year, primarily due to an increase in retail sales gross margin, partially offset by a decrease in gross profits from other operations. Retail operations results increased primarily due to the increase in volumes attributed to acquisitions and an increase in retail margins, partially offset by the effect of warmer weather and customer conservation efforts. Wholesale marketing and chemical feedstocks is comprised of low margin sales, therefore, the net increase in revenues did not significantly affect gross profit.

Operating Expenses. Operating expenses increased 10.5% to $198,298,000 as compared to $179,462,000 in the prior year primarily due to acquisition related increases in personnel costs, plant and office expenses, and vehicle and other expenses, partially offset by favorable general liability claims experience.

Depreciation and Amortization. Depreciation and amortization expense increased 18.3% to $43,789,000 as compared to $37,024,000 for the prior year due primarily to acquisitions of propane businesses.

Interest expense. Interest expense increased 20.5% over the prior year. This increase is primarily the result of the MLP's issuance of $160,000,000 of 9 3/8% Senior Secured Notes in April 1996, (the "MLP Senior Notes") the proceeds of which were primarily used to fund acquisitions made in fiscal 1996, partially offset by an overall decrease in interest rates on borrowings during the year.

Fiscal Year Ended July 31, 1996 versus Fiscal Year Ended July 31, 1995

Total Revenues. Total revenues increased 9.6% as compared to the prior year, primarily due to increased retail propane volumes and increased sales price per retail gallon, partially offset by the decline in revenues from other operations (net trading operations, wholesale propane marketing and chemical feedstocks marketing).

Retail volumes increased by 12.9% or 74 million gallons, primarily due to the affect of colder weather during fiscal 1996 as compared to fiscal 1995 and acquisition related growth. Fiscal 1996 winter temperatures, as reported by the American Gas Association, were 14.3% colder than the prior year and 3.0% colder than normal. Colder winter temperatures also caused higher cost of product which in turn produced a corresponding increase in sales price per gallon as compared to the prior fiscal year.

The 28.5% decrease in revenues from other operations to $94,318,000 is primarily due to a decrease in chemical feedstocks marketing revenues due to a decrease in sales volume and selling price. Both volume and price decreased as a result of decreased availability of product from refineries and decreased demand from petrochemical companies. Unrealized gains and losses on options, forwards, and futures contracts were not significant at July 31, 1996 and 1995, respectively.

The acquisition of Skelgas in May 1996 did not have a significant affect on fiscal 1996 revenues due to the expected low retail volumes in the fourth quarter of fiscal 1996. The Partnership expects fiscal 1997 retail propane revenues to increase primarily due to the full fiscal year impact of the Skelgas acquisition. Due to, among other factors, the uncertainty in both fiscal 1997 temperature levels and sales price per gallon, the Partnership is unable to predict the impact of the Skelgas acquisition on future revenues. During the nine months ended April 30, 1996, Skelgas sold approximately 87 million retail propane gallons, however, temperatures were 3.0% colder than normal.

Gross Profit. Gross profit increased 15.8% as compared to the 1995 fiscal year, primarily due to a $28,415,000 increase in retail sales gross margin and to a lesser extent gross profits from other operations. Retail operations results increased primarily due to the increase in retail volumes. Other operations increased $11,027,000 mainly due to the increased activity of a non-retail transportation operation. This increased activity did not materially impact income from continuing operations due to the related increase in operating expenses. Chemical feedstocks is comprised of low margin sales, therefore, the decrease in revenues did not significantly impact gross profit.

Operating Expenses. Operating expenses increased 17.1% over the prior year. The increase is primarily attributable to acquisitions of propane and increased activity in the non-retail transportation operations as compared to the prior year.

Depreciation and Amortization. Depreciation and amortization expense increased 15.6% over the prior year due primarily to acquisitions of propane businesses.

Interest expense and extraordinary loss. Interest expense increased 18.7% over the prior year. This increase is primarily the result of the MLP's issuance the MLP Senior Notes, the increased net borrowings from the Operating Partnership's revolving credit loans during the first nine months of the year, partially offset by decreasing interest rates during the first nine months of the year.

The extraordinary charge of $965,000 is due to the write off of unamortized debt issuance costs as a result of the refinancing of the $50,000,000 of floating rate debt previously issued by the Operating Partnership.

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, 1998, 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 MLP Senior Notes issued in April 1996, and enable it to distribute the Minimum Quarterly Distribution ($0.50 per Unit) on all Common Units and Subordinated Units. 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 Common Units. Toward this purpose the MLP maintains a shelf registration statement with the Securities and Exchange Commission for 1,887,420 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 $75,087,000 for the year ended July 31, 1997, compared to $65,096,000 in the prior year. This increase is primarily due to the decrease in accounts receivable related to timing of trading activity at year end and increased earnings prior to non-cash deductions.

Investing Activities. The Partnership made total acquisition capital expenditures of $40,200,000 (including working capital acquired of $1,420,000) during fiscal 1997. This amount was funded by $36,114,000 cash payments (including $795,000 for transition costs previously accrued for fiscal 1996 acquisitions) and $4,881,000 in other costs and consideration.

During the year ended July 31, 1997, the Partnership made growth and maintenance capital expenditures of $16,192,000 primarily for the following purposes: 1) additions to Partnership-owned customer tanks and cylinders, 2) vehicle lease buyouts, 3) relocating the Houston office and relocating and upgrading district plant facilities, and 4) development of an enhanced gas inventory management system and upgrading computer equipment and software. 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 maintains its vehicle and transportation equipment fleet by leasing light and medium duty trucks and tractors. The General Partner 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 interests. The Partnership does not have any material commitments of funds for capital expenditures other than to support the current level of operations. In fiscal 1998, the Partnership expects growth and maintenance capital expenditures to increase slightly over fiscal 1997 levels.

Financing Activities. During the fiscal year ended July 31, 1997, the Partnership borrowed $41,729,000 under its $255,000,000 Credit Facility (the "Credit Facility") to fund expected seasonal working capital needs, business acquisitions, and capital expenditures. At July 31, 1997, $86,400,000 of borrowings were outstanding under the revolving portion of the Credit Facility. In addition, letters of credit outstanding, used primarily to secure obligations under certain insurance arrangements, totaled $24,102,000. At July 31, 1997, the Operating Partnership had $94,498,000 available for general corporate, acquisition and working capital purposes under the Credit Facility. The Partnership typically has significant cash needs during the first quarter due to expected low revenues, increasing inventories and the Partnership's cash distribution paid in mid-September.

On April 26, 1996, the MLP issued the MLP Senior Notes. The MLP 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. The MLP Senior Notes will become guaranteed by the OLP on a senior subordinated basis if certain conditions are met. The Amended and Restated Credit Agreement and the OLP Senior Note Indenture currently prohibit the OLP from guaranteeing any indebtedness unless, among meeting other conditions, the fixed charge coverage ratio for the OLP meets certain levels at prescribed dates. Currently the OLP does not meet such conditions and, therefore, there can be no assurance as to whether or when this guarantee will occur. Interest is payable semi-annually in arrears on June 15 and December 15. The OLP also has outstanding $200,000,000 of 10% Fixed Rate Senior Notes due 2001. These notes are redeemable, at the option of the OLP, anytime on or after August 1, 1998 with a premium through August 1, 2000.

On July 31, 1996, the OLP amended and restated its $205,000,000 Credit Facility (with Bank of America National Trust & Savings Association ("BofA"), as Agent. Among other changes, the amendment increased the maximum borrowing amount to $255,000,000 and extended the termination date of the revolving line of credit to July 1999. The unsecured Credit Facility permits borrowings of up to $185,000,000 on a senior unsecured revolving line of credit basis to fund general corporate, working capital and acquisition purposes (of which up to $50,000,000 is available to support letters of credit). The Credit Facility also provides an unsecured revolving line of credit for additional working capital needs of $20,000,000. The Partnership anticipates either exercising a renewal for up to one year or refinancing any amounts still owed in July 1999. The Credit Facility also includes an unsecured term loan due June 1, 2001 (the "Refinancing Loan ") which was used to refinance the OLP's $50,000,000 Floating Rate Series B Senior Notes (the "Floating Senior Notes").

To offset the variable rate characteristic of the Credit Facility, the OLP has entered into interest rate collar agreements, expiring between June and December 1998 with three major banks, that effectively limit interest rates on a certain notional amount between 4.9% and 6.5% under the current pricing arrangement. At July 31, 1997, the total notional principal amount of these agreements was $125,000,000.

During the year ended July 31, 1997, the Partnership paid cash distributions of $2.00 per limited partner unit. These distributions covered the period from May 1, 1996 to April 30, 1997. On August 19, 1997, the Partnership declared its fourth-quarter cash distribution of $0.50 per limited partner unit, which was paid September 12, 1997. The Partnership's annualized distribution is presently $2.00 per limited partner unit.

The MLP Senior Notes, the OLP Fixed Rate Senior Notes and Credit Facility contain various restrictive covenants applicable to the MLP, the Operating Partnership and its subsidiaries, the most restrictive relating to additional indebtedness, sale and disposition of assets, and transactions with affiliates. In addition, the Operating 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 Operating Partnership fails to meet certain coverage tests. The MLP and the Operating Partnership are in compliance with all requirements, tests, limitations and covenants related to the MLP Senior Notes, the OLP Fixed Rate Senior Notes and Credit Facility.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The Partnership's Consolidated Financial Statements and the Reports of Certified Public Accountants 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.

In September 1994, the General Partner appointed two 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. Any matters approved by the Audit Committee will be conclusively deemed to be fair and reasonable to the Partnership, approved by all partners 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, 1997, 3,370 full-time and 837 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 July 31, 1997. Each of the persons named below is elected to their respective office or offices annually. None of the executive officers have entered into employment agreements with the General Partner.

Name	Age	Director Since	Position
James E. Ferrell	57	1984	Chairman of the Board, Chief ExecutiveOfficer and a Director of the General Partner
Danley K. Sheldon	39		President, Chief Financial Officer and Treasurer
Patrick J. Chesterman	47		Senior Vice President, Supply
James M. Hake	37		Vice President, Acquisitions
Robert J. Wikse	48		Vice President, Administration
Daniel M. Lambert	56	1994	Director of the General Partner
A. Andrew Levison	41	1994	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.

Danley K. Sheldon--Mr. Sheldon has been President of the Company since October 1996 and Chief Financial Officer of the Company since January 1994. He has served as Treasurer since 1989 and joined the Company in 1986.

Patrick J. Chesterman--Mr. Chesterman has been 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 Human Resources and Director of Field Support. 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 has been Vice President, Acquisitions of the Company since October, 1994. He joined the Company in 1986.

Robert J. Wikse--Mr. Wikse has been Vice President, Administration since his appointment in January 1995. After joining the Company in July, 1991, he had a three-year assignment as Region Director of Western US -Retail Operations.

Daniel M. Lambert---Dr. Lambert was elected a director of the Company in September 1994. Dr. Lambert has been President of Baker University in Baldwin City, Kansas, since July 1, 1987

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.

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 of 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 benefit 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 four 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 1997 fiscal year.

				Long-Term Compensation			
		Annual Compensation		Awards	Pay-outs		
Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Options/ SARs (#)	Long-Term Incentive Payouts ($)	All Other Compensation ($)	
James E. Ferrell	1997	480,000	0	---	---	32,126	(1)
Chairman and Chief Executive	1996	480,000	0	---	---	16,801	
Officer	1995	480,000	180,000	---	---	36,977	
Danley K. Sheldon	1997	218,221	0	30,000	---	15,440	(1)
President, Chief Financial	1996	177,500	100,000	---	---	13,972	
Officer and Treasurer	1995	165,000	50,000	70,000	---	15,897	
Patrick J. Chesterman Senior Vice President, Supply	1997	132,917	27,500	20,000	---	9,087	(1)
James A. Hake	1997	120,000	90,000	15,000	---	13,592	(1)
Vice President, Acquisitions	1996	120,000	85,000	---	---	9,962	
	1995	112,583	60,000	36,000	---	10,424	
Robert J. Wikse Vice President, Administration	1997	125,000	14,700	---	---	6,245	(1)

(1) Includes for Mr. Ferrell contributions of $14,814 to the employee's 401(k) and profit sharing plans and compensation of $17,312 resulting from the payment of life insurance premiums. Includes for Mr. Sheldon contributions of $15,300 to the employee's 401(k) and profit sharing plans and compensation of $140 resulting from the payment of life insurance premiums. Includes for Mr. Chesterman contributions of $8,443 to the employee 401(k) and profit sharing plans and compensation of $644 resulting from the payment of life insurance premiums. Includes for Mr. Hake contributions of $12,866 to the employee's 401(k) and profit sharing plans and compensation of $726 resulting from the payment of life insurance premiums. Includes for Mr. Wikse contributions of $5,985 to the employee's 401(k) and profit sharing plans and compensation of $260 resulting from the payment of life insurance premiums.

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 Unit Options are exercisable beginning after July 31, 1999, assuming the subordination period has lapsed at prices ranging from $16.80 to $21.67 per unit, which is an estimate of the fair market value of the Subordinated Units at the time of grant, vest immediately over a one to five year period, and expire on the tenth anniversary of the date of grant. Upon conversion of the Subordinated Units held by the General Partner and its affiliates, outstanding Subordinated Unit Options will convert to Common Unit Options.

The following table lists information on the CEO and named executive officers' Unit Options granted in the fiscal year ended July 31, 1997.

OPTION/SAR GRANTS IN LAST FISCAL YEAR

	Individual Grant				
Name	Number of Securities Underlying Options Granted (1)	% of Total Options Granted to Employees in Fiscal Year	Exercise Price ($/Unit)	Expiration Date	Grant Date Present Value $ (2)
James E. Ferrell	-	-	-	-	-
Danley K. Sheldon	30,000	14	20.19	8/1/06	23,000
Patrick J. Chesterman	20,000	9	20.19	8/1/06	16,000
James M. Hake	15,000	7	20.19	8/1/06	12,000
Robert J. Wikse	-	-	-	-	-

(1) Unit Options generally vest over five years.

(2) Based on a binomial option valuation model. The key input variables used in valuing the options were the following: risk-free interest rate - 5.85%; distribution amount of $0.50 per unit per quarter; Common Unit price volatility of 16.9% was used as an estimate of Subordinated Unit volatility; options exercised on earliest possible dates, i.e., August 1, 1999, 2000 and 2001, assuming certain financial tests are achieved. Additionally, it was assumed that the Partnership will make its Minimum Quarterly Distribution each quarter and that the Subordination Period will end in 1999. The New York Stock Exchange "Monthly Market Statistics Report" was used and the volatility variable reflected 130 weeks of historical Unit price trading data. 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 Unit 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.

The following table lists information on the CEO and named executive officers' exercised/unexercised unit options for the fiscal year ended July 31, 1997.

AGGREGATED OPTION/SAR EXERCISES IN LAST FY AND FY-END OPTION SAR VALUES

			Number of Securities Underlying Unexercised Options/SARs at FY-End (#)	Value of Unexercised In-The-Money Options/SARs at FY-End ($)
Name	Shares Acquired on Exercise (#)	Value Realized ($)	Exercisable/ Unexercisable	Exercisable/ Unexercisable
James E. Ferrell	-	-	-	-
Danley K. Sheldon	0	0	0/100,000	0/518,300
Patrick J. Chesterman	0	0	0/30,000	0/96,430
James M. Hake	0	0	0/51,000	0/265,350
Robert J. Wikse	0	0	0/20,000	0/124,000

Profit Sharing Plan

The Ferrell 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. The Profit Sharing Plan also has a cash-or-deferred, or 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 application of certain IRS rules and regulations.

Compensation of Directors

The General Partner does not pay any additional remuneration to its employees for serving as directors. Directors who are not employees of the General Partner receive a fee per meeting of $500, 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 July 31, 1997, regarding the beneficial ownership of the Common and Subordinated 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. 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	James E. Ferrell	1,210,162 (2)	8.3
	Goldman, Sachs & Co.	1,463,470 (3)	10.0
	The Goldman Sachs Group	1,463,470 (3)	10.0
	Danley K. Sheldon	1,000	*
	Patrick J. Chesterman	200	*
	Robert J. Wikse	500	*
	James M. Hake	400	*
	A. Andrew Levison	15,000	*
	Daniel M. Lambert	575	*
	All Directors and Officers as a Group	1,227,837	8.4
Subordinated Units	James E. Ferrell	16,593,721 (2)	100.0

* Less than 1%

(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.

(2) The address for James E. Ferrell is c/o Ferrellgas, Inc., P.O. Box 4644, Houston, TX, 77210

Includes 1,210,162 Common Units and 16,593,721 Subordinated Units held by Ferrellgas, Inc. a wholly owned subsidiary of Ferrell Companies, Inc. Mr. Ferrell is the sole director of Ferrell Companies, 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 1,463,470 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 were required for those persons, the General Partner believes that during fiscal year 1997 all filing requirements applicable to its officers, directors, and greater than 10% beneficial owners were met in a timely manner.

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 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 $128,033,000 and $109,637,000 for the years ended July 31, 1997 and 1996, 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. The conveyance of the net assets of the Company to the Partnership is described in Note A of the Ferrellgas Partners, L.P. notes to the consolidated financial statements.

Ferrell, the parent of the General Partner, and its other wholly-owned subsidiaries engage 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 year ended July 31, 1997, the Partnership, as Ferrell's agent, performed the following services: a) purchased 1,089,929 barrels of propane, b) marketed and sold 619,929 barrels, and c) entered into certain hedging arrangements. The Partnership charged Ferrell $73,078 for its direct and indirect expenses incurred during fiscal year 1997. Of the 619,929 barrels of propane sold, 534,929 barrels were sold to and used by the Partnership at the applicable market prices (an aggregate of $13,128,765). The Partnership believes these transactions were under terms that were no less favorable to the OLP than those arranged with other parties.

A. Andrew Levison, a director of the General Partner is a Managing Director of Donaldson, Lufkin & Jenrette Securities Corporation ("DLJ"). DLJ acted as an underwriter with regard to the private placement of $160,000,000 senior subordinated notes issued in April 1996 and was paid fees of $4,000,000 in fiscal 1996.

See Note L to the 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.
None filed during the fiscal year ended July 31, 1997.

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/ James E. Ferrell

James E. Ferrell
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/James E. Ferrell - ------------------- James E. Ferrell	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)	10/29/97
/s/Daniel M. Lambert - --------------------- A. Andrew Levison	Director	10/29/97
/s/A. Andrew Levinson - --------------------- A. Andrew Levison	Director	10/29/97
/s/Danley K. Sheldon - --------------------- Danley K. Sheldon	President and Chief Financial Officer (Principal Financial and Accounting Officer)	10/29/97

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/ James E. Ferrell
James E. Ferrell
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/James E. Ferrell James E. Ferrell	Chairman of the Board, Chief Executive Officer and Sole Director (Principal Executive Officer)	10/29/97
/s/Danley K. Sheldon Danley K. Sheldon	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	10/29/97

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)	2.1	Stock Purchase Agreement dated September 30, 1994, between Ferrellgas, Inc. and Bell Atlantic Enterprises International, Inc.
(2)	2.2	Agreement for Purchase and Sale of Stock dated March 23, 1996, between Superior Propane, Inc. and Ferrellgas, Inc.
(3)	3.1	Agreement of Limited Partnership of Ferrellgas Partners, L.P.
(4)	3.2	Articles of Incorporation for Ferrellgas Partners Finance Corp.
(5)	3.3	Bylaws of Ferrellgas Partners Finance Corp.
(6)	4.1	Indenture dated as of July 5, 1994, among Ferrellgas, L.P., Ferrellgas Finance Corp. and Norwest Bank Minnesota, National Association, as Trustee, relating to $200,000,000 10% Series A Fixed Rate Senior Notes due 2001 and $50,000,000 Series B Floating Rate Senior Notes due 2001.
(7)	4.2	Indenture dated as of April 26, 1996, among Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp., Ferrellgas, L.P.as guarantor, and Amercan Bank National Association, as Trustee, relating to $160,000,000 9 3/8% Senior Secured Notes due 2006.
(8)	4.3	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.
(9)	10.2	Agreement dated as of April 1, 1994, between BP Exploration & Oil, Inc. and Ferrellgas, L.P. dba Ferrell North America
(10)#	10.3	Ferrell Companies, Inc. Supplemental Savings Plan.
(11)#	10.4	Ferrellgas, Inc. Unit Option Plan.
(12)	10.5	Contribution, Conveyance and Assumption Agreement dated as of November 1, 1994, among the Partnership, the Operating Partnership and Ferrellgas, Inc.
(13)	10.6	First Amendment to Contribution, Conveyance and Assumption Agreement between Ferrellgas, the Partnership and the Operating Partnership.
(14)	10.7	Second Amendment to Contribution, Conveyance and Assumption Agreement between Ferrellgas, the Partnership and the Operating Partnership.
(15)	10.8	Purchase Agreement dated as of April 23, 1996, between Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp., Ferrellgas, Inc., Ferrellgas, L.P., Donaldson, Lufkin & Jenrette Securities Corporation and Goldman, Sachs & Co.
(16)	10.9	Amended and Restated Agreement of Limited Partnership of Ferrellgas, L.P. dated as of April 23, 1996.

(17)	10.10	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.
(18)	10.11	Amended and Restated Credit Agreement dated as of July 31, 1996, among Ferrellgas, L.P., Stratton Insurance Company, Inc.,Ferrellgas, Inc.,Bank of America National Trust and Savings Association, as agent, and the other financial institutions party thereto.
(19)	21.1	List of subsidiaries.
	27	Financial Data Schedules - Filed only with the EDGAR version.

- ---

\# Management contracts or compensatory plans.

(1) Incorporated by reference to the same numbered Exhibit to Registrant's Registration Statement on Form S-1 File No. 33-55185 filed with the Commission on November 14, 1994

(2) Incorporated by reference to Exhibit 2.1 to Registrant's Current Report on Form 8-K filed on May 6, 1996.

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

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

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

(6) Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed August 15, 1994.

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

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

(9) Incorporated by reference to the Exhibit 10.4 to Registrant's Annual Report on Form 10-K filed on October 20, 1994.

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

(11) Incorporated by reference to the Exhibit 10.8 to Registrant's Registration Statement on Form S-1 File No. 33-55185 filed with the Commission on November 14, 1994

(12) Incorporated by reference to the Exhibit 10.9 to Registrant's Registration Statement on Form S-1 File No. 33-55185 filed with the Commission on November 14, 1994

(13) Incorporated by reference to Exhibit 10.8 to Registrant's Annual Report on Form 10-K filed on October 20, 1994.

(14) Incorporated by reference to the Exhibit 10.11 to Registrant's Annual Report on Form 10-K filed on October 17, 1995.

(15) Incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on May 6, 1996.

(16) Incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q filed on June 12, 1996.

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

(18) Incorporated by reference to the Exhibit 10.11 to Registrant's Annual Report on Form 10-K filed on October 18, 1996.

(19) Incorporated by reference to the Exhibit 21.1 to Registrant's Registration Statement on Form S-4 File No. 333-06693 filed with the Commission on July 30, 1996

INDEX TO FINANCIAL STATEMENTS

	Page
Ferrellgas Partners, L.P. and Subsidiaries	
Independent Auditors' Report	F-2
Consolidated Balance Sheets - July 31, 1997 and 1996	F-3
Consolidated Statements of Earnings- Years ended July 31, 1997, 1996 and 1995	F-4
Consolidated Statements of Partners' Capital - Years ended July 31, 1997, 1996 and 1995	F-5
Consolidated Statements of Cash Flows - Year ended July 31, 1997, 1996 and 1995	F-6
Notes to Consolidated Financial Statements	F-7
Ferrellgas Partners Finance Corp.	
Independent Auditors' Report	F-17
Balance Sheets - July 31, 1997 and 1996	F-18
Statements of Earnings - Year ended July 31, 1997 and From the Date of inception to July 31, 1996	F-19
Statements of Stockholder's Equity - Year ended July 31, 1997 and From the Date of Inception to July 31, 1996	F-20
Statements of Cash Flows - Year ended July 31, 1997 and From the Date of Inception to July 31,1996	F-21
Notes to Financial Statements	F-22

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Ferrellgas Partners, L.P. and subsidiaries as of July 31, 1997 and 1996, and the related consolidated statements of earnings, partners' capital and cash flows for the years ended July 31, 1997, 1996 and 1995. 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, 1997 and 1996, and the results of their operations and their cash flows for the years ended July 31, 1997, 1996 and 1995, in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Kansas City, Missouri
September 24, 1997

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except unit data)

ASSETS	July 31, 1997	July 31, 1996
Current Assets:		
Cash and cash equivalents	$ 14,788	$ 13,770
Accounts and notes receivable (net of allowance for doubtful accounts of $1,234 and $1,169 in 1997 and 1996, respectively)	61,835	70,118
Inventories	43,112	41,395
Prepaid expenses and other current assets	8,906	5,685
Total Current Assets	128,641	130,968
Property, plant and equipment, net	405,736	403,732
Intangible assets, net	112,058	107,960
Other assets, net	10,641	11,635
Total Assets	$657,076	$654,295

LIABILITIES AND PARTNERS' CAPITAL	July 31, 1997	July 31, 1996
Current Liabilities:		
Accounts payable	$ 39,322	$ 48,400
Other current liabilities	49,422	41,754
Short-term borrowings	21,786	25,520
Total Current Liabilities	110,530	115,674
Long-term debt	487,334	439,112
Other liabilities	12,354	12,402
Contingencies and commitments		
Minority interest	2,075	2,498
Partners' Capital:		
Common unitholders (14,612,580 units outstanding in 1997 and 1996, respectively)	52,863	71,324
Subordinated unitholders (16,593,721 units outstanding in 1997 and 1996, respectively)	50,337	71,302
General partner	(58,417)	(58,017)
Total Partners' Capital	44,783	84,609
Total Liabilities and Partners' Capital	$657,076	$654,295

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,		
	1997	1996	1995
Revenues:			
Gas liquids and related product sales	$759,941	$612,593	$565,607
Other	44,357	41,047	30,829
Total revenues	804,298	653,640	596,436
Cost of product sold (exclusive of depreciation, shown separately below)	470,128	356,314	339,641
Gross profit	334,170	297,326	256,795
Operating expense	198,298	179,462	153,226
Depreciation and amortization expense	43,789	37,024	32,014
General and administrative expense	15,831	13,221	11,357
Vehicle and tank lease expenses	7,433	5,113	4,271
Operating income	68,819	62,506	55,927
Interest expense	(45,769)	(37,983)	(31,993)
Interest income	2,002	1,666	1,268
Loss on disposal of assets	(1,439)	(1,586)	(1,139)
Earnings before income taxes, minority interest and extraordinary loss	23,613	24,603	24,063
Minority interest	395	291	243
Earnings before extraordinary loss	23,218	24,312	23,820
Extraordinary loss on early extinguishment of debt, net of minority interest of $10	-	965	-
Net earnings	23,218	23,347	23,820
General partner's interest in net earnings	232	233	238
Limited partners' interest in net earnings	$ 22,986	$ 23,114	$ 23,582
Net earnings per limited partner unit:			
Earnings before extraordinary loss	$ 0.74	$ 0.77	$ 0.76
Extraordinary loss	-	0.03	-
Net earnings per limited partner unit	$ 0.74	$ 0.74	$ 0.76
Weighted average number of units outstanding	31,206.3	31,128.8	30,908.1

See notes to consolidated financial statements

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(in thousands)

	Number of units					
	Common	Subordinated	Common	Subordinated	General partner	Total partners' capital
July 31, 1994	14,100.0	16,593.7	$84,532	$99,483	$ (62,622)	$121,393
Special allocation of prior year operating loss	-	-	(2,312)	(2,664)	4,976	-
Assets contributed in connection with acquisitions	-	-	3,324	3,830	72	7,226
Common units issued in connection with acquisitions	298.9	-	6,600	-	66	6,666
Quarterly distributions	-	-	(23,756)	(27,380)	(518)	(51,654)
Adjustments to capital related to resolution of income tax contingencies	-	-	5,145	5,929	112	11,186
Net earnings	-	-	10,956	12,626	238	23,820
July 31, 1995	14,398.9	16,593.7	84,489	91,824	(57,676)	118,637
Assets contributed in connection with acquisitions	-	-	284	325	6	615
Common units issued in connection with acquisitions	213.7	-	4,825	-	48	4,873
Quarterly distributions	-	-	(29,047)	(33,188)	(628)	(62,863)
Net earnings	-	-	10,773	12,341	233	23,347
July 31, 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

See notes to consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the year ended July 31,		
	1997	1996	1995
Cash Flows From Operating Activities:			
Net earnings	$23,218	$23,347	$23,820
Reconciliation of net earnings to net cash from operating activities:			
Depreciation and amortization	43,789	37,024	32,014
Minority interest	395	291	243
Extraordinary loss	-	965	-
Other	6,056	4,478	3,191
Changes in operating assets and liabilities net of effects from business acquisitions:			
Accounts and notes receivable	6,685	(3,988)	(906)
Inventories	(906)	7,612	7,388
Prepaid expenses and other current assets	(3,221)	765	(3,497)
Accounts payable	(9,078)	(10,576)	5,246
Accrued interest expense	(1,171)	1,270	10,680
Other current liabilities	9,368	3,649	(11,703)
Other liabilities	(48)	259	(446)
Net cash provided by operating activities	75,087	65,096	66,030
Cash Flows From Investing Activities:			
Business acquisitions	(36,114)	(8,116)	(19,677)
Capital expenditures	(16,192)	(13,011)	(19,722)
Cash from acquired company	-	9,620	-
Other	3,068	(1,587)	173
Net cash used by investing activities	(49,238)	(13,094)	(39,226)
Cash Flows From Financing Activities:			
Distributions	(63,044)	(62,863)	(51,654)
Additions to long-term debt	45,463	222,268	85,000
Reductions of long-term debt	(2,640)	(234,082)	(61,400)
Net reductions to short-term borrowings	(3,734)	5,520	17,000
Minority interest activity	(818)	1,002	(459)
Other	(58)	46	51
Net cash used by financing activities	(24,831)	(68,109)	(11,462)
Increase (decrease) in cash and cash equivalents	1,018	(16,107)	15,342
Cash and cash equivalents - beginning of period	13,770	29,877	14,535
Cash and cash equivalents - end of period	$14,788	$13,770	$29,877
Cash paid for interest	$44,516	$34,994	$19,918

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"). 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.

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 estimated useful lives of the assets ranging from two to thirty years. Intangible assets, consisting primarily of customer location values and goodwill, 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 $109,211,000 and $95,801,000 as of July 31, 1997 and 1996, respectively.

(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 both for trading and overall risk management purposes. 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 and as net income on the cash flow statement.

(8) Income taxes: The Partnership is a limited partnership. As a result, the Partnership's earnings or loss for Federal income tax purposes is 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.

(9) Net earnings (loss) 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 Subordinated Unit options. In accordance with the terms of the Partnership Agreement, the Partnership reallocated 99% of the initial year's net loss before extraordinary loss ($4,976,000) based on ownership percentages to the limited partners in 1995. The fiscal 1995 special allocation of the prior year operating loss to the limited partners resulted in a reduction in equity of $0.16 per limited partner unit.

(10) Unit-based compensation: The Partnership accounts for its Unit Option 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 Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation."

(11) Adoption of new accounting standards: The Financial Standards Accounting Board recently issued the following new accounting standards: SFAS No. 128, "Earnings Per Share", SFAS No. 130 "Reporting Comprehensive Income" and SFAS No. 131 "Disclosures About Segments of an Enterprise and Related Information."

SFAS No. 128 is required to be adopted by the Partnership during the three-month period ending January 31, 1998. The adoption of this statement is not expected to have a material effect on the calculation of earnings per unit. SFAS Nos. 130 and 131 are required to be adopted by the Partnership for the fiscal year ended July 31, 1998. The adoption of both standards are not expected to have material effect on the Partnership's financial position or results of operations.

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 a 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 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 million in acquisitions and capital additions or improvements to increase the operating capacity of the Partnership. Prior to the end of the Subordination Period, 5,531,240 Subordinated Units held by the Company may convert into Common Units if (i) distributions of Available Cash on the Common Units and Subordinated Units equal or exceed the Minimum Quarterly Distribution for each of the two consecutive four-quarter period preceding August 1, 1997, and (ii) the Cash from Operations generated by the Partnership in each of such four-quarter periods equaled or exceeded 125% of the Minimum Quarterly Distribution on all Common Units and all Subordinated Units. Upon expiration of the Subordination Period, all remaining Subordinated Units will convert to Common Units.

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)	1997	1996
Liquefied propane gas and related products	$35,351	$33,366
Appliances, parts and supplies	7,761	8,029
	$43,112	$41,395

In addition to inventories on hand, the Partnership enters into contracts to buy product for supply purposes. Nearly all such contracts have terms of less than one year and most call for payment based on market prices at date of delivery. All fixed price contracts have terms of less than one year.

Property, plant and equipment consist of:

(in thousands)	1997	1996
Land and improvements	$29,849	$ 26,024
Buildings and improvements	39,907	39,376
Vehicles	54,879	55,860
Furniture and fixtures	23,985	22,074
Bulk equipment and district facilities	59,876	43,203
Tanks and customer equipment	402,608	403,770
Other	3,870	5,800
	614,974	596,107
Less: accumulated depreciation	209,238	192,375
	$405,736	$403,732

Depreciation expense totaled $29,960,000, $25,101,000, and $21,649,000, for the years ended July 31, 1997, 1996, and 1995, respectively.

Other current liabilities consist of:

(in thousands)	1997	1996
Accrued insurance	$ 7,327	$ 6,638
Accrued interest	13,071	14,242
Accrued payroll	8,161	7,062
Other	20,863	13,812
	$49,422	$41,754

E. Long-Term Debt

Long-term debt consists of:

(in thousands)	1997	1996
Senior Notes		
Fixed rate, 10%, due 2001 (1)	$200,000	$200,000
Fixed rate, 9.375%, due 2006 (2)	160,000	160,000
Credit Agreement		
Term loan, 6.25% and 6%, due 2001 (3)	50,000	50,000
Revolving credit loans, 6.25% and 8.25%, due 1999 (3)	64,614	18,980
Notes payable, 6.4% and 5.7% weighted average interest rates, respectively, due 1997 to 2007 (4)	14,567	11,742
	489,181	440,722
Less: current portion	1,847	1,610
	$487,334	$439,112

(1) The OLP fixed rate Senior Notes, issued in June, 1994, 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 Senior Notes are redeemable at the option of the OLP anytime on or after August 1, 1998 with a premium until August 1, 2000.

(2) The MLP fixed rate 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 notes will become guaranteed by the OLP on a senior subordinated basis if certain conditions are met. The OLP's Credit Agreement relating to the Credit Facility ("Credit Agreement") and the OLP Indenture relating to the $200,000,000 Senior Notes ("OLP Indenture") currently prohibit the OLP from guaranteeing any indebtedness unless, among meeting other conditions, the fixed charge coverage ratio for the OLP meets certain levels at prescribed dates. Currently the OLP does not meet such conditions and, therefore, there can be no assurance as to whether or when this guarantee will occur. 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.

(3) On July 31, 1996, the OLP amended and restated its $205,000,000 Credit Facility (the "Credit Facility") with a major bank as Agent. The unsecured Credit Facility now consists of a $50,000,000 term loan facility, a $185,000,000 revolving credit facility for general corporate, working capital and acquisition purposes (of which $50,000,000 is available to support letters of credit) and a $20,000,000 revolving working capital facility, which is subject to an annual reduction in outstandings to $0 for 30 consecutive days. All borrowings under the current pricing arrangement 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 rates at July 31, 1997 and 1996 were 8.50% and 8.25%, respectively. To offset the variable rate characteristic of the Credit Facility, the OLP entered into interest rate collar agreements, expiring between June and December 1998, with three major banks limiting the floating rate portion of LIBOR-based loan interest rates on a notional amount of $125,000,000 to between 4.9% and 6.5%.

(4) The notes payable are secured by approximately $4,542,000 and $4,714,000 of property and equipment at July 31, 1997 and 1996, respectively.

At July 31, 1997 and 1996, $21,786,000 and $25,520,000, respectively, of short-term borrowings were outstanding under the revolving line of credit and letters of credit outstanding, used primarily to secure obligations under certain insurance arrangements, totaled $24,102,000 and $26,824,000, respectively.

The OLP Indenture and Credit Agreement contain various restrictive covenants applicable to the Operating Partnership and its subsidiaries, the most restrictive relating to additional indebtedness, sale and disposition of assets, and transactions with affiliates. In addition, the Operating 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 Operating Partnership fails to meet certain coverage and capital expenditure tests. The Partnership is in compliance with all requirements, tests, limitations and covenants related to the Senior Note Indenture and Credit Agreement.

Annual principal payments on long-term debt for each of the next five fiscal years are $1,847,000 in 1998, $66,805,000 in 1999, $2,131,000 in 2000, $52,996,000 in 2001 and $200,876,000 in 2002.

During fiscal year 1996, the Partnership recognized an extraordinary loss from the write-off of unamortized financing costs of approximately $965,000, net of minority interest of $10,000, resulting from the early extinguishment of $50,000,000 of its floating rate senior notes.

F. Partners' Capital

Partners' capital consists of 14,612,580 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.

During the Subordination Period, the Partnership may issue up to 7,000,000 Common Units (excluding Common Units issued in connection with conversion of Subordinated Units into Common Units) or an equivalent number of securities ranking on a parity with the Common Units and an unlimited number of partnership interests junior to the Common Units without a Unitholder vote. The Partnership may also issue additional Common Units during the Subordination Period in connection with acquisitions if certain cash flow criteria are met. After the Subordination Period, the Partnership Agreement authorizes the General Partner to cause the Partnership to issue an unlimited number of additional general and limited partner 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.

In connection with the formation of the Partnership, the General Partner contributed certain assets and liabilities. Pursuant to an examination by the Internal Revenue Service, certain adjustments which relate to these contributed assets resulted in additional deferred taxes recorded by the General Partner in fiscal 1995. This noncash adjustment retroactively increased the basis of the assets the General Partner contributed to the Operating Partnership by $11,300,000 which, in turn, caused an increase to the General Partner's contributed capital which was allocated pro rata among all partners. In addition, Operating Partnership goodwill also increased by $11,300,000 (to be amortized prospectively over a period of 15 years). These adjustments were not material to the Partnership's financial position or its results of operations or liquidity, nor have they affected the limited partners' tax basis in the Partnership units.

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 $128,033,000, $109,637,000 and $100,750,000 for the years ended July 31, 1997, 1996 and 1995, 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 on July 5, 1994, (the date the MLP completed an initial public offering) 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. See Note L for discussion of transactions involving acquisitions related to the General Partner and the Partnership.

Ferrell, the parent of the General Partner, and its other wholly-owned subsidiaries engage 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 year ended July 31, 1997, the Partnership, as Ferrell's agent, performed the following services: a) purchased 1,089,929 barrels of propane, b) marketed and sold 619,929 barrels, and c) entered into certain hedging arrangements. The Partnership charged Ferrell $73,078 for its direct and indirect expenses incurred during fiscal year 1997. Of the 619,929 barrels of propane sold, 534,929 barrels were sold to and used by the Partnership at the applicable market prices (an aggregate of $13,128,765). Management believes these transactions were under terms that were no less favorable to the Partnership than those arranged with other parties.

A. Andrew Levison, a director of the General Partner, is a Managing Director of Donaldson, Lufkin & Jenrette Securities Corporation ("DLJ"). DLJ acted as an underwriter with regard to the private placement of $160,000,000 Senior Secured Notes issued in April 1996 and was paid fees of $4,000,000 in 1996.

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 known contingent claims that are likely to have a material adverse effect on the results of operations or financial condition 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 2016. Rental expense under these leases totaled $13,169,000, $12,054,000, and $11,233,000, for the years ended July 31, 1997, 1996 and 1995, respectively. Future minimum lease commitments for such leases are $11,095,000 in 1998, $9,494,000 in 1999, $8,101,000 in 2000, $5,732,000 in 2001, $2,364,000 in 2002 and $521,296 thereafter.

I. Employee Benefits

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

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 are made to the plan at the discretion of Ferrell's Board of Directors. This 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. Contributions for the years ended July 31, 1997, 1996 and 1995, respectively, were $3,000,000, $1,160,000 and $1,300,000 under the profit sharing provision and were $1,542,000, $1,388,000 and $1,407,000 under the 401(k) provision.

J. Unit Options

The Ferrellgas, Inc. Unit Option Plan (the "Unit Option Plan") currently authorizes the issuance of options (the "Unit Options") covering up to 850,000 Subordinated Units to certain officers and employees of the General Partner. The Unit Options are exercisable beginning after July 31, 1999, assuming the Subordination Period has elapsed at exercise prices ranging from $16.80 to $21.67 per unit, which is an estimate of the fair market value of the Subordinated Units at the time of grant, vest immediately or over a one to five year period, and expire on the tenth anniversary of the date of grant. Upon conversion of the Subordinated Units held by the General Partner and its affiliates, outstanding Subordinated Unit Options granted will convert to Common Unit Options.

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. Had compensation cost for the Unit Option Plan been determined based upon the fair value of the grant date for awards under these plans consistent with the methodology prescribed under SFAS 123, the Partnership's net income and earnings per share would have been reduced by approximately $29,000 or less than $0.01 per unit and $7,000 or less than $0.01 per unit for the 1997 and 1996 fiscal years, respectively. The fair value of the options granted during the 1997 and 1996 fiscal years was determined using a binomial option valuation model with the following assumptions: a) distribution amount of $0.50 per unit per quarter, b) average Common Unit price volatility of 16.9% was used as an estimate of Subordinated Unit volatility, c) the risk-free interest rate used was 5.9%, and d) the expected life of the option is 5 years.

	Number of Units	Weighted Average Exercise Price	Weighted Average Fair Value
Outstanding, July 31, 1995	701,500	$ 16.98	
Granted	99,750	19.96	$0.34
Forfeited	(132,825)	17.21	
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	
Options exercisable, July 31, 1997	0		

	Options Outstanding at July 31, 1997
Range of option prices at end of year	$16.80-$21.67
Weighted average remaining contractual life	8.1 years

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

The carrying amount of cash and cash equivalents approximates fair value because of the short maturity of the instruments. Short-term borrowings approximate fair value as of July 31, 1997 and 1996. The estimated fair value of the Partnership's long-term debt was $507,134,000 and $440,122,000 as of July 31, 1997 and 1996, respectively. The fair value is estimated based on quoted market prices adjusted for discounted cash flows.

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, 1997, the total notional principal amount of these agreements was $125,000,000 and the fair value of these agreements was immaterial to the financial position or results of operations 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. The mark to market adjustment applicable to the portion of the notional amount in excess of variable rate indebtedness at July 31, 1997 was not material to the financial position or the results of operations of the Partnership.

Option Commodity Contracts. The Partnership is a party to certain option contracts, involving various liquefied petroleum products, for overall risk management purposes in connection with its supply and trading activities. Contracts are executed with private counterparties and to a lesser extent on national mercantile exchanges. Open contract positions are summarized below.

Forward and Futures Commodity Contracts. The Partnership is a party to certain forward and futures contracts for trading purposes. Net gains from trading activities were $5,476,000, $7,323,000, $5,818,000, for the years ended July 31, 1997, 1996, and 1995, 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 (Forward and Futures)			
	1997		1996		1997		1996	
	Asset	Liab.	Asset	Liab.	Asset	Liab.	Asset	Liab.
Volume								
(gallons)	14,406	(13,189)	21	-	165,739	(187,744)	178,011	(153,990)
Price(cent)/gal)	38-35	50-35	30	-	40-32	43-33	37-33	40-35
Maturity Dates	8/97-3/98	9/97-2/98	8/96-12/96	-	8/97-3/98	8/97-7/98	8/96-7/97	8/96-3/97
Contract Amounts ($)	10,193	(13,164)	1,575	-	64,859	(75,578)	64,223	(62,917)
Fair Value ($)	10,244	(13,071)	1,609	-	62,925	(73,217)	65,972	(62,623)
Unrealized gain (loss) ($)	51	93	34	-	(1,934)	2,361	1,749	294

Risks related to these contracts arise from the possible inability of 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. Acquisitions

During the year ended July 31, 1997, the Partnership made acquisitions of businesses valued at $40,200,000 (including working capital acquired of $1,420,000). This amount was funded by $36,114,000 cash payments and noncash transactions totaling $4,086,000 in other costs and consideration.

On April 30, 1996, the General Partner consummated the purchase of all of the stock of Skelgas Propane, Inc. ("Skelgas"), a subsidiary of Superior Propane, Inc. of Toronto, Canada. The cash purchase price, after working capital adjustments, was $89,404,000.

As of May 1, 1996, the General Partner (i) caused Skelgas and each of its subsidiaries to be merged into the General Partner and (ii) transferred all of the assets of Skelgas and its subsidiaries to the Operating Partnership. In exchange, the Operating Partnership assumed substantially all of the liabilities, whether known or unknown, associated with Skelgas and its subsidiaries and their propane business (excluding income tax liabilities). In consideration of the retention by the General Partner of certain income tax liabilities, the Partnership issued 41,203 Common Units to the General Partner. The liabilities assumed by the Operating Partnership included the loan agreement under which the General Partner borrowed funds to pay the purchase price for Skelgas. Immediately following the transfer of assets and related transactions described above, the Operating Partnership repaid the loan with cash and borrowings under the Operating Partnership's existing acquisition bank credit line. The total assets contributed to the Operating Partnership (at the General Partner's cost basis) have been allocated as follows: (i) working capital of $17,168,000, (ii) property, plant and equipment of $60,947,000 and (iii) and the balance to intangible assets. In total, during the year ended July 31, 1996, the Partnership made acquisitions and received contributions of businesses valued at $128,165,000 (including working capital acquired of $19,362,000). This amount was funded by $8,116,000 of cash payments and the following noncash transactions: $108,120,000 debt assumed, $4,825,000 issuance of Partnership units, and $7,104,000 other costs and consideration.

All transactions have been accounted for similar to purchase accounting and, accordingly, the results of operations of all acquisitions have been included in the consolidated financial statements from their dates of contribution. The following pro forma financial information assumes the Skelgas transaction occurred at the beginning of the period presented and also includes the pro forma effects of the Partnership's issuance of the $160,000,000 of 9 3/8% Senior Notes in April 1996 (as described in Note E):

(in thousands, except per unit amounts)

(unaudited)	Pro Forma Year Ended July 31, 1996
Total revenues	$732,372
Income before extraordinary loss	21,734
Net earnings	20,769
Net earnings per limited partner unit	$ 0.66

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, 1997, and 1996, and the related statement of earnings, stockholder's equity and cash flows for the year ended July 31, 1997 and the period from inception (April 8, 1996) to July 31, 1996. 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, 1997 and 1996, and the results of its operations and its cash flows for the year ended July 31, 1997 and the period from inception (April 8, 1996) to July 31, 1996 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Kansas City, Missouri
September 24, 1997

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

BALANCE SHEETS

ASSETS	July 31, 1997	July 31, 1996
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	327	42
Accumulated deficit	(327)	(42)
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, 1997	From inception to July 31, 1996
Revenues	$ -	$ -
General and administrative expense	285	42
Net loss	$(285)	$(42)

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			
April 8, 1996	0	$ 0	$ 0	$ 0	$ 0
Capital Contribution	1,000	1,000	42	-	1,042
Net loss	-	-	-	(42)	(42)
July 31, 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

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, 1997	From incepetion to July 31, 1996
Cash Flows From Operating Activities:		
Net loss	$(285)	$(42)
Cash used by operating activities	(285)	(42)
Cash Flows From Financing Activities:		
Capital contribution	285	1,042
Net advance from affiliate	0	0
Cash provided by financing activities	285	1,042
Increase (decrease) in cash	0	1,000
Cash - beginning of period	1,000	0
Cash - end of period	$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
JULY 31, 1997

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. The Senior Notes will become guaranteed by the Operating Partnership (the "OLP") on a senior subordinated basis if certain conditions are met. Certain OLP's credit agreements and the indentures currently prohibit the OLP from guaranteeing any indebtedness unless, among meeting other conditions, the fixed charge coverage ratio for the OLP meets certain levels at prescribed dates. Currently the OLP does not meet such conditions and, therefore, there can be no assurance as to whether or when this guarantee will occur. 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 $17 associated with the current year net operating loss carryforward of $306, of which $21 expires July 31, 2011, and $285 expires July 31, 2012, 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, 1997 or the period ended July 31, 1996 and there is no net deferred tax asset as of July 31, 1997 or July 31, 1996.

INDEX TO FINANCIAL STATEMENT SCHEDULES

		Page
Ferrellgas Partners, L.P. and Subsidiaries		
Independent Auditors' Report on Schedules		S-2
Schedule I	Parent Company Only Balance Sheets as of July 31, 1997 and 1996, and Statements of Earnings and Cash Flows for the Years ended July 31, 1997, 1996, and 1995	S-3
Schedule II	Valuation and Qualifying Accounts for the Years ended July 31, 1997, 1996 and 1995	S-6

INDEPENDENT AUDITORS' REPORT

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

We have audited the consolidated financial statements of Ferrellgas Partners, L.P. (formerly Ferrellgas, Inc.), and subsidiaries as of July 31, 1997, and 1996, and for the years ended July 31, 1997, 1996, and 1995, and have issued our report thereon dated September 24, 1997. 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 therein set forth.

DELOITTE & TOUCHE LLP
Kansas City, Missouri
September 24, 1997

FERRELLGAS PARTNERS, L.P.
PARENT ONLY

BALANCE SHEETS
(in thousands)

ASSETS	July 31, 1997	July 31, 1996
Cash and cash equivalents	$ 1	$ 1
Investment in Ferrellgas, L.P.	203,360	244,771
Other assets, net	3,298	4,693
Total Assets	$206,659	$249,465

LIABILITIES AND PARTNERS' CAPITAL		
Other current liabilities	$ 1,876	$ 4,856
Long term debt	160,000	160,000
Partners' Capital		
Common unitholders	52,863	71,323
Subordinated unitholders	50,337	71,302
General partner	(58,417)	(58,016)
Total Partners' Capital	44,783	84,609
Total Liabilities and Partners' Capital	$206,659	$249,465

FERRELLGAS PARTNERS, L.P.
PARENT ONLY

STATEMENTS OF EARNINGS
(in thousands)

	For the Year Ended		
	July 31, 1997	July 31, 1996	July 31, 1995
Equity in earnings of Ferrellgas, L.P.	$38,673	$27,508	$23,821
Operating expense	27	0	1
Interest expense	15,428	4,161	
Net earnings	$23,218	$23,347	$23,820

FERRELLGAS PARTNERS, L.P.
PARENT ONLY

STATEMENTS OF CASH FLOWS
(in thousands)

	For the Year Ended		
	July 31, 1997	July 31, 1996	July 31, 1995
Cash Flows From Operating Activities:			
Net earnings	$23,218	$23,347	$23,820
Reconciliation of net earnings to net cash from operating activities:			
Amortization of capitalized financing costs	511	161	
Equity in (earnings) loss of Ferrellgas, L.P.	(39,068)	(27,508)	(23,821)
Other current assets	879	(4,854)	
Distributions received from Ferrellgas, L.P.	80,085	62,863	51,654
Increase in other current liabilities	(2,980)	4,855	1
Net cash provided by operating activities	62,645	58,864	51,654
Cash Flows From Investing Activities:			
Investment in Ferrellgas, L.P.	-	-	-
Net cash used by investing activities	-	-	-
Cash Flows From Financing Activities:			
Distributions to partners	(63,044)	(62,863)	(51,654)
Additions to long-term debt		160,000	
Contribution to subsidiary		(156,000)	
Net advance from affiliate	399		
Net issuance of Common Units	-	-	-
Net cash provided (used) by financing activities	(62,645)	(58,863)	(51,654)
Increase in cash and cash equivalents	0	1	-
Cash and cash equivalents - beginning of period	1	-	-
Cash and cash equivalents - end of period	$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 (A)	Deductions (amounts charged-off)	Balance at end of period
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
Year ended July 31, 1996					
Allowance for doubtful accounts	$ 874	$ 1,151	$ 702	$1,558	$ 1,169
Accumulated amortization:					
Intangible assets	$ 81,995	$11,620	$2,946	$ 760	$ 95,801
Other assets	$ 3,337	$ 1,742	$ 975	$1,407	$ 4,647
Year ended July 31, 1995					
Allowance for doubtful accounts	$ 798	$ 1,191	$ 400	$1,515	$ 874
Accumulated amortization:					
Intangible assets	$ 68,489	$ 9,997	$ 3,509	$ 0	$ 81,995
Other assets	$ 1,860	$ 368	$ 1,109	$ 0	$ 3,337

(A) On April 30, 1996, the General Partner purchased all of the capital stock of Skelgas, Inc. On May 1, 1996 the General Partner contributed the assets and substantially all of the liabilities associated with Skelgas, Inc. to the Operating Partnership.The amounts reflected as "Other Additions" represent valuation and qualifying accounts assumedby the Operating Partnership in connection with the contribution by the General Partner.

On November 1, 1994, the General Partner purchased all of the capital stock of Vision Energy Resources, Inc. Immediately following the close of the purchase, the General Partner contributed the assets and substantially all of the liabilities associated with Vision Energy Resources, Inc. to the Operating Partnership. The amounts reflected as "Other Additions" represent valuation and qualifying accounts assumed by the Operating Partnership in connection with the contribution by the General Partner.

(THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES BALANCE SHEET ON JULY 31, 1997, AND THE STATEMENT OF EARNINGS ENDING JULY 31, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATMENTS)

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

12-MOS
JUL-31-1997
AUG-01-1996
JUL-31-1997
1
14,788
0
63,069
1,234
43,112
128,641
614,974
209,238
657,076
110,530
487,334
103,200
0
0
(58,417)
657,076
759,941
804,298
470,128
719,648
0
0
45,769
23,218
0
23,218
0
0
0
23,218
0.74
0.74

1. The Ferrellgas Partners L.P. ("MLP"), both the Common and Subordinated units are considered to possess the characteristics of Common Stock. Note that both are included in the determination of the EPS providing support for such a classificaiton.

(THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FERRELLGAS PARTNERS FINANCE CORP. BALANCE SHEET ON JULY 31, 1997, AND THE STATEMENT OF EARNINGS ENDING JULY 31, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATMENTS)

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

12-MOS
JUL-31-1997
AUG-01-1996
JUL-31-1997
1
1,000
0
0
0
0
1,000
0
0
1,000
0
0
1,000
0
0
0
1,000
0
0
0
0
0
0
0
(285)
0
(285)
0
0
0
(285)
0
0

1. For the Ferrellgas Partners Finance Corp. has no income statement items in this schedule other than totals as their only costs are G&A, and such costs are not required in the Financial Data Schedule.