



UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended April 30, 2006

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

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

**Ferrellgas Partners, L.P.**  
**Ferrellgas Partners Finance Corp.**  
**Ferrellgas, L.P.**  
**Ferrellgas Finance Corp.**  
*(Exact name of registrants as specified in their charters)*

Delaware  
Delaware  
Delaware  
Delaware

*(States or other jurisdictions of  
incorporation or organization)*

7500 College Boulevard, Suite 1000,  
Overland Park, KS

*(Address of principal executive offices)*

43-1698480  
43-1742520  
43-1698481  
14-1866671

*(I.R.S. Employer  
Identification Nos.)*

66210  
*(Zip Code)*

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

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

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

Ferrellgas Partners, L.P. Large accelerated filer  Accelerated filer  Non-accelerated filer

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

Large accelerated filer  Accelerated filer  Non-accelerated filer

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

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

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

At May 31, 2006, the registrants had common units or shares of common stock outstanding as follows:

Ferrellgas Partners, L.P.	60,885,784	Common Units
Ferrellgas Partners Finance Corp.	1,000	Common Stock
Ferrellgas, L.P.	n/a	n/a
Ferrellgas Finance Corp.	1,000	Common Stock

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

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

For the quarterly period ended April 30, 2006  
FORM 10-Q QUARTERLY REPORT

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (unaudited)

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

	April 30, 2006	July 31, 2005
	(In thousands, except unit data) (Unaudited)	
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 24,690	\$ 20,505
Accounts and notes receivable, net	144,089	107,778
Inventories	107,595	97,743
Prepaid expenses and other current assets	12,558	12,861
<b>Total current assets</b>	<b>288,932</b>	<b>238,887</b>
Property, plant and equipment, net	745,327	766,765
Goodwill	233,830	234,142
Intangible assets, net	250,823	255,277
Other assets, net	12,354	13,902
<b>Total assets</b>	<b>\$ 1,531,266</b>	<b>\$ 1,508,973</b>
<b>LIABILITIES AND PARTNERS' CAPITAL</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 98,506	\$ 108,667
Short-term borrowings	25,652	19,800
Other current liabilities	80,203	71,535
<b>Total current liabilities</b>	<b>204,361</b>	<b>200,002</b>
Long-term debt	977,560	948,977
Other liabilities	19,807	20,165
Contingencies and commitments (Note G)	—	—
Minority interest	6,097	6,151
<b>Partners' capital:</b>		
Common unitholders (60,505,350 and 60,134,054 units outstanding at April 30, 2006 and July 31, 2005, respectively)	378,800	390,422
General partner (611,165 and 607,415 units outstanding at April 30, 2006 and July 31, 2005, respectively)	(56,245)	(56,132)
Accumulated other comprehensive income (loss)	886	(612)
<b>Total partners' capital</b>	<b>323,441</b>	<b>333,678</b>
<b>Total liabilities and partners' capital</b>	<b>\$ 1,531,266</b>	<b>\$ 1,508,973</b>

See notes to condensed consolidated financial statements.

**FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2006	2005	2006	2005
	(In thousands, except per unit data) (Unaudited)			
<b>Revenues:</b>				
Propane and other gas liquids sales	\$ 466,832	\$ 442,520	\$ 1,400,631	\$ 1,330,417
Other	59,194	49,581	163,561	127,347
<b>Total revenues</b>	<b>526,026</b>	<b>492,101</b>	<b>1,564,192</b>	<b>1,457,764</b>
<b>Cost of product sold (exclusive of depreciation, shown with amortization below):</b>				
Propane and other gas liquids sales	288,364	281,845	919,626	881,691
Other	43,319	32,506	101,788	68,516
<b>Gross profit</b>	<b>194,343</b>	<b>177,750</b>	<b>542,778</b>	<b>507,557</b>
Operating expense	95,559	93,468	281,894	279,328
Depreciation and amortization expense	21,138	20,927	63,864	61,551
General and administrative expense	11,852	9,839	34,793	31,678
Equipment lease expense	6,506	6,767	20,723	18,674
Employee stock ownership plan compensation charge	2,597	4,007	7,521	8,452
Loss on disposal of assets and other	2,881	1,530	5,518	4,603
<b>Operating income</b>	<b>53,810</b>	<b>41,212</b>	<b>128,465</b>	<b>103,271</b>
Interest expense	(20,778)	(22,611)	(62,893)	(68,670)
Interest income	557	550	1,465	1,526
<b>Earnings before income taxes, minority interest and discontinued operations</b>	<b>33,589</b>	<b>19,151</b>	<b>67,037</b>	<b>36,127</b>
Income tax expense	2,271	635	2,971	568
Minority interest	377	249	829	544
<b>Earnings from continuing operations before discontinued operations</b>	<b>30,941</b>	<b>18,267</b>	<b>63,237</b>	<b>35,015</b>
Earnings from discontinued operations, net of minority interest of \$18 and \$73 for the three and nine months ended April 30, 2005, respectively	—	1,781	—	7,162
<b>Net earnings</b>	<b>30,941</b>	<b>20,048</b>	<b>63,237</b>	<b>42,177</b>
Distributions to senior unitholder	—	1,994	—	5,982
Net earnings available to general partner unitholder	309	181	632	362
<b>Net earnings available to common unitholders</b>	<b>\$ 30,632</b>	<b>\$ 17,873</b>	<b>\$ 62,605</b>	<b>\$ 35,833</b>
<b>Basic and diluted earnings per common unit:</b>				
Net earnings from continuing operations available to common unitholders before discontinued operations	\$ 0.51	\$ 0.30	\$ 1.04	\$ 0.54
Earnings from discontinued operations	—	0.03	—	0.13
<b>Net earnings available to common unitholders</b>	<b>\$ 0.51</b>	<b>\$ 0.33</b>	<b>\$ 1.04</b>	<b>\$ 0.67</b>

See notes to condensed consolidated financial statements.

**FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL**

	Number of Units		Common Unitholders	General Partner Unitholder (In thousands) (Unaudited)	Accumulated Other Comprehensive Income (Loss)			Total Partners' Capital
	Common Unitholders	General Partner Unitholder			Risk Management	Currency Translation Adjustments	Pension Liability	
<b>August 1, 2005</b>	60,134.1	607.4	\$ 390,422	\$ (56,132)	\$ 70	\$ 65	\$ (747)	\$ 333,678
Contributions in connection with ESOP and stock-based compensation charges	—	—	8,917	92	—	—	—	9,009
Common unit distributions	—	—	(90,533)	(914)	—	—	—	(91,447)
Common units issued in connection with acquisitions	263.3	2.7	5,392	55	—	—	—	5,447
Common unit options exercised	108.0	1.1	1,998	21	—	—	—	2,019
Comprehensive income (loss):								
Net earnings	—	—	62,604	633	—	—	—	63,237
Other comprehensive income (loss):								
Net earnings on risk management derivatives	—	—	—	—	1,964	—	—	—
Reclassification of derivatives to earnings	—	—	—	—	(484)	—	—	—
Foreign currency translation adjustments	—	—	—	—	—	18	—	1,498
Comprehensive income								64,735
<b>April 30, 2006</b>	<b>60,505.4</b>	<b>611.2</b>	<b>\$ 378,800</b>	<b>\$ (56,245)</b>	<b>\$ 1,550</b>	<b>\$ 83</b>	<b>\$ (747)</b>	<b>\$ 323,441</b>

See notes to condensed consolidated financial statements.

**FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the Nine Months Ended April 30,	
	2006	2005
	(In thousands) (Unaudited)	
<b>Cash flows from operating activities:</b>		
Net earnings	\$ 63,237	\$ 42,177
Reconciliation of net earnings to net cash provided by operating activities		
Depreciation and amortization expense	63,864	62,480
Employee stock ownership plan compensation charge	7,521	8,452
Stock-based compensation charges	1,581	—
Loss on disposal of assets	303	2,251
Minority interest	829	617
Other	13,761	5,403
Changes in operating assets and liabilities, net of effects from business acquisitions:		
Accounts and notes receivable, net of securitization	(77,885)	(90,675)
Inventories	(11,086)	13,371
Prepaid expenses and other current assets	(127)	(2,989)
Accounts payable	(9,922)	(14,565)
Other current liabilities	7,270	(6,641)
Other liabilities	(30)	675
Accounts receivable securitization:		
Proceeds from new accounts receivable securitizations	102,000	104,400
Proceeds from collections reinvested in revolving period accounts receivable securitizations	976,608	802,134
Remittances of amounts collected as servicer of accounts receivable securitizations	(1,044,608)	(868,234)
Net cash provided by operating activities	<u>93,316</u>	<u>58,856</u>
<b>Cash flows from investing activities:</b>		
Business acquisitions, net of cash acquired	(13,500)	(22,874)
Capital expenditures — technology initiative	(888)	(8,268)
Capital expenditures — other	(28,319)	(32,738)
Proceeds from sale of assets	15,734	11,418
Other	(4,211)	(2,681)
Net cash used in investing activities	<u>(31,184)</u>	<u>(55,143)</u>
<b>Cash flows from financing activities:</b>		
Distributions	(91,447)	(86,663)
Issuance of common units, net of issuance costs of \$304	—	94,757
Proceeds from increase in long-term debt	28,748	—
Reductions in long-term debt	(1,773)	(94,999)
Net additions to short-term borrowings	5,852	87,281
Cash paid for financing costs	(226)	(1,345)
Minority interest activity	(1,056)	46
Proceeds from exercise of common unit options	1,957	452
Cash contribution from general partner	16	1,034
Other	—	44
Net cash provided by (used in) financing activities	<u>(57,929)</u>	<u>607</u>
<b>Effect of exchange rate changes on cash</b>		
Increase in cash and cash equivalents	4,185	4,289
Cash and cash equivalents — beginning of year	20,505	15,428
<b>Cash and cash equivalents — end of period</b>	<u>\$ 24,690</u>	<u>\$ 19,717</u>
<b>Supplemental disclosures of cash flow information:</b>		
<b>Cash paid for:</b>		
Interest	\$ 59,393	\$ 67,143
Income taxes	\$ 609	\$ 415

See notes to condensed consolidated financial statements.

**FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**April 30, 2006**  
**(Dollars in thousands, except per unit data, unless otherwise designated)**  
**(unaudited)**

**A. Partnership organization and formation**

Ferrellgas Partners, L.P. ("Ferrellgas Partners") is a publicly traded limited partnership, owning an approximate 99% limited partner interest in Ferrellgas, L.P. (the "operating partnership"). Ferrellgas Partners and the operating partnership are collectively referred to as "Ferrellgas." Ferrellgas, Inc. (the "general partner"), a wholly-owned subsidiary of Ferrell Companies, Inc. ("Ferrell Companies"), has retained a 1% general partner interest in Ferrellgas Partners and also holds an approximate 1% general partner interest in the operating partnership, representing an effective 2% general partner interest in Ferrellgas on a combined basis. As general partner, it performs all management functions required by Ferrellgas. Ferrell Companies beneficially owns 18.4 million of Ferrellgas Partners' outstanding common units.

Ferrellgas Partners is a holding entity that conducts no operations and has two subsidiaries, Ferrellgas Partners Finance Corp. and the operating partnership. Ferrellgas Partners owns a 100% equity interest in Ferrellgas Partners Finance Corp., whose only purpose is to act as the co-issuer and co-obligor of any debt issued by Ferrellgas Partners. The operating partnership is the only operating subsidiary of Ferrellgas Partners.

The condensed consolidated financial statements of Ferrellgas reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the interim periods presented. All adjustments to the condensed consolidated financial statements were of a normal, recurring nature. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with (i) the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," and (ii) the consolidated financial statements and accompanying notes, each as set forth in Ferrellgas' Annual Report on Form 10-K for fiscal 2005, as amended on Form 10-K/A.

**B. Summary of significant accounting policies**

**(1) Nature of operations:**

The operating partnership is engaged primarily in the distribution of propane and related equipment and supplies in the United States. The propane distribution market is seasonal because propane is used primarily for heating in residential and commercial buildings. Therefore, the results of operations for the nine months ended April 30, 2006 and 2005 are not necessarily indicative of the results to be expected for a full fiscal year. The operating partnership serves more than one million residential, industrial/commercial, portable tank exchange, agricultural and other customers in all 50 states, the District of Columbia, Puerto Rico and Canada.

**(2) Accounting estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. Significant estimates impacting the condensed consolidated financial statements include accruals that have been established for contingent liabilities, accruals that have been established for pending claims and legal actions arising in the normal course of business, useful lives of property, plant and equipment assets, residual values of tanks, amortization methods of intangible assets, valuation methods used to value allowance for doubtful accounts, valuation methods of derivative commodity contracts and valuation methods of stock and unit-based compensation calculations.

**(3) Cash and cash equivalents and non-cash activities:**

For purposes of the condensed consolidated statements of cash flows, Ferrellgas considers cash equivalents to include all highly liquid debt instruments purchased with an original maturity of three months or less. Significant



FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

non-cash operating, investing and financing activities are primarily related to accounts receivable securitization and transactions with related parties and are disclosed in Note E — Accounts receivable securitization and Note J — Transactions with related parties, respectively.

(4) **Cost of product sold:**

Cost of product sold — propane and other gas liquids sales includes all costs to acquire propane and other gas liquids, including the results from risk management activities related to supply procurement and transportation, the costs of storing and transporting inventory prior to delivery to Ferrellgas' customers and the costs related to refurbishment of Ferrellgas' portable propane tanks. Cost of product sold — other primarily includes costs related to the sale of propane appliances and equipment.

(5) **New accounting standards:**

Statement of Financial Accounting Standards ("SFAS") No. 123(R), "Share-Based Payment" ("SFAS 123(R)"), is a revision of SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123") and supersedes Accounting Principles Board No. 25 "Accounting for Stock issued to Employees" ("APB 25") and its related implementation guidance. This statement requires that the cost resulting from all share-based payment transactions be recognized in the financial statements. Ferrellgas adopted this standard on August 1, 2005. See Note C — Unit and stock-based compensation — for current disclosures.

SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments — an amendment of SFAS No. 133 and 140" provides entities relief from the requirement to separately determine the fair value of an embedded derivative that would otherwise be bifurcated from the host contract under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement allows an irrevocable election on an instrument-by-instrument basis to measure such a hybrid financial instrument at fair value. This statement is effective for all financial instruments acquired or issued after the beginning of fiscal years beginning after September 15, 2006. Ferrellgas has evaluated this statement and does not believe it will have a material effect on Ferrellgas' financial position, results of operations and cash flows.

SFAS No. 156, "Accounting for Servicing of Financial Assets — an amendment of SFAS No. 140" requires that all separately recognized servicing assets and liabilities be initially measured at fair value and permits (but does not require) subsequent measurement of servicing assets and liabilities at fair value. This statement is effective for fiscal years beginning after September 15, 2006. Ferrellgas has evaluated this statement and does not believe it will have a material effect on Ferrellgas' financial position, results of operations and cash flows.

Emerging Issues Task Force ("EITF") 04-5, "Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights" concludes that a general partner of a limited partnership is presumed to control the limited partnership, and should therefore consolidate the limited partnership, unless the limited partners have substantive kick-out rights or participating rights. EITF 04-5 is effective after June 29, 2005 for existing limited partnerships that have partnership agreements that have been modified and no later than the beginning of the first reporting period in fiscal years beginning after December 15, 2005 for existing limited partnerships with partnership agreements that have not been modified. Ferrellgas has evaluated the potential impact of this EITF and does not believe it will have an impact on how Ferrellgas consolidates its financial statements.

EITF 04-13, "Accounting for Purchases and Sales of Inventory with the Same Counterparty" addresses the accounting for an entity's sale of inventory to another entity from which it also purchases inventory to be sold in the same line of business. EITF 04-13 concludes that two or more inventory transactions with the same counterparty should be accounted for as a single non-monetary transaction at fair value or recorded amounts based on inventory classifications. EITF 04-13 is effective for new arrangements entered into, and modifications or renewals of existing arrangements, beginning in the first interim or annual reporting period beginning after March 15, 2006. Ferrellgas early-adopted EITF 04-13 during the three months ended April 30, 2006, without a material effect on its financial position, results of operations and cash flows.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(6) **Reclassifications:**

Certain reclassifications have been made to the condensed consolidated financial statements of prior periods to conform to the condensed consolidated financial statements of the current period presentation. For additional discussion regarding reclassifications related to discontinued operations, see Note D — Discontinued operations.

C. **Unit and stock-based compensation**

Ferrellgas adopted SFAS 123(R) on August 1, 2005. Prior to adoption, Ferrellgas accounted for unit and stock-based compensation plans using the intrinsic value method under the provisions of APB 25 and made the fair value method pro forma disclosures required under SFAS 123. SFAS 123(R) requires that the cost resulting from all share-based payment transactions be recognized in the financial statements. It also establishes fair value as the measurement method in accounting for share-based payment transactions with employees. Adoption of SFAS 123(R) resulted in the following non-cash compensation charges:

	For the Three Months Ended April 30, 2006	For the Nine Months Ended April 30, 2006
Operating expense	\$ 106	\$ 358
General and administrative expense	240	1,223
	<u>\$ 346</u>	<u>\$ 1,581</u>

Adoption of SFAS 123(R) decreased basic and diluted earnings per share by \$0.01 and \$0.03 for the three and nine months ended April 30, 2006, respectively.

Ferrellgas adopted SFAS 123(R) using the modified prospective application method. Under this method, SFAS 123(R) applies to new awards and to awards modified, repurchased, or cancelled after the adoption date of August 1, 2005. Additionally, compensation cost for the portion of awards for which the requisite service has not been rendered that are outstanding as of August 1, 2005 will be recognized as the requisite service is rendered. The compensation cost for that portion of awards is based on the fair value of those awards as of the grant-date as was calculated for pro forma disclosures under SFAS 123. The compensation cost for those earlier awards is attributed to periods beginning on or after August 1, 2005 using the attribution method that was used under SFAS 123.

Had compensation cost for these plans been recognized in Ferrellgas' condensed consolidated statement of earnings for the three and nine months ended April 30, 2005, net earnings and net earnings per common unit would have been adjusted as noted in the table below:

	For the Three Months Ended April 30, 2005	For the Nine Months Ended April 30, 2005
Net earnings available to common unitholders, as reported	\$ 17,873	\$ 35,833
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards	(156)	(467)
Pro forma net earnings available to common unitholders	<u>\$ 17,717</u>	<u>\$ 35,366</u>
Basic and diluted earnings per common unit:		
Earnings from continuing operations available to common unitholders before discontinued operations, as reported	\$ 0.30	\$ 0.54
Net earnings available to common unit holders, as reported	\$ 0.33	\$ 0.67
Earnings from continuing operations available to common unitholders before discontinued operations, pro forma	\$ 0.29	\$ 0.53
Net earnings available to common unitholders, pro forma	\$ 0.33	\$ 0.67

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

**Ferrellgas Partners Unit Option Plan (“UOP”)**

The UOP is authorized to issue options covering up to 1.35 million common units to employees of the general partner or its affiliates. The Board of Directors of the general partner administers the UOP, authorizes grants of unit options thereunder and sets the unit option price and vesting terms of unit options in accordance with the terms of the UOP. No single officer or director of the general partner may acquire more than 314,895 common units under the UOP. In general, the options currently outstanding under the UOP vest over a five-year period, and expire on the tenth anniversary of the date of the grant. The fair value of each option award is estimated on the date of grant using a binomial option valuation model. There have been no awards granted pursuant to the UOP since fiscal 2001. Expected volatility is based on the historical volatility of publicly-traded common units. Historical information is used to estimate option exercise and employee termination behavior. Due to the limited number of employees eligible to participate in the UOP, there is only one group of employees. The expected term of options granted is derived using the simplified method and represents the period of time that options are expected to be outstanding. The risk free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. During the three and nine months ended April 30, 2006, the portion of the total non-cash compensation charge relating to the UOP was \$0.1 million and \$0.3 million, respectively.

A summary of option activity under the UOP as of April 30, 2006 is presented below:

	Number of Units	Weighted Average Exercise Price	Weighted- Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value (In thousands)
<b>Outstanding, August 1, 2005</b>	344,676	\$ 18.52		
Exercised	(108,000)	18.48		
Forfeited	(9,926)	20.86		
<b>Outstanding, April 30, 2006</b>	<u>226,750</u>	18.44	3.9	\$ 661
<b>Options exercisable, April 30, 2006</b>	<u>226,750</u>	\$ 18.44	3.9	\$ 661

There were no options granted during the nine months ended April 30, 2006 and 2005. The total intrinsic value of options exercised during the nine months ended April 30, 2006 and 2005 was \$0.3 million and \$0.1 million, respectively.

As of April 30, 2006 there is no unrecognized compensation cost related to unit-based compensation arrangements granted under the UOP because all options outstanding are fully vested.

**Ferrell Companies, Inc. Incentive Compensation Plan (“ICP”)**

The ICP is not a Ferrellgas stock-compensation plan. However, in accordance with Ferrellgas’ partnership agreements, all employee-related costs incurred by Ferrell Companies are allocated to Ferrellgas. On August 1, 2005 Ferrell Companies adopted SFAS 123(R) and now accounts for its stock-based compensation plan in accordance with that standard. As a result, Ferrellgas now incurs a non-cash compensation charge from Ferrell Companies as they account for their plan in accordance with SFAS 123(R).

Ferrell Companies is authorized to issue options covering up to 6.25 million shares of Ferrell Companies common stock under the ICP. The ICP was established by Ferrell Companies to allow upper middle and senior level managers of the general partner to participate in the equity growth of Ferrell Companies. The shares underlying the stock options are common shares of Ferrell Companies; therefore, there is no potential dilution of Ferrellgas. The ICP stock options vest ratably over periods ranging from three to 12 years or 100% upon a change of control of Ferrell Companies, or the death, disability or retirement at the age of 65 of the participant. Vested options are exercisable in increments based on the timing of the retirement of Ferrell Companies’ debt, but in no event later than

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

20 years from the date of issuance. The fair value of each option award is estimated on the date of grant using a binomial option valuation model. During the three and nine months ended April 30, 2006, the portion of the total non-cash compensation charge relating to the ICP was \$0.2 million and \$1.3 million, respectively.

**D. Discontinued operations**

During July 2005, Ferrellgas sold its wholesale storage business, which consisted of non-strategic storage and terminal assets located in Arizona, Kansas, Minnesota, North Carolina and Utah for \$144.0 million in cash, before \$1.9 million of fees and expenses. Ferrellgas recorded a gain during fiscal 2005 of \$97.0 million on the sale. The assets consisted of underground storage facilities and rail and pipeline-to-truck terminals. Ferrellgas considers the sale of these assets to be discontinued operations. Therefore, in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," Ferrellgas has reported results of operations from these assets as discontinued operations for all periods presented on the condensed consolidated statements of earnings as follows:

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2006	2005	2006	2005
Total revenues	\$ —	\$ 27,815	\$ —	\$ 78,148
Cost of product sold (exclusive of depreciation, shown with amortization below):				
Propane and other gas liquids sales	—	25,000	—	68,178
Gross profit	—	2,815	—	9,970
Operating expense	—	674	—	1,825
Depreciation and amortization expense	—	373	—	929
Equipment lease expense	—	5	—	17
Loss (gain) on disposal of assets and other	—	(36)	—	(36)
Earnings before income taxes, minority interest and discontinued operations	—	1,799	—	7,235
Minority interest	—	18	—	73
Earnings from discontinued operations, net of minority interest	<u>\$ —</u>	<u>\$ 1,781</u>	<u>\$ —</u>	<u>\$ 7,162</u>

**E. Accounts receivable securitization**

The operating partnership transfers certain of its trade accounts receivable to Ferrellgas Receivables, LLC ("Ferrellgas Receivables"), a wholly-owned unconsolidated, special purpose entity, and retains an interest in a portion of these transferred receivables. As these transferred receivables are subsequently collected and the funding from the accounts receivable securitization facility is reduced, the operating partnership's retained interest in these receivables is reduced. The accounts receivable securitization facility consisted of the following:

	April 30, 2006	July 31, 2005
Retained interest	\$ 23,535	\$15,710
Accounts receivable transferred	\$125,000	\$82,500

The retained interest was classified as accounts receivable on the condensed consolidated balance sheets. At April 30, 2006, the operating partnership did not have any remaining capacity to transfer additional trade accounts receivable.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Other accounts receivable securitization disclosures consist of the following items:

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2006	2005	2006	2005
Net non-cash activity	\$761	\$508	\$2,191	\$946
Bad debt expense	\$259	\$131	\$ 525	\$411

The net non-cash activity reported in the condensed consolidated statements of earnings approximate the financing cost of issuing commercial paper backed by these accounts receivable plus an allowance for doubtful accounts associated with the outstanding receivables transferred to Ferrellgas Receivables. The weighted average discount rate used to value the retained interest in the transferred receivables was 5.8% and 4.3% as of April 30, 2006 and July 31, 2005, respectively.

**F. Supplemental financial statement information**

Inventories consist of:

	April 30, 2006	July 31, 2005
Propane gas and related products	\$ 80,139	\$ 70,380
Appliances, parts and supplies	27,456	27,363
	<u>\$ 107,595</u>	<u>\$ 97,743</u>

In addition to inventories on hand, Ferrellgas enters into contracts primarily to buy propane for supply procurement purposes. Most of these contracts have terms of less than one year and call for payment based on market prices at the date of delivery. All fixed price contracts have terms of fewer than 18 months. As of April 30, 2006, Ferrellgas had committed, for supply procurement purposes, to take net delivery of approximately 16.4 million gallons of propane at a fixed price.

Goodwill and intangible assets, net consist of:

	April 30, 2006			July 31, 2005		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
GOODWILL, NET	\$ 233,830	—	\$ 233,830	\$ 234,142	—	\$ 234,142
INTANGIBLE ASSETS, NET						
Amortized intangible assets						
Customer lists	\$ 345,051	\$ (167,528)	\$ 177,523	\$ 335,557	\$ (155,281)	\$ 180,276
Non-compete agreements	37,700	(26,336)	11,364	34,270	(21,803)	12,467
Other	5,336	(2,496)	2,840	5,470	(2,010)	3,460
	<u>388,087</u>	<u>(196,360)</u>	<u>191,727</u>	<u>375,297</u>	<u>(179,094)</u>	<u>196,203</u>
Unamortized intangible assets						
Tradenames & trademarks	59,096	—	59,096	59,074	—	59,074
Total intangibles assets, net	<u>\$ 447,183</u>	<u>\$ (196,360)</u>	<u>\$ 250,823</u>	<u>\$ 434,371</u>	<u>\$ (179,094)</u>	<u>\$ 255,277</u>

**FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2006	2005	2006	2005
Aggregate amortization expense	\$5,585	\$5,825	\$16,706	\$17,126

Estimated amortization expense:

<b>For the years ended July 31,</b>	
Amortization remaining in 2006	\$ 5,454
2007	21,183
2008	19,253
2009	18,196
2010	17,118
2011	16,933

Loss on disposal of assets and other consist of:

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2006	2005	2006	2005
Loss on disposal of assets	\$ 1,334	\$ 860	\$ 303	\$ 2,287
Loss on transfer of accounts receivable related to the accounts receivable securitization	2,787	1,902	8,171	4,472
Service income related to the accounts receivable securitization	(1,240)	(1,232)	(2,956)	(2,156)
	<u>\$ 2,881</u>	<u>\$ 1,530</u>	<u>\$ 5,518</u>	<u>\$ 4,603</u>

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

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2006	2005	2006	2005
Operating expense	\$ 35,031	\$ 39,678	\$ 114,498	\$ 117,075
Depreciation and amortization expense	1,389	1,543	4,348	4,853
Equipment lease expense	5,867	6,137	18,390	19,550
	<u>\$ 42,287</u>	<u>\$ 47,358</u>	<u>\$ 137,236</u>	<u>\$ 141,478</u>

Other current liabilities consist of:

	April 30, 2006	July 31, 2005
Accrued interest	\$ 26,242	\$ 24,328
Accrued payroll	20,410	13,816
Accrued insurance	8,653	8,627
Other	24,898	24,764
	<u>\$ 80,203</u>	<u>\$ 71,535</u>

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

**G. Contingencies**

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

**H. Earnings per common unit**

Below is a calculation of the basic and diluted earnings per common unit in the condensed consolidated statements of earnings for the periods indicated. Prior to their conversion to common units in June 2005, the senior units were excluded from the computation of diluted earnings per common unit as they were considered contingently issuable common units for which all necessary conditions for their issuance had not been satisfied as of the end of the nine months ended April 30, 2005. For the three and nine months ended April 30, 2005, distributions to the senior unitholder decreased the net earnings available to common unitholders.

In accordance with EITF 03-6, "Participating Securities and the Two — Class Method under FASB Statement No. 128, *Earnings per Share*," Ferrellgas calculates net earnings per limited partner unit for each period presented according to distributions declared and participation rights in undistributed earnings, as if all of the earnings for the period had been distributed. In periods with undistributed earnings above certain levels, the calculation according to the two-class method results in an increased allocation of undistributed earnings to the general partner and a dilution of the earnings to the limited partners. Due to the seasonality of the propane business, the dilution effect of EITF 03-6 on net earnings per limited partner unit will typically impact the three months ending January 31. There was not a dilutive effect of EITF 03-6 on basic net earnings per limited partner unit for the three or nine months ended April 30, 2006 and 2005.

In periods with year-to-date net losses the allocation of the net losses to the limited partners and the general partner will be determined based on the same allocation basis specified in the Ferrellgas Partners' partnership agreement that would apply to periods in which there were no undistributed earnings. Ferrellgas typically incurs net losses in the three month period ended October 31.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2006	2005	2006	2005
Net earnings available to common unitholders before discontinued operations	\$ 30,632	\$ 16,110	\$ 62,605	\$ 28,743
Earnings from discontinued operations, net of minority interest and general partner interest of \$36 and \$145 during the three and nine months ended April 30, 2005, respectively	—	1,763	—	7,090
Net earnings available to common unitholders	\$ 30,632	\$ 17,873	\$ 62,605	\$ 35,833
<i>(in thousands)</i>				
Weighted average common units outstanding	60,483.8	54,110.3	60,346.3	53,097.8
Dilutive securities	32.1	48.7	31.6	45.7
Weighted average common units outstanding plus dilutive securities	60,515.9	54,159.0	60,377.9	53,143.5
<b>Basic and diluted earnings per common unit:</b>				
Net earnings available to common unitholders before discontinued operations	\$ 0.51	\$ 0.30	\$ 1.04	\$ 0.54
Earnings from discontinued operations, net of minority interest and general partner interest of \$36 and \$145 during the three and nine months ended April 30, 2005, respectively	—	0.03	—	0.13
Net earnings available to common unitholders	\$ 0.51	\$ 0.33	\$ 1.04	\$ 0.67

**I. Distributions**

On March 17, 2006, December 14, 2005 and September 14, 2005, Ferrellgas Partners paid cash distributions of \$0.50 per common unit for each of the three months ended January 31, 2006, October 31 and July 31, 2005. On May 23, 2006, Ferrellgas Partners declared a cash distribution of \$0.50 per common unit for the three months ended April 30, 2006, which is expected to be paid on June 14, 2006.

**J. Transactions with related parties**

**Reimbursable costs**

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

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2006	2005	2006	2005
Reimbursable costs	\$58,262	\$59,624	\$172,712	\$178,741



**FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Partnership distributions**

Ferrellgas Partners has paid the following distributions to related parties:

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2006	2005	2006	2005
Ferrell Companies	\$ 9,094	\$ 8,902	\$ 27,283	\$ 26,706
FCI Trading Corp.(1)	98	98	294	294
Ferrell Propane, Inc.(2)	26	26	77	77
James E. Ferrell(3)	2,116	2,134	6,318	6,401
The general partner	305	293	914	867

- (1) FCI Trading Corp. ("FCI Trading") is an affiliate of the general partner.  
(2) Ferrell Propane, Inc. ("Ferrell Propane") is controlled by the general partner.  
(3) James E. Ferrell ("Mr. Ferrell") is the Chairman and Chief Executive Officer of the general partner.

On May 23, 2006, Ferrellgas Partners declared distributions to Ferrell Companies, FCI Trading, Ferrell Propane, Mr. Ferrell and the general partner of \$9.1 million, \$0.1 million, \$26 thousand, \$2.1 million and \$0.3 million, respectively.

**Operations**

Ferrell International Limited ("Ferrell International") is beneficially owned by Mr. Ferrell and thus is an affiliate. During the prior year period, Ferrellgas entered into transactions with Ferrell International in connection with Ferrellgas' risk management activities and did so at market prices in accordance with Ferrellgas' affiliate trading policy approved by the general partner's Board of Directors. These transactions included forward, option and swap contracts and were all reviewed for compliance with the policy. Ferrellgas also provides limited accounting services for Ferrell International. Ferrellgas recognized the following net receipts (disbursements) from purchases, sales and commodity derivative transactions and from providing accounting services for Ferrell International:

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2006	2005	2006	2005
Net disbursements	\$—	\$—	\$—	\$(2,699)
Receipts from providing accounting services	10	10	30	30

These net purchases, sales and commodity derivative transactions with Ferrell International were classified as cost of product sold — propane and other gas liquids sales on the condensed consolidated statements of earnings. There were no amounts due from or due to Ferrell International at April 30, 2006.

**K. Subsequent events**

On June 6, 2006, the operating partnership renewed its accounts receivable securitization facility for a 364 day commitment with JP Morgan Chase Bank, N.A. and Fifth Third Bank. The renewed facility allows the operating partnership to sell between \$85.0 million and \$160.0 million of accounts receivable, depending on the time of the year and available undivided interest in the operating partnership's accounts receivable from certain customers.

On June 6, 2006, the operating partnership executed an addendum to the operating partnership's existing unsecured bank credit facility with Bank of America N.A. (the administrative agent) and Deutsche Bank Trust Company Americas to increase the borrowing capacity available under the unsecured bank credit facility from \$330.0 million to \$365.0 million.

**FERRELLGAS PARTNERS FINANCE CORP.**  
**(A wholly-owned subsidiary of Ferrellgas Partners, L.P.)**  
**CONDENSED BALANCE SHEETS**

	April 30, 2006	July 31, 2005
	(In dollars) (Unaudited)	
<b>ASSETS</b>		
Cash	\$ 1,000	\$ 1,000
<b>Total assets</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>
<b>STOCKHOLDER'S EQUITY</b>		
Common stock, \$1.00 par value; 2,000 shares authorized; 1,000 shares issued and outstanding	\$ 1,000	\$ 1,000
Additional paid in capital	3,387	3,282
Accumulated deficit	(3,387)	(3,282)
<b>Total stockholder's equity</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>

See notes to condensed financial statements.

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

**CONDENSED STATEMENTS OF EARNINGS**

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2006	2005	2006	2005
			(In dollars) (Unaudited)	
General and administrative expense	\$—	\$ 60	\$ 105	\$ 105
Net loss	<u>\$—</u>	<u>\$ (60)</u>	<u>\$ (105)</u>	<u>\$ (105)</u>

See notes to condensed financial statements.

**FERRELLGAS PARTNERS FINANCE CORP.**  
**(A wholly-owned subsidiary of Ferrellgas Partners, L.P.)**  
**CONDENSED STATEMENTS OF CASH FLOWS**

	<b>For the Nine Months Ended April 30,</b>	
	<b>2006</b>	<b>2005</b>
	<b>(In dollars) (Unaudited)</b>	
<b>Cash flows from operating activities:</b>		
Net loss	\$ (105)	\$ (105)
Cash used in operating activities	<u>(105)</u>	<u>(105)</u>
<b>Cash flows from financing activities:</b>		
Capital contribution	<u>105</u>	<u>105</u>
Cash provided by financing activities	<u>105</u>	<u>105</u>
Change in cash	—	—
Cash — beginning of period	<u>1,000</u>	<u>1,000</u>
<b>Cash — end of period</b>	<b><u>\$ 1,000</u></b>	<b><u>\$ 1,000</u></b>

See note to condensed financial statements.

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

**NOTE TO CONDENSED FINANCIAL STATEMENTS**  
**APRIL 30, 2006**  
**(unaudited)**

**A. Organization**

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 condensed financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the interim periods presented. All adjustments to the condensed financial statements were of a normal, recurring nature.

The Finance Corp. has nominal assets, does not conduct any operations, has no employees and serves as co-obligor for debt securities of the Partnership.

**FERRELLGAS, L.P. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<u>April 30,</u> <u>2006</u>	<u>July 31,</u> <u>2005</u>
(In thousands) (Unaudited)		
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 24,072	\$ 20,191
Accounts and notes receivable, net	144,089	107,778
Inventories	107,595	97,743
Prepaid expenses and other current assets	11,827	12,121
<b>Total current assets</b>	<u>287,583</u>	<u>237,833</u>
Property, plant and equipment, net	745,327	766,765
Goodwill	233,830	234,142
Intangible assets, net	250,823	255,277
Other assets, net	9,068	10,254
<b>Total assets</b>	<u>\$ 1,526,631</u>	<u>\$ 1,504,271</u>
<b>LIABILITIES AND PARTNERS' CAPITAL</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 98,506	\$ 108,667
Short-term borrowings	25,652	19,800
Other current liabilities	70,453	68,288
<b>Total current liabilities</b>	<u>194,611</u>	<u>196,755</u>
Long-term debt	707,235	678,367
Other liabilities	19,807	20,162
Contingencies and commitments (Note G)	—	—
<b>Partners' capital</b>		
Limited partner	597,995	603,448
General partner	6,097	6,151
Accumulated other comprehensive income (loss)	886	(612)
<b>Total partners' capital</b>	<u>604,978</u>	<u>608,987</u>
<b>Total liabilities and partners' capital</b>	<u>\$ 1,526,631</u>	<u>\$ 1,504,271</u>

See notes to condensed consolidated financial statements.

**FERRELLGAS, L.P. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2006	2005	2006	2005
	(In thousands) (Unaudited)			
<b>Revenues:</b>				
Propane and other gas liquids sales	\$ 466,832	\$ 442,520	\$ 1,400,631	\$ 1,330,417
Other	59,194	49,581	163,561	127,347
<b>Total revenues</b>	<b>526,026</b>	<b>492,101</b>	<b>1,564,192</b>	<b>1,457,764</b>
<b>Cost of product sold (exclusive of depreciation, shown with amortization below)</b>				
Propane and other gas liquids sales	288,364	281,845	919,626	881,691
Other	43,319	32,506	101,788	68,516
<b>Gross profit</b>	<b>194,343</b>	<b>177,750</b>	<b>542,778</b>	<b>507,557</b>
Operating expense	95,497	93,396	281,707	279,065
Depreciation and amortization expense	21,138	20,927	63,864	61,551
General and administrative expense	11,852	9,839	34,793	31,678
Equipment lease expense	6,506	6,767	20,723	18,674
Employee stock ownership plan compensation charge	2,597	4,007	7,521	8,452
Loss on disposal of assets and other	2,881	1,530	5,518	4,603
<b>Operating income</b>	<b>53,872</b>	<b>41,284</b>	<b>128,652</b>	<b>103,534</b>
Interest expense	(14,852)	(16,604)	(45,120)	(50,653)
Interest income	557	550	1,465	1,523
<b>Earnings before income taxes and discontinued operations</b>	<b>39,577</b>	<b>25,230</b>	<b>84,997</b>	<b>54,404</b>
Income tax expense	2,271	635	2,971	568
<b>Earnings before discontinued operations</b>	<b>37,306</b>	<b>24,595</b>	<b>82,026</b>	<b>53,836</b>
Earnings from discontinued operations	—	1,799	—	7,235
<b>Net earnings</b>	<b>\$ 37,306</b>	<b>\$ 26,394</b>	<b>\$ 82,026</b>	<b>\$ 61,071</b>

See notes to condensed consolidated financial statements.

**FERRELLGAS, L.P. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL**

	Limited Partner	General Partner	Accumulated Other Comprehensive Income (Loss)			Total Partners' Capital
			Risk Management	Currency Translation Adjustments	Pension Liability	
			(In thousands) (Unaudited)			
<b>August 1, 2005</b>	\$ 603,448	\$ 6,151	\$ 70	\$ 65	\$ (747)	\$ 608,987
Contributions in connection with ESOP and stock-based compensation charges	9,009	93	—	—	—	9,102
Quarterly distributions	(103,463)	(1,056)	—	—	—	(104,519)
Net assets contributed by Ferrellgas Partners and cash contributed by the general partner in connection with acquisitions	7,804	80	—	—	—	7,884
Comprehensive income (loss):						
Net earnings	81,197	829	—	—	—	82,026
Other comprehensive income (loss):						
Net earnings on risk management derivatives	—	—	1,964	—	—	
Reclassification of derivatives to earnings	—	—	(484)	—	—	
Foreign currency translation adjustments	—	—	—	18	—	1,498
Comprehensive income						83,524
<b>April 30, 2006</b>	<u>\$ 597,995</u>	<u>\$ 6,097</u>	<u>\$ 1,550</u>	<u>\$ 83</u>	<u>\$ (747)</u>	<u>\$ 604,978</u>

See notes to condensed consolidated financial statements.



**FERRELLGAS, L.P. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the Nine Months Ended April 30,	
	2006	2005
	(In thousands) (Unaudited)	
<b>Cash flows from operating activities:</b>		
Net earnings	\$ 82,026	\$ 61,071
Reconciliation of net earnings to net cash provided by operating activities:		
Depreciation and amortization expense	63,864	62,480
Employee stock ownership plan compensation charge	7,521	8,452
Stock-based compensation charges	1,581	—
Loss on disposal of assets	303	2,251
Other	13,579	4,975
Changes in operating assets and liabilities, net of effects from business acquisitions:		
Accounts and notes receivable, net of securitization	(77,885)	(90,675)
Inventories	(11,086)	13,371
Prepaid expenses and other current assets	(91)	(2,989)
Accounts payable	(9,922)	(14,565)
Other current liabilities	1,407	(11,681)
Other liabilities	(30)	675
Accounts receivable securitization:		
Proceeds from new accounts receivable securitizations	102,000	104,400
Proceeds from collections reinvested in revolving period accounts receivable securitizations	976,608	802,134
Remittances of amounts collected as servicer of accounts receivable securitizations	(1,044,608)	(868,234)
Net cash provided by operating activities	<u>105,267</u>	<u>71,665</u>
<b>Cash flows from investing activities:</b>		
Business acquisitions, net of cash acquired	(13,550)	(22,874)
Capital expenditures — technology initiative	(888)	(8,268)
Capital expenditures — other	(28,319)	(32,738)
Proceeds from asset sales	15,734	11,418
Other	(4,207)	(2,642)
Net cash used in investing activities	<u>(31,230)</u>	<u>(55,104)</u>
<b>Cash flows from financing activities:</b>		
Distributions	(104,519)	(99,393)
Contributions from partners	1,554	96,865
Proceeds from increase in long-term debt	28,748	—
Reductions in long-term debt	(1,773)	(94,999)
Net additions to short-term borrowings	5,852	87,281
Cash paid for financing costs	—	(1,263)
Other	—	44
Net cash used in financing activities	<u>(70,138)</u>	<u>(11,465)</u>
<b>Effect of exchange rate changes on cash</b>	<u>(18)</u>	<u>(31)</u>
Increase in cash and cash equivalents	3,881	5,065
Cash and cash equivalents — beginning of period	20,191	13,751
<b>Cash and cash equivalents — end of period</b>	<u>\$ 24,072</u>	<u>\$ 18,816</u>
<b>Supplemental disclosures of cash flow information:</b>		
<b>Cash paid for:</b>		
Interest	<u>\$ 47,665</u>	<u>\$ 55,986</u>
Income taxes	<u>\$ 609</u>	<u>\$ 415</u>

See notes to condensed consolidated financial statements.

**FERRELLGAS, L.P. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**April 30, 2006**  
**(Dollars in thousands, unless otherwise designated)**  
**(unaudited)**

**A. Partnership organization and formation**

Ferrellgas, L.P. is a limited partnership that owns and operates propane distribution and related assets. Ferrellgas Partners, L.P. (“Ferrellgas Partners”), a publicly traded limited partnership, owns an approximate 99% limited partner interest in, and consolidates, Ferrellgas, L.P. Ferrellgas, Inc. (the “general partner”), a wholly-owned subsidiary of Ferrell Companies, Inc. (“Ferrell Companies”), holds an approximate 1% general partner interest in Ferrellgas, L.P. and performs all management functions required by Ferrellgas, L.P.

Ferrellgas, L.P. owns a 100% equity interest in Ferrellgas Finance Corp., whose only purpose is to act as the co-issuer and co-obligor of any debt issued by Ferrellgas, L.P.

The condensed consolidated financial statements of Ferrellgas, L.P. and subsidiaries reflect all adjustments, that are, in the opinion of management, necessary for a fair statement of the interim periods presented. All adjustments to the condensed consolidated financial statements were of a normal, recurring nature. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with (i) the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and (ii) the consolidated financial statements and accompanying notes, each as set forth in Ferrellgas, L.P.’s Annual Report on Form 10-K for fiscal 2005, as amended on Form 10-K/A.

**B. Summary of significant accounting policies**

**(1) Nature of operations:**

Ferrellgas, L.P. is engaged primarily in the distribution of propane and related equipment and supplies in the United States. The propane distribution market is seasonal because propane is used primarily for heating in residential and commercial buildings. Therefore, the results of operations for the nine months ended April 30, 2006 and 2005 are not necessarily indicative of the results to be expected for a full fiscal year. Ferrellgas, L.P. serves more than one million residential, industrial/commercial, portable tank exchange, agricultural and other customers in all 50 states, the District of Columbia, Puerto Rico and Canada.

**(2) Accounting estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. Significant estimates impacting the condensed consolidated financial statements include accruals that have been established for contingent liabilities, accruals that have been established for pending claims and legal actions arising in the normal course of business, useful lives of property, plant and equipment assets, residual values of tanks, amortization methods of intangible assets, valuation methods used to value allowance for doubtful accounts, valuation methods of derivative commodity contracts and valuation methods of stock and unit-based compensation calculations.

**(3) Cash and cash equivalents and non-cash activities:**

For purposes of the condensed consolidated statements of cash flows, Ferrellgas, L.P. considers cash equivalents to include all highly liquid debt instruments purchased with an original maturity of three months or less. Significant non-cash operating, investing and financing activities are primarily related to accounts receivable securitization and transactions with related parties and are disclosed in Note E — Accounts receivable securitization and Note I — Transactions with related parties, respectively.

FERRELLGAS, L.P. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(4) **Cost of product sold:**

Cost of product sold — propane and other gas liquids sales includes all costs to acquire propane and other gas liquids, including the results from risk management activities related to supply procurement and transportation, the costs of storing and transporting inventory prior to delivery to Ferrellgas, L.P.'s customers and the costs related to refurbishment of Ferrellgas, L.P.'s portable propane tanks. Cost of product sold — other primarily includes costs related to the sale of propane appliances and equipment.

(5) **New accounting standards:**

Statement of Financial Accounting Standards ("SFAS") No. 123(R), "Share-Based Payment," ("SFAS 123(R)"), is a revision of SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123") and supersedes Accounting Principles Board No. 25 "Accounting for Stock Issued to Employees" ("APB 25") and its related implementation guidance. This statement requires that the cost resulting from all share-based payment transactions be recognized in the financial statements. See Note C — Unit and stock-based compensation — for current disclosures.

SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments — an amendment of SFAS No. 133 and 140" provides entities relief from the requirement to separately determine the fair value of an embedded derivative that would otherwise be bifurcated from the host contract under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement allows an irrevocable election on an instrument-by-instrument basis to measure such a hybrid financial instrument at fair value. This statement is effective for all financial instruments acquired or issued after the beginning of fiscal years beginning after September 15, 2006. Ferrellgas, L.P. has evaluated this statement and does not believe it will have a material effect on its financial position, results of operations and cash flows.

SFAS No. 156, "Accounting for Servicing of Financial Assets — an amendment of SFAS No. 140" requires that all separately recognized servicing assets and liabilities be initially measured at fair value and permits (but does not require) subsequent measurement of servicing assets and liabilities at fair value. This statement is effective for fiscal years beginning after September 15, 2006. Ferrellgas, L.P. has evaluated this statement and does not believe it will have a material effect on its financial position, results of operations and cash flows.

EITF 04-13, "Accounting for Purchases and Sales of Inventory with the Same Counterparty" addresses the accounting for an entity's sale of inventory to another entity from which it also purchases inventory to be sold in the same line of business. EITF 04-13 concludes that two or more inventory transactions with the same counterparty should be accounted for as a single non-monetary transaction at fair value or recorded amounts based on inventory classifications. EITF 04-13 is effective for new arrangements entered into, and modifications or renewals of existing arrangements, beginning in the first interim or annual reporting period beginning after March 15, 2006. Ferrellgas, L.P. early-adopted EITF 04-13 during the three months ended April 30, 2006, without a material effect on its financial position, results of operations and cash flows.

(6) **Reclassifications:**

Certain reclassifications have been made to the condensed consolidated financial statements of prior periods to conform to the condensed consolidated financial statements of the current period presentation. For additional discussion regarding reclassifications related to discontinued operations, see Note D — Discontinued operations.

C. **Unit and stock-based compensation**

Ferrellgas, L.P. has no unit or stock-based compensation plans and is not required to adopt SFAS 123(R). However, in accordance with the partnership agreements of Ferrellgas Partners and Ferrellgas, L.P., all employee-related costs incurred by Ferrellgas Partners and Ferrell Companies are allocated to Ferrellgas, L.P. On August 1, 2005 Ferrellgas Partners and Ferrell Companies adopted SFAS 123(R) and now account for their respective unit and

FERRELLGAS, L.P. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

stock-based compensation plans in accordance with that standard. As a result, Ferrellgas, L.P. now incurs a non-cash compensation charge from Ferrellgas Partners and Ferrell Companies as they account for these plans in accordance with SFAS 123(R).

Prior to adoption, Ferrellgas Partners and Ferrell Companies accounted for their respective unit and stock-based compensation plans using the intrinsic value method under the provisions of APB 25 and made the fair value method pro forma disclosures required under SFAS 123. SFAS 123(R) requires that the cost resulting from all share-based payment transactions be recognized in the financial statements. It also establishes fair value as the measurement method in accounting for share-based payment transactions with employees. Adoption of SFAS 123(R) by Ferrellgas Partners and Ferrell Companies resulted in the following non-cash compensation charges for Ferrellgas, LP:

	For the Three Months Ended April 30, 2006	For the Nine Months Ended April 30, 2006
Operating expense	\$ 106	\$ 358
General and administrative expense	240	1,223
	<u>\$ 346</u>	<u>\$ 1,581</u>

Ferrellgas Partners and Ferrell Companies adopted SFAS 123(R) using the modified prospective application method. Under this method, SFAS 123(R) applies to new awards and to awards modified, repurchased, or cancelled after the adoption date of August 1, 2005. Additionally, compensation cost for the portion of awards for which the requisite service has not been rendered that are outstanding as of August 1, 2005 will be recognized as the requisite service is rendered. The compensation cost for that portion of awards is based on the fair value of those awards as of the grant-date as was calculated for pro forma disclosures under SFAS 123. The compensation cost for those earlier awards is attributed to periods beginning on or after August 1, 2005, using the attribution method that was used under SFAS 123.

Had compensation cost for Ferrellgas Partners' and Ferrell Companies' plans been recognized in Ferrellgas, L.P.'s condensed consolidated statement of earnings for the three and nine months ended April 30, 2005, net earnings would have been adjusted as noted in the table below:

	For the Three Months Ended April 30, 2005	For the Nine Months Ended April 30, 2005
Net earnings, as reported	\$ 26,394	\$ 61,071
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards	(157)	(472)
Pro forma net earnings	<u>\$ 26,237</u>	<u>\$ 60,599</u>

**Ferrellgas Partners Unit Option Plan ("UOP")**

The UOP is authorized to issue options covering up to 1.35 million common units to employees of the general partner or its affiliates. The Board of Directors of the general partner administers the UOP, authorizes grants of unit options thereunder and sets the unit option price and vesting terms of unit options in accordance with the terms of the UOP. No single officer or director of the general partner may acquire more than 314,895 common units under the UOP. In general, the options currently outstanding under the UOP vest over a five-year period, and expire on the tenth anniversary of the date of the grant. The fair value of each option award is estimated on the date of grant using a binomial option valuation model. There have been no awards granted pursuant to the UOP since fiscal 2001. During the three and nine months ended April 30, 2006, the portion of the total non-cash compensation charge relating to the UOP was \$0.1 million and \$0.3 million, respectively. As of April 30, 2006, all options outstanding are fully vested.

FERRELLGAS, L.P. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

**Ferrell Companies, Inc. Incentive Compensation Plan (“ICP”)**

Ferrell Companies is authorized to issue options covering up to 6.25 million shares of Ferrell Companies common stock under the ICP. The ICP was established by Ferrell Companies to allow upper middle and senior level managers of the general partner to participate in the equity growth of Ferrell Companies. The shares underlying the stock options are common shares of Ferrell Companies, therefore, there is no potential dilution of Ferrellgas Partners. The ICP stock options vest ratably over periods ranging from three to 12 years or 100% upon a change of control of Ferrell Companies, or upon the death, disability or retirement at the age of 65 of the participant. Vested options are exercisable in increments based on the timing of the retirement of Ferrell Companies’ debt, but in no event later than 20 years from the date of issuance. The fair value of each option award is estimated on the date of grant using a binomial option valuation model. During the three and nine months ended April 30, 2006, the portion of the total non-cash compensation charge relating to the ICP was \$0.2 million and \$1.3 million, respectively.

**D. Discontinued operations**

During July 2005, Ferrellgas, L.P. sold its wholesale storage business which consisted of non-strategic storage and terminal assets located in Arizona, Kansas, Minnesota, North Carolina and Utah for \$144.0 million in cash, before \$1.9 million of fees and expenses. Ferrellgas, L.P. recorded a gain during fiscal 2005 of \$97.0 million on the sale. The assets consisted of underground storage facilities and rail and pipeline-to-truck terminals. Ferrellgas, L.P. considers the sale of these assets to be discontinued operations. Therefore, in accordance with SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” Ferrellgas, L.P. has reported results of operations from these assets as discontinued operations for all periods presented on the condensed consolidated statements of earnings as follows:

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2006	2005	2006	2005
Total revenues	\$ —	\$ 27,815	\$ —	\$ 78,148
Cost of product sold (exclusive of depreciation, shown with amortization below):				
Propane and other gas liquids sales	—	25,000	—	68,178
Gross profit	—	2,815	—	9,970
Operating expense	—	674	—	1,825
Depreciation and amortization expense	—	373	—	929
Equipment lease expense	—	5	—	17
Loss (gain) on disposal of assets and other	—	(36)	—	(36)
Earnings from discontinued operations	\$ —	\$ 1,799	\$ —	\$ 7,235

**E. Accounts receivable securitization**

Ferrellgas, L.P. transfers certain of its trade accounts receivable to Ferrellgas Receivables, LLC (“Ferrellgas Receivables”), a wholly-owned unconsolidated, special purpose entity, and retains an interest in a portion of these transferred receivables. As these transferred receivables are subsequently collected and the funding from the

FERRELLGAS, L.P. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

accounts receivable securitization facility is reduced, Ferrellgas, L.P.'s retained interest in these receivables is reduced. The accounts receivable securitization facility consisted of the following:

	April 30, 2006	July 31, 2005
Retained interest	\$ 23,535	\$15,710
Accounts receivable transferred	\$125,000	\$82,500

The retained interest was classified as accounts receivable on the condensed consolidated balance sheets. At April 30, 2006, Ferrellgas, L.P. did not have any remaining capacity to transfer additional trade accounts receivable.

Other accounts receivable securitization disclosures consist of the following items:

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2006	2005	2006	2005
Net non-cash activity	\$ 761	\$ 508	\$ 2,191	\$ 946
Bad debt expense	\$ 259	\$ 131	\$ 525	\$ 411

The net non-cash activity reported in the condensed consolidated statements of earnings approximate the financing cost of issuing commercial paper backed by these accounts receivable plus an allowance for doubtful accounts associated with the outstanding receivables transferred to Ferrellgas Receivables. The weighted average discount rate used to value the retained interest in the transferred receivables was 5.8% and 4.3% as of April 30, 2006 and July 31, 2005, respectively.

**F. Supplemental financial statement information**

Inventories consist of:

	April 30, 2006	July 31, 2005
Propane gas and related products	\$ 80,139	\$ 70,380
Appliances, parts and supplies	27,456	27,363
	<u>\$ 107,595</u>	<u>\$ 97,743</u>

In addition to inventories on hand, Ferrellgas, L.P. enters into contracts primarily to buy propane for supply procurement purposes. Most of these contracts have terms of less than one year and call for payment based on market prices at the date of delivery. All fixed price contracts have terms of fewer than 18 months. As of April 30, 2006, Ferrellgas, L.P. had committed, for supply procurement purposes, to take net delivery of approximately 16.4 million gallons of propane at a fixed price.

FERRELLGAS, L.P. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Goodwill and intangible assets, net consist of:

	April 30, 2006			July 31, 2005		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
GOODWILL, NET	\$ 233,830	—	\$ 233,830	\$ 234,142	—	\$ 234,142
INTANGIBLE ASSETS, NET						
Amortized intangible assets						
Customer lists	\$ 345,051	\$ (167,528)	\$ 177,523	\$ 335,557	\$ (155,281)	\$ 180,276
Non-compet agreements	37,700	(26,336)	11,364	34,270	(21,803)	12,467
Other	5,336	(2,496)	2,840	5,470	(2,010)	3,460
	388,087	(196,360)	191,727	375,297	(179,094)	196,203
Unamortized intangible assets						
Tradenames & trademarks	59,096	—	59,096	59,074	—	59,074
Total intangibles assets, net	\$ 447,183	\$ (196,360)	\$ 250,823	\$ 434,371	\$ (179,094)	\$ 255,277

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2006	2005	2006	2005
Aggregate amortization expense	\$5,585	\$5,825	\$16,706	\$17,126

Estimated amortization expense:

For the years ended July 31,	
Amortization remaining in 2006	\$ 5,454
2007	21,183
2008	19,253
2009	18,196
2010	17,118
2011	16,933

Loss on disposal of assets and other consists of:

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2006	2005	2006	2005
Loss on disposal of assets	\$ 1,334	\$ 860	\$ 303	\$ 2,287
Loss on transfer of accounts receivable related to the accounts receivable securitization	2,787	1,902	8,171	4,472
Service income related to the accounts receivable securitization	(1,240)	(1,232)	(2,956)	(2,156)
	\$ 2,881	\$ 1,530	\$ 5,518	\$ 4,603

FERRELLGAS, L.P. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2006	2005	2006	2005
Operating expense	\$ 35,031	\$ 39,678	\$ 114,498	\$ 117,075
Depreciation and amortization expense	1,389	1,543	4,348	4,853
Equipment lease expense	5,867	6,137	18,390	19,550
	<u>\$ 42,287</u>	<u>\$ 47,358</u>	<u>\$ 137,236</u>	<u>\$ 141,478</u>

Other current liabilities consist of:

	April 30, 2006	July 31, 2005
Accrued interest	\$ 17,387	\$ 21,332
Accrued payroll	20,410	13,816
Accrued insurance	8,653	8,627
Other	24,003	24,513
	<u>\$ 70,453</u>	<u>\$ 68,288</u>

**G. Contingencies**

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

**H. Distributions**

On March 17, 2006, December 14, 2005 and September 14, 2005, Ferrellgas, L.P. paid cash distributions of \$31.1 million, \$42.7 million and \$30.7 million, respectively. On May 23, 2006, Ferrellgas, L.P. declared cash distributions of \$42.9 million that are expected to be paid on June 14, 2006.

**I. Transactions with related parties**

*Reimbursable costs*

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



FERRELLGAS, L.P. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2006	2005	2006	2005
Reimbursable costs	\$58,262	\$59,624	\$172,712	\$178,741

**Partnership distributions**

Ferrellgas, L.P. paid to Ferrellgas Partners and the general partner distributions of \$103.5 million and \$1.0 million, respectively, during the nine months ended April 30, 2006. On May 23, 2006, Ferrellgas, L.P. declared distributions to Ferrellgas Partners and the general partner of \$42.5 million and \$0.4 million, respectively.

**Operations**

Ferrell International Limited ("Ferrell International") is beneficially owned by James E. Ferrell, the Chairman and Chief Executive Officer of the general partner, and thus is an affiliate. During the prior year period, Ferrellgas, L.P. entered into transactions with Ferrell International in connection with Ferrellgas, L.P.'s risk management activities and did so at market prices in accordance with Ferrellgas, L.P.'s affiliate trading policy approved by the general partner's Board of Directors. These transactions included forward, option and swap contracts and were all reviewed for compliance with the policy. Ferrellgas, L.P. also provides limited accounting services for Ferrell International. Ferrellgas, L.P. recognized the following net receipts (disbursements) from purchases, sales and commodity derivative transactions and from providing accounting services for Ferrell International:

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2006	2005	2006	2005
Net disbursements	\$—	\$—	\$—	\$(2,699)
Receipts from providing accounting services	10	10	30	30

These net purchases, sales and commodity derivative transactions with Ferrell International were classified as cost of product sold — propane and other gas liquids sales on the condensed consolidated statements of earnings. There were no amounts due from or due to Ferrell International at April 30, 2006.

**J. Subsequent events**

On June 6, 2006, Ferrellgas, L.P. renewed its accounts receivable securitization facility for a 364 day commitment with JP Morgan Chase Bank, N.A. and Fifth Third Bank. The renewed facility allows Ferrellgas to sell between \$85.0 million and \$160.0 million of accounts receivable, depending on the time of the year and available undivided interest in Ferrellgas, L.P.'s accounts receivable from certain customers.

On June 6, 2006, Ferrellgas, L.P. executed an addendum to its existing unsecured bank credit facility with Bank of America N.A. (the administrative agent) and Deutsche Bank Trust Company Americas to increase the borrowing capacity available under the unsecured bank credit facility from \$330.0 million to \$365 million.

**FERRELLGAS FINANCE CORP.**  
**(A wholly-owned subsidiary of Ferrellgas, L.P.)**  
**CONDENSED BALANCE SHEETS**

	<u>April 30,</u> <u>2006</u>	<u>July 31,</u> <u>2005</u>
	<small>(In dollars) (Unaudited)</small>	
<b>ASSETS</b>		
Cash	\$ 1,000	\$ 1,000
<b>Total assets</b>	<u>\$ 1,000</u>	<u>\$ 1,000</u>
<b>STOCKHOLDER'S EQUITY</b>		
Common stock, \$1.00 par value; 2,000 shares Authorized; 1,000 shares issued and outstanding	\$ 1,000	\$ 1,000
Additional paid in capital	1,450	1,345
Accumulated deficit	<u>(1,450)</u>	<u>(1,345)</u>
<b>Total stockholder's equity</b>	<u>\$ 1,000</u>	<u>\$ 1,000</u>

See note to condensed financial statements.

**FERRELLGAS FINANCE CORP.**  
**(A wholly-owned subsidiary of Ferrellgas, L.P.)**

**CONDENSED STATEMENTS OF EARNINGS**

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2006	2005	2006	2005
General and administrative expense	\$ 105	\$ 105	\$ 105	\$ 105
Net loss	\$ (105)	\$ (105)	\$ (105)	\$ (105)

See note to condensed financial statements.

**FERRELLGAS FINANCE CORP.**  
**(A wholly-owned subsidiary of Ferrellgas, L.P.)**  
**CONDENSED STATEMENTS OF CASH FLOWS**

	For the Nine Months Ended April 30,	
	<u>2006</u>	<u>2005</u>
	(In dollars) (Unaudited)	
<b>Cash flows from operating activities:</b>		
Net loss	\$ (105)	\$ (105)
Cash used in operating activities	<u>(105)</u>	<u>(105)</u>
<b>Cash flows from financing activities:</b>		
Capital contribution	<u>105</u>	<u>105</u>
Cash provided by financing activities	<u>105</u>	<u>105</u>
Change in cash	—	—
Cash — beginning of period	1,000	1,000
<b>Cash — end of period</b>	<b><u>\$ 1,000</u></b>	<b><u>\$ 1,000</u></b>

See note to condensed financial statements.

**FERRELLGAS FINANCE CORP.**  
**(A wholly-owned subsidiary of Ferrellgas, L.P.)**

**NOTE TO CONDENSED FINANCIAL STATEMENTS**  
**APRIL 30, 2006**  
**(unaudited)**

**A. Organization**

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

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

The Finance Corp. has nominal assets, does not conduct any operations, has no employees and serves as co-obligor for debt securities of the Partnership.

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

Our management's discussion and analysis of financial condition and results of operations relates to Ferrellgas Partners, L.P. and Ferrellgas, L.P.

*Ferrellgas Partners Finance Corp.* and *Ferrellgas Finance Corp.* have nominal assets, do not conduct any operations and have no employees. *Ferrellgas Partners Finance Corp.* serves as co-obligor for debt securities of *Ferrellgas Partners* and *Ferrellgas Finance Corp.* serves as co-obligor for debt securities of *Ferrellgas, L.P.* Accordingly, and due to the reduced disclosure format, a discussion of the results of operations, liquidity and capital resources of *Ferrellgas Partners Finance Corp.* and *Ferrellgas Finance Corp.* is not presented in this section.

In this Quarterly Report, unless the context indicates otherwise:

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

*Ferrellgas Partners* is a holding entity that conducts no operations and has two direct subsidiaries, *Ferrellgas Partners Finance Corp.* and the operating partnership. *Ferrellgas Partners'* only significant assets are its approximate 99% limited partnership interest in the operating partnership and its 100% equity interest in *Ferrellgas Partners Finance Corp.* The common units of *Ferrellgas Partners* are listed on the New York Stock Exchange and our activities are substantially conducted through the operating partnership.

The operating partnership was formed on April 22, 1994, and accounts for substantially all of our consolidated assets, sales and operating earnings, except for interest expense related to \$268.0 million in the aggregate principal amount of 8<sup>3</sup>/<sub>4</sub>% senior notes due 2012 co-issued by *Ferrellgas Partners* and *Ferrellgas Partners Finance Corp.*

Our general partner performs all management functions for us and our subsidiaries and holds a 1% general partner interest in *Ferrellgas Partners* and an approximate 1% general partner interest in the operating partnership. The parent company of our general partner, *Ferrell Companies*, beneficially owns approximately 30% of our outstanding common units. *Ferrell Companies* is in turn owned 100% by an employee stock ownership trust.

We file annual, quarterly, and other reports and other information with the SEC. You may read and download our SEC filings over the internet from several commercial document retrieval services as well as at the SEC's website at [www.sec.gov](http://www.sec.gov). You may also read and copy our SEC filings at the SEC's public reference room at, 100 F Street N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information concerning the public reference room and any applicable copy charges. Because our common units are traded on the New York Stock Exchange, we also provide our SEC filings and particular other information to the New York Stock Exchange. You may obtain copies of these filings and this other information at the offices of the New York Stock Exchange at

11 Wall Street, New York, New York 10005. In addition, our SEC filings are available on our website at [www.ferrellgas.com](http://www.ferrellgas.com) at no cost as soon as reasonably practicable after our electronic filing or furnishing thereof with the SEC. Please note that any internet addresses provided in this Quarterly Report on Form 10-Q are for informational purposes only and are not intended to be hyperlinks. Accordingly, no information found and/or provided at such internet addresses is intended or deemed to be incorporated by reference herein.

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

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

- because Ferrellgas Partners issued \$268.0 million in aggregate principal amount of 8<sup>3</sup>/<sub>4</sub>% senior secured notes due fiscal 2012 during fiscal 2004 and 2003, the two partnerships incur different amounts of interest expense on their outstanding indebtedness; see the statements of earnings in their respective condensed consolidated financial statements; and
- Ferrellgas Partners issued common units in several transactions during fiscal 2005 and 2006

For a detailed description of risks that may affect our business, please see the section of our Annual Report on Form 10-K for our fiscal 2005, as amended on Form 10-K/A entitled "Item 1. Business — Risk factors."

#### **Forward-looking statements**

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

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

Some of our forward-looking statements include the following:

- whether the operating partnership will have sufficient funds to meet its obligations, including its obligations under its debt securities, and to enable it to distribute to Ferrellgas Partners sufficient funds to permit Ferrellgas Partners to meet its obligations with respect to its existing debt and equity securities;
- whether Ferrellgas Partners and the operating partnership will continue to meet all of the quarterly financial tests required by the agreements governing their indebtedness; and
- the expectation that revenues — propane and other gas liquids sales, cost of product sold — propane and other gas liquids sales, gross profit, operating income and earnings from continuing operations before discontinued operations will increase during the remainder of fiscal 2006 as compared to the same period during fiscal 2005.

These forward-looking statements can also be found in the section of our Annual Report on Form 10-K for our fiscal 2005, as amended on Form 10-K/A entitled "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." When considering any forward-looking statement, you should also keep in mind the risk factors set forth in the section of our Annual Report on Form 10-K for our fiscal 2005, as amended on Form 10-K/A entitled "Item 1. Business — Risk Factors." Any of these risks could impair our business, financial

condition or results of operations. Any such impairment may affect our ability to make distributions to our unitholders or pay interest on the principal of any of our debt securities. In addition, the trading price, if any, of our securities could decline as a result of any such impairment.

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

In addition, the classification of Ferrellgas Partners and the operating partnership as partnerships for federal income tax purposes means that we do not generally pay federal income taxes. We do, however, pay taxes on the income of our subsidiaries that are corporations. We rely on a legal opinion from our counsel, and not a ruling from the Internal Revenue Service, as to our proper classification for federal income tax purposes. See the section of our Annual Report on Form 10-K for our fiscal 2005, as amended on Form 10-K/A entitled "Item 1. Business — Risk Factors — Tax Risks — The IRS could treat us as a corporation for tax purposes, which would substantially reduce the cash available for distribution to our unitholders."

## **Results of Operations**

### **Overview**

We are a leading distributor of propane and related equipment and supplies to customers primarily in the United States. We believe that we are the second largest retail marketer of propane in the United States, including the largest national provider of propane by portable tank exchange as measured by our propane sales volumes in fiscal 2005. We serve more than one million residential, industrial/commercial, propane tank exchange, agricultural and other customers in all 50 states, the District of Columbia, Puerto Rico and Canada. Our operations primarily include the distribution and sale of propane and related equipment and supplies with concentrations in the Midwest, Southeast, Southwest and Northwest regions of the country.

Weather conditions have a significant impact on demand for propane for heating purposes. Accordingly, the volume of propane sold for this purpose is directly affected by the severity of the winter weather in the regions we serve and can vary substantially from year to year. In any given area, sustained warmer-than-normal temperatures will tend to result in reduced propane use, while sustained colder-than-normal temperatures will tend to result in greater use. We use information on temperatures to understand how our results of operations are affected by temperatures that are warmer or colder than normal. We use the definition of "normal" temperatures based on information published by the National Oceanic and Atmospheric Administration ("NOAA"). Based on this information, we calculate a ratio of actual heating degree days to normal heating degree days. Heating degree days are a general indicator of weather impacting propane usage.

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

Our gross profit from the distribution of propane is primarily based on margins, that is, the cents-per-gallon difference between our costs to purchase and distribute propane and the sale prices we charge our customers. Our residential customers and portable tank exchange customers typically provide us a greater cents per gallon margin than our industrial/commercial, agricultural and other customers. The wholesale propane price per gallon is subject to various market conditions and may fluctuate based on changes in demand, supply and other energy commodity prices, primarily crude oil and natural gas as propane prices tend to correlate with the fluctuations of these underlying commodities. The wholesale price per gallon of propane has been at historically high levels during the past few fiscal years. We employ risk management activities that attempt to mitigate risks related to the purchasing and transporting of propane.



We continue to pursue the following business strategies:

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

We have developed new technology to improve our routing and scheduling of customer deliveries, customer administration and operational workflow. We completed the deployment of this new technology initiative during the first month of fiscal 2006. We now operate all of our retail propane distribution outlets on the new technology platform.

During July 2005, we sold certain non-strategic storage and terminal assets located in Arizona, Kansas, Minnesota, North Carolina and Utah. The proceeds from this sale were used to retire a portion of our long-term debt including accrued interest and repay a portion of our borrowings outstanding on our bank credit facility. We considered the sale of these assets to be discontinued operations.

**Three months ended April 30, 2006 compared to April 30, 2005**

Three Months Ended April 30,	2006	2005 (Amounts in thousands)	Favorable (Unfavorable) Variance	
Propane sales volumes (gallons)	231,186	251,393	(20,207)	(8)%
Propane and other gas liquids sales	\$ 466,832	\$ 442,520	\$ 24,312	5%
Gross profit from propane and other gas liquids sales	178,468	160,675	17,793	11%
Operating income	53,810	41,212	12,598	31%
Interest expense	20,778	22,611	1,833	8%

Propane sales volumes during the three months ended April 30, 2006 decreased 20.2 million gallons compared to the prior year period. The decrease in propane sales volumes was impacted by the carry-over effect of January 2006 record warm temperatures, that were 29% warmer than normal and 25% warmer than the prior year and by customer conservation caused by increasingly higher commodity prices. This decrease was partially offset by gallons acquired through acquisitions completed during fiscal 2006 and continued tank exchange gallon growth. Heating degree days as reported by NOAA were 6% warmer than normal during the three months ended April 30, 2006 and were 5% warmer than normal during the three months ended April 30, 2005.

Propane and other gas liquids sales and the related cost of product sold increased due to the effect of a significant increase in the wholesale cost of propane during the three months ended April 30, 2006 as compared to the prior year period. The wholesale market price at one of the major supply points, Mt. Belvieu, Texas, averaged \$0.95 per gallon during the three months ended April 30, 2006 compared to an average price of \$0.83 per gallon for the three months ended April 30, 2005, and an average price of \$0.70 per gallon for the three months ended April 30, 2004. Other major supply points in the United States also experienced significant increases.

Propane and other gas liquids sales increased \$24.3 million compared to the prior year period. Propane and other gas liquids sales increased by approximately \$50.3 million primarily due to the effect of the significant increase in the underlying wholesale cost per gallon of propane on our sales price per gallon, as discussed above. This increase was partially offset by the impact from decreased propane sales volumes, as discussed above.

Gross profit from propane and other gas liquids sales increased \$17.8 million compared to the prior year period. Increases in gross profit caused primarily by higher average propane margins per gallon were offset by the impact from decreased propane sales volumes, as discussed above. The increased propane margins per gallon occurred primarily as a result of enhanced controls over pricing attributable to our new technology platform completed during the first month of fiscal 2006. Also contributing to the increased gross profit was the prior year period's \$3.1 million negative contribution to gross profit for the three months ended April 30, 2005 related to risk management trading activities that was not repeated in the three months ended April 30, 2006.

Operating income increased \$12.6 million compared to the prior year period primarily due to the previously mentioned increase in gross profit, partially offset by a \$2.1 million increase in operating expense and a \$2.0 million increase in general and administrative expense. Operating expense increased due to variable expenses primarily related to increased fuel costs and the continued growth in tank exchange volumes. The increase in operating expense was partially offset by personnel savings related to the deployment of our new technology platform discussed above. General and administrative expense increased primarily due to performance-based compensation.

Interest expense decreased \$1.8 million primarily due to the retirement of a portion of our fixed rate senior notes during the fourth quarter of fiscal 2005.

**Interest expense of the operating partnership**

Interest expense decreased \$1.8 million primarily due to the retirement of a portion of our fixed rate senior notes during the fourth quarter of fiscal 2005.

**Nine months ended April 30, 2006 compared to April 30, 2005**

Nine Months Ended April 30,	2006	2005 (Amounts in thousands)	Favorable (Unfavorable) Variance	
Propane sales volumes (gallons)	681,885	767,553	(85,668)	(11)%
Propane and other gas liquids sales	\$ 1,400,631	\$ 1,330,417	\$ 70,214	5%
Gross profit from propane and other gas liquids sales	481,005	448,726	32,279	7%
Operating income	128,465	103,271	25,194	24%
Interest expense	62,893	68,670	5,777	8%

Propane sales volumes during the nine months ended April 30, 2006 decreased 85.7 million gallons compared to the prior year period. The decrease in propane sales volumes was primarily due to customer conservation caused by higher commodity prices and warmer than normal temperatures, partially offset by gallons acquired through acquisitions completed during fiscal 2006 and continued tank exchange gallon growth. In addition, some of the decreased propane sales volumes are related to the elimination of some past inefficient propane deliveries given the improved demand forecasting capabilities available with our new technology platform. The month of January 2006 was the warmest January on record according to NOAA and resulted in heating degree days that were 29% warmer than normal. Heating degree days as reported by NOAA were 10% warmer than normal during the nine months ended April 30, 2006 and were 7% warmer than normal during the nine months ended April 30, 2005.

Propane and other gas liquids sales and the related cost of product sold increased due to the effect of a significant increase in the wholesale cost of propane during the nine months ended April 30, 2006 as compared to the prior year period. The wholesale market price at one of the major supply points, Mt. Belvieu, Texas, averaged \$1.01 per gallon during the nine months ended April 30, 2006 compared to an average price of \$0.82 per gallon during the nine months ended April 30, 2005, and an average price of \$0.60 per gallon during the nine months ended April 30, 2004. Other major supply points in the United States also experienced significant increases.

Propane and other gas liquids sales increased \$70.2 million compared to the prior year period. Propane and other gas liquids sales increased by approximately \$180.6 million primarily due to the effect of the significant increase in the wholesale cost per gallon of propane on our sales price per gallon, as discussed above and, to a lesser extent, continued tank exchange gallon growth and acquisitions completed during fiscal 2006. This increase was partially offset by the impact from decreased propane sales volumes and warmer than normal weather, as discussed above.

Gross profit from propane and other gas liquids sales increased \$32.3 million compared to the prior year period. The increase in gross profit was primarily due to higher average propane margins per gallon provided by enhanced controls over pricing attributable to our new technology platform completed during the first month of fiscal 2006, the continued growth in tank exchange volumes and acquisitions completed during fiscal 2006. This increase in gross profit was partially offset by the impact from decreased propane sales volumes, as discussed

above. Also contributing to the increased gross profit was the prior year period's \$8.2 million negative contribution to gross profit in the first three quarters of fiscal 2005 related to risk management trading activities that was not repeated in the first three quarters of fiscal 2006.

Operating income increased \$25.2 million compared to the prior year period primarily due to the previously mentioned increase in gross profit, a \$2.9 million increase in margin related to other revenue, partially offset primarily by a \$3.1 million increase in general and administrative expense and a \$2.6 million increase in operating expense. General and administrative expense increased primarily due a non-cash compensation expense related to the adoption of Statement of Financial Accounting Standards ("SFAS") No. 123(R), "Share-Based Payment" ("SFAS No. 123(R)") and performance-based compensation expense. Operating expense increased due to variable expenses primarily related to the continued growth of tank exchange gallons, increased fuel costs and performance-based compensation as well as acquisitions completed during fiscal 2006. The increase in operating expense was partially offset by personnel savings related to the deployment of our new technology platform discussed above.

Interest expense decreased \$5.8 million primarily due to the retirement of a portion of our fixed rate senior notes during the fourth quarter of fiscal 2005.

**Interest expense of the operating partnership**

Interest expense decreased \$5.5 million primarily due to the retirement of a portion of our fixed rate senior notes during the fourth quarter of fiscal 2005.

**Discontinued operations**

During fiscal 2005, we announced the closing of the sale of certain non-strategic storage and terminal assets located in Arizona, Kansas, Minnesota, North Carolina and Utah. The proceeds from this sale were used to retire a portion of our long-term debt including accrued interest and repay a portion of our borrowings outstanding on our bank credit facility. We consider the sale of these assets to be discontinued operations. Therefore, in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-lived Assets," we have reported results of operations from these assets as discontinued operations for all periods presented on the condensed consolidated statements of earnings. See Note D — Discontinued operations — to our condensed consolidated financial statements for further discussion about the sale of these assets. Operating results of discontinued operations are as follows:

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2006	2005	2006	2005
Total revenues	\$ —	\$ 27,815	\$ —	\$ 78,148
Cost of product sold (exclusive of depreciation, shown with amortization below):				
Propane and other gas liquids sales	—	25,000	—	68,178
Gross profit	—	2,815	—	9,970
Operating expense	—	674	—	1,825
Depreciation and amortization expense	—	373	—	929
Equipment lease expense	—	5	—	17
Loss (gain) on disposal of assets and other	—	(36)	—	(36)
Earnings before income taxes, minority interest and discontinued operations	—	1,799	—	7,235
Minority interest	—	18	—	73
Earnings from discontinued operations, net of minority interest	\$ —	\$ 1,781	\$ —	\$ 7,162

**Unit and stock-based compensation**

On August 1, 2005, we adopted SFAS No. 123(R). SFAS No. 123(R) is a revision of SFAS 123, "Accounting for Stock-Based Compensation" and supersedes Accounting Principles Board No. 25 "Accounting for Stock Issued to Employees" and its related implementation guidance. SFAS No. 123(R) requires that the cost from all share-based payment transactions be recognized in the financial statements. It also establishes fair value as the measurement method in accounting for share-based payment transactions with employees. We adopted this standard using the modified prospective application method which resulted in a non-cash compensation charge of \$0.4 million and \$1.2 million to operating expense and general and administrative expense, respectively, for the nine months ended April 30, 2006. See Note C — Unit and stock-based compensation — to our condensed consolidated financial statements for further discussion about the related unit and stock-option plans and the implementation of this standard.

**Forward-looking statements**

We expect increases during the remainder of fiscal 2006 for revenue — propane and other gas liquids sales, cost of product sold — propane and other gas liquids sales, gross profit, operating income and earnings from continuing operations before discontinued operations as compared to the same period during fiscal 2005 due to:

- our assumption that fiscal 2006 average propane prices will continue to be higher than those in fiscal 2005; and
- our assumption that interest rates will remain relatively stable during the remainder of fiscal 2006.

We expect an increase during the remainder of fiscal 2006 in gross profit as compared to the same period during fiscal 2005 due to the benefits related to the full deployment of our technology platform completed during the first month of fiscal 2006.

**Liquidity and Capital Resources**

**General**

Our cash requirements include working capital requirements, debt service payments, the minimum quarterly common unit distribution, capital expenditures and acquisitions. The minimum quarterly distribution of \$0.50 expected to be paid on June 14, 2006 to all common units that were outstanding on June 7, 2006, represents the forty-seventh consecutive minimum quarterly distribution paid to our common unitholders dating back to October 1994. Our working capital requirements are subject to, among other things, the price of propane, delays in the collection of receivables, volatility in energy commodity prices, liquidity imposed by insurance providers, downgrades in our credit ratings, decreased trade credit, significant acquisitions, the weather and other changes in the demand for propane. Relatively colder weather or higher propane prices during the winter heating season are factors that could significantly increase our working capital requirements.

Our ability to satisfy our obligations is dependent upon our future performance, which will be subject to prevailing economic, financial, business, weather conditions and other factors, many of which are beyond our control. Due to the seasonality of the retail propane distribution business, a significant portion of our cash flow from operations is generated during the winter heating season, which occurs during our second and third fiscal quarters. Our net cash provided by operating activities primarily reflects earnings from our business activities adjusted for depreciation and amortization and changes in our working capital accounts. Historically, we generate significantly lower net cash from operating activities in our first and fourth fiscal quarters as compared to the second and third fiscal quarters because fixed costs generally exceed gross profit during the non-peak heating season. Subject to meeting the financial tests discussed below, our general partner believes that the operating partnership will have sufficient funds available to meet its obligations, and to distribute to Ferrellgas Partners sufficient funds to permit Ferrellgas Partners to meet its obligations for the remainder of fiscal 2006 and in fiscal 2007. In addition, our general partner believes that the operating partnership will have sufficient funds available to distribute to Ferrellgas Partners sufficient cash to pay the minimum quarterly distribution on all of its common units for the remainder of fiscal 2006 and in fiscal 2007.

Our bank credit facility, public debt, private debt and accounts receivable securitization facility contain several financial tests and covenants restricting our ability to pay distributions, incur debt and engage in certain other business transactions. In general, these tests are based on our debt-to-cash flow ratio and cash flow-to-interest expense ratio. Our general partner currently believes that the most restrictive of these tests are debt incurrence limitations under the terms of our bank credit and accounts receivable securitization facilities and limitations on the payment of distributions within our 8<sup>3</sup>/<sub>4</sub>% senior notes due 2012. The bank credit and accounts receivable securitization facilities generally limit the operating partnership's ability to incur debt if it exceeds prescribed ratios of either debt to cash flow or cash flow to interest expense. Our 8<sup>3</sup>/<sub>4</sub>% senior notes restrict payments if a minimum ratio of cash flow to interest expense is not met, assuming certain exceptions to this ratio limit have previously been exhausted. This restriction places limitations on our ability to make restricted payments such as the payment of cash distributions to our unitholders. The cash flow used to determine these financial tests generally is based upon our most recent cash flow performance giving pro forma effect for acquisitions and divestitures made during the test period. Our bank credit facility, public debt, private debt and accounts receivable securitization facility do not contain early repayment provisions related to a potential decline in our credit rating.

As of April 30, 2006, we met all the required quarterly financial tests and covenants. Based upon current estimates of our cash flow, our general partner believes that we will be able to continue to meet all of the required quarterly financial tests and covenants for the remainder of fiscal 2006 and in fiscal 2007. However, we may not meet the applicable financial tests in future quarters if we were to experience:

- continued significantly warmer than normal winter temperatures;
- a continued volatile energy commodity cost environment;
- an unexpected downturn in business operations; or
- a general economic downturn in the United States.

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

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

Toward this purpose in March 2006, the following registration statements were effective upon filing or declared effective by the SEC:

- a shelf registration statement for the periodic sale of common units, debt securities and/or other securities. Ferrellgas Partners Finance Corp. may be the co-obligor on any debt securities issued by Ferrellgas Partners under this shelf registration statement;
- a shelf registration statement for the periodic sale of up to \$75.0 million of common units in connection with Ferrellgas Partners' proposed direct investment plan; and
- an "acquisition" shelf registration statement for the periodic sale of up to \$250.0 million of common units to fund acquisitions.

#### **Operating Activities**

Net cash provided by operating activities was \$93.3 million for the nine months ended April 30, 2006, compared to net cash provided by operating activities of \$58.9 million for the prior year period. This increase in

cash provided by operating activities is primarily due to an increase in cash flow from operations of \$29.7 million and a decrease in cash outflows to fund working capital of \$9.7 million. The increase in cash flow from operations was primarily due to improved results of operations as discussed above. The decrease in cash outflow to fund working capital is primarily due to the timing of collection of accounts receivable, the timing of inventory purchases and the timing of payroll and performance-based payments, which are partially offset by increased wholesale propane prices. These increases in cash provided by operating activities were partially offset by a \$4.3 million decrease in cash inflows from the utilization of our accounts receivable securitization facility.

***Accounts receivable securitization***

Cash flows from our accounts receivable securitization facility decreased \$4.3 million. We received net funding of \$34.0 million from this facility during the nine months ended April 30, 2006 as compared to \$38.3 million in the prior year period.

We renewed this facility effective June 6, 2006, for a 364-day commitment with JP Morgan Chase Bank, N.A. and Fifth Third Bank.

Our strategy for obtaining liquidity at the lowest cost of capital is to initially utilize the accounts receivable securitization facility before borrowings under the operating partnership's bank credit facility. See additional discussion about the operating partnership's bank credit facility in "Financing Activities — Bank credit facility." Our utilization of the accounts receivable securitization facility is limited by the amount of accounts receivable that we are permitted to transfer according to the facility agreement. This arrangement allows us to sell between \$85.0 million and \$160.0 million of accounts receivable, depending on the time of the year and available undivided interests in our accounts receivable from certain customers. We generally increase our use of the accounts receivable securitization facility during the winter heating season when our working capital needs and our accounts receivable balances increase significantly. At April 30, 2006, we had funding outstanding of \$125.0 million and we did not have any remaining capacity to transfer additional trade accounts receivable to the accounts receivable securitization facility. As our trade accounts receivable increase during the winter heating season, the securitization facility permits us to transfer additional trade accounts receivable to the facility, thereby providing additional cash for working capital needs. In accordance with SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities," this transaction is reflected in our condensed consolidated financial statements as a sale of accounts receivable and a retained interest in transferred accounts receivable.

***The operating partnership***

Net cash provided by operating activities was \$105.3 million for the nine months ended April 30, 2006, compared to net cash provided by operating activities of \$71.7 million for the prior year period. This increase in cash provided by operating activities is primarily due to an increase in cash flow from operations of \$29.6 million and a decrease in cash outflows to fund working capital of \$9.0 million. The increase in cash flow from operations was primarily due to improved results of operations as discussed above. The decrease in cash outflow to fund working capital is primarily due to the timing of collection of accounts receivable, the timing of inventory purchases and the timing of payroll and performance-based payments, which are partially offset by increased wholesale propane prices. These increases in cash provided by operating activities were partially offset by a \$4.3 million decrease in cash inflows from the utilization of our accounts receivable securitization facility.

**Investing Activities**

During the nine months ended April 30, 2006, net cash used in investing activities was \$31.2 million, compared to \$55.1 million used in investing activities for the prior year period. This decrease in cash used in investing activities is primarily due to reduced acquisition activity and capital expenditures during fiscal 2006 in addition to an increase in the proceeds from sale of assets.

### **Acquisition**

During the nine months ended April 30, 2006, we used \$13.5 million in cash, \$5.6 of common unit issuances and \$2.3 million of debt and other consideration for the acquisition of nine propane businesses as compared to \$22.9 million in cash, \$7.0 million of common unit issuances in the prior year period.

### **Capital expenditures**

We made cash capital expenditures of \$29.2 million during the nine months ended April 30, 2006 as compared to \$41.0 million in the prior year period primarily due to decreased capital expenditures required for our technology platform and lower maintenance capital expenditures. Capital expenditures during the nine months ended April 30, 2006 consisted primarily of expenditures for distribution of propane by portable tank exchange, customer storage, and vehicle replacement and betterment.

### **Financing Activities**

During the nine months ended April 30, 2006, net cash used in financing activities was \$57.9 million compared to net cash provided by financing activities of \$0.6 million for the prior year period. This decrease in cash provided by financing activities was primarily due to decreased cash flows from the issuance of common units and decreased borrowings from our \$330.0 million bank credit facility compared to borrowings in the prior year period.

### **Distributions**

Ferrelgas Partners paid the minimum quarterly distribution on all common units, as well as the related general partner distributions, totaling \$91.4 million during the nine months ended April 30, 2006 in connection with the distributions declared for the three months ended July 31 and October 31, 2005 and January 31, 2006. The minimum quarterly distribution on all common units and the related general partner distributions for the three months ended April 30, 2006 of \$30.8 million are expected to be paid on June 14, 2006 to holders of record on June 7, 2006.

### **Bank credit facility**

On June 6, 2006, we executed an addendum to the existing unsecured bank credit facility with Bank of America N.A. (the administrative agent) and Deutsche Bank Trust Company Americas to increase the borrowing capacity available under the unsecured bank credit facility from \$330.0 million to \$365.0 million.

At April 30, 2006, \$54.4 million of borrowings and \$54.5 million of letters of credit were outstanding under our unsecured bank credit facility, which will mature on April 22, 2010. Letters of credit are currently used to cover obligations primarily relating to requirements for insurance coverage and, to a lesser extent, risk management activities and product purchases. At April 30, 2006, we had \$221.1 million available for working capital, acquisition, capital expenditure and general partnership purposes under our unsecured bank credit facility.

All borrowings under our unsecured bank credit facility bear interest, at our option, at a rate equal to either:

- a base rate, which is defined as the higher of the federal funds rate plus 0.50% or Bank of America's prime rate (as of April 30, 2006, the federal funds rate and Bank of America's prime rate were 4.86% and 7.75%, respectively); or
- the Eurodollar Rate plus a margin varying from 1.50% to 2.50% (as of April 30, 2006, the one-month and three-month Eurodollar Rates were 5.04% and 5.13%, respectively).

In addition, an annual commitment fee is payable on the daily unused portion of our unsecured bank credit facility at a per annum rate varying from 0.375% to 0.500% (as of April 30, 2006, the commitment fee per annum rate was 0.375%).

We believe that the liquidity available from our unsecured bank credit facility and the accounts receivable securitization facility will be sufficient to meet our future working capital needs for the remainder of fiscal 2006 and all of fiscal 2007. See "Operating Activities" for discussion about our accounts receivable securitization facility. However, if we were to experience an unexpected significant increase in working capital requirements, our working

capital needs could exceed our immediately available resources. Events that could cause increases in working capital borrowings or letter of credit requirements include, but are not limited to the following:

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

If one or more of these or other events caused a significant use of available funding, we may consider alternatives to provide increased working capital funding. No assurances can be given, however, that such alternatives would be available, or, if available, could be implemented.

#### **The operating partnership**

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

#### **Distributions**

The operating partnership paid cash distributions of \$104.5 million during the nine months ended April 30, 2006. The operating partnership expects to make cash distributions of \$42.9 million on June 14, 2006.

#### **Disclosures about Risk Management Activities Accounted for at Fair Value**

The following table summarizes the change in the unrealized fair value of contracts from our risk management trading activities for the nine months ended April 30, 2006:

	For the Three Months Ended April 30, 2006	For the Nine Months Ended April 30, 2006
	(Amounts in thousands)	
Net fair value of contracts outstanding at the beginning of the period	\$ —	\$ 116
Contracts outstanding at the beginning of the period that were realized or otherwise settled during the period	—	(116)
Unrealized gains in fair value of contracts outstanding at the end of the period	\$ —	\$ —

See additional discussion about market, counterparty credit and liquidity risks related to our risk management trading activities and other risk management activities in "Item 3. Quantitative and Qualitative Disclosures about Market Risk."

#### **Disclosures about Effects of Transactions with Related Parties**

We have no employees and are managed and controlled by our general partner. Pursuant to our partnership agreement, our general partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on our behalf, and all other necessary or appropriate expenses allocable to us or otherwise reasonably incurred by our general partner in connection with operating our business. These reimbursable costs, which totaled \$172.7 million for the nine months ended April 30, 2006, include compensation and benefits paid to employees of our general partner who perform services on our behalf, as well as related general and administrative costs.



Ferrell Companies is the sole shareholder of our general partner and owns 18.2 million of our common units. FCI Trading Corp. ("FCI Trading") is wholly-owned by Ferrell Companies and owns 0.2 million of our common units. Ferrell Propane, Inc. ("Ferrell Propane") is wholly-owned by our general partner and owns 51 thousand common units. Through Ferrell Companies' control of FCI Trading and Ferrell Propane, Ferrell Companies beneficially owns 18.4 million common units. James E. Ferrell ("Mr. Ferrell"), the Chairman and Chief Executive Officer of our general partner, beneficially owns 4.2 million common units of Ferrellgas Partners.

During the nine months ended April 30, 2006, Ferrellgas Partners paid common unit distributions of \$27.3 million, \$0.3 million, \$0.1 million and \$6.3 million to Ferrell Companies, FCI Trading, Ferrell Propane and Mr. Ferrell, respectively, in connection with the distributions declared by Ferrellgas Partners for the three months ended July 31 and October 31, 2005 and January 31, 2006. Also during the nine months ended April 30, 2006, Ferrellgas Partners paid the general partner distributions of \$0.9 million for the three months ended July 31 and October 31, 2005 and January 31, 2006.

Ferrell International Limited ("Ferrell International") is beneficially owned by Mr. Ferrell and thus is an affiliate. During the prior year period, we entered into transactions with Ferrell International in connection with our risk management activities and did so at market prices in accordance with our affiliate trading policy approved by our general partner's Board of Directors. These transactions included forward, option and swap contracts and were all reviewed for compliance with the policy. During the nine months ended April 30, 2006, we did not recognize any transactions for sales, purchases or commodity derivatives with Ferrell International. We provide limited accounting services to Ferrell International. During the nine months ended April 30, 2006, we recognized net receipts from providing limited accounting services of \$30 thousand. There were no amounts due from or due to Ferrell International at April 30, 2006.

See "Financing Activities" for additional information regarding transactions with related parties.

We believe these related party transactions were under terms that were no less favorable to us than those available with third parties.

We have had no material changes in our contractual obligations since our disclosure in our Annual Report on Form 10-K for our fiscal 2005, as amended on Form 10-K/A.

See Note B — Summary of significant accounting policies — in our condensed consolidated financial statements for discussion regarding the adoption of new accounting standards in the current fiscal year.

Due to our adoption of SFAS 123(R) during the fiscal year, we now consider stock and unit based compensation expense to be a critical accounting policy and estimate.

We utilize a binomial option valuation tool to compute an estimated fair value of option awards at their grant date. This option valuation tool requires a number of inputs, some of which require an estimate to be made by management. Significant estimates include our computation of volatility for our stock based awards plan, the number of groups of employees participating in our unit and stock based compensation plans, the expected term of unit and stock based awards and the forfeiture rate of unit and stock based awards.

- Our stock based awards plan grants stock awards out of Ferrell Companies. Ferrell Companies is not a publicly traded company and management does not believe it belongs to a certain industry group. As a result, our volatility computation is highly subjective. If a different volatility factor were used, it could significantly change the fair value assigned to stock based awards at their grant date.
- Due to the limited number of employees eligible to participate in our unit and stock based plans, management believes we have only one group of employees. If a determination were made that we have multiple groups of employees, that determination could significantly change the expected term and forfeiture rate assigned to our unit and stock based awards.
- We utilize the simplified method to estimate the expected term of our unit and stock based awards. This method could assign a term to our unit and stock based awards that is significantly different from their actual terms. That change could result in a significant difference in the actual fair value assigned to the awards at grant date.

- We utilize historical forfeiture rates to estimate expected forfeiture rates on our unit and stock based awards grant dates. If actual forfeiture rates were to differ significantly from our estimates, it could result in significant differences between actual and reported compensation expense for our unit and stock based awards.

We have had no other material changes to our critical accounting policies and estimates since our disclosure in our Annual Report on Form 10-K for our fiscal 2005, as amended on Form 10-K/A.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our risk management activities primarily attempt to mitigate risks related to the purchasing, storing and transporting of propane. We generally purchase propane in the contract and spot markets from major domestic energy companies on a short-term basis. Our costs to purchase and distribute propane fluctuate with the movement of market prices. This fluctuation subjects us to potential price risk, which we attempt to minimize through the use of risk management activities.

Our risk management activities include the use of energy commodity forward contracts, swaps and options traded on the over-the-counter financial markets and futures and options traded on the New York Mercantile Exchange. These risk management activities are conducted primarily to offset the effect of market price fluctuations on propane inventory and purchase commitments and to mitigate the price and inventory risk on sale commitments to our customers.

Our risk management activities are intended to generate a profit, which we then apply to reduce our cost of product sold — propane and other gas liquids sales. The results of our risk management activities directly related to the delivery of propane to our customers, which include our supply procurement and transportation activities, are presented in our discussion of margins and are accounted for at cost. The results of our other risk management activities are presented separately in our discussion of gross profit found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations” as risk management trading activities and are accounted for at fair value.

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

Market, Credit and Liquidity Risk. New York Mercantile Exchange traded futures and options are guaranteed by the New York Mercantile Exchange and have nominal credit risk. We are exposed to credit risk associated with over-the-counter traded forwards, swaps and option transactions in the event of nonperformance by counterparties. For each counterparty, we analyze its financial condition prior to entering into an agreement, establish a credit limit and monitor the appropriateness of the limit. The change in market value of Exchange-traded futures contracts requires daily cash settlement in margin accounts with brokers. Over-the-counter instruments are generally settled at the expiration of the contract term. In order to minimize the liquidity risk of cash, margin or collateral requirements of counterparties for over-the-counter instruments, we attempt to balance maturities and positions with individual counterparties. Historically, our risk management activities have not experienced significant credit-related losses in any year or with any individual counterparty. Our risk management contracts do not contain material repayment provisions related to a potential decline in our credit rating.

Sensitivity Analysis. We have prepared a sensitivity analysis to estimate the exposure to market risk of our energy commodity positions. Forward contracts, futures, swaps and options outstanding as of April 30, 2006, that were used in our risk management activities were analyzed assuming a hypothetical 10% adverse change in prices for the delivery month for all energy commodities. The potential loss in future earnings regarding these positions from a 10% adverse movement in market prices of the underlying energy commodities were estimated at \$2.3 million for risk management activities as of April 30, 2006. The preceding hypothetical analysis is limited because changes in prices may or may not equal 10%, thus actual results may differ.

For risk management activities, our sensitivity analysis includes designated hedging and the anticipated transactions associated with these hedging transactions. These hedging transactions are anticipated to be 100%

effective, therefore, there is no effect on our sensitivity analysis for risk management activities from these hedging transactions. To the extent option contracts are used as hedging instruments for anticipated transactions, we have included the offsetting effect of the anticipated transactions only to the extent the option contracts are in the money, or would become in the money as a result of the 10% hypothetical movement in prices. All other anticipated transactions for risk management activities have been excluded from our sensitivity analysis.

At April 30, 2006, we had \$54.4 million in variable rate bank credit facility borrowings. Thus, assuming a one percent increase in our variable interest rate, our interest rate risk related to the borrowings on our variable rate bank credit facility would result in a loss in future earnings of \$0.5 million for the twelve months ending April 30, 2007. The preceding hypothetical analysis is limited because changes in interest rates may or may not equal one percent, thus actual results may differ.

**ITEM 4. CONTROLS AND PROCEDURES**

An evaluation was performed by our management, with the participation of the principal executive officer and principal financial officer of our general partner, of the effectiveness of our disclosure controls and procedures. Based on that evaluation, our management, including our principal executive officer and principal financial officer, concluded that our disclosure controls and procedures, as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act, were designed to be and were adequate and effective as of April 30, 2006.

Our management does not expect that our disclosure controls and procedures will prevent all errors and all fraud. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Based on the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events. Therefore, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our disclosure controls and procedures are designed to provide such reasonable assurances of achieving our desired control objectives, and the principal executive officer and principal financial officer of our general partner have concluded, as of April 30, 2006, that our disclosure controls and procedures are effective in achieving that level of reasonable assurance.

During the most recent fiscal quarter ended April 30, 2006, there have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) or Rule 15d-15(f) of the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II — OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

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

**ITEM 1A. RISK FACTORS**

There have been no material changes from the risk factors as previously disclosed in the registrants' Annual Report on Form 10-K for our fiscal 2005, as amended on Form 10-K/A.

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

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

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

None.

**ITEM 5. OTHER INFORMATION**

On June 6, 2006, we renewed our accounts receivable securitization facility for a 364 day commitment with JP Morgan Chase Bank, N.A. and Fifth Third Bank. The renewed facility allows us to sell between \$85.0 million and \$160.0 million of accounts receivable, depending on the time of the year and available undivided interest in our accounts receivable from certain customers.

On June 6, 2006, we executed an addendum to the existing unsecured bank credit facility with Bank of America N.A. (the administrative agent) and Deutsche Bank Trust Company Americas to increase the borrowing capacity available under the unsecured bank credit facility from \$330.0 million to \$365.0 million.

**ITEM 6. EXHIBITS**

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

<u>Exhibit Number</u>	<u>Description</u>
2.1	Contribution Agreement dated February 8, 2004, by and among FCI Trading Corp., Ferrellgas, Inc., Ferrellgas Partners, L.P. and Ferrellgas, L.P. Incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K filed February 12, 2004.
3.1	Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P., dated as of February 18, 2003. Incorporated by reference to Exhibit 4.3 to our Current Report on Form 8-K filed February 18, 2003.
3.2	First Amendment to the Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P., dated as of February 18, 2003. Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed March 8, 2005.
3.3	Second Amendment to the Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P., dated as of June 29, 2005. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed June 30, 2005.
3.4	Certificate of Incorporation for Ferrellgas Partners Finance Corp. Incorporated by reference to the same numbered Exhibit to our Quarterly Report on Form 10-Q filed June 13, 1997.
3.5	Bylaws of Ferrellgas Partners Finance Corp. Incorporated by reference to the same numbered Exhibit to our Quarterly Report on Form 10-Q filed June 13, 1997.
3.6	Third Amended and Restated Agreement of Limited Partnership of Ferrellgas, L.P., dated as of April 7, 2004. Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed April 22, 2004.
3.7	Certificate of Incorporation of Ferrellgas Finance Corp. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Ferrellgas Partners, L.P. filed February 18, 2003.
3.8	Bylaws of Ferrellgas Finance Corp. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of Ferrellgas Partners, L.P. filed February 18, 2003.
4.1	Specimen Certificate evidencing Common Units representing Limited Partner Interests (contained in Exhibit 3.1 hereto as Exhibit A thereto).

Exhibit Number	Description
4.2	Indenture dated as of September 24, 2002, with form of Note attached, among Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp., and U.S. Bank National Association, as trustee, relating to 8 <sup>3</sup> / <sub>4</sub> % Senior Notes due 2012. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed September 24, 2002.
4.3	Indenture dated as of April 20, 2004, with form of Note attached, among Ferrellgas Escrow LLC and Ferrellgas Finance Escrow Corporation and U.S. Bank National Association, as trustee, relating to 6 <sup>3</sup> / <sub>4</sub> % Senior Notes due 2014. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed April 22, 2004.
4.4	Ferrellgas, L.P. Note Purchase Agreement, dated as of July 1, 1998, relating to: \$109,000,000 6.99% Senior Notes, Series A, due August 1, 2005, \$37,000,000 7.08% Senior Notes, Series B, due August 1, 2006, \$52,000,000 7.12% Senior Notes, Series C, due August 1, 2008, \$82,000,000 7.24% Senior Notes, Series D, due August 1, 2010, and \$70,000,000 7.42% Senior Notes, Series E, due August 1, 2013. Incorporated by reference to Exhibit 4.4 to our Annual Report on Form 10-K filed October 29, 1998.
4.5	Ferrellgas, L.P. Note Purchase Agreement, dated as of February 28, 2000, relating to: \$21,000,000 8.68% Senior Notes, Series A, due August 1, 2006, \$70,000,000 8.78% Senior Notes, Series B, due August 1, 2007, and \$93,000,000 8.87% Senior Notes, Series C, due August 1, 2009. Incorporated by reference to Exhibit 4.2 to our Quarterly Report on Form 10-Q filed March 16, 2000.
4.6	Registration Rights Agreement dated as of December 17, 1999, by and between Ferrellgas Partners, L.P. and Williams Natural Gas Liquids, Inc. Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed December 29, 2000.
4.7	First Amendment to the Registration Rights Agreement dated as of March 14, 2000, by and between Ferrellgas Partners, L.P. and Williams Natural Gas Liquids, Inc. Incorporated by reference to Exhibit 4.1 to our Quarterly Report on Form 10-Q filed March 16, 2000.
4.8	Second Amendment to the Registration Rights Agreement dated as of April 6, 2001, by and between Ferrellgas Partners, L.P. and The Williams Companies, Inc. Incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K filed April 6, 2001.
4.9	Third Amendment to the Registration Rights Agreement dated as of June 29, 2005, between JEF Capital Management, Inc. and Ferrellgas Partners, L.P. Incorporated by reference to Exhibit 10.1 to our Current Report of Form 8-K filed June 30, 2005.
4.10	Representations Agreement dated as of December 17, 1999, by and among Ferrellgas Partners, L.P., Ferrellgas, Inc., Ferrellgas, L.P. and Williams Natural Gas Liquids, Inc. Incorporated by reference to Exhibit 2.3 to our Current Report on Form 8-K filed December 29, 1999.
4.11	First Amendment to Representations Agreement dated as of April 6, 2001, by and among Ferrellgas Partners, L.P., Ferrellgas, Inc., Ferrellgas, L.P. and The Williams Companies, Inc. Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed April 6, 2001.
10.1	Fourth Amended and Restated Credit Agreement dated as of December 10, 2002, by and among Ferrellgas, L.P., Ferrellgas, Inc., Bank of America National Trust and Savings Association, as agent, and the other financial institutions party. Incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q filed December 11, 2002.
10.2	First Amendment to the Fourth Amended and Restated Credit Agreement dated as of March 9, 2004, by and among Ferrellgas, L.P., Ferrellgas, Inc., Bank of America National Trust and Savings Association, as agent, and the other financial institutions party. Incorporated by reference to Exhibit 99.3 to our Current Report on Form 8-K/A filed April 2, 2004.
10.3	Second Amendment to the Fourth Amended and Restated Credit Agreement dated as of September 3, 2004, by and among Ferrellgas, L.P., Ferrellgas, Inc., Bank of America National Trust and Savings Association, as agent, and the lenders party to the original agreement. Incorporated by reference to Exhibit 10.3 to our Annual Report on Form 10-K filed October 13, 2004.

Exhibit Number	Description
10.4	Third Amendment to the Fourth Amended and Restated Credit Agreement dated October 26, 2004, among Ferrellgas, L.P., Ferrellgas, Inc., Bank of America National Trust and Savings Association, as agent, and the lenders party to the original agreement. Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed November 5, 2004.
10.5	Fifth Amended and Restated Credit Agreement dated as of April 22, 2005, by and among Ferrellgas, L.P. as the borrower, Ferrellgas, Inc. as the general partner of the borrower, Bank of America N.A., as administrative agent and swing line lender, and the lenders and L/C issuers party hereto. Incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q filed June 8, 2005.
*10.6	Lender Addendum dated as of June 6, 2006 by and among Deutsche Bank Trust Company Americas as the new lender, Ferrellgas, L. P. as the borrower, Ferrellgas, Inc. and Bank of America, N.A., as Administrative Agent.
10.7	Receivable Interest Sale Agreement dated as of September 26, 2000, by and between Ferrellgas, L.P., as originator, and Ferrellgas Receivables, L.L.C., as buyer. Incorporated by reference to Exhibit 10.17 to our Annual Report on Form 10-K filed October 26, 2000.
10.8	First Amendment to the Receivable Interest Sale Agreement dated as of January 17, 2001, by and between Ferrellgas, L.P., as originator, and Ferrellgas Receivables, L.L.C., as buyer. Incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q filed March 14, 2001.
10.9	Amendment No. 2 to the Receivable Interest Sale Agreement dated November 1, 2004 between Ferrellgas, L.P., as Originator, and Ferrellgas Receivables, L.L.C., as buyer. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed November 45, 2004.
10.10	Amendment No. 3 to the Receivable Interest Sale Agreement dated June 7, 2005 between Ferrellgas, L.P., as Originator, and Ferrellgas Receivables, L.L.C., as buyer. Incorporated by reference to Exhibit 10.9 to our Quarterly Report on Form 10-Q filed June 8, 2005.
*10.11	Amendment No. 1 to the Amended and Restated Receivable Interest Sale Agreement and Subordinated Note dated June 6, 2006 between Ferrellgas, L.P., as originator, and Ferrellgas Receivables, L.L.C., as buyer.
10.12	Receivables Purchase Agreement dated as of September 26, 2000, by and among Ferrellgas Receivables, L.L.C., as seller, Ferrellgas, L.P., as servicer, Jupiter Securitization Corporation, the financial institutions from time to time party hereto, and Bank One, NA, main office Chicago, as agent. Incorporated by reference to Exhibit 10.18 to our Annual Report on Form 10-K filed October 26, 2000.
10.13	First Amendment to the Receivables Purchase Agreement dated as of January 17, 2001, by and among Ferrellgas Receivables, L.L.C., as seller, Ferrellgas, L.P., as servicer, Jupiter Securitization Corporation, the financial institutions from time to time party hereto, and Bank One, N.A., main office Chicago, as agent. Incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q filed March 14, 2001.
10.14	Second Amendment to the Receivables Purchase Agreement dated as of September 25, 2001, by and among Ferrellgas Receivables, L.L.C., as seller, Ferrellgas, L.P., as servicer, Jupiter Securitization Corporation, the financial institutions from time to time party hereto, and Bank One, N.A., main office Chicago, as agent. Incorporated by reference to Exhibit 10.29 to our Annual Report on Form 10-K filed October 25, 2001.
10.15	Third Amendment to the Receivables Purchase Agreement dated as of September 24, 2002, by and among Ferrellgas Receivables, L.L.C., as seller, Ferrellgas, L.P., as servicer, Jupiter Securitization Corporation, the financial institutions from time to time party hereto, and Bank One, NA, main office Chicago, as agent. Incorporated by reference to Exhibit 10.11 to our Annual Report on Form 10-K filed October 23, 2002.
10.16	Fourth Amendment to the Receivables Purchase Agreement dated as of September 23, 2003, by and among Ferrellgas Receivables, L.L.C., as seller, Ferrellgas, L.P., as servicer, Jupiter Securitization Corporation, the financial institutions from time to time party hereto, and Bank One, NA, main office Chicago, as agent. Incorporated by reference to Exhibit 10.8 to our Annual Report on Form 10-K filed October 21, 2003.

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<u>Exhibit Number</u>	<u>Description</u>
10.17	Fifth Amendment to the Receivables Purchase Agreement dated as of September 21, 2004, by and among Ferrellgas Receivables, L.L.C., as seller, Ferrellgas, L.P., as servicer, Jupiter Securitization Corporation, the financial institutions from time to time party hereto, and Bank One, NA, main office Chicago, as agent. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed September 24, 2004.
10.18	Sixth Amendment to the Receivables Purchase Agreement dated as of June 7, 2005, by and among Ferrellgas Receivables, L.L.C., as seller, Ferrellgas, L.P., as servicer, Jupiter Securitization Corporation, the financial institutions from time to time party hereto, and Bank One, NA, main office Chicago, as agent. Incorporated by reference to Exhibit 10.16 to our Quarterly Report on Form 10-Q filed June 8, 2005.
*10.19	Second Amendment and Restated Receivables Purchase Agreement dated as of June 6, 2006, by and among Ferrellgas Receivables, L.L.C., as seller, Ferrellgas, L.P., as servicer, Jupiter Securitization Corporation, the financial institutions from time to time party hereto, Fifth Third Bank and JPMorgan Chase Bank, NA, as agent.
10.20	Agreement and Plan of Merger dated as of February 8, 2004, by and among Blue Rhino Corporation, FCI Trading Corp., Diesel Acquisition, LLC and Ferrell Companies, Inc. Incorporated by reference to Exhibit 99.2 to our Current Report on Form 8-K filed February 13, 2004.
10.21	First amendment to the Agreement and Plan of Merger dated as of March 16, 2004, by and among Blue Rhino Corporation, FCI Trading Corp., Diesel Acquisition, LLC, and Ferrell Companies, Inc. Incorporated by reference to Exhibit 99.1 to our Current Report on Form 8-K filed April 2, 2004.
10.22	Real Property Contribution Agreement dated February 8, 2004, between Ferrellgas Partners, L.P. and Billy D. Prim. Incorporated by reference to Exhibit 10.15 to our Quarterly Report on Form 10-Q filed June 14, 2004.
10.23	Unit Purchase Agreement dated February 8, 2004, between Ferrellgas Partners, L.P. and Billy D. Prim. Incorporated by reference to Exhibit 4.5 to our Form S-3 filed May 21, 2004.
10.24	Unit Purchase Agreement dated February 8, 2004, between Ferrellgas Partners, L.P. and James E. Ferrell. Incorporated by reference to Exhibit 99.3 to our Current Report on Form 8-K filed February 12, 2004.
#10.25	Ferrell Companies, Inc. Supplemental Savings Plan, restated January 1, 2000. Incorporated by reference to Exhibit 99.1 to our Current Report on Form 8-K filed February 18, 2003.
#10.26	Second Amended and Restated Ferrellgas Unit Option Plan. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed June 5, 2001.
#10.27	Ferrell Companies, Inc. 1998 Incentive Compensation Plan, as amended and restated effective October 11, 2004. Incorporated by reference to Exhibit 10.23 to our Annual Report on Form 10-K filed October 13, 2004.
#10.28	Employment agreement between James E. Ferrell and Ferrellgas, Inc., dated July 31, 1998. Incorporated by reference to Exhibit 10.13 to our Annual Report on Form 10-K filed October 29, 1998.
#10.29	Amended and Restated Employment Agreement dated October 11, 2004, by and among Ferrellgas, Inc., Ferrell Companies, Inc. and Billy D. Prim. Incorporated by reference to Exhibit 10.25 to our Annual Report on Form 10-K filed October 13, 2004.
#10.30	Arrangement dated February 6, 2004, between Timothy E. Scronce and Ferrellgas, Inc. Incorporated by reference to Exhibit 10.27 to our Annual Report on Form 10-K filed October 13, 2004.
#10.31	Separation Agreement and Release dated March 9, 2006 between Timothy E. Scronce and Ferrellgas, Inc. Incorporated by reference to Exhibit 10.28 to our Quarterly Report on Form 10-Q filed March 10, 2006.
10.32	Asset Purchase Agreement dated as of June 22, 2005 by and among Ferrellgas, L.P., Ferrellgas, Inc. and Enterprise Products Operating L.P. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on June 23, 2005.
*31.1	Certification of Ferrellgas Partners, L.P. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.

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<u>Exhibit Number</u>	<u>Description</u>
*31.2	Certification of Ferrellgas Partners Finance Corp. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
*31.3	Certification of Ferrellgas, L.P. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
*31.4	Certification of Ferrellgas Finance Corp. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
*32.1	Certification of Ferrellgas Partners, L.P. pursuant to 18 U.S.C. Section 1350.
*32.2	Certification of Ferrellgas Partners Finance Corp. pursuant to 18 U.S.C. Section 1350.
*32.3	Certification of Ferrellgas, L.P. pursuant to 18 U.S.C. Section 1350.
*32.4	Certification of Ferrellgas Finance Corp. pursuant to 18 U.S.C. Section 1350.

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\* Filed herewith

# Management contracts or compensatory plans.



**SIGNATURES**

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

FERRELLGAS PARTNERS, L.P.

By Ferrellgas, Inc. (General Partner)

By: /s/ Kevin T. Kelly  
Kevin T. Kelly  
Senior Vice President and Chief  
Financial Officer (Principal  
Financial and Accounting Officer)

Date: June 8, 2006

FERRELLGAS PARTNERS FINANCE CORP.

By: /s/ Kevin T. Kelly  
Kevin T. Kelly  
Senior Vice President and Chief  
Financial Officer (Principal  
Financial and Accounting Officer)

Date: June 8, 2006

FERRELLGAS, L.P.

By Ferrellgas, Inc. (General Partner)

By: /s/ Kevin T. Kelly  
Kevin T. Kelly  
Senior Vice President and Chief  
Financial Officer (Principal  
Financial and Accounting Officer)

Date: June 8, 2006

FERRELLGAS FINANCE CORP.

By: /s/ Kevin T. Kelly  
Kevin T. Kelly  
Senior Vice President and Chief  
Financial Officer (Principal  
Financial and Accounting Officer)

Date: June 8, 2006

**Exhibit Index**

<b>Exhibit Number</b>	<b>Description</b>
2.1	Contribution Agreement dated February 8, 2004, by and among FCI Trading Corp., Ferrellgas, Inc., Ferrellgas Partners, L.P. and Ferrellgas, L.P. Incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K filed February 12, 2004.
3.1	Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P., dated as of February 18, 2003. Incorporated by reference to Exhibit 4.3 to our Current Report on Form 8-K filed February 18, 2003.
3.2	First Amendment to the Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P., dated as of February 18, 2003. Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed March 8, 2005.
3.3	Second Amendment to the Fourth Amended and Restated Agreement of Limited Partnership of Ferrellgas Partners, L.P., dated as of June 29, 2005. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed June 30, 2005.
3.4	Certificate of Incorporation for Ferrellgas Partners Finance Corp. Incorporated by reference to the same numbered Exhibit to our Quarterly Report on Form 10-Q filed June 13, 1997.
3.5	Bylaws of Ferrellgas Partners Finance Corp. Incorporated by reference to the same numbered Exhibit to our Quarterly Report on Form 10-Q filed June 13, 1997.
3.6	Third Amended and Restated Agreement of Limited Partnership of Ferrellgas, L.P., dated as of April 7, 2004. Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed April 22, 2004.
3.7	Certificate of Incorporation of Ferrellgas Finance Corp. Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Ferrellgas Partners, L.P. filed February 18, 2003.
3.8	Bylaws of Ferrellgas Finance Corp. Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of Ferrellgas Partners, L.P. filed February 18, 2003.
4.1	Specimen Certificate evidencing Common Units representing Limited Partner Interests (contained in Exhibit 3.1 hereto as Exhibit A thereto).
4.2	Indenture dated as of September 24, 2002, with form of Note attached, among Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp., and U.S. Bank National Association, as trustee, relating to 8 <sup>3/4</sup> % Senior Notes due 2012. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed September 24, 2002.
4.3	Indenture dated as of April 20, 2004, with form of Note attached, among Ferrellgas Escrow LLC and Ferrellgas Finance Escrow Corporation and U.S. Bank National Association, as trustee, relating to 6 <sup>3/4</sup> % Senior Notes due 2014. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed April 22, 2004.
4.4	Ferrellgas, L.P. Note Purchase Agreement, dated as of July 1, 1998, relating to: \$109,000,000 6.99% Senior Notes, Series A, due August 1, 2005, \$37,000,000 7.08% Senior Notes, Series B, due August 1, 2006, \$52,000,000 7.12% Senior Notes, Series C, due August 1, 2008, \$82,000,000 7.24% Senior Notes, Series D, due August 1, 2010, and \$70,000,000 7.42% Senior Notes, Series E, due August 1, 2013. Incorporated by reference to Exhibit 4.4 to our Annual Report on Form 10-K filed October 29, 1998.
4.5	Ferrellgas, L.P. Note Purchase Agreement, dated as of February 28, 2000, relating to: \$21,000,000 8.68% Senior Notes, Series A, due August 1, 2006, \$70,000,000 8.78% Senior Notes, Series B, due August 1, 2007, and \$93,000,000 8.87% Senior Notes, Series C, due August 1, 2009. Incorporated by reference to Exhibit 4.2 to our Quarterly Report on Form 10-Q filed March 16, 2000.
4.6	Registration Rights Agreement dated as of December 17, 1999, by and between Ferrellgas Partners, L.P. and Williams Natural Gas Liquids, Inc. Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed December 29, 2000.
4.7	First Amendment to the Registration Rights Agreement dated as of March 14, 2000, by and between Ferrellgas Partners, L.P. and Williams Natural Gas Liquids, Inc. Incorporated by reference to Exhibit 4.1 to our Quarterly Report on Form 10-Q filed March 16, 2000.

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<u>Exhibit Number</u>	<u>Description</u>
4.8	Second Amendment to the Registration Rights Agreement dated as of April 6, 2001, by and between Ferrellgas Partners, L.P. and The Williams Companies, Inc. Incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K filed April 6, 2001.
4.9	Third Amendment to the Registration Rights Agreement dated as of June 29, 2005, between JEF Capital Management, Inc. and Ferrellgas Partners, L.P. Incorporated by reference to Exhibit 10.1 to our Current Report of Form 8-K filed June 30, 2005.
4.10	Representations Agreement dated as of December 17, 1999, by and among Ferrellgas Partners, L.P., Ferrellgas, Inc., Ferrellgas, L.P. and Williams Natural Gas Liquids, Inc. Incorporated by reference to Exhibit 2.3 to our Current Report on Form 8-K filed December 29, 1999.
4.11	First Amendment to Representations Agreement dated as of April 6, 2001, by and among Ferrellgas Partners, L.P., Ferrellgas, Inc., Ferrellgas, L.P. and The Williams Companies, Inc. Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed April 6, 2001.
10.1	Fourth Amended and Restated Credit Agreement dated as of December 10, 2002, by and among Ferrellgas, L.P., Ferrellgas, Inc., Bank of America National Trust and Savings Association, as agent, and the other financial institutions party. Incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q filed December 11, 2002.
10.2	First Amendment to the Fourth Amended and Restated Credit Agreement dated as of March 9, 2004, by and among Ferrellgas, L.P., Ferrellgas, Inc., Bank of America National Trust and Savings Association, as agent, and the other financial institutions party. Incorporated by reference to Exhibit 99.3 to our Current Report on Form 8-K/A filed April 2, 2004.
10.3	Second Amendment to the Fourth Amended and Restated Credit Agreement dated as of September 3, 2004, by and among Ferrellgas, L.P., Ferrellgas, Inc., Bank of America National Trust and Savings Association, as agent, and the lenders party to the original agreement. Incorporated by reference to Exhibit 10.3 to our Annual Report on Form 10-K filed October 13, 2004.
10.4	Third Amendment to the Fourth Amended and Restated Credit Agreement dated October 26, 2004, among Ferrellgas, L.P., Ferrellgas, Inc., Bank of America National Trust and Savings Association, as agent, and the lenders party to the original agreement. Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed November 5, 2004.
10.5	Fifth Amended and Restated Credit Agreement dated as of April 22, 2005, by and among Ferrellgas, L.P. as the borrower, Ferrellgas, Inc. as the general partner of the borrower, Bank of America N.A., as administrative agent and swing line lender, and the lenders and L/C issuers party hereto. Incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q filed June 8, 2005.
*10.6	Lender Addendum dated as of June 6, 2006 by and among Deutsche Bank Trust Company Americas as the new lender, Ferrellgas, L. P. as the borrower, Ferrellgas, Inc. and Bank of America, N.A., as Administrative Agent.
10.7	Receivable Interest Sale Agreement dated as of September 26, 2000, by and between Ferrellgas, L.P., as originator, and Ferrellgas Receivables, L.L.C., as buyer. Incorporated by reference to Exhibit 10.17 to our Annual Report on Form 10-K filed October 26, 2000.
10.8	First Amendment to the Receivable Interest Sale Agreement dated as of January 17, 2001, by and between Ferrellgas, L.P., as originator, and Ferrellgas Receivables, L.L.C., as buyer. Incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q filed March 14, 2001.
10.9	Amendment No. 2 to the Receivable Interest Sale Agreement dated November 1, 2004 between Ferrellgas, L.P., as Originator, and Ferrellgas Receivables, L.L.C., as buyer. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed November 4, 2004.
10.10	Amendment No. 3 to the Receivable Interest Sale Agreement dated June 7, 2005 between Ferrellgas, L.P., as Originator, and Ferrellgas Receivables, L.L.C., as buyer. Incorporated by reference to Exhibit 10.9 to our Quarterly Report on Form 10-Q filed June 8, 2005.
*10.11	Amendment No. 1 to the Amended and Restated Receivable Interest Sale Agreement and Subordinated Note dated June 6, 2006 between Ferrellgas, L.P., as originator, and Ferrellgas Receivables, L.L.C., as buyer.

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<u>Exhibit Number</u>	<u>Description</u>
10.12	Receivables Purchase Agreement dated as of September 26, 2000, by and among Ferrellgas Receivables, L.L.C., as seller, Ferrellgas, L.P., as servicer, Jupiter Securitization Corporation, the financial institutions from time to time party hereto, and Bank One, NA, main office Chicago, as agent. Incorporated by reference to Exhibit 10.18 to our Annual Report on Form 10-K filed October 26, 2000.
10.13	First Amendment to the Receivables Purchase Agreement dated as of January 17, 2001, by and among Ferrellgas Receivables, L.L.C., as seller, Ferrellgas, L.P., as servicer, Jupiter Securitization Corporation, the financial institutions from time to time party hereto, and Bank One, N.A., main office Chicago, as agent. Incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q filed March 14, 2001.
10.14	Second Amendment to the Receivables Purchase Agreement dated as of September 25, 2001, by and among Ferrellgas Receivables, L.L.C., as seller, Ferrellgas, L.P., as servicer, Jupiter Securitization Corporation, the financial institutions from time to time party hereto, and Bank One, N.A., main office Chicago, as agent. Incorporated by reference to Exhibit 10.29 to our Annual Report on Form 10-K filed October 25, 2001.
10.15	Third Amendment to the Receivables Purchase Agreement dated as of September 24, 2002, by and among Ferrellgas Receivables, L.L.C., as seller, Ferrellgas, L.P., as servicer, Jupiter Securitization Corporation, the financial institutions from time to time party hereto, and Bank One, NA, main office Chicago, as agent. Incorporated by reference to Exhibit 10.11 to our Annual Report on Form 10-K filed October 23, 2002.
10.16	Fourth Amendment to the Receivables Purchase Agreement dated as of September 23, 2003, by and among Ferrellgas Receivables, L.L.C., as seller, Ferrellgas, L.P., as servicer, Jupiter Securitization Corporation, the financial institutions from time to time party hereto, and Bank One, NA, main office Chicago, as agent. Incorporated by reference to Exhibit 10.8 to our Annual Report on Form 10-K filed October 21, 2003.
10.17	Fifth Amendment to the Receivables Purchase Agreement dated as of September 21, 2004, by and among Ferrellgas Receivables, L.L.C., as seller, Ferrellgas, L.P., as servicer, Jupiter Securitization Corporation, the financial institutions from time to time party hereto, and Bank One, NA, main office Chicago, as agent. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed September 24, 2004.
10.18	Sixth Amendment to the Receivables Purchase Agreement dated as of June 7, 2005, by and among Ferrellgas Receivables, L.L.C., as seller, Ferrellgas, L.P., as servicer, Jupiter Securitization Corporation, the financial institutions from time to time party hereto, and Bank One, NA, main office Chicago, as agent. Incorporated by reference to Exhibit 10.16 to our Quarterly Report on Form 10-Q filed June 8, 2005.
*10.19	Second Amendment and Restated Receivables Purchase Agreement dated as of June 6, 2006, by and among Ferrellgas Receivables, L.L.C., as seller, Ferrellgas, L.P., as servicer, Jupiter Securitization Corporation, the financial institutions from time to time party hereto, Fifth Third Bank and JPMorgan Chase Bank, NA, as agent.
10.20	Agreement and Plan of Merger dated as of February 8, 2004, by and among Blue Rhino Corporation, FCI Trading Corp., Diesel Acquisition, LLC and Ferrell Companies, Inc. Incorporated by reference to Exhibit 99.2 to our Current Report on Form 8-K filed February 13, 2004.
10.21	First amendment to the Agreement and Plan of Merger dated as of March 16, 2004, by and among Blue Rhino Corporation, FCI Trading Corp., Diesel Acquisition, LLC, and Ferrell Companies, Inc. Incorporated by reference to Exhibit 99.1 to our Current Report on Form 8-K filed April 2, 2004.
10.22	Real Property Contribution Agreement dated February 8, 2004, between Ferrellgas Partners, L.P. and Billy D. Prim. Incorporated by reference to Exhibit 10.15 to our Quarterly Report on Form 10-Q filed June 14, 2004.
10.23	Unit Purchase Agreement dated February 8, 2004, between Ferrellgas Partners, L.P. and Billy D. Prim. Incorporated by reference to Exhibit 4.5 to our Form S-3 filed May 21, 2004.

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<u>Exhibit Number</u>	<u>Description</u>
10.24	Unit Purchase Agreement dated February 8, 2004, between Ferrellgas Partners, L.P. and James E. Ferrell. Incorporated by reference to Exhibit 99.3 to our Current Report on Form 8-K filed February 12, 2004.
#10.25	Ferrell Companies, Inc. Supplemental Savings Plan, restated January 1, 2000. Incorporated by reference to Exhibit 99.1 to our Current Report on Form 8-K filed February 18, 2003.
#10.26	Second Amended and Restated Ferrellgas Unit Option Plan. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed June 5, 2001.
#10.27	Ferrell Companies, Inc. 1998 Incentive Compensation Plan, as amended and restated effective October 11, 2004. Incorporated by reference to Exhibit 10.23 to our Annual Report on Form 10-K filed October 13, 2004.
#10.28	Employment agreement between James E. Ferrell and Ferrellgas, Inc., dated July 31, 1998. Incorporated by reference to Exhibit 10.13 to our Annual Report on Form 10-K filed October 29, 1998.
#10.29	Amended and Restated Employment Agreement dated October 11, 2004, by and among Ferrellgas, Inc., Ferrell Companies, Inc. and Billy D. Prim. Incorporated by reference to Exhibit 10.25 to our Annual Report on Form 10-K filed October 13, 2004.
#10.30	Arrangement dated February 6, 2004, between Timothy E. Scronce and Ferrellgas, Inc. Incorporated by reference to Exhibit 10.27 to our Annual Report on Form 10-K filed October 13, 2004.
#10.31	Separation Agreement and Release dated March 9, 2006 between Timothy E. Scronce and Ferrellgas, Inc. Incorporated by reference to Exhibit 10.28 to our Quarterly Report on Form 10-Q filed March 10, 2006.
10.32	Asset Purchase Agreement dated as of June 22, 2005 by and among Ferrellgas, L.P., Ferrellgas, Inc. and Enterprise Products Operating L.P. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on June 23, 2005.
*31.1	Certification of Ferrellgas Partners, L.P. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
*31.2	Certification of Ferrellgas Partners Finance Corp. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
*31.3	Certification of Ferrellgas, L.P. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
*31.4	Certification of Ferrellgas Finance Corp. pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
*32.1	Certification of Ferrellgas Partners, L.P. pursuant to 18 U.S.C. Section 1350.
*32.2	Certification of Ferrellgas Partners Finance Corp. pursuant to 18 U.S.C. Section 1350.
*32.3	Certification of Ferrellgas, L.P. pursuant to 18 U.S.C. Section 1350.
*32.4	Certification of Ferrellgas Finance Corp. pursuant to 18 U.S.C. Section 1350.

\* Filed herewith

# Management contracts or compensatory plans.

**LENDER ADDENDUM**

This Lender Addendum (this "Lender Addendum") is dated as of the Effective Date set forth below and is entered into by and among Deutsche Bank Trust Company Americas (the "New Lender"), Ferrellgas, L.P. ("Borrower"), Ferrellgas, Inc. and Bank of America, N.A., as Administrative Agent. Capitalized terms used but not defined herein shall have the meanings given to them in the Fifth Amended and Restated Credit Agreement identified below (the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the New Lender.

Subject to the New Lender's receipt of a duly executed copy of the fee letter dated as of June 6, 2006, among Borrower, Ferrellgas, Inc. and the New Lender, and the payment in full of the fee referred to therein, New Lender hereby agrees to become a Lender under the Credit Agreement with a Commitment equal to the amount set forth below (the "New Commitment"), subject to and in accordance with the Credit Agreement, as of the Effective Date as specified below. New Lender shall have all of the rights and obligations of a Lender under the Credit Agreement, the Guarantees of the Obligations and any other documents or instruments delivered pursuant thereto, to the extent related to the New Commitment (including, without limitation, rights and obligations with respect to Committed Loans, Swing Line Loans and Letters of Credit).

1. New Lender: Deutsche Bank Trust Company Americas
2. Borrower: Ferrellgas, L.P.
3. Administrative Agent: Bank of America, N.A., as the administrative agent under the Credit Agreement
4. Credit Agreement: The Fifth Amended and Restated Credit Agreement, dated as of April 22, 2005, among Ferrellgas, L.P., as Borrower, Ferrellgas, Inc., as the General Partner of Borrower, the Lenders parties thereto, and Bank of America, N.A., as Administrative Agent.
5. New Commitment:

Commitment of New Lender	Aggregate Commitments of all Lenders Prior to New Commitment	Aggregate Commitments of all Lenders Including New Commitment	Pro Rata Share of New Lender Commitment
\$35,000,000	\$330,000,000	\$365,000,000	9.59%

6. Lending Office. The Lending Office of New Lender is at the address set forth below:

60 Wall Street  
New York, New York 10005

7. Effective Date: June 6, 2006

8. Representations and Warranties of New Lender. The New Lender (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Lender Addendum and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the New Commitment, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 6.01(b) thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Lender Addendum on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Foreign Lender, attached hereto is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the New Lender; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

9. General Provisions. This Lender Addendum shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Lender Addendum may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Lender Addendum by telecopy shall be effective as delivery of a manually executed counterpart of this Lender Addendum. This Lender Addendum shall be governed by, and construed in accordance with, the law of the State of New York.

*[Signature page follows.]*

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The terms set forth in this Lender Addendum are hereby agreed to as of the Effective Date set forth above.

**NEW LENDER**

**DEUTSCHE BANK TRUST COMPANY AMERICAS**

By: \_\_\_\_\_  
Title:

By: \_\_\_\_\_  
Title:

**FERRELLGAS, L.P.**

By: Ferrellgas, Inc., as its General Partner

By: \_\_\_\_\_  
Kevin T. Kelly, Senior Vice President  
and Chief Financial Officer

**FERRELLGAS, INC.**

By: \_\_\_\_\_  
Kevin T. Kelly, Senior Vice President  
and Chief Financial Officer

**BANK OF AMERICA, N.A., as Administrative Agent**

By: \_\_\_\_\_  
Name:  
Title:

**BANK OF AMERICA, N.A., as a Lender, L/C  
Issuer and Swing Line Lender**

By: \_\_\_\_\_  
Name:  
Title:



**AMENDMENT NO. 1 TO AMENDED AND RESTATED RECEIVABLE INTEREST  
SALE AGREEMENT AND SUBORDINATED NOTE**

**THIS AMENDMENT NO. 1 TO AMENDED AND RESTATED RECEIVABLE INTEREST SALE AGREEMENT**, dated as of June 6, 2006 (this "**Amendment**"), is entered into by Ferrellgas, L.P., a Delaware limited partnership ("**Originator**"), and Ferrellgas Receivables, LLC, a Delaware limited liability company ("**Buyer**"), and pertains to (a) the Amended and Restated Receivables Interest Sale Agreement dated as of June 7, 2005 between Originator and Buyer (as heretofore amended, the "**Existing Agreement**") and (b) the Subordinated Note dated June 7, 2005 executed by Buyer in favor of Originator (the "**Existing Note**"). The Existing Agreement, as amended hereby, is hereinafter referred to as the "**Agreement**," and the Existing Note, as amended hereby, is hereinafter referred to as the "**Subordinated Note**"). **Unless defined elsewhere herein, capitalized terms used in this Amendment shall have the meanings assigned to such terms in Exhibit I to the Existing Agreement.**

**WITNESSETH:**

**WHEREAS**, the parties hereto desire to amend the Existing Agreement and Existing Note as hereinafter set forth; and

**WHEREAS**, the Agent, on behalf of the Purchasers, is willing to consent to such amendments;

**NOW, THEREFORE**, in consideration of the foregoing premises and the mutual agreements herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Amendments.

(a) Recital E of the Existing Agreement is hereby amended and restated in its entirety to read as follows:

E. From time to time after the date hereof, Buyer will sell undivided interests in the Receivable Interest and the Contributed Interest pursuant to that certain Second Amended and Restated Receivables Purchase Agreement dated as of June 6, 2006 (as the same may from time to time hereafter be amended, supplemented, restated or otherwise modified, the "**Purchase Agreement**") among Buyer, as seller, Originator, as initial Servicer, JPMorgan Chase Bank, N.A. ("**JPMorgan Chase**") and the other financial institutions from time to time party thereto as "Financial Institutions," Jupiter Securitization Corporation ("**Jupiter**"), Fifth Third Bank (together with Jupiter and the Financial Institutions, the "**Purchasers**"), and JPMorgan Chase Bank, N.A., as agent for the Purchasers or any successor agent appointed pursuant to the terms of the Purchase Agreement, as agent for the Purchasers (in such capacity, the "**Agent**").

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(b) Section 9.4 of the Existing Agreement is hereby amended and restated in its entirety to read as follows:

Section 9.4. Confidentiality.

(a) Originator shall maintain and shall cause each of its employees and officers to maintain the confidentiality of the Fee Letters and the other confidential or proprietary information with respect to the Agent and any Conduit and their respective businesses obtained by it or them in connection with the structuring, negotiating and execution of the transactions contemplated herein, except that Originator and its officers and employees may disclose such information to Originator's external accountants and attorneys and as required by any applicable law or order of any judicial or administrative proceeding.

(b) Originator hereby consents to the disclosure of any nonpublic information with respect to it (i) to Buyer, the Agent or the Purchasers, (ii) to any prospective or actual assignee or participant of any of the Persons described in clause (i), (iii) to any rating agency, Commercial Paper dealer or provider of a surety, guaranty or credit or liquidity enhancement to either Conduit or any entity organized for the purpose of purchasing, or making loans secured by, financial assets for which JPMorgan Chase or Fifth Third acts as the administrative agent and (iv) to any officers, directors, employees, outside accountants and attorneys of any of the foregoing, provided each such Person is informed of the confidential nature of such information and, in the case of a Person described in clause (ii), agrees in writing to keep such information confidential. In addition, the Purchasers and the Agent may disclose any such nonpublic information pursuant to any law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings (whether or not having the force or effect of law).

(c) Buyer shall maintain and shall cause each of its employees and officers to maintain the confidentiality of the confidential or proprietary information with respect to Originator, the Obligors and their respective businesses obtained by it in connection with the due diligence evaluations, structuring, negotiating and execution of the Transaction Documents, and the consummation of the transactions contemplated herein and any other activities of Buyer arising from or related to the transactions contemplated herein provided, however, that each of Buyer and its employees and officers shall be permitted to disclose such confidential or proprietary information: (i) to the Persons described in clause (b) above, and (ii) to the extent required pursuant to any applicable law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings with competent jurisdiction (whether or not having the force or effect of law) so long as such required disclosure is made under seal to the extent permitted by applicable law or by rule of court or other applicable body.

(c) The two references in Section 9.5(a) of the Existing Agreement to "Conduit" with "a Conduit" and "such Conduit", respectively.

(d) Section 9.6 of the Existing Agreement is hereby amended to replace each reference to "Conduit" with "either Conduit."

(e) The definitions of the following terms in Exhibit I to the Existing Agreement are hereby amended and restated in their entirety to read, respectively, as follows:

**“Conduit”** has the meaning specified in the Purchase Agreement.

**“Pool Receivables”** means, collectively, all Eligible Receivables existing on the Initial Computation Date and all Eligible Receivables arising after the Initial Computation Date through and including the Termination Date, and **“Pool Receivable”** means any such Eligible Receivable individually. For the avoidance of doubt, a Receivable shall cease to be a Pool Receivable if on any day prior to the Termination Date, such Receivable ceases to be an Eligible Receivable, but shall continue to be a Pool Receivable if it ceases to be an Eligible Receivable on or after the Termination Date. For purposes of calculating the amount of all “Pool Receivables” at any time, such amount shall be the Outstanding Balance of all such Pool Receivables minus (a) \$9,000,000 during the months of May, June, July, August, September, October and November, or (b) \$1,000,000, at any other time.

(f) Numbered paragraph 4 of Exhibit V to the Existing Agreement and of the Existing Note is hereby amended and restated in its entirety to read as follows:

4. **Subordination.** Seller shall have the right to receive, and Buyer shall have the right to make, any and all payments and prepayments relating to the loans made under this Subordinated Note; **provided that** after giving effect to any such payment or prepayment, the Receivable Interest plus the Contributed Interest equals or exceeds the Minimum Receivables Percentage. Seller hereby agrees that at any time during which the conditions set forth in the proviso of the immediately preceding sentence shall not be satisfied, Seller shall be subordinate in right of payment to the prior payment of any indebtedness or obligation of Buyer owing to the Agent or any Purchaser (each, as defined below) under that certain Second Amended and Restated Receivables Purchase Agreement, dated as of June 6, 2006, by and among Buyer, Seller, as Servicer, various **“Purchasers”** from time to time party thereto, and JPMorgan Chase Bank, N.A., as the **“Agent”** (as amended, restated, supplemented or otherwise modified from time to time, the **“Receivables Purchase Agreement”**). The subordination provisions contained herein are for the direct benefit of, and may be enforced by, the Agent and the Purchasers and/or any of their respective assignees (collectively, the **“Senior Claimants”**) under the Receivables Purchase Agreement. Until the date on which the “Aggregate Capital” outstanding under the Receivables Purchase Agreement has been repaid in full and all obligations of Buyer and/or the Servicer thereunder and under the “Fee Letters” referenced therein (all such obligations, collectively, the **“Senior Claim”**) have been indefeasibly paid and satisfied in full, Seller shall not institute against Buyer any proceeding of the type described in Section 7.1(f) or (g) of the Receivable Interest Sale Agreement unless and until the Collection Date has occurred. Should any payment, distribution or security or proceeds thereof be received by Seller in violation of this Section 4, Seller agrees that such payment shall be segregated, received and held in trust for the benefit of, and deemed to be the property of, and shall be immediately paid over and delivered to the Agent for the benefit of the Senior Claimants.

2. Representations and Warranties. In order to induce the other parties hereto to enter into this Amendment, each of the Buyer and the Originator hereby represents and warrants to each of the other parties hereto as follows:

(a) The execution and delivery by such party of this Amendment, and the performance of its obligations under the Agreement and the Subordinated Note, are within such party's organizational powers and authority and have been duly authorized by all necessary organizational action on its part;

(b) This Amendment has been duly executed and delivered by such party, and the Agreement and, in the case of the Buyer, the Subordinated Note, constitute such party's legal, valid and binding obligations, enforceable against such party in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), and

(c) As of the date hereof, no event has occurred and is continuing that will constitute a Termination Event or a Potential Termination Event.

3. Conditions Precedent. This Amendment shall become effective as of the date first above written upon execution by the Originator, the Buyer and the Agent of counterparts hereof and delivery of such executed counterparts to the Agent.

4. Miscellaneous.

(a) CHOICE OF LAW. THIS AMENDMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF TEXAS.

(b) Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

(c) Ratification of Agreement. Except as expressly amended hereby, the Agreement and the Subordinated Note remain unaltered and in full force and effect and is hereby ratified and confirmed.

<Signature pages follow>

*IN WITNESS WHEREOF*, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date hereof.

FERRELLGAS, L.P.

By: FERRELLGAS, INC., its General Partner

By: \_\_\_\_\_  
Name:  
Title:

FERRELLGAS RECEIVABLES, LLC

By: \_\_\_\_\_  
Name:  
Title:

*By its signature below, the Agent, on behalf of the Purchasers, hereby consents to the foregoing Amendment as of the date first above written:*

JPMORGAN CHASE BANK, N.A., AS AGENT

By: \_\_\_\_\_  
Name:  
Title:

**SECOND AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT**

**DATED AS OF JUNE 6, 2006**

*AMONG*

**FERRELLGAS RECEIVABLES, LLC, AS SELLER,**

**FERRELLGAS, L.P., AS SERVICER,**

**JUPITER SECURITIZATION CORPORATION,**

**THE FINANCIAL INSTITUTIONS FROM TIME TO TIME PARTY HERETO,  
AS FINANCIAL INSTITUTIONS,**

**FIFTH THIRD BANK**

*AND*

**JPMORGAN CHASE BANK, N.A., AS AGENT**

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## SECOND AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT

*THIS SECOND AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT*, dated as of June 6, 2006 (*"Receivables Purchase Agreement"*), is among Ferrellgas Receivables, LLC, a Delaware limited liability company (*"Seller"*), Ferrellgas, L.P., a Delaware limited partnership (*"Ferrellgas"*), as initial Servicer (the initial Servicer together with Seller, the *"Seller Parties"* and each a *"Seller Party"*), JPMorgan Chase Bank, N.A. (*"JPMorgan Chase"*) and, together with its successors and assigns hereunder that become Committed Purchasers, the *"Financial Institutions"*), Jupiter Securitization Corporation (*"Jupiter"*), Fifth Third Bank (*"Fifth Third"*), and JPMorgan Chase Bank, N.A., as agent for the Purchasers hereunder or any successor agent hereunder (together with its successors and assigns hereunder, the *"Agent"*). Unless defined elsewhere herein, capitalized terms used in this Agreement shall have the meanings assigned to such terms in Exhibit I and, if not defined therein, the meanings assigned to such terms in the Receivable Interest Sale Agreement referenced therein.

### PRELIMINARY STATEMENTS

A. The Seller, Ferrellgas, JPMorgan Chase, Jupiter and the Agent have previously executed and delivered that certain Amended and Restated Receivables Purchase Agreement dated as of June 7, 2005 (the *"Original Purchase Agreement"*).

B. The parties hereto desire to amend and restate (but not extinguish) the Original Purchase Agreement in its entirety as hereinafter set forth through the execution of this Second Amended and Restated Receivables Purchase Agreement.

C. Seller desires to continue transferring and assigning Purchaser Interests to the Purchasers from time to time. Jupiter may, in its absolute and sole discretion, continue purchasing Purchaser Interests from Seller from time to time, and Fifth Third shall purchase Purchaser Interests from Seller from time to time hereafter. In the event that Jupiter declines to make any purchase, the Financial Institutions shall, at the request of Seller, purchase Jupiter's Purchaser Interests from time to time. In addition, each Financial Institution has agreed to continue providing a liquidity facility to Jupiter.

D. JPMorgan Chase Bank, N.A. has been requested and is willing to act as Agent on behalf of the Purchasers in accordance with the terms hereof.

**NOW, THEREFORE**, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto, (i) do hereby agree that the Original Purchase Agreement is amended and restated (but not substituted or extinguished) in its entirety as set forth herein, and (ii) do hereby further agree as follows:

ARTICLE I.  
PURCHASE ARRANGEMENTS

Section 1.1 Purchase Facility.

(a) Upon the terms and subject to the conditions hereof, Seller may, at its option, from time to time during the period from the date hereof to but not including the Facility Termination Date, sell and assign Purchaser Interests to the Agent, for the benefit of Fifth Third, and simultaneously to the Agent for the benefit of one or more of the Purchasers in Jupiter's Purchaser Group, whereupon from time to time (i) Fifth Third shall instruct the Agent to purchase on Fifth Third's behalf, and (ii) Jupiter may, at its option, instruct the Agent to purchase on Jupiter's behalf, or if Jupiter shall decline to purchase, the Agent shall purchase, on behalf of the Financial Institutions, Purchaser Interests; **provided, however**, that (A) the Purchase Prices for the Purchaser Interests sold on any given Business Day shall be ratable in accordance with each Purchaser Group's respective Percentage, and (B) in no event shall the aggregate Capital outstanding hereunder from either Purchaser Group exceed the lesser of (1) such Group's Group Purchase Limit and (2) the Commitment Availability for such Purchaser Group. Seller hereby assigns, transfers and conveys to the Agent, for the ratable benefit of the Purchaser Groups in accordance with their respective Percentages, and the Agent hereby acquires, all of Seller's now owned and existing and hereafter arising or acquired right, title and interest in and to the Purchaser Interests.

(b) Seller may, upon at least 5 Business Days' notice to the Agent (who will promptly forward a copy of each such notice to the Purchasers) terminate in whole or reduce in part, ratably between the Purchaser Groups (and, within the Jupiter Group, ratably among the Financial Institutions), the unused portion of the Purchase Limit and the Group Purchase Limits; **provided** that each partial reduction of the Purchase Limit shall be in an amount equal to \$5,000,000 or an integral multiple thereof.

Section 1.2 Increases. Seller shall provide the Agent with at least one (1) Business Day's prior notice in a form set forth as Exhibit II hereto of each Incremental Purchase (a "**Purchase Notice**"), and the Agent will promptly forward a copy of each such Purchase Notice to the Purchasers. Each Purchase Notice shall be subject to Section 6.2 hereof and, except as set forth below, shall be irrevocable and shall specify the requested Purchase Price (which shall not be less than \$1,000,000) and date of purchase and, in the case of an Incremental Purchase to be funded by a through the purchase of a Liquidity Interest, the requested Discount Rate and Tranche Period. Following receipt of a Purchase Notice, Fifth Third shall advise the Agent and Seller if its CP Availability Period has ended, and the Agent shall determine whether Jupiter agrees to make the Jupiter Group's Percentage of the purchase. If Jupiter declines to make the Jupiter Group's Percentage of a proposed purchase or if Fifth Third's CP Availability Period has ended, Seller may cancel the Purchase Notice as to both Purchaser Groups. In the absence of such a cancellation, (a) in the case of Jupiter's decision not to participate in such purchase, the Agent shall notify the Financial Institutions of its receipt of such Purchase Notice and of Jupiter's declining to make the Jupiter Group's Percentage of such purchase, and the Incremental Purchase of the Jupiter Group's Purchaser Interest shall be made by such Financial Institutions, and (b) in the case of the end of Fifth Third's CP Availability Period, Fifth Third's Percentage of such purchase will be funded as a Fifth Third Liquidity Interest. On the date of

each Incremental Purchase, upon satisfaction of the applicable conditions precedent set forth in Article VI, the applicable Purchasers shall initiate a wire transfer to the Facility Account, of immediately available funds, no later than 12:00 noon (Chicago time), in an amount equal to (i) in the case of Jupiter or Fifth Third, its Purchaser Group's Percentage of the aggregate Purchase Price, or (ii) in the case of a Financial Institution, such Financial Institution's Pro Rata Share of the Jupiter Group's Percentage of the Purchase Price.

Section 1.3 Decreases. Seller shall provide the Agent (who will promptly forward a copy of each such notice to the Purchasers) prior written notice (a "**Reduction Notice**") in conformity with the Required Notice Period of any proposed reduction of Aggregate Capital from Asset Interest Collections. Such Reduction Notice shall designate (i) the date (the "**Proposed Reduction Date**") upon which any such reduction of Aggregate Capital shall occur (which date shall give effect to the applicable Required Notice Period), (ii) the amount of Aggregate Capital to be reduced (the "**Aggregate Reduction**") which shall be applied ratably to the Purchaser Interests of each Purchaser in accordance with the amount of Capital (if any) owing to such Purchaser in each case divided by the Aggregate Capital at such time, and (iii) each Purchaser's portion of such Aggregate Reduction. Only one (1) Reduction Notice shall be outstanding at any time.

Section 1.4 Payment Requirements. All amounts to be paid or deposited by any Seller Party pursuant to any provision of this Agreement shall be paid or deposited in accordance with the terms hereof no later than 12:00 noon (Chicago time) on the day when due in immediately available funds, and if not received before 12:00 noon (Chicago time) shall be deemed to be received on the next succeeding Business Day. All amounts payable to the Agent or any Purchaser shall be paid to the Agent, for its own account or for the account of such Purchaser, as applicable, at the Agent's principal office in Chicago, Illinois until otherwise notified by the Agent, and the Agent shall promptly remit Fifth Third's portion thereof in immediately available funds to such account as Fifth Third may from time to time specify in writing. All computations of Yield at the LIBO Rate, per annum fees calculated as part of any CP Costs, per annum fees hereunder and per annum fees under the Fee Letters shall be made on the basis of a year of 360 days for the actual number of days elapsed. All computations of Yield at the Base Rate shall be made on the basis of a year of 365 (or, when appropriate, 366) days for the actual number of days elapsed. If any amount hereunder shall be payable on a day which is not a Business Day, such amount shall be payable on the next succeeding Business Day.

## ARTICLE II. PAYMENTS AND ASSET INTEREST COLLECTIONS

Section 2.1 Payments. Notwithstanding any limitation on recourse contained in this Agreement, Seller shall immediately pay to each Purchaser Group when due on a full recourse basis: (i) such fees as are set forth in the Fee Letters (which fees, in the case of the Jupiter Group, shall be sufficient to pay all fees owing to the Financial Institutions), (ii) all CP Costs, (iii) all amounts payable as Yield, (iv) all amounts payable as Deemed Collections (which shall be immediately due and payable by Seller and applied to reduce outstanding Aggregate Capital hereunder in accordance with Sections 2.2 and 2.3 hereof), (v) all amounts required

pursuant to Section 2.6, (vi) all amounts payable pursuant to Article X, if any, (vii) all Servicer costs and expenses, including the Servicing Fee, in connection with servicing, administering and collecting the Pool Receivables, (viii) all Broken Funding Costs, and (ix) all Default Fees (collectively, the **"Recourse Obligations"**). If Seller fails to pay any of the Recourse Obligations when due, Seller agrees to pay, on demand, the Default Fee in respect thereof until paid. Notwithstanding the foregoing, no provision of this Agreement or any Fee Letter shall require the payment or permit the collection of any amounts hereunder in excess of the maximum permitted by applicable law. If at any time Seller receives any Asset Interest Collections or is deemed to receive any Asset Interest Collections, Seller shall immediately pay such Asset Interest Collections or Deemed Collections to the Servicer for application in accordance with the terms and conditions hereof and, at all times prior to such payment, such Asset Interest Collections or Deemed Collections shall be held in trust by Seller for the exclusive benefit of the Purchasers and the Agent.

Section 2.2 **Asset Interest Collections Prior to Amortization**. Prior to the Amortization Date, any Asset Interest Collections and Deemed Collections received by the Servicer and all Asset Interest Collections received by the Servicer shall be set aside and held in trust by the Servicer for the payment of any accrued and unpaid Aggregate Unpaid or for a Reinvestment as provided in this Section 2.2. If at any time any Asset Interest Collections are received by the Servicer prior to the Amortization Date, (a) the Servicer shall set aside the Termination Percentage (hereinafter defined) of Asset Interest Collections evidenced by the Purchaser Interests of each Terminating Financial Institution and (b) Seller hereby requests and the applicable Purchasers (other than any Terminating Financial Institutions) hereby agree to make, simultaneously with such receipt, a reinvestment (each, a **"Reinvestment"**) with that portion of the balance of each and every Asset Interest Collection received by the Servicer that is part of any Purchaser Interest (other than any Purchaser Interests of Terminating Financial Institutions), such that after giving effect to such Reinvestment, the amount of Capital of such Purchaser Interest immediately after such receipt and corresponding Reinvestment shall be equal to the amount of Capital immediately prior to such receipt. On each Settlement Date prior to the occurrence of the Amortization Date, the Servicer shall remit to the Agent's account for the ratable benefit of the Purchaser Groups in accordance with their respective Percentages, the amounts set aside during the preceding Settlement Period that have not been subject to a Reinvestment and apply such amounts (if not previously paid in accordance with Section 2.1) **first**, to reduce unpaid CP Costs, Yield and other Recourse Obligations, ratably between the Purchaser Groups in accordance with their respective amounts of such Recourse Obligations, and **second**, to reduce the Capital of all Purchaser Interests of Terminating Financial Institutions, applied ratably to each Terminating Financial Institution according to its respective Termination Percentage. If such Capital, CP Costs, Yield and other Recourse Obligations shall be reduced to zero, any additional Asset Interest Collections received by the Servicer (i) if applicable, shall be remitted to Agent's account for the ratable benefit of the Purchaser Groups in accordance with their respective Percentages, no later than 12:00 noon (Chicago time) to the extent required to fund any Aggregate Reduction on such Settlement Date and (ii) any balance remaining thereafter shall be remitted from the Servicer to Seller on such Settlement Date. Each Terminating Financial Institution shall be allocated a ratable portion of the Jupiter Group's Percentage of Collections from the date of any assignment by Jupiter to the Financial Institutions pursuant to a Funding Agreement (the **"Termination Date"**) until such Terminating Financing Institution's

Capital shall be paid in full. This ratable portion shall be calculated on the Termination Date of each Terminating Financial Institution as a percentage equal to (i) Capital of such Terminating Financial Institution outstanding on its Termination Date, divided by (ii) the aggregate Capital outstanding from the Jupiter Group on such Termination Date (the "**Termination Percentage**"). Each Terminating Financial Institution's Termination Percentage shall remain constant prior to the Amortization Date. On and after the Amortization Date, each Termination Percentage shall be disregarded, and all Purchasers' Capital shall be reduced ratably in accordance with Section 2.4.

Section 2.3 Asset Interest Collections Following Amortization. On the Amortization Date and on each day thereafter, Seller shall remain liable on a full-recourse basis to pay the Recourse Obligations pursuant to Section 2.1, and the Servicer shall set aside and hold in trust, for the holder of each Purchaser Interest, all Asset Interest Collections received on such day. On and after the Amortization Date, the Servicer shall, at any time upon the request from time to time by (or pursuant to standing instructions from) the Agent or Fifth Third (i) remit to the Agent, for the ratable account of the Purchasers, the amounts set aside pursuant to the preceding sentence, and (ii) apply such amounts to reduce the Capital associated with each such Purchaser Interest and any other Aggregate Unpaid in accordance with Section 2.4.

Section 2.4 Application of Asset Interest Collections. If there shall be insufficient funds on deposit for the Servicer to distribute funds in payment in full of the aforementioned amounts pursuant to Section 2.2 or 2.3 (as applicable), the Servicer shall distribute funds:

*first*, to the payment of the Servicer's reasonable out-of-pocket costs and expenses in connection with servicing, administering and collecting the Pool Receivables, including the Servicing Fee, if Seller or one of its Affiliates is not then acting as the Servicer,

*second*, to the reimbursement of the Agent's and Purchasers' costs of collection and enforcement of this Agreement,

*third*, ratably to the payment of all accrued and unpaid fees under the Fee Letters, CP Costs and Yield,

*fourth*, (to the extent applicable) to the ratable reduction of the Aggregate Capital (without regard to any Termination Percentage),

*fifth*, for the ratable payment of all other unpaid Recourse Obligations, provided that to the extent such Recourse Obligations relate to the payment of Servicer costs and expenses, including the Servicing Fee, when Seller or one of its Affiliates is acting as the Servicer, such costs and expenses will not be paid until after the payment in full of all other Recourse Obligations, and

*sixth*, after the Aggregate Unpaid have been indefeasibly reduced to zero, to Seller.

Asset Interest Collections applied to the payment of Aggregate Unpaid shall be distributed in accordance with the aforementioned provisions, and, giving effect to each of the priorities set forth above in this Section 2.4, shall be shared ratably (within each priority) among the Agent and the Purchasers in accordance with the amount of such Aggregate Unpaid owing to each of them in respect of each such priority.

Section 2.5 Payment Rescission. No payment of any of the Aggregate Unpaid shall be considered paid or applied hereunder to the extent that, at any time, all or any portion of such payment or application is rescinded by application of law or judicial authority, or must otherwise be returned or refunded for any reason. Seller shall remain obligated for the amount of any payment or application so rescinded, returned or refunded, and shall promptly pay to the Agent (for the account of the applicable Person or Persons who suffered such rescission, return or refund) the full amount thereof, plus the Default Fee from the date of any such rescission, return or refunding.

Section 2.6 Maximum Purchaser Interests. Seller shall ensure that the Purchaser Interests of the Purchasers shall at no time exceed in the aggregate 100%. If the aggregate of the Purchaser Interests of the Purchasers exceeds 100%, Seller shall pay to the Agent's account for the ratable benefit of the Purchasers in accordance with their Percentages within one (1) Business Day an amount to be applied to reduce the aggregate Capital, such that after giving effect to such payments, the aggregate of the Purchaser Interests equals or is less than 100%.

Section 2.7 Clean-up Call. In addition to Seller's rights pursuant to Section 1.3, the Servicer shall have the right (after providing written notice to the Agent in accordance with the Required Notice Period), to direct the Seller at any time following the reduction of the Aggregate Capital to a level that is less than 10.0% of the original Purchase Limit, repurchase from the Purchasers all, but not less than all, of the then outstanding Purchaser Interests (a "Clean-up Call"). The Agent will promptly forward a copy of each such notice to the Purchasers. The aggregate purchase price in respect thereof shall be an amount equal to the Aggregate Unpaid through the date of such repurchase, payable in immediately available funds. Such repurchase shall be without representation, warranty or recourse of any kind by, on the part of, or against any Purchaser or the Agent, except that the Agent and the Purchasers shall represent and warrant that the Purchasers Interests are free and clear of any Adverse Claim created by any of them. Upon such payment in full of the Aggregate Unpaid following a Clean-up Call, the Commitments and this Agreement shall terminate and be of no further force and effect, except for provisions which expressly survive termination.

### ARTICLE III. CP FUNDING

Section 3.1 CP Costs. Seller shall pay CP Costs with respect to the Capital associated with each Purchaser Interest (a) of Jupiter for each day that any Capital in respect of such Purchaser Interest is outstanding and (b) of Fifth Third for each day that any Capital in respect of such Purchaser Interest is outstanding during a CP Availability Period. Each such Purchaser Interest funded substantially with Pooled Commercial Paper shall accrue CP Costs each day on a pro rata basis, based upon the percentage share the Capital in respect of such



Purchaser Interest represents in relation to all assets held by Jupiter or Fountain Square, as applicable, and funded substantially with Pooled Commercial Paper.

Section 3.2 CP Costs Payments. On each applicable Settlement Date, Seller shall pay to the Agent's account (for the benefit of Jupiter and Fifth Third) an aggregate amount equal to all accrued and unpaid CP Costs in respect of the Capital associated with all Purchaser Interests of Jupiter or Fifth Third, as the case may be, for the immediately preceding Accrual Period in accordance with Article II.

Section 3.3 Calculation of CP Costs. On or before the 5th Business Day of each calendar month hereafter while Jupiter has any Purchaser Interest outstanding and Fifth Third has funding available from Fountain Square, (a) the Agent shall calculate the aggregate amount of CP Costs owing to Jupiter for the applicable Accrual Period, and (b) Fifth Third shall calculate the aggregate amount of CP Costs owing to Fifth Third for the applicable Accrual Period, and Fifth Third shall notify the Agent of Fifth Third's CP Costs for such Accrual Period. Within two (2) Business Days thereafter, the Agent shall notify Seller of the CP Costs for each of Jupiter and Fifth Third for such Accrual Period.

ARTICLE IV.  
**LIQUIDITY FUNDING**

Section 4.1 Liquidity Funding. Each Liquidity Interest shall accrue Yield for each day during its Tranche Period at either the LIBO Rate or the Base Rate in accordance with the terms and conditions hereof. Until Seller gives notice to the Agent (who will promptly forward a copy of each such notice to the Committed Purchasers) of another Discount Rate in accordance with Section 4.4 hereof, the initial Discount Rate for any Purchaser Interest transferred by Jupiter to the Financial Institutions pursuant to a Funding Agreement and for any Fifth Third Liquidity Interest shall be the Base Rate. If the Financial Institutions acquire by assignment from Jupiter any Purchaser Interest pursuant to a Funding Agreement, each Purchaser Interest so assigned shall each be deemed to have a new Tranche Period commencing on the date of any such assignment. If the CP Availability Period ends, Fifth Third shall promptly notify the Agent and the Seller Parties of such termination, and each Purchaser Interest of Fifth Third shall be deemed to have a new Tranche Period commencing on the date the CP Availability Period ended.

Section 4.2 Yield Payments. On the Settlement Date for each Liquidity Interest, Seller shall pay to the Agent (for the benefit of the Financial Institutions or Fifth Third, as applicable) an aggregate amount equal to the accrued and unpaid Yield for the entire Tranche Period of each such Liquidity Interest in accordance with Article II.

Section 4.3 Selection and Continuation of Tranche Periods.

(a) With consultation from (and approval by) the Agent, Seller shall from time to time request Tranche Periods for the Liquidity Interests, provided that, at any time any Liquidity Interest is outstanding, Seller shall always request Tranche Periods from such Purchaser such that at least one Tranche Period shall end on the date specified in clause (A) of the definition of Settlement Date.

(b) Seller, on the one hand, and as applicable, the Agent or Fifth Third, on the other hand, upon notice to and consent by the other received at least three (3) Business Days prior to the end of a Tranche Period (the "**Terminating Tranche**") for any Purchaser Interest, may, effective on the last day of the Terminating Tranche: (i) divide any such Purchaser Interest into multiple Purchaser Interests of the same Purchaser Group, (ii) combine any such Purchaser Interest with one or more other Purchaser Interests of the same Purchaser Group that have a Terminating Tranche ending on the same day as such Terminating Tranche or (iii) combine any such Purchaser Interest with a new Purchaser Interests of the same Purchaser Group to be purchased on the day such Terminating Tranche ends, provided, that in no event may a Purchaser Interest of Jupiter be combined with a Purchaser Interest of the Financial Institutions or of Fifth Third, and in no event may a Purchaser Interest of Fifth Third be combined with a Purchaser Interest of anyone in the Jupiter Group.

Section 4.4 Liquidity Interest Discount Rates. Seller may select the LIBO Rate or the Base Rate for each Liquidity Interest. Seller shall by 12:00 noon (Chicago time): (i) at least three (3) Business Days prior to the expiration of any Terminating Tranche with respect to which the LIBO Rate is being requested as a new Discount Rate and (ii) at least one (1) Business Day prior to the expiration of any Terminating Tranche with respect to which the Base Rate is being requested as a new Discount Rate, give the Agent (who will promptly forward a copy of each such notice to the applicable Committed Purchasers) irrevocable notice of the new Discount Rate for the Purchaser Interest associated with such Terminating Tranche. Until Seller gives notice in accordance with the preceding sentence of another Discount Rate, the initial Discount Rate for any Purchaser Interest transferred to the Financial Institutions pursuant to a Funding Agreement, and of any Purchaser Interest of Fifth Third outstanding when the CP Availability Period ends, shall be the Base Rate.

Section 4.5 Suspension of the LIBO Rate.

(a) If any Committed Purchaser notifies Seller that it has determined that funding its Liquidity Interest at a LIBO Rate would violate any applicable law, rule, regulation, or directive of any governmental or regulatory authority, whether or not having the force of law, or that (i) deposits of a type and maturity appropriate to match fund its Liquidity Interests at such LIBO Rate are not available or (ii) such LIBO Rate does not accurately reflect the cost of acquiring or maintaining a Liquidity Interest at such LIBO Rate, then the Committed Purchaser(s) in the applicable Purchaser Group shall suspend the availability of such LIBO Rate and require Seller to select the Base Rate for any Liquidity Interest accruing Yield at such LIBO Rate.

(b) If less than all of the Financial Institutions give a notice to the Agent pursuant to Section 4.5(a), each Financial Institution which gave such a notice shall be obliged, at the request of Seller, Jupiter or the Agent, to assign all of its rights and obligations hereunder to (i) another Financial Institution or (ii) another funding entity nominated by Seller or the Agent that is acceptable to Jupiter and willing to participate in this Agreement through the Liquidity Termination Date in the place of such notifying Financial Institution; provided that (i) the notifying Financial Institution receives payment in full, pursuant to an Assignment Agreement, of an amount equal to such notifying Financial Institution's Pro Rata Share of the Capital and Yield owing to all of the Financial Institutions and all accrued but unpaid fees and other costs and expenses payable in respect of its Pro Rata Share of the Purchaser Interests of the Financial Institutions, and (ii) the replacement Financial Institution otherwise satisfies the requirements of Section 12.1(b).

ARTICLE V.

**REPRESENTATIONS AND WARRANTIES**

Section 5.1 Representations and Warranties of the Seller. Each Seller Party hereby represents and warrants to the Agent and the Purchasers, as to itself, as of the date hereof and as of the date of each Incremental Purchase and the date of each Reinvestment that:

(a) Existence and Power. Such Seller Party is duly organized, validly existing and in good standing under the laws of Delaware, and is duly qualified to do business and is in good standing as a foreign entity, and has and holds all organizational power and all governmental licenses, authorizations, consents and approvals required to carry on its business in each jurisdiction in which its business is conducted except where the failure to so qualify or so hold could not reasonably be expected to have a Material Adverse Effect.

(b) Power and Authority; Due Authorization, Execution and Delivery. The execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder and, Seller's use of the proceeds of the purchases made hereunder, are within its organizational powers and authority and have been duly authorized by all necessary action on its part. This Agreement and each other Transaction Document to which such Seller Party is a party has been duly executed and delivered by such Seller Party.

(c) No Conflict. The execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder do not contravene or violate (i) its Organization Documents, (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or by which it or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on assets of such Seller Party (except as created under the Transaction Documents) except, in each case, where such contravention or violation could not reasonably be expected to have a Material Adverse Effect; and no transaction contemplated hereby requires compliance with any bulk sales act or similar law.

(d) Governmental Authorization. Other than the filing of the financing statements required hereunder and under the Receivable Interest Sale Agreement, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party and the performance of its obligations hereunder and thereunder.

(e) Actions, Suits. There are no actions, suits or proceedings pending, or to the best of such Seller Party's knowledge, threatened, against or affecting such Seller Party, or any of its properties, in or before any Governmental Authority, which (a) purport to affect or pertain to this Agreement or any other Transaction Document or any of the transactions contemplated hereby or thereby; or (b) if determined adversely to Originator, would reasonably be expected to have a Material Adverse Effect. No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Transaction Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

(f) Binding Effect. This Agreement and each other Transaction Document to which such Seller Party is a party constitute the legal, valid and binding obligations of such Seller Party enforceable against such Seller Party in accordance with their respective terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(g) Accuracy of Information. All information heretofore furnished by such Seller Party or any of its Affiliates to the Agent or any Purchaser for purposes of or in connection with this Agreement, any of the other Transaction Documents or any transaction contemplated hereby or thereby is, and all such information hereafter furnished by such Seller Party or any of its Affiliates to the Agent or any Purchaser will be, true and accurate in every material respect on the date such information is stated or certified and does not and will not contain any untrue statement of a material fact or omit any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered.

(h) Use of Proceeds. No proceeds of any purchase hereunder will be used (i) for a purpose that violates, or would be inconsistent with, Regulation T, U or X promulgated by the Board of Governors of the Federal Reserve System from time to time or (ii) to acquire any security in any transaction which is subject to Section 12, 13 or 14 of the Securities Exchange Act of 1934, as amended.

(i) Good Title. Immediately prior to each purchase hereunder, Seller shall be the legal and beneficial owner of the Asset Interest, free and clear of any Adverse Claim, except as created by the Transaction Documents. There have been duly filed all financing statements or other similar instruments or documents necessary under the UCC (or any

comparable law) of all appropriate jurisdictions to perfect Seller's ownership interest in the Asset Interest.

(j) Perfection. This Agreement, together with the filing of the financing statements contemplated hereby, is effective to, and shall, upon each purchase hereunder, transfer to the Agent for the benefit of the relevant Purchaser or Purchasers (and the Agent for the benefit of such Purchaser or Purchasers shall acquire from Seller) a valid and perfected first priority undivided percentage ownership or security interest in the Asset Interest, free and clear of any Adverse Claim, except as created by the Transactions Documents. There have been duly filed all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect the Agent's (on behalf of the Purchasers) ownership or security interest in the Asset Interest.

(k) Places of Business and Locations of Records. The offices where the Seller Parties keep all of their respective records regarding the Purchaser Interests are located at the address(es) listed on Exhibit III or such other locations of which the Agent has been notified in accordance with Section 7.2(a) in jurisdictions where all action required by Section 14.4(a) has been taken and completed. Seller's Federal Employer Identification Number is correctly set forth on Exhibit III.

(l) Asset Interest Collections. The conditions and requirements set forth in Section 7.12 and in Section 5.12(a) of the Receivable Interest Sale Agreement have at all times been satisfied and duly performed. Seller has not granted any Person, other than the Servicer, dominion and control of any Lock-Box or Collection Account, or the right to take dominion and control of any such Lock-Box or Collection Account at a future time or upon the occurrence of a future event. Servicer has not granted any Person, other than the Agent, dominion and control of the Servicer's Concentration Account, or the right to take dominion and control of the Servicer's Concentration Account at a future time or upon the occurrence of a future event. Seller has not granted any Person, other than the Agent, dominion and control of the Facility Account, or the right to take dominion and control of the Facility Account at a future time or upon the occurrence of a future event.

(m) Material Adverse Effect. (i) The initial Servicer represents and warrants that since January 31, 2005, no event has occurred that would have a material adverse effect on the financial condition or operations of the initial Servicer and its Subsidiaries or the ability of the initial Servicer to perform its obligations under this Agreement, and (ii) Seller represents and warrants that since the date of this Agreement, no event has occurred that would have a material adverse effect on (A) the financial condition or operations of Seller, (B) the ability of Seller to perform its obligations under the Transaction Documents, or (C) the collectibility of the Pool Receivables generally or any material portion of the Pool Receivables.

(n) Names. In the past five (5) years, Seller has not used any legal names, trade names or assumed names other than the name in which it has executed this Agreement.

(o) Ownership of Seller. Originator owns, directly or indirectly, 100% of the issued and outstanding Equity Interests of Seller, free and clear of any Adverse Claim.

Such Equity Interests are validly issued, fully paid and nonassessable, and there are no options, warrants or other rights to acquire securities of Seller.

(p) Not a Regulated Entity. Such Seller Party is not an “investment company” within the meaning of the Investment Company Act of 1940, as amended, or any successor statute. Such Seller Party is not subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, any state public utilities code, or any other Federal or state statute or regulation limiting its ability to incur Indebtedness or to sell interests in the Pool Receivables or the Asset Interest.

(q) Compliance with Law. Such Seller Party has complied with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Each Pool Receivable, together with the Contract related thereto, does not contravene any laws, rules or regulations applicable thereto (including, without limitation, laws, rules and regulations relating to truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy), and no part of such Contract is in violation of any such law, rule or regulation, except where such contravention or violation could not reasonably be expected to have a Material Adverse Effect.

(r) Compliance with Credit and Collection Policy. Such Seller Party has complied in all material respects with the Credit and Collection Policy with regard to each Pool Receivable and the related Contract, and has not made any change to such Credit and Collection Policy, except such material change as to which the Agent has been notified in accordance with Section 7.2(c) and has consented.

(s) Payments to Originator. Seller has given reasonably equivalent value to Originator in consideration for the Asset Interest and such transfer was not made for or on account of an antecedent debt. The transfer by Originator of the Asset Interest under the Receivable Interest Sale Agreement is not voidable under any section of the Bankruptcy Reform Act of 1978 (11 U.S.C. §§ 101 *et seq.*), as amended.

(t) Enforceability of Contracts. Each Contract with respect to each Pool Receivable is effective to create, and has created, a legal, valid and binding obligation of the related Obligor to pay the Outstanding Balance of the Pool Receivable created thereunder and any accrued interest thereon, enforceable against the Obligor in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors’ rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(u) Eligible Receivables. Each Receivable included in the Asset Interest is an Eligible Receivable.

(v) Net Asset Interest Balance. Seller has determined that, immediately after giving effect to each purchase hereunder, the Net Asset Interest Balance will at least equal 1.2 times the Aggregate Capital then outstanding.

(w) Accounting. The manner in which such Seller Party accounts for the transactions contemplated by this Agreement and the Receivable Interest Sale Agreement does not jeopardize the true sale analysis.

Section 5.2 Financial Institution Representations and Warranties. Each Financial Institution hereby represents and warrants to the Agent and Jupiter that:

(a) Existence and Power. Such Financial Institution is a corporation or a banking association duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, and has all power to perform its obligations hereunder.

(b) No Conflict. The execution and delivery by such Financial Institution of this Agreement and the performance of its obligations hereunder are within its powers, have been duly authorized by all necessary action, do not contravene or violate (i) its certificate or articles of incorporation or association or by-laws, (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on its assets. This Agreement has been duly authorized, executed and delivered by such Financial Institution.

(c) Governmental Authorization. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution and delivery by such Financial Institution of this Agreement and the performance of its obligations hereunder.

(d) Binding Effect. This Agreement constitutes the legal, valid and binding obligation of such Financial Institution enforceable against such Financial Institution in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether such enforcement is sought in a proceeding in equity or at law).

ARTICLE VI.  
**CONDITIONS OF PURCHASES**

Section 6.1 Conditions Precedent to Initial Incremental Purchase. The Original Purchase Agreement shall be amended and restated in its entirety as set forth herein subject to the conditions precedent that (a) the Agent shall have received on or before the date hereof those documents listed on Schedule B and (b) the Agent and Fifth Third shall have received all fees and expenses required to be paid on such date pursuant to the terms of this Agreement and the Fee Letters.

Section 6.2 Conditions Precedent to All Purchases and Reinvestments. Each purchase of a Purchaser Interest (other than pursuant to a Funding Agreement) and each Reinvestment shall be subject to the further conditions precedent that (a) the Servicer shall have delivered to the Agent on or prior to the date of such purchase or Reinvestment, in form and

substance satisfactory to the Agent, all Monthly Reports and interim reports as and when due under Section 8.5; (b) the Facility Termination Date shall not have occurred; (c) the Agent and Fifth Third shall have received such other approvals, opinions or documents as it may reasonably request and (d) on the date of each such Incremental Purchase or Reinvestment, the following statements shall be true (and acceptance of the proceeds of such Incremental Purchase or Reinvestment shall be deemed a representation and warranty by Seller that such statements are then true):

(i) the representations and warranties set forth in Section 5.1 are true and correct on and as of the date of such Incremental Purchase or Reinvestment as though made on and as of such date;

(ii) no event has occurred and is continuing, or would result from such Incremental Purchase or Reinvestment, that will constitute an Amortization Event, and no event has occurred and is continuing, or would result from such Incremental Purchase or Reinvestment, that would constitute a Potential Amortization Event; and

(iii) the Aggregate Capital does not exceed the Purchase Limit and the aggregate Purchaser Interests do not exceed 100%.

It is expressly understood that each Reinvestment shall, unless otherwise directed by the Agent or any Purchaser, occur automatically on each day that the Servicer shall receive any Asset Interest Collections without the requirement that any further action be taken on the part of any Person and notwithstanding the failure of Seller to satisfy any of the foregoing conditions precedent in respect of such Reinvestment. The failure of Seller to satisfy any of the foregoing conditions precedent in respect of any Reinvestment shall give rise to a right of the Agent and Fifth Third, which right may be exercised at any time on demand of the Agent or Fifth Third, as applicable, to rescind the related purchase and direct Seller to pay to the Purchaser Groups, ratably in accordance with their respective Percentages, an aggregate amount equal to the Asset Interest Collections prior to the Amortization Date that shall have been applied to the affected Reinvestment.

#### ARTICLE VII. COVENANTS

Until the date on which the Aggregate Unpaid have been indefeasibly paid in full and this Agreement terminates in accordance with its terms, each Seller Party hereby covenants, as to itself, as set forth below:

Section 7.1 Financial Reporting. Seller shall deliver to the Agent, in form and detail satisfactory to the Agent:

(a) Annual Financial Statements. As soon as available, but not later than 100 days after the end of each fiscal year of Seller, an unaudited balance sheet of Seller as at the end of such year and the related statements of income or operations, members' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, and certified by a Responsible Officer as fairly presenting, in accordance



with GAAP, applied, if applicable, on a basis consistent with prior years, the financial position and the results of operations of Seller;

(b) Quarterly Financial Statements. As soon as available, but not later than 45 days after the end of each of the first three fiscal quarters of each fiscal year of Seller, a copy of the unaudited balance sheet of Seller as of the end of such quarter and the related statements of income, members' equity and cash flows for the period commencing on the first day and ending on the last day of such quarter, and certified by a Responsible Officer as fairly presenting, in accordance with GAAP (subject to ordinary, good faith year-end audit adjustments), the financial position and the results of operations of Seller; and

(c) Receivable Interest Sale Agreement Financial Statements. When and as required under the Receivable Interest Sale Agreement, each of the financial statements required to be delivered under Section 5.1 thereof.

Section 7.2 Certificates; Other Information. Such Seller Party shall furnish to the Agent:

(a) Receivable Interest Sale Agreement Certificates. When and as required under the Receivable Interest Sale Agreement, each of the certificates and other reports and information required to be delivered under Section 5.2 thereof; and

(b) Compliance Certificate. Concurrently with the delivery of the financial statements referred to in Sections 7.1(a) and (b), a Compliance Certificate executed by a Responsible Officer of Seller with respect to the periods covered by such financial statements together with supporting calculations and such other supporting detail as the Agent shall require.

Section 7.3 Notices. Such Seller Party shall promptly notify the Agent:

(a) of the occurrence of any Amortization Event or Potential Amortization Event;

(b) of any matter described in Section 5.3(a)-(d), (f) or (g) of the Receivable Interest Sale Agreement;

(c) at least thirty (30) days prior to the effectiveness of any material change in or material amendment to the Credit and Collection Policy, a copy of the Credit and Collection Policy then in effect and a notice (A) indicating such change or amendment, and (B) if such proposed change or amendment would be reasonably likely to adversely affect the collectibility of the Pool Receivables or decrease the credit quality of any newly created Pool Receivables, requesting the Agent's and Fifth Third's consent thereto;

(d) of any material change in accounting policies or financial reporting practices by Originator or any of its consolidated Subsidiaries;

(e) if any of the representations and warranties in Article V ceases to be true and correct;

(f) of the occurrence of any event or condition that has had, or could reasonably be expected to have, a Material Adverse Effect; and

(g) of the occurrence of the "**Termination Date**" under and as defined in the Receivable Interest Sale Agreement.

Each notice under this Section shall be accompanied by a written statement by a Responsible Officer of such Seller Party setting forth details of the occurrence referred to therein, and stating what action such Seller Party or any affected Affiliate proposes to take with respect thereto and at what time. Each notice under Section 7.3(a) shall describe with particularity any and all clauses or provisions of this Agreement or other Transaction Document that have been breached or violated.

Section 7.4 Compliance with Laws. Such Seller Party shall comply with all Requirements of Law of any Governmental Authority having jurisdiction over it or its business (including the Federal Fair Labor Standards Act), except such as may be contested in good faith or as to which a bona fide dispute may exist or the failure of which to comply with could not reasonably be expected to have a Material Adverse Effect.

Section 7.5 Preservation of Existence, Etc. Such Seller Party shall:

(a) preserve and maintain in full force and effect its legal existence and good standing under the laws of its state or jurisdiction of organization except in connection with transactions permitted by the Credit Agreement;

(b) preserve and maintain in full force and effect all governmental rights, privileges, qualifications, permits, licenses and franchises necessary or desirable in the normal conduct of its business except in connection with transactions permitted by the Credit Agreement, except where the failure to so preserve or maintain such governmental rights, privileges, qualifications, permits, licenses and franchises could not reasonably be expected to have a Material Adverse Effect;

(c) preserve its business organization and goodwill, except where the failure to so preserve its business organization or goodwill could not reasonably be expected to have a Material Adverse Effect; and

(d) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

Section 7.6 Payment of Obligations. Such Seller Party shall pay and discharge as the same shall become due and payable (except to the extent the failure to so pay and discharge could not reasonably be expected to have a Material Adverse Effect), all of its obligations and liabilities, including:

(a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by

appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by such Seller Party; and

(b) all lawful claims which, if unpaid, would by law become a Adverse Claim upon its property, unless such claims are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by such Seller Party.

Section 7.7 Audits. Such Seller Party will furnish to the Agent, for delivery to the Purchasers, from time to time such information with respect to it and the Pool Receivables as the Agent may reasonably request. Such Seller Party will, from time to time during regular business hours as requested by Buyer (or its assigns), upon reasonable notice and at the sole cost of such Seller Party, permit the Agent and the Purchasers or their respective agents or representatives (i) to examine and make copies of and abstracts from all Records in the possession or under the control of such Seller Party relating to the Pool Receivables and the Related Security, including, without limitation, the related Contracts, and (ii) to visit the offices and properties of such Seller Party for the purpose of examining such materials described in clause (i) above, and to discuss matters relating to such Seller Party's financial condition or the Pool Receivables and the Related Security or such Seller Party's performance under any of the Transaction Documents or Originator's performance under the Contracts and, in each case, with any of the officers or employees of such Seller Party having knowledge of such matters.

Section 7.8 Keeping of Records and Books. The Servicer will maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Receivables in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Receivables (including, without limitation, records adequate to permit the immediate identification of each new Receivable and all Asset Interest Collections of and adjustments to each existing Receivable). The Servicer will give the Agent notice of any material change in the administrative and operating procedures referred to in the previous sentence. Such Seller Party will on or prior to the date hereof, mark its master data processing records and other books and records relating to the Purchaser Interests with a legend, acceptable to the Agent, describing the Purchaser Interests.

Section 7.9 Compliance with Contracts and Credit and Collection Policy. Such Seller Party will timely and fully (i) perform and comply with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Pool Receivables, except where the failure to so comply could not reasonably be expected to have a material adverse impact on the overall collectibility of the Pool Receivables, and (ii) comply in all respects with the Credit and Collection Policy in regard to each Pool Receivable and the related Contract, except where the failure to so comply could not reasonably be expected to have a material adverse impact on the overall collectibility of the Pool Receivables.

Section 7.10 Purchasers' Reliance. Seller acknowledges that the Purchasers are entering into the transactions contemplated by this Agreement in reliance upon Seller's identity as a legal entity that is separate from Originator. Therefore, from and after the date of execution and delivery of this Agreement, Seller shall take all reasonable steps, including, without

limitation, all steps that the Agent or any Purchaser may from time to time reasonably request, to maintain Seller's identity as a separate legal entity and to make it manifest to third parties that Seller is an entity with assets and liabilities distinct from those of Originator and any Affiliates thereof and not just a division of Originator or any such Affiliate. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, Seller will:

(A) conduct its own business in its own name and require that all full-time employees of Seller, if any, identify themselves as such and not as employees of Originator (including, without limitation, by means of providing appropriate employees with business or identification cards identifying such employees as Seller's employees);

(B) compensate all employees, consultants and agents directly, from Seller's own funds, for services provided to Seller by such employees, consultants and agents and, to the extent any employee, consultant or agent of Seller is also an employee, consultant or agent of Originator or any Affiliate thereof, allocate the compensation of such employee, consultant or agent between Seller and Originator or such Affiliate, as applicable, on a basis that reflects the services rendered to Seller and Originator or such Affiliate, as applicable;

(C) clearly identify its offices (by signage or otherwise) as its offices and allocate to Seller on a reasonable basis the costs of any space shared with the Originator;

(D) have a separate telephone number, which will be answered only in its name and separate stationery, invoices and checks in its own name;

(E) conduct all transactions with Originator and the Servicer (including, without limitation, any delegation of its obligations hereunder as Servicer) strictly on an arm's-length basis, allocate all overhead expenses (including, without limitation, telephone and other utility charges) for items shared between Seller and Originator on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(F) at all times have a Board of Directors consisting of at least three members, at least one member of which is an Independent Director;

(G) observe all formalities as a distinct entity, and ensure that all actions relating to (A) the dissolution or liquidation of Seller or (B) the initiation of, participation in, acquiescence in or consent to any bankruptcy, insolvency, reorganization or similar proceeding involving Seller, are duly authorized by unanimous vote of its Board of Directors (including the Independent Director);

(H) maintain Seller's books and records separate from those of Originator and any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of Originator and any Affiliate thereof;

(I) prepare its financial statements separately from those of Originator and insure that any consolidated financial statements of Originator or any Affiliate thereof that include Seller and that are filed with the Securities and Exchange Commission or any other

governmental agency have notes clearly stating that Seller is a separate entity and that its assets will be available first and foremost to satisfy the claims of the creditors of Seller;

(J) except as herein specifically otherwise provided, maintain the funds or other assets of Seller separate from, and not commingled with, those of Originator or any Affiliate thereof and only maintain bank accounts or other depository accounts to which Seller alone is the account party, into which Seller alone makes deposits and from which Seller alone (or the Agent on behalf of the Purchasers hereunder) has the power to make withdrawals;

(K) pay all of Seller's operating expenses from Seller's own assets (except for certain payments by Originator or other Persons pursuant to allocation arrangements that comply with the requirements of this Section 7.10);

(L) operate its business and activities such that: it does not engage in any business or activity of any kind, or enter into any transaction or indenture, mortgage, instrument, agreement, contract, lease or other undertaking, other than the transactions contemplated and authorized by this Agreement and the Receivable Interest Sale Agreement; and does not create, incur, guarantee, assume or suffer to exist any indebtedness or other liabilities, whether direct or contingent, other than (1) as a result of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business, (2) the incurrence of obligations under this Agreement, (3) the incurrence of obligations, as expressly contemplated in the Receivable Interest Sale Agreement, to make payment to Originator thereunder for the purchase of Receivables from Originator under the Receivable Interest Sale Agreement, and (4) the incurrence of operating expenses in the ordinary course of business of the type otherwise contemplated by this Agreement;

(M) maintain its charter in conformity with this Agreement, such that it does not amend, restate, supplement or otherwise modify its Organization Documents in any respect that would impair its ability to comply with the terms or provisions of any of the Transaction Documents, including, without limitation, this Section 7.10;

(N) maintain the effectiveness of, and continue to perform under the Receivable Interest Sale Agreement, such that it does not amend, restate, supplement, cancel, terminate or otherwise modify the Receivable Interest Sale Agreement, or give any consent, waiver, directive or approval thereunder or waive any default, action, omission or breach under the Receivable Interest Sale Agreement or otherwise grant any indulgence thereunder, without (in each case) the prior written consent of the Agent and Fifth Third;

(O) maintain its legal separateness such that it does not merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions, and except as otherwise contemplated herein) all or substantially all of its assets (whether now owned or hereafter acquired) to, or acquire all or substantially all of the assets of, any Person, nor at any time create, have, acquire, maintain or hold any interest in any Subsidiary;

(P) maintain at all times adequate capital with which to conduct its business and to meet its obligations as they come due; and

(Q) take such other actions as are necessary on its part to ensure that the facts and assumptions set forth in the opinion issued by Bracewell & Giuliani LLP as counsel for the Seller Parties, in connection with the closing or initial Incremental Purchase under this Agreement and relating to substantive consolidation issues, and in the certificates accompanying such opinion, remain true and correct in all material respects at all times.

Section 7.11 Performance and Enforcement of Receivable Interest Sale Agreement. Seller will, and will require the Originator to, perform each of their respective obligations and undertakings under and pursuant to the Receivable Interest Sale Agreement, will purchase Receivables thereunder in strict compliance with the terms thereof and will vigorously enforce the rights and remedies accorded to Seller under the Receivable Interest Sale Agreement. Seller will take all actions to perfect and enforce its rights and interests (and the rights and interests of the Agent and the Purchasers as assignees of Seller) under the Receivable Interest Sale Agreement as the Agent or Fifth Third may from time to time reasonably request, including, without limitation, making claims to which it may be entitled under any indemnity, reimbursement or similar provision contained in the Receivable Interest Sale Agreement.

Section 7.12 Collections. Each Seller Party will cause all Collections on the Pool Receivables to be concentrated no less often than weekly into the Servicer's Concentration Account. The Servicer will sweep the Buyer's Percentage of all such Collections from the Servicer's Concentration Account no less than daily into the Facility Account and immediately thereafter transferred to the Originator's Account; **provided, however**, that upon written request of the Agent or Fifth Third, each of the Seller Parties will cause all such Collections to be concentrated each Business Day into the Servicer's Concentration Account. Servicer will cause the Servicer's Concentration Account to be subject at all times to a Blocked Account Agreement that is in full force and effect. Seller will cause the Facility Account to be subject at all times to a Blocked Account Agreement that is in full force and effect.

Section 7.13 Ownership. Seller will take all necessary action to (i) vest legal and equitable title to the Asset Interest irrevocably in Seller, free and clear of any Adverse Claims other than Adverse Claims in favor of the Agent and the Purchasers (including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Seller's interest in the Asset Interest and such other action to perfect, protect or more fully evidence the interest of Seller therein as the Agent or Fifth Third may reasonably request), and (ii) establish and maintain, in favor of the Agent, for the benefit of the Purchasers, a valid and perfected first priority undivided percentage ownership interest (and/or a valid and perfected first priority security interest) in the Asset Interest to the full extent contemplated herein, free and clear of any Adverse Claims other than Adverse Claims in favor of the Agent for the benefit of the Purchasers (including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect the Agent's (for the benefit of the Purchasers) interest in the Asset Interest and such other action to perfect, protect or more fully evidence the interest of the Agent for the benefit of the Purchasers as the Agent or Fifth Third may reasonably request).

Section 7.14 Taxes. Such Seller Party will file all tax returns and reports required by law to be filed by it and will promptly pay all taxes and governmental charges at any

time owing, except any such taxes which are not yet delinquent or are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP will have been set aside on its books. Seller will pay when due any taxes payable in connection with the Pool Receivables, exclusive of taxes on or measured by income or gross receipts of the Agent or any Purchaser.

Section 7.15 Negative Covenants of the Seller Parties. Until the date on which the Aggregate Unpaid have been indefeasibly paid in full and this Agreement terminates in accordance with its terms, each Seller Party hereby covenants, as to itself, that:

(a) Name Change, Offices and Records. Such Seller Party will not change its name, identity or legal structure (within the meaning of Article 9 of any applicable enactment of the UCC) or relocate its chief executive office or any office where Records are kept unless it will have: (i) given the Agent at least 15 days' prior written notice thereof and (ii) delivered to the Agent all financing statements, instruments and other documents requested by the Agent or Fifth Third in connection with such change or relocation.

(b) Change in Payment Instructions to Obligors. Such Seller Party will not authorize any Obligor to make payment to any Lock-Box or Collection Account other than one which is swept into the Servicer's Concentration Account in accordance with Section 7.12.

(c) Modifications to Contracts and Credit and Collection Policy. Such Seller Party will not make any change to the Credit and Collection Policy that could adversely affect the collectibility of the Pool Receivables or decrease the credit quality of any newly created Pool Receivables. Except as otherwise permitted pursuant to Article VIII hereof, such Seller Party will not extend, amend or otherwise modify the terms of any Pool Receivable or any Contract related thereto other than in accordance with the Credit and Collection Policy.

(d) Sales, Adverse Claims. Such Seller Party will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, or create or suffer to exist any Adverse Claim upon (including, without limitation, the filing of any financing statement) or with respect to, the Asset Interest, the Facility Account or the Servicer's Concentration Account, or assign any right to receive income with respect thereto (other than, in each case, the creation of the interests therein in favor of the Agent, for the benefit of the Purchasers, provided for herein), and such Seller Party will defend the right, title and interest of the Agent, for the benefit of the Purchasers, in, to and under any of the foregoing property, against all claims of third parties claiming through or under such Seller Party.

(e) Net Asset Interest Balance. At no time prior to the Amortization Date will Seller permit the Net Asset Interest Balance to be less than 1.2 times the Aggregate Capital outstanding.

(f) Termination Date Determination. Seller will not designate the Termination Date (as defined in the Receivable Interest Sale Agreement), or send any written notice to Originator in respect thereof, without the prior written consent of the Agent and Fifth

Third, except with respect to the automatic occurrence of such Termination Date arising in accordance with the proviso set forth in Section 7.2(i) of the Receivable Interest Sale Agreement.

(g) Restricted Junior Payments. From and after the occurrence of any Amortization Event, Seller will not make any Restricted Junior Payment if, after giving effect thereto, Seller would fail to meet its obligations set forth in Section 7.10(P).

ARTICLE VIII.  
**ADMINISTRATION AND COLLECTION**

Section 8.1 Designation of Servicer. The servicing, administration and collection of the Pool Receivables shall be conducted by such Person (the "**Servicer**") so designated from time to time in accordance with Article VI of the Receivable Interest Sale Agreement and this Article VIII. Ferrellgas is hereby designated as, and hereby agrees to perform the duties and obligations of, the Servicer pursuant to the terms of this Agreement. The Agent and Fifth Third, acting jointly, may designate as Servicer any Person to succeed Ferrellgas or any successor Servicer; **provided, however**, that unless an Amortization Event (or another event of the type described in the definition of "**Amortization Date**" has occurred), replacement of the Servicer shall not result in the occurrence of the Amortization Date.

Section 8.2 Certain Duties of Servicer.

(a) The Servicer shall administer the Asset Interest Collections in accordance with the procedures described herein and in Article II. The Servicer shall set aside and hold in trust for the account of Seller and the Purchasers their respective shares of the Asset Interest Collections in accordance with Article II. The Servicer shall, upon the request of the and Agent and Fifth Third, acting jointly, segregate, in a manner acceptable to the Agent and Fifth Third all cash, checks and other instruments received by it from time to time constituting Asset Interest Collections from the general funds of the Servicer or Seller prior to the remittance thereof in accordance with Article II. If the Servicer shall be required to segregate Asset Interest Collections pursuant to the preceding sentence, the Servicer shall segregate and deposit with a bank designated by the Agent and Fifth Third such allocable share of Asset Interest Collections of Receivables set aside for the Purchasers on the first Business Day following receipt by the Servicer of such Asset Interest Collections, duly endorsed or with duly executed instruments of transfer.

(b) The Servicer may, in accordance with the Credit and Collection Policy, extend the maturity of any Receivable or adjust the Outstanding Balance of any Receivable as the Servicer determines to be appropriate to maximize Asset Interest Collections thereof; provided, however, that such extension or adjustment shall not alter the status of such Receivable as a Delinquent Receivable, Defaulted Receivable or Charged-Off Receivable or limit the rights of the Agent or the Purchasers under this Agreement. Notwithstanding anything to the contrary contained herein, from and after the occurrence of an Amortization Event, the Agent (acting in consultation with Fifth Third) shall have the absolute and unlimited right to direct the Servicer to commence or settle any legal action with respect to any Pool Receivable or to foreclose upon or repossess any Related Security.



(c) The Servicer shall hold in trust for Seller and the Purchasers all Records that (i) evidence or relate to the Asset Interest or (ii) are otherwise necessary or desirable to collect the Asset Interest and shall, as soon as practicable upon demand of the Agent following the occurrence of an Amortization Event, deliver or make available to the Agent, for the benefit of the Purchasers, all such Records, at a place selected by the Agent. The Servicer shall, from time to time at the request of any Purchaser, furnish to the Purchasers (promptly after any such request) a calculation of the amounts set aside for the Purchasers pursuant to Article II.

(d) Any payment by an Obligor in respect of any indebtedness owed by it to Originator or Seller shall, except as otherwise specified by such Obligor or otherwise required by contract or law and unless otherwise instructed by the Agent, be applied as a Collection of any Pool Receivable of such Obligor (starting with the oldest such Pool Receivable) to the extent of any amounts then due and payable thereunder before being applied to any other receivable or other obligation of such Obligor.

Section 8.3 Collection Notices. The Agent is authorized at any time to date and to deliver to Wells Fargo Bank the Collection Notices; **provided, however**, that nothing herein shall be deemed to give the Agent or any Purchaser any claim to, Adverse Claim on or right to retain any amounts deposited into the Servicer's Concentration Account or the Facility Account which do not constitute Asset Interest Collections and **provided, further**, that unless an Amortization Event (or another event of the type described in the definition of "**Amortization Date**" has occurred), delivery of the Collection Notices shall not result in the occurrence of the Amortization Date. Effective when the Agent delivers such notices, Servicer hereby transfers to the Agent, for the benefit of the Purchasers, the exclusive control of the Servicer's Concentration Account, and Seller hereby transfers to the Agent, for the benefit of the Purchasers, the exclusive ownership and control of the Facility Account. Each of the Seller Parties hereby authorizes the Agent, and agrees that the Agent shall be entitled: (i) at any time after delivery of the Collections Notices, to endorse such Seller Party's name on checks and other instruments representing Asset Interest Collections, (ii) at any time after the earlier to occur of an Amortization Event or replacement of the Servicer, to enforce the Pool Receivables and the Related Security, and (iii) at any time after delivery of the Collections Notices, to take such action as shall be necessary or desirable to cause all cash, checks and other instruments constituting Asset Interest Collections to come into the possession of the Agent rather than such Seller Party.

Section 8.4 Responsibilities of Seller. Anything herein to the contrary notwithstanding, the exercise by the Agent and the Purchasers of their rights hereunder shall not release the Servicer, Originator or Seller from any of their duties or obligations with respect to any Receivables or under the related Contracts. The Purchasers shall have no obligation or liability with respect to any Receivables or related Contracts, nor shall any of them be obligated to perform the obligations of Seller.

Section 8.5 Reports. The Servicer shall prepare and forward to the Agent (i) on the 18th day of each month hereafter or if any such day is not a Business Day, on the next succeeding Business Day (each, a "**Monthly Reporting Date**"), a Monthly Report and (ii) at such times as the Agent or Fifth Third shall reasonably request, a listing by Obligor of all Pool Receivables together with an aging of all Pool Receivables. Additionally, at such more frequent

times as the Agent or Fifth Third shall reasonably request, upon five (5) days' notice, the Servicer will furnish (x) a report calculating the amount of Eligible Receivables as of such date based on the information available to determine sales, credits, charge-offs and collections since the most recent Monthly Report, or (y) such other form of report in form and substance reasonably satisfactory to the Agent and Fifth Third with respect to the amount of Eligible Receivables based on available information. At any time that the Agent or Fifth Third shall request upon not less than five (5) days' notice, the Servicer shall prepare and forward to the Agent an interim report setting forth all of the items covered in a Monthly Report, as of the date of such request, and in the same format as a Monthly Report.

ARTICLE IX.  
**AMORTIZATION EVENTS**

Section 9.1 Amortization Events. The occurrence of any one or more of the following events shall constitute an Amortization Event:

(a) (i) Except as provided in paragraph 9.1(e), any Seller Party shall fail to make any payment or deposit required hereunder when due and, for any such payment or deposit which is not in respect of Capital, such failure continues for two (2) Business Days, or (ii) any Seller Party shall fail to perform or observe any term, covenant or agreement hereunder (other than as referred to in clause (i) of this paragraph (a) and paragraph 9.1(e)) and such failure shall continue for five (5) consecutive Business Days.

(b) Any representation, warranty, certification or statement made by any Seller Party in this Agreement, any other Transaction Document to which it is a party or in any other document delivered pursuant hereto or thereto shall prove to have been incorrect in any material respect when made or deemed made.

(c) Failure of Seller to pay any Indebtedness when due; or the default by Seller in the performance of any term, provision or condition contained in any agreement under which any such Indebtedness was created or is governed, the effect of which is to cause, or to permit the holder or holders of such Indebtedness to cause, such Indebtedness to become due prior to its stated maturity; or any such Indebtedness of Seller shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled payment) prior to the date of maturity thereof.

(d) (i) Seller shall generally not pay its debts as such debts become due or shall admit in writing its inability to pay its debts generally or shall make a general assignment for the benefit of creditors; or (ii) any proceeding shall be instituted by or against any Seller Party or any of its Subsidiaries seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or any substantial part of its property or (iii) any Seller or any of its Subsidiaries shall take any action to authorize any of the actions set forth in clauses (i) or (ii) above in this subsection (d).

(e) Seller shall fail to comply with the terms of Section 2.6 hereof, or, on any day, the Aggregate Capital shall exceed the Purchase Limit on such day.

(f) As of the last day of any Measurement Period:

(i) the average of the Delinquency Trigger Ratios for the three Measurement Periods then most recently ended shall exceed (A) 11.00% for each period of three consecutive Measurement Periods ending in May through and including October of any year, or (B) 9.10% for each period of three consecutive Measurement Periods ending in November through and including April of any year,

(ii) the average of the Charged-Off Trigger Ratios for the three Measurement Periods then most recently ended shall exceed 0.90%, or

(iii) the average of the Dilution Trigger Ratios for the three Measurement Periods shall exceed (A) 2.75% for the three Measurement Periods ending in July, August, September or October of any year, or (B) 2.40% for the three Measurement Periods ending in November, December, January, February, March, April, May or June of any year.

(g) A Change of Control shall occur.

(h) One or more final judgments for the payment of money shall be entered against Seller on claims not covered by insurance or as to which the insurance carrier has denied its responsibility, and such judgment shall continue unsatisfied and in effect for fifteen (15) consecutive days without a stay of execution.

(i) The occurrence of any Termination Event or the Termination Date under and as defined in the Receivable Interest Sale Agreement shall occur under the Receivable Interest Sale Agreement.

(j) This Agreement shall terminate in whole or in part (except in accordance with its terms), or shall cease to be effective or to be the legally valid, binding and enforceable obligation of Seller, or any Obligor shall directly or indirectly contest in any manner such effectiveness, validity, binding nature or enforceability, or the Agent for the benefit of the Purchasers shall cease to have a valid and perfected first priority security interest in the Asset Interest.

(k) (i) As of the last day of any Measurement Period ending in June through and including November, the average of the three Measurement Periods then most recently ended for the Outstanding Balance of all Receivables included in the Purchaser Interests (regardless of whether they are Eligible Receivables on the date of determination) as to which any payment, or part thereof, remains unpaid for 91 days or more from the original due date for such payment shall exceed 25.00% of the Outstanding Balance of all Receivables as of such day, or (ii) as of the last day of any Measurement Period ending in December through and including May, the average of the three Measurement Periods then most recently ended for the Outstanding Balance of all Receivables included in the Purchaser Interests (regardless of whether they are

Eligible Receivables on the date of determination) as to which any payment, or part thereof, remains unpaid for 91 days or more from the original due date for such payment shall exceed 16.50% of the Outstanding Balance of all Receivables as of such day.

Section 9.2 **Remedies**. Upon the occurrence and during the continuation of an Amortization Event, the Agent may, or upon the direction of the Required Committed Purchasers, the Agent shall, take any of the following actions: (i) replace the Person then acting as Servicer (if not previously replaced), (ii) declare the Amortization Date to have occurred, whereupon the Amortization Date shall forthwith occur, without demand, protest or further notice of any kind, all of which are hereby expressly waived by each Seller Party; **provided, however**, that upon the occurrence of an Amortization Event described in Section 9.1(d), or of an actual or deemed entry of an order for relief with respect to any Seller Party under the Federal Bankruptcy Code, the Amortization Date shall automatically occur, without demand, protest or any notice of any kind, all of which are hereby expressly waived by each Seller Party, (iii) to the fullest extent permitted by applicable law, declare that the Default Fee shall accrue with respect to any of the Aggregate Unpaid outstanding at such time, and (iv) notify Obligors of the Purchasers' interest in the Pool Receivables. The aforementioned rights and remedies shall be without limitation, and shall be in addition to all other rights and remedies of the Agent and the Purchasers otherwise available under any other provision of this Agreement, by operation of law, at equity or otherwise, all of which are hereby expressly preserved, including, without limitation, all rights and remedies provided under the UCC, all of which rights shall be cumulative.

ARTICLE X.  
**INDEMNIFICATION**

Section 10.1 **Indemnities by the Seller Parties**. Without limiting any other rights that the Agent or any Purchaser may have hereunder or under applicable law, (A) Seller hereby agrees to indemnify (and pay upon demand to) the Agent and each Purchaser and their respective assigns, officers, directors, agents and employees (each an "**Indemnified Party**") from and against any and all damages, losses, claims, taxes, liabilities, costs, expenses and for all other amounts payable, including reasonable attorneys' fees (which attorneys may be employees of the Agent or such Purchaser) and disbursements (all of the foregoing being collectively referred to as "**Indemnified Amounts**") awarded against or incurred by any of them arising out of or as a result of this Agreement or the acquisition, either directly or indirectly, by a Purchaser of an interest in the Pool Receivables, and (B) the Servicer hereby agrees to indemnify (and pay upon demand to) each Indemnified Party for Indemnified Amounts awarded against or incurred by any of them arising out of the Servicer's activities as Servicer hereunder excluding, however, in all of the foregoing instances under the preceding clauses (A) and (B):

(a) Indemnified Amounts to the extent a final judgment of a court of competent jurisdiction holds that such Indemnified Amounts resulted from gross negligence or willful misconduct on the part of the Indemnified Party seeking indemnification;

(b) Indemnified Amounts to the extent the same includes losses in respect of Receivables that are uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor; or

(c) taxes imposed by the jurisdiction in which such Indemnified Party's principal executive office is located, on or measured by the overall net income of such Indemnified Party to the extent that the computation of such taxes is consistent with the characterization for income tax purposes of the acquisition by the Purchasers of Purchaser Interests as a loan or loans by the Purchasers to Seller secured by the Asset Interest;

**provided, however,** that nothing contained in this sentence shall limit the liability of any Seller Party or limit the recourse of the Purchasers to any Seller Party for amounts otherwise specifically provided to be paid by such Seller Party under the terms of this Agreement. Without limiting the generality of the foregoing indemnification, Seller shall indemnify the Agent and the Purchasers for Indemnified Amounts (including, without limitation, losses in respect of uncollectible receivables, regardless of whether reimbursement therefor would constitute recourse to Seller or the Servicer) relating to or resulting from:

(i) any representation or warranty made by any Seller Party or Originator (or any officers of any such Person) under or in connection with this Agreement, any other Transaction Document or any other information or report delivered by any such Person pursuant hereto or thereto, which shall have been false or incorrect when made or deemed made;

(ii) the failure by Seller, the Servicer or Originator to comply with any applicable law, rule or regulation with respect to any Receivable or Contract related thereto, or the nonconformity of any Receivable or Contract included therein with any such applicable law, rule or regulation or any failure of Originator to keep or perform any of its obligations, express or implied, with respect to any Contract;

(iii) any failure of Seller, the Servicer or Originator to perform its duties, covenants or other obligations in accordance with the provisions of this Agreement or any other Transaction Document;

(iv) any products liability, personal injury or damage suit, or other similar claim arising out of or in connection with merchandise, insurance or services that are the subject of any Contract or any Receivable;

(v) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Receivable (including, without limitation, a defense based on such Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of the merchandise or service related to such Receivable or the furnishing or failure to furnish such merchandise or services;

(vi) the commingling of Asset Interest Collections at any time with other funds;

(vii) any investigation, litigation or proceeding related to or arising from this Agreement or any other Transaction Document, the transactions

contemplated hereby, the use of the proceeds of an Incremental Purchase or a Reinvestment, the ownership of the Purchaser Interests or any other investigation, litigation or proceeding relating to Seller, the Servicer or Originator in which any Indemnified Party becomes involved as a result of any of the transactions contemplated hereby;

(viii) any inability to litigate any claim against any Obligor in respect of any Receivable as a result of such Obligor being immune from civil and commercial law and suit on the grounds of sovereignty or otherwise from any legal action, suit or proceeding;

(ix) any Amortization Event described in Section 9.1(d);

(x) any failure of Seller to acquire and maintain legal and equitable title to, and ownership of all or any portion of the Asset Interest from Originator, free and clear of any Adverse Claim (other than as created hereunder); or any failure of Seller to give reasonably equivalent value to Originator under the Receivable Interest Sale Agreement in consideration of the transfer by Originator of any portion of the Asset Interest, or any attempt by any Person to void such transfer under statutory provisions or common law or equitable action;

(xi) any failure to vest and maintain vested in the Agent for the benefit of the Purchasers, or to transfer to the Agent for the benefit of the Purchasers, legal and equitable title to, and ownership of, a first priority perfected undivided percentage ownership interest (to the extent of the Purchaser Interests contemplated hereunder) or security interest in the Asset Interest, free and clear of any Adverse Claim (except as created by the Transaction Documents);

(xii) the failure to have filed, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to the Asset Interest, and the proceeds of any thereof, whether at the time of any Incremental Purchase or Reinvestment or at any subsequent time;

(xiii) any action or omission by any Seller Party which reduces or impairs the rights of the Agent or the Purchasers with respect to any Receivable or the value of any such Receivable;

(xiv) any attempt by any Person to void any Incremental Purchase or Reinvestment hereunder under statutory provisions or common law or equitable action; and

(xv) the failure of any Pool Receivable included in the calculation of the Net Asset Interest Balance to be an Eligible Receivable at the time so included.

Section 10.2 Increased Cost and Reduced Return. If after the date hereof, any Funding Source shall be charged any fee, expense or increased cost on account of the adoption of

any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy), or any change in any of the foregoing, or any change in the interpretation or administration thereof any governmental authority, any central bank or any comparable agency charged with the interpretation or administration thereof, or compliance with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency (a "**Regulatory Change**"): (i) that subjects any Funding Source to any charge or withholding on or with respect to any Funding Agreement or a Funding Source's obligations under a Funding Agreement, or on or with respect to the Pool Receivables, or changes the basis of taxation of payments to any Funding Source of any amounts payable under any Funding Agreement (except for changes in the rate of tax on the overall net income of a Funding Source or taxes excluded by Section 10.1) or (ii) that imposes, modifies or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of a Funding Source, or credit extended by a Funding Source pursuant to a Funding Agreement or (iii) that imposes any other condition the result of which is to increase the cost to a Funding Source of performing its obligations under a Funding Agreement, or to reduce the rate of return on a Funding Source's capital as a consequence of its obligations under a Funding Agreement, or to reduce the amount of any sum received or receivable by a Funding Source under a Funding Agreement or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon demand by the Agent, Seller shall pay to the Agent, for the benefit of the relevant Funding Source, such amounts charged to such Funding Source or such amounts to otherwise compensate such Funding Source for such increased cost or such reduction.

Section 10.3 **Other Costs and Expenses**. Seller shall pay to the Agent and Fifth Third on demand all costs and out-of-pocket expenses in connection with the preparation, execution, delivery and administration of this Agreement, the transactions contemplated hereby and the other documents to be delivered hereunder, including without limitation, the cost of the Agent's (but not Fifth Third's) auditors auditing the books, records and procedures of Seller, reasonable fees and out-of-pocket expenses of shared legal counsel for Fifth Third and the Agent with respect thereto and with respect to advising Fifth Third and the Agent as to their respective rights and remedies under this Agreement. Seller shall pay to the Agent and to each Purchaser on demand any and all costs and expenses of the Agent and the Purchasers, if any, including the reasonable fees and expenses of counsel in connection with the enforcement of this Agreement and the other documents delivered hereunder and in connection with any restructuring or workout of this Agreement or such documents, or the administration of this Agreement following an Amortization Event. Seller shall reimburse Jupiter and Fifth Third on demand for all other costs and expenses incurred by Jupiter or Fountain Square, as applicable ("**Other Costs**"), including, without limitation, the cost of auditing such Conduit's books by certified public accountants, the cost of rating the Commercial Paper by independent financial rating agencies, and the reasonable fees and out-of-pocket expenses of counsel for such Conduit or any counsel for any shareholder of such Conduit with respect to advising such Conduit or such shareholder as to matters relating to such Conduit's operations.

Section 10.4 **Allocations**. Each Conduit shall allocate the liability for Other Costs among Seller and other Persons with whom such Conduit has entered into agreements to purchase interests in receivables ("**Other Sellers**"). If any Other Costs are attributable to Seller and not attributable to any Other Seller, Seller shall be solely liable for such Other Costs.

However, if Other Costs are attributable to Other Sellers and not attributable to Seller, such Other Sellers shall be solely liable for such Other Costs. All allocations to be made pursuant to the foregoing provisions of this Article X shall be made by each Conduit in its sole discretion and shall be binding on Seller and the Servicer.

ARTICLE XI.  
**THE AGENT**

Section 11.1 Authorization and Action. Each Purchaser hereby designates and appoints JPMorgan Chase to act as its agent hereunder and under each other Transaction Document, and authorizes the Agent to take such actions as agent on its behalf and to exercise such powers as are delegated to the Agent by the terms of this Agreement and the other Transaction Documents together with such powers as are reasonably incidental thereto. The Agent hereby agrees to deliver a copy of each notice, certificate or report received by it from the Seller Parties to the applicable Purchasers promptly after receipt thereof. The Agent shall not have any duties or responsibilities, except those expressly set forth herein or in any other Transaction Document, or any fiduciary relationship with any Purchaser, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on the part of the Agent shall be read into this Agreement or any other Transaction Document or otherwise exist for the Agent. In performing its functions and duties hereunder and under the other Transaction Documents, the Agent shall act solely as agent for the Purchasers and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for any Seller Party or any of such Seller Party's successors or assigns. The Agent shall not be required to take any action that exposes the Agent to personal liability or that is contrary to this Agreement, any other Transaction Document or applicable law. The appointment and authority of the Agent hereunder shall terminate upon the indefeasible payment in full of all Aggregate Unpaid. Each Purchaser hereby authorizes the Agent to file UCC financing statements and execute the Blocked Account Agreement on behalf of such Purchaser (the terms of which shall be binding on such Purchaser).

Section 11.2 Delegation of Duties. The Agent may execute any of its duties under this Agreement and each other Transaction Document by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section 11.3 Exculpatory Provisions. Neither the Agent nor any of its directors, officers, agents or employees shall be (i) liable for any action lawfully taken or omitted to be taken by it or them under or in connection with this Agreement or any other Transaction Document (except for its, their or such Person's own gross negligence or willful misconduct), or (ii) responsible in any manner to any of the Purchasers for any recitals, statements, representations or warranties made by any Seller Party contained in this Agreement, any other Transaction Document or any certificate, report, statement or other document referred to or provided for in, or received under or in connection with, this Agreement, or any other Transaction Document or for the value, validity, effectiveness, genuineness, enforceability or



sufficiency of this Agreement, or any other Transaction Document or any other document furnished in connection herewith or therewith, or for any failure of any Seller Party to perform its obligations hereunder or thereunder, or for the satisfaction of any condition specified in Article VI, or for the perfection, priority, condition, value or sufficiency of any collateral pledged in connection herewith. The Agent shall not be under any obligation to any Purchaser to ascertain or to inquire as to the observance or performance of any of the agreements or covenants contained in, or conditions of, this Agreement or any other Transaction Document, or to inspect the properties, books or records of the Seller Parties. The Agent shall not be deemed to have knowledge of any Amortization Event or Potential Amortization Event unless the Agent has received notice from Seller or a Purchaser.

Section 11.4 Reliance by Agent. The Agent shall in all cases be entitled to rely, and shall be fully protected in relying, upon any document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to Seller), independent accountants and other experts selected by the Agent. The Agent shall in all cases be fully justified in failing or refusing to take any action under this Agreement or any other Transaction Document unless it shall first receive such advice or concurrence of the Conduits or the Required Committed Purchasers or all of the Purchasers, as applicable, as it deems appropriate and it shall first be indemnified to its satisfaction by the Purchasers, provided that unless and until the Agent shall have received such advice, the Agent may take or refrain from taking any action, as the Agent shall deem advisable and in the best interests of the Purchasers. The Agent shall in all cases be fully protected in acting, or in refraining from acting, in accordance with a request of the Required Committed Purchasers or all of the Purchasers, as applicable, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Purchasers.

Section 11.5 Non-Reliance on Agent and Other Purchasers. Each Purchaser expressly acknowledges that neither the Agent, nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by the Agent hereafter taken, including, without limitation, any review of the affairs of any Seller Party, shall be deemed to constitute any representation or warranty by the Agent. Each Purchaser represents and warrants to the Agent that it has and will, independently and without reliance upon the Agent or any other Purchaser and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of Seller and made its own decision to enter into this Agreement, the other Transaction Documents and all other documents related hereto or thereto.

Section 11.6 Reimbursement and Indemnification. The Committed Purchasers agree to reimburse and indemnify the Agent and its officers, directors, employees, representatives and agents ratably according to their respective Commitments, to the extent not paid or reimbursed by the Seller Parties (i) for any amounts for which the Agent, acting in its capacity as Agent, is entitled to reimbursement by the Seller Parties hereunder and (ii) for any other expenses incurred by the Agent, in its capacity as Agent and acting on behalf of the Purchasers, in connection with the administration and enforcement of this Agreement and the other Transaction Documents.

Section 11.7 Agent in its Individual Capacity. Each of the Agent, the Committed Purchasers and their respective Affiliates may make loans to, accept deposits from and generally engage in any kind of business with Seller or any Affiliate of Seller as though it were not the Agent or a Purchaser (as applicable) hereunder. With respect to the acquisition of Purchaser Interests pursuant to this Agreement, the Agent shall have the same rights and powers under this Agreement in its individual capacity as any Purchaser and may exercise the same as though it were not the Agent, and the terms "Financial Institution" and "Financial Institutions" shall include JPMorgan and the terms "Committed Purchaser," "Committed Purchasers," "Purchaser" and "Purchasers" shall include JPMorgan Chase and Fifth Third.

Section 11.8 Successor Agent. The Agent may, upon five days' notice to Seller and the Purchasers, and the Agent will, upon the direction of all of the Purchasers (other than the Agent, in its individual capacity) resign as Agent. If the Agent shall resign, then the Required Committed Purchasers during such five-day period shall appoint from among the Purchasers a successor agent. If for any reason no successor Agent is appointed by the Required Committed Purchasers during such five-day period, then effective upon the termination of such five day period, the Purchasers shall perform all of the duties of the Agent hereunder and under the other Transaction Documents and Seller and the Servicer (as applicable) shall make all payments in respect of the Aggregate Unpaid directly to the applicable Purchasers and for all purposes shall deal directly with the Purchasers. After the effectiveness of any retiring Agent's resignation hereunder as Agent, the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Transaction Documents and the provisions of this Article XI and Article X shall continue in effect for its benefit with respect to any actions taken or omitted to be taken by it while it was Agent under this Agreement and under the other Transaction Documents.

## ARTICLE XII. ASSIGNMENTS; PARTICIPATIONS

### Section 12.1 Assignments.

(a) Fifth Third, each of the Seller Parties and each Financial Institution hereby agree and consent to the complete or partial assignment by Jupiter of all or any portion of its rights under, interest in, title to and obligations under this Agreement to the Financial Institutions pursuant to a Funding Agreement or to any other commercial paper conduit that issues commercial paper which is rated A-1 or better by Standard & Poor's, a division of The McGraw-Hill Companies, Inc., and P-1 by Moody's Investor Service, Inc., and upon such assignment, Jupiter shall be released from its obligations so assigned. Further, Fifth Third, Seller and each Financial Institution hereby agree that any assignee of Jupiter of this Agreement or all or any of the Purchaser Interests of Jupiter shall have all of the rights and benefits under this Agreement as if the term "**Jupiter**" explicitly referred to such party, and no such assignment shall in any way impair the rights and benefits of Jupiter hereunder. Each of the Seller Parties and the members of the Jupiter Group hereby agrees and consents to the complete or partial assignment by Fifth Third of all or any portion of its rights under, interest in, title to and obligations under this Agreement to Fountain Square. Neither Seller nor the Servicer shall have the right to assign its rights or obligations under this Agreement without the prior written consent of the Agent and all of the Purchasers.

(b) Any Financial Institution may at any time and from time to time assign to one or more Persons ("**Purchasing Financial Institutions**") all or any part of its rights and obligations under this Agreement pursuant to an assignment agreement, substantially in the form set forth in Exhibit VII hereto (the "**Assignment Agreement**") executed by such Purchasing Financial Institution and such selling Financial Institution. The consent of Jupiter shall be required prior to the effectiveness of any such assignment (such consent not to be unreasonably withheld or delayed). Each assignee of a Financial Institution must have a short-term debt rating of A-1 or better by Standard & Poor's, a division of The McGraw-Hill Companies, Inc., and P-1 by Moody's Investor Service, Inc. and must agree to deliver to the Agent, promptly following any request therefor by the Agent or Jupiter, an enforceability opinion in form and substance satisfactory to the Agent and Jupiter. Upon delivery of the executed Assignment Agreement to the Agent, such selling Financial Institution shall be released from its obligations hereunder to the extent of such assignment. Thereafter the Purchasing Financial Institution shall for all purposes be a Financial Institution party to this Agreement and shall have all the rights and obligations of a Financial Institution under this Agreement to the same extent as if it were an original party hereto and no further consent or action by Seller, the Purchasers, the Agent or Fifth Third shall be required.

(c) Each of the Financial Institutions agrees that in the event that it shall cease to have a short-term debt rating of A-1 or better by Standard & Poor's, a division of The McGraw-Hill Companies, Inc., and P-1 by Moody's Investor Service, Inc. (an "**Affected Financial Institution**"), such Affected Financial Institution shall be obliged, at the request of Jupiter or the Agent, to assign all of its rights and obligations hereunder to (x) another Financial Institution or (y) another funding entity nominated by the Agent and acceptable to Jupiter, and willing to participate in this Agreement through the Liquidity Termination Date in the place of such Affected Financial Institution; provided that the Affected Financial Institution receives payment in full, pursuant to an Assignment Agreement, of an amount equal to such Financial Institution's Pro Rata Share of the Aggregate Capital and Yield owing to the Financial Institutions and all accrued but unpaid fees and other costs and expenses payable in respect of its Pro Rata Share of the Purchaser Interests of the Financial Institutions.

#### Section 12.2 Participations.

(a) Any Financial Institution may, in the ordinary course of its business at any time sell to one or more Persons (each, a "**Participant**") participating interests in its Pro Rata Share of the Purchaser Interests of the Financial Institutions, its obligations under any Funding Agreement to which it is a party or any other interest of such Financial Institution hereunder. Notwithstanding any such sale by a Financial Institution of a participating interest to a Participant, such Financial Institution's rights and obligations under this Agreement shall remain unchanged, such Financial Institution shall remain solely responsible for the performance of its obligations hereunder, and the Seller Parties, Jupiter, the Agent and Fifth Third shall continue to deal solely and directly with such Financial Institution in connection with such Financial Institution's rights and obligations under this Agreement. Each Financial Institution agrees that any agreement between such Financial Institution and any such Participant in respect of such participating interest shall not restrict such Financial Institution's right to agree to any amendment, supplement, waiver or modification to this Agreement, except for any amendment, supplement, waiver or modification described in Section 14.1(b)(i).

(b) Fifth Third may, in the ordinary course of its business at any time sell to one or more Participants, including without limitation Fountain Square, participating interests in its Purchaser Interests or any other interest of Fifth Third hereunder. Notwithstanding any such sale by Fifth Third of a participating interest to a Participant, Fifth Third's rights and obligations under this Agreement shall remain unchanged, Fifth Third shall remain solely responsible for the performance of its obligations hereunder, and Seller, the Agents and the other Purchasers shall continue to deal solely and directly with Fifth Third in connection with Fifth Third's rights and obligations under this Agreement. Fifth Third agrees that any agreement between Fifth Third and any such Participant in respect of such participating interest shall not restrict Fifth Third's right to agree to any amendment, supplement, waiver or modification to this Agreement, except for any amendment, supplement, waiver or modification described in [Section 14.1\(b\)\(i\)](#).

ARTICLE XIII.  
FUNDING AGREEMENT

Section 13.1 Funding Agreement Fundings. The parties hereto acknowledge that each Conduit may assign all or any portion of its Purchaser Interests to the Financial Institutions in its Purchaser Group at any time pursuant to a Funding Agreement to finance or refinance the necessary portion of its Purchaser Interests through a funding under such Funding Agreement to the extent available. The fundings under such Funding Agreement will accrue Yield in accordance with Section 4.1. Regardless of whether a funding of Purchaser Interests by such Financial Institutions constitutes the direct purchase of a Purchaser Interest hereunder, an assignment under a Funding Agreement of a Purchaser Interest originally funded by such Conduit or the sale of one or more participations or other interests under a Funding Agreement in such Purchaser Interest, each Financial Institution participating in a funding of a Purchaser Interest pursuant to a Funding Agreement shall have the rights and obligations of a "Purchaser" hereunder with the same force and effect as if it had done so directly.

Section 13.2 Terminating Financial Institutions.

(a) Each Financial Institution hereby agrees to deliver written notice to the Agent not more than 30 Business Days and not less than 5 Business Days prior to the Liquidity Termination Date indicating whether such Financial Institution intends to renew its Commitment hereunder. If any Financial Institution fails to deliver such notice on or prior to the date that is 5 Business Days prior to the Liquidity Termination Date, such Financial Institution will be deemed to have declined to renew its Commitment (each Financial Institution which has declined or has been deemed to have declined to renew its Commitment hereunder, a "**Non-Renewing Financial Institution**"). The Agent shall promptly notify Jupiter of each Non-Renewing Financial Institution and Jupiter, in its sole discretion, may (A) to the extent of Commitment Availability, declare that such Non-Renewing Financial Institution's Commitment shall, to such extent, automatically terminate on a date specified by Jupiter on or before the Liquidity Termination Date or (B) upon one (1) Business Days' notice to such Non-Renewing Financial Institution assign to such Non-Renewing Financial Institution on a date specified by Jupiter such Non-Renewing Financial Institution's Pro Rata Share of the aggregate Purchaser Interests then held by Jupiter, subject to, and in accordance with, Section 13.1. In addition, Jupiter may, in its sole discretion, at any time (x) to the extent of Commitment Availability, declare that any Affected Financial Institution's Commitment shall automatically terminate on a

date specified by Jupiter or (y) assign to any Affected Financial Institution on a date specified by Jupiter such Affected Financial Institution's Pro Rata Share of the aggregate Purchaser Interests then held by Jupiter, subject to, and in accordance with, Section 13.1 (each Affected Financial Institution or each Non-Renewing Financial Institution is hereinafter referred to as a "**Terminating Financial Institution**"). The parties hereto expressly acknowledge that any declaration of the termination of any Commitment, any assignment pursuant to this Section 13.2 and the order of priority of any such termination or assignment among Terminating Financial Institutions shall be made by Jupiter in its sole and absolute discretion.

(b) Upon any assignment to a Terminating Financial Institution as provided in this Section 13.2, any remaining Commitment of such Terminating Financial Institution shall automatically terminate. Upon reduction to zero of the Capital of all of the Purchaser Interests of a Terminating Financial Institution (after application of Asset Interest Collections thereto pursuant to Sections 2.2 and 2.3) all rights and obligations of such Terminating Financial Institution hereunder shall be terminated and such Terminating Financial Institution shall no longer be a "**Financial Institution**" hereunder; provided, however, that the provisions of Article X shall continue in effect for its benefit with respect to Purchaser Interests held by such Terminating Financial Institution prior to its termination as a Financial Institution.

ARTICLE XIV.  
MISCELLANEOUS

Section 14.1 Waivers and Amendments.

(a) No failure or delay on the part of the Agent or any Purchaser in exercising any power, right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or remedy preclude any other further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided shall be cumulative and nonexclusive of any rights or remedies provided by law. Any waiver of this Agreement shall be effective only in the specific instance and for the specific purpose for which given.

(b) No provision of this Agreement may be amended, supplemented, modified or waived except in writing in accordance with the provisions of this Section 14.1(b). Seller, Jupiter and the Agent, at the direction of the Required Committed Purchasers, may enter into written modifications or waivers of any provisions of this Agreement, provided, however, that no such modification or waiver shall:

(i) without the consent of each affected Purchaser, (A) extend the Liquidity Termination Date or the date of any payment or deposit of Asset Interest Collections by Seller or the Servicer, (B) reduce the rate or extend the time of payment of Yield or any CP Costs (or any component of Yield or CP Costs), (C) reduce any fee payable to the Agent for the benefit of the Purchasers, (D) except pursuant to Article XII hereof, change the amount of the Capital of any Purchaser, any Financial Institution's Pro Rata Share (except pursuant to a Funding Agreement) or any Committed Purchaser's Commitment, (E) amend, modify or waive any provision of the definition of Required Committed Purchasers or this Section 14.1(b), (F) consent to or permit the assignment or

transfer by Seller of any of its rights and obligations under this Agreement, (G) change the definition of "**Eligible Receivable**" or "**Purchase Price**," or (H) amend or modify any defined term (or any defined term used directly or indirectly in such defined term) used in clauses (A) through (G) above in a manner that would circumvent the intention of the restrictions set forth in such clauses; or

(ii) without the written consent of the then Agent, amend, modify or waive any provision of this Agreement if the effect thereof is to affect the rights or duties of such Agent.

Notwithstanding the foregoing, (i) without the consent of any Committed Purchaser but with the consent of Seller, the Agent may amend this Agreement solely to add additional Persons as Committed Purchasers hereunder and (ii) the Agent, Jupiter and the Required Committed Purchasers may enter into amendments to modify any of the terms or provisions of Article XI, Article XII, Section 14.13 or any other provision of this Agreement without the consent of the Seller Parties, provided that such amendment has no negative impact upon either of the Seller Parties. Any modification or waiver made in accordance with this Section 14.1 shall apply to each of the Purchasers equally and shall be binding upon the Seller Parties, the Purchasers and the Agent.

Section 14.2 Notices. Except as provided in this Section 14.2, all communications and notices provided for hereunder shall be in writing (including bank wire, teletype or electronic facsimile transmission or similar writing) and shall be given to the other parties hereto at their respective addresses or teletype numbers set forth on the signature pages hereof or at such other address or teletype number as such Person may hereafter specify for the purpose of notice to each of the other parties hereto. Each such notice or other communication shall be effective (i) if given by teletype, upon the receipt thereof, (ii) if given by mail, three (3) Business Days after the time such communication is deposited in the mail with first class postage prepaid or (iii) if given by any other means, when received at the address specified in this Section 14.2. Seller hereby authorizes the Agent and each of the Purchasers to effect purchases and Tranche Period and Discount Rate selections based on telephonic notices made by any Person whom the Agent or such Purchaser in good faith believes to be acting on behalf of Seller. Seller agrees to deliver promptly to the Agent a written confirmation of each telephonic notice signed by an authorized officer of Seller; provided, however, the absence of such confirmation shall not affect the validity of such notice. If the written confirmation differs from the action taken by the Agent or any Purchaser, as the case may be, the records of the Agent or such Purchaser, as applicable, shall govern absent manifest error.

Section 14.3 Ratable Payments. If any Purchaser, whether by setoff or otherwise, has payment made to it with respect to any portion of the Aggregate Unpaid owing to such Purchaser (other than payments received pursuant to Section 10.2 or 10.3) in a greater proportion than that received by any other Purchaser entitled to receive a ratable share of such Aggregate Unpaid, such Purchaser agrees, promptly upon demand, to purchase for cash without recourse or warranty a portion of such Aggregate Unpaid held by the other Purchasers so that after such purchase each Purchaser will hold its ratable proportion of such Aggregate Unpaid; provided that if all or any portion of such excess amount is thereafter recovered from such

Purchaser, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

Section 14.4 Protection of Ownership Interests of the Purchasers.

(a) Seller agrees that from time to time, at its expense, it will promptly execute and deliver all instruments and documents, and take all actions, that may be necessary or desirable, or that the Agent or Fifth Third may request, to perfect, protect or more fully evidence the Purchaser Interests, or to enable the Agent or the Purchasers to exercise and enforce their rights and remedies hereunder. At any time after the occurrence of an Amortization Event, the Agent may, or the Agent may direct Seller or the Servicer to, notify the Obligors of Pool Receivables, at Seller's expense, of the ownership or security interests of the Purchasers under this Agreement and may also direct that payments of all amounts due or that become due under any or all Receivables be made directly to the Agent or its designee. Seller or the Servicer (as applicable) shall, at any Purchaser's request, withhold the identity of such Purchaser in any such notification.

(b) If any Seller Party fails to perform any of its obligations hereunder: (i) the Agent or any Purchaser may (but shall not be required to) perform, or cause performance of, such obligations, and the Agent's or such Purchaser's costs and expenses incurred in connection therewith shall be payable by Seller as provided in Section 10.3, (ii) each Seller Party irrevocably authorizes the Agent at any time and from time to time in the sole discretion of the Agent, and appoints the Agent as its attorney-in-fact, to act on behalf of such Seller Party (A) to execute on behalf of Seller as debtor and to file financing statements necessary or desirable in the Agent's sole discretion to perfect and to maintain the perfection and priority of the interest of the Purchasers in the Pool Receivables and (B) to file a carbon, photographic or other reproduction of this Agreement or any financing statement with respect to the Asset Interest as a financing statement in such offices as the Agent in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the interests of the Purchasers in the Asset Interest. The appointment in the preceding clause (ii) is coupled with an interest and is irrevocable.

Section 14.5 Confidentiality.

(a) Each Seller Party and each Purchaser shall maintain and shall cause each of its employees and officers to maintain the confidentiality of the Fee Letters and the other confidential or proprietary information with respect to the Agent and any Conduit and their respective businesses obtained by it or them in connection with the structuring, negotiating and execution of the transactions contemplated herein, except that such Seller Party and such Purchaser and its officers and employees may disclose such information to such Seller Party's and such Purchaser's external accountants and attorneys and as required by any applicable law or order of any judicial or administrative proceeding.

(b) Anything herein to the contrary notwithstanding, each Seller Party hereby consents to the disclosure of any nonpublic information with respect to it (i) to the Agent or the Purchasers by each other, (ii) by the Agent or the Purchasers to any prospective or actual assignee or participant of any of them and (iii) by the Agent or Fifth Third to any rating agency,

Commercial Paper dealer or provider of a surety, guaranty or credit or liquidity enhancement to its Conduit or any entity organized for the purpose of purchasing, or making loans secured by, financial assets for which JPMorgan Chase or Fifth Third acts as the administrative agent and to any officers, directors, employees, outside accountants and attorneys of any of the foregoing, provided each such Person is informed of the confidential nature of such information. In addition, the Purchasers and the Agent may disclose any such nonpublic information pursuant to any law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings (whether or not having the force or effect of law).

(c) Notwithstanding any other express or implied agreement to the contrary, the parties hereto agree that each of them and each of their employees, representatives, and other agents may disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided to any of them relating to such tax treatment and tax structure, except where confidentiality is reasonably necessary to comply with U.S. federal or state securities laws. For purposes of this paragraph, the terms "tax treatment" and "tax structure" have the meanings specified in Treasury Regulation section 1.6011-4(c).

Section 14.6 Bankruptcy Petition. Each of the Seller Parties, the Agent and the Committed Purchasers hereby covenants and agrees that, prior to the date that is one year and one day after the payment in full of all outstanding senior indebtedness of a Conduit, it will not institute against, or join any other Person in instituting against, such Conduit any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

Section 14.7 Limitation of Liability. Except with respect to any claim arising out of the willful misconduct or gross negligence of the Agent or any Purchaser, no claim may be made by any Seller Party or any other Person against the Agent or any Purchaser or their respective Affiliates, directors, officers, employees, attorneys or agents for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement, or any act, omission or event occurring in connection therewith; and each Seller Party hereby waives, releases, and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

Section 14.8 CHOICE OF LAW. THIS AGREEMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF NEW YORK.

Section 14.9 CONSENT TO JURISDICTION. EACH SELLER PARTY HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SUCH PERSON PURSUANT TO THIS AGREEMENT AND EACH SELLER PARTY HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES



ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE AGENT OR ANY PURCHASER TO BRING PROCEEDINGS AGAINST ANY SELLER PARTY IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY SELLER PARTY AGAINST THE AGENT OR ANY PURCHASER OR ANY AFFILIATE OF THE AGENT OR ANY PURCHASER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SUCH SELLER PARTY PURSUANT TO THIS AGREEMENT SHALL BE BROUGHT ONLY IN A COURT IN NEW YORK, NEW YORK.

Section 14.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT, ANY DOCUMENT EXECUTED BY ANY SELLER PARTY PURSUANT TO THIS AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

Section 14.11 Integration; Binding Effect; Survival of Terms.

(a) This Agreement and each other Transaction Document contain the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings.

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns (including any trustee in bankruptcy). This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms and shall remain in full force and effect until terminated in accordance with its terms; provided, however, that the rights and remedies with respect to (i) any breach of any representation and warranty made by any Seller Party pursuant to Article V, (ii) the indemnification and payment provisions of Article X, and Sections 14.5 and 14.6 shall be continuing and shall survive any termination of this Agreement.

Section 14.12 Counterparts; Severability; Section References. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement. Any provisions of this Agreement which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Unless otherwise expressly indicated, all references herein to "**Article**," "**Section**," "**Schedule**" or "**Exhibit**" shall mean articles and sections of, and schedules and exhibits to, this Agreement.

Section 14.13 JPMorgan Chase Roles. Each of the Purchasers acknowledges that JPMorgan Chase acts, or may in the future act, (i) as administrative agent for any Purchaser, (ii) as issuing and paying agent for the Commercial Paper of Jupiter, (iii) to provide credit or liquidity enhancement for the timely payment for Jupiter's Commercial Paper and (iv) to provide other services from time to time for Jupiter or any Financial Institution (collectively, the "**JPMorgan Chase Roles**"). Without limiting the generality of this Section 14.13, each Purchaser hereby acknowledges and consents to any and all JPMorgan Chase Roles (except no Purchaser may be required to accept JPMorgan Chase in a JPMorgan Chase Role for such Purchaser without such Purchaser's written consent, other than the transactions contemplated by this Agreement) and agrees that in connection with any JPMorgan Chase Role, JPMorgan Chase may take, or refrain from taking, any action that it, in its discretion, deems appropriate, including, without limitation, in its role as administrative agent for Jupiter, and the giving of notice to the Agent of a mandatory purchase (pursuant to a Funding Agreement).

Section 14.14 Characterization.

(a) It is the intention of the parties hereto that each purchase hereunder shall constitute and be treated as an absolute and irrevocable sale, which purchase shall provide the applicable Purchaser with the full benefits of ownership of the applicable Purchaser Interest. Except as specifically provided in this Agreement, each sale of a Purchaser Interest hereunder is made without recourse to Seller; provided, however, that (i) Seller shall be liable to each Purchaser and the Agent for all representations, warranties, covenants and indemnities made by Seller pursuant to the terms of this Agreement, and (ii) such sale does not constitute and is not intended to result in an assumption by any Purchaser or the Agent or any assignee thereof of any obligation of Seller or Originator or any other person arising in connection with the Asset Interest or any other obligations of Seller or Originator.

(b) In addition to any ownership interest which the Agent may from time to time acquire pursuant hereto, to secure the prompt and complete payment of the Aggregate Unpaid, Seller hereby grants to the Agent for the ratable benefit of the Purchasers a valid and perfected security interest in all of Seller's right, title and interest, now existing or hereafter arising, in (i) the Asset Interest, (ii) the Facility Account, (iii) Seller's rights and remedies under the Receivable Interest Sale Agreement, and (iv) all proceeds of any thereof prior to all other liens on and security interests therein. The Agent and the Purchasers shall have, in addition to the rights and remedies that they may have under this Agreement, all other rights and remedies provided to a secured creditor under the UCC and other applicable law, which rights and remedies shall be cumulative.

Section 14.15 Amendment and Restatement. This Agreement is an amendment and restatement of the Original Purchase Agreement and supersedes the Original Purchase Agreement in its entirety; provided, however, that the execution and delivery of this Agreement shall not effect a novation of the Original Purchase Agreement but shall be, to the fullest extent applicable, in modification, renewal, confirmation and extension of such Original Purchase Agreement.

*(Remainder of this page intentionally left blank)*

*IN WITNESS WHEREOF*, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date hereof.

FERRELLGAS RECEIVABLES, LLC

By: \_\_\_\_\_  
Name: Kevin T. Kelly  
Title: Senior Vice President and Chief Financial Officer  
Address: One Liberty Plaza  
Liberty, MO 64068  
Attention: Cathy Brown  
Phone: (816) 407-2403  
Fax: (816) 792-6887

FERRELLGAS, L.P.

By: *FERRELLGAS, INC., ITS GENERAL PARTNER*

By: \_\_\_\_\_  
Name: Kevin T. Kelly  
Title: Senior Vice President and Chief Financial Officer  
Address: 7500 College Blvd., Suite 1000  
Overland Park, Kansas 66210  
Attention: James R. VanWinkle  
Phone: (913) 661-1528  
Fax: (913) 661-1537

JUPITER SECURITIZATION CORPORATION

By: JPMORGAN CHASE BANK, N.A., AS ATTORNEY-IN-FACT

By: \_\_\_\_\_  
William W. Wood  
Vice President

Address: c/o JPMorgan Chase Bank, N.A., as Agent  
Asset Backed Conduit Finance  
10 South Dearborn, Floor 13  
Chicago, IL 60603-2003  
Attention: ABF Portfolio Management  
Fax: (312) 732-1844  
E-mail: abf.portfolio.management@jpmorgan.com

JPMORGAN CHASE BANK, N.A., Individually as a Financial Institution and as Agent

By: \_\_\_\_\_  
Name: William W. Wood  
Title: Vice President

Address: JPMorgan Chase Bank, N.A.  
Asset Backed Conduit Finance  
10 South Dearborn, Floor 13  
Chicago, IL 60603-2003  
Attention: ABF Portfolio Management  
Fax: (312) 732-1844  
E-mail: abf.portfolio.management@jpmorgan.com

FIFTH THIRD BANK

By: \_\_\_\_\_  
Name: Robert O. Finley  
Title: Vice President

Address: Fifth Third Bank  
38 Fountain Square Plaza  
MD 109047  
Cincinnati, OH 45263  
Attention: Judy Huls  
Fax: (513) 534-0875

**EXHIBIT I**  
**DEFINITIONS**

*As used in this Agreement:*

(a) Capitalized terms used and not otherwise defined herein shall have the meanings attributed thereto in the Receivable Interest Sale Agreement (hereinafter defined); and

(b) The following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

**“Accrual Period”** means each calendar month, provided that the initial Accrual Period hereunder means the period from (and including) the date of the initial purchase hereunder to (and including) the last day of the calendar month thereafter.

**“Adverse Claim”** means a lien, security interest, charge or encumbrance, or other right or claim in, of or on any Person’s assets or properties in favor of any other Person.

**“Affected Financial Institution”** has the meaning specified in Section 12.1(c).

**“Affiliate”** means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person or any Subsidiary of such Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

**“Agent”** has the meaning set forth in the preamble to this Agreement.

**“Agent’s Fee Letter”** means the letter agreement dated as of the date hereof between Seller and the Agent, as the same may be amended, restated or otherwise modified and in effect from time to time.

**“Aggregate Capital”** means, on any date of determination, the aggregate amount of Capital of all Purchaser Interests outstanding on such date.

**“Aggregate Reduction”** has the meaning specified in Section 1.3.

**“Aggregate Unpays”** means, at any time, an amount equal to the sum of all accrued and unpaid fees under the Fee Letters, CP Costs, Yield, Aggregate Capital and all other unpaid Recourse Obligations (whether due or accrued) at such time.

**“Agreement”** means this Second Amended and Restated Receivables Purchase Agreement dated as of June 6, 2006 among, Seller, Ferrellgas, the Purchasers and the Agent, as it may be amended, restated or otherwise modified and in effect from time to time.

**“Amortization Date”** means the earliest to occur of (i) the day on which any of the conditions precedent set forth in Section 6.2 are not satisfied, (ii) the Business Day immediately prior to the occurrence of an Amortization Event set forth in Section 9.1(d)(ii), (iii) the Business Day specified in a written notice from the Agent following the occurrence of any other Amortization Event, and (iv) the date which is 5 Business Days after the Agent’s receipt of written notice from Seller that it wishes to terminate the facility evidenced by this Agreement.

**“Amortization Event”** has the meaning specified in Article IX.

**“Applicable Margin”** means the Applicable Margin (as defined in the Credit Agreement) for Eurodollar Rate Loans (as defined in the Credit Agreement).

**“Asset Interest”** means, on any date of determination, the sum of the Receivables Interest and the Contributed Interest (each, as defined in the Receivable Interest Sale Agreement).

**“Asset Interest Collections”** means, on any date of determination, the Buyer’s Percentage of all Collections.

**“Assignment Agreement”** has the meaning set forth in Section 12.1(b).

**“Authorized Officer”** means, with respect to any Person, its president, controller, treasurer or chief financial officer.

**“Base Rate”** means a rate per annum equal to the corporate base rate, prime rate or base rate of interest, as applicable, announced by JPMorgan from time to time, changing when and as such rate changes.

**“Blocked Account Agreement”** means an agreement among Servicer or Seller, as applicable, the Agent and Wells Fargo Bank, N.A. with respect to the Servicer’s Concentration Account or the Facility Account in form and substance reasonably satisfactory to the parties thereto.

**“Broken Funding Costs”** means for any Purchaser Interest which: (i) has its Capital reduced without compliance by Seller with the notice requirements hereunder or (ii) does not become subject to an Aggregate Reduction following the delivery of any Reduction Notice or (iii) is assigned under a Funding Agreement or terminated prior to the date on which it was originally scheduled to end; an amount equal to the excess, if any, of (A) the CP Costs or Yield (as applicable) that would have accrued during the remainder of the Tranche Periods or the tranche periods for Commercial Paper determined by the Agent to relate to such Purchaser Interest (as applicable) subsequent to the date of such reduction, assignment or termination (or in respect of clause (ii) above, the date such Aggregate Reduction was designated to occur pursuant to the Reduction Notice) of the Capital of such Purchaser Interest if such reduction, assignment or termination had not occurred or such Reduction Notice had not been delivered, over (B) the sum of (x) to the extent all or a portion of such Capital is allocated to another Purchaser Interest, the amount of CP Costs or Yield actually accrued during the remainder of such period on such Capital for the new Purchaser Interest, and (y) to the extent such Capital is not allocated to another Purchaser Interest, the income, if any, actually received during the remainder of such

period by the holder of such Purchaser Interest from investing the portion of such Capital not so allocated. In the event that the amount referred to in clause (B) exceeds the amount referred to in clause (A), the relevant Purchaser or Purchasers agree to pay to Seller the amount of such excess. All Broken Funding Costs shall be due and payable hereunder upon demand.

**“Business Day”** means any day on which banks are not authorized or required to close in New York, New York or Chicago, Illinois and The Depository Trust Company of New York is open for business, and, if the applicable Business Day relates to any computation or payment to be made with respect to the LIBO Rate, any day on which dealings in dollar deposits are carried on in the London interbank market.

**“Capital”** of any Purchaser Interest means, at any time, (A) the Purchase Price of such Purchaser Interest, minus (B) the sum of the aggregate amount of Asset Interest Collections and other payments received by the Agent which in each case are applied to reduce such Capital in accordance with the terms and conditions of this Agreement; provided that such Capital shall be restored (in accordance with Section 2.5) in the amount of any Asset Interest Collections or other payments so received and applied if at any time the distribution of such Asset Interest Collections or payments are rescinded, returned or refunded for any reason.

**“Change of Control”** means (a) a Change of Control under and as defined in the Receivable Interest Sale Agreement, or (b) Ferrellgas ceases to own 100% of the outstanding Equity Interests of Seller.

**“Charged-Off Receivable”** means a Receivable: (i) as to which the Obligor thereof has taken any action, or suffered any event to occur, of the type described in Section 9.1(d) (as if references to Seller Party therein refer to such Obligor); (ii) as to which the Obligor thereof, if a natural person, is deceased, (iii) which, consistent with the Credit and Collection Policy, would be written off Seller’s books as uncollectible, (iv) which has been identified by Seller as uncollectible or (v) as to which any payment, or part thereof, remains unpaid for more than 180 days from the original invoice date for such payment.

**“Charged-Off Trigger Ratio”** means, as of any Cut-Off Date, the ratio (expressed as a percentage) computed by dividing (x) the total amount of Receivables that became Charged-Off Receivables during the Measurement Period ending on such Cut-Off Date, by (y) the aggregate monthly sales for the 6 months ending on such Cut-Off Date.

**“Collection Account”** means each concentration account, depository account, lock-box account or similar account in which any Asset Interest Collections are collected or deposited.

**“Collection Notice”** means a notice in the form attached to the Blocked Account Agreements from the Agent to Wells Fargo Bank, N.A. terminating the Servicer’s authority to make withdrawals from the Servicer’s Concentration Account or Seller’s authority to make withdrawals from the Facility Account.

**“Commercial Paper”** means promissory notes of a Conduit issued by such Conduit in the commercial paper market.



**“Commitment”** means for Fifth Third and each Financial Institution, as the case may be, its commitment to purchase Purchaser Interests from Seller in the aggregate amount set forth on Schedule A hereto.

**“Commitment Availability”** mean, as to each Purchaser Group, at any time the positive difference (if any) between (a) the aggregate amount of the Commitments at such time of the members of such Purchaser Group, minus (b) such Purchaser Group’s Capital outstanding at such time.

**“Committed Purchasers”** means Fifth Third and each of the Financial Institutions.

**“Conduit”** means Jupiter or Fountain Square.

**“Contingent Obligation”** of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement, take-or-pay contract or application for a letter of credit.

**“CP Availability Period”** means each day on which Fountain Square is providing funding to Fifth Third through the issuance of Fountain Square’s Commercial Paper.

**“CP Costs”** means, for each day, the sum of (i) discount or yield accrued on Pooled Commercial Paper of any Conduit on such day, plus (ii) any and all accrued commissions in respect of placement agents and Commercial Paper dealers, and issuing and paying agent fees incurred, in respect of any Pooled Commercial Paper of any Conduit for such day, plus (iii) other costs associated with funding small or odd-lot amounts with respect to all receivable purchase facilities which are funded by Pooled Commercial Paper for any Conduit for such day, minus (iv) any accrual of income net of expenses received on such day from investment of collections received under all receivable purchase facilities funded substantially with Pooled Commercial Paper of any Conduit, minus (v) any payment received on such day net of expenses in respect of Broken Funding Costs related to the prepayment of any Purchaser Interest of Jupiter or Fifth Third pursuant to the terms of any receivable purchase facilities funded substantially with Pooled Commercial Paper. In addition to the foregoing costs, if Seller shall request any Incremental Purchase by any Conduit during any period of time determined by Jupiter or Fifth Third in its sole discretion to result in incrementally higher CP Costs applicable to such Incremental Purchase, the Capital associated with any such Incremental Purchase shall, during such period, be deemed to be funded by the applicable Conduit in a special pool (which may include capital associated with other receivable purchase facilities) for purposes of determining such additional CP Costs applicable only to such special pool and charged each day during such period against such Capital.

**“Credit and Collection Policy”** means Originator’s credit and collection policies and practices relating to Contracts and Receivables existing on the date hereof and summarized

in Exhibit IV to the Receivable Interest Sale Agreement, as modified from time to time in accordance with this Agreement.

**“Cut-Off Date”** means the last day of each calendar month.

**“Deemed Collections”** means the aggregate of all amounts Seller shall have been deemed to have received as an Asset Interest Collection of a Receivable. Seller shall be deemed to have received an Asset Interest Collection in full of a Receivable if at any time (i) the Outstanding Balance of any such Receivable is either (x) reduced as a result of any defective or rejected goods or services, any discount or any adjustment or otherwise by Seller (other than cash Asset Interest Collections on account of the Receivables) or (y) reduced or canceled as a result of a setoff in respect of any claim by any Person (whether such claim arises out of the same or a related transaction or an unrelated transaction) or (ii) any of the representations or warranties in Article V are no longer true with respect to any Receivable.

**“Default Fee”** means with respect to any amount due and payable by Seller in respect of any Aggregate Unpaid, an amount equal to the greater of (i) \$1000 and (ii) interest on any such unpaid Aggregate Unpaid at a rate per annum equal to 2% above the Base Rate.

**“Delinquency Trigger Ratio”** means, as of any Cut-Off Date, the ratio (expressed as a percentage) computed by dividing (i) the aggregate Outstanding Balance of all Receivables that are Delinquent Receivables as of such Cut-Off Date, by (ii) the aggregate Outstanding Balance of all Receivables as of such Cut-Off Date.

**“Delinquent Receivable”** means a Receivable as to which any payment, or part thereof, remains unpaid for more than 60 days from the original invoice date but not more than 90 days from the original invoice date for such payment.

**“Dilution Trigger Ratio”** means a percentage equal to a fraction, the numerator of which is the total amount of decreases in Outstanding Balances of the Receivables due to Dilutions during the most recent Measurement Period, and the denominator of which is the amount of sales generated by the Originators during the Measurement Period one month prior to the most recent Measurement Period.

**“Dilutions”** means, at any time, the aggregate amount of reductions or cancellations described in clause (i) of the definition of “Deemed Collections”.

**“Discount Rate”** means, the LIBO Rate or the Base Rate, as applicable, with respect to each Purchaser Interest of the Financial Institutions and, after the CP Availability Period for Fifth Third, Fifth Third.

**“ERISA”** means the Employee Retirement Income Security Act of 1974, as amended from time to time.

**“Facility Account”** means the account in the name of the Seller at Wells Fargo Bank and designated in writing by the Seller to the Agent as being the “Facility Account.”

**“Facility Termination Date”** means the earlier of (i) the Liquidity Termination Date and (ii) the Amortization Date.

**“Federal Bankruptcy Code”** means Title 11 of the United States Code entitled “Bankruptcy,” as amended and any successor statute thereto.

**“Federal Funds Effective Rate”** means, for any period, a fluctuating interest rate per annum for each day during such period equal to (a) the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the preceding Business Day) by the Federal Reserve Bank of New York in the Composite Closing Quotations for U.S. Government Securities; or (b) if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:30 a.m. (Chicago time) for such day on such transactions received by the Agent from three federal funds brokers of recognized standing selected by it.

**“Fee Letter”** means each of the Agent’s Fee Letter and the Purchasers’ Fee Letter.

**“Ferrellgas”** has the meaning set forth in the preamble in this Agreement.

**“Fifth Third Liquidity Interest”** means any Purchaser Interest of Fifth Third on any day outside the CP Availability Period.

**“Financial Institutions”** has the meaning set forth in the preamble in this Agreement.

**“Fountain Square”** means Fountain Square Commercial Funding Corp., a Delaware corporation; **provided, however**, that in the event that purchases or Reinvestments by Fifth Third are funded by a conduit other than Fountain Square, all references herein to “Fountain Square” or its Commercial Paper shall automatically be deemed to be references to such other conduit and its commercial paper.

**“Funding Agreement”** means any agreement or instrument executed by any Funding Source with or for the benefit of Jupiter or Fifth Third.

**“Funding Source”** means (a) with respect to Jupiter (i) any Financial Institution or (ii) any insurance company, bank or other funding entity providing liquidity, credit enhancement or back-up purchase support or facilities to Jupiter; and (b) with respect to Fifth Third, (i) Fountain Square, and (ii) any insurance company, bank or other funding entity providing liquidity, credit enhancement or back-up purchase support or facilities to Fifth Third for purposes of this Agreement or to Fountain Square’s Commercial Paper which is allocated to this Agreement.

**“GAAP”** means generally accepted accounting principles in effect in the United States of America as of the date of this Agreement.

**“Group Purchase Limit”** means, for each Purchaser Group, (a) in the case of the Jupiter Purchaser Group, the sum of the Commitments of the Financial Institutions in such Purchaser Group, adjusted as necessary to give effect to the termination of the Commitment of any Terminating Financial Institution in such Purchaser Group pursuant to Article XII and (b) in the case of Fifth Third, Fifth Third’s Commitment,.

**“Incremental Purchase”** means a purchase of one or more Purchaser Interests which increases the total outstanding Aggregate Capital hereunder.

**“Indebtedness”** of a Person means such Person’s (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of property or services (other than accounts payable arising in the ordinary course of such Person’s business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by liens or payable out of the proceeds or production from property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, acceptances, or other instruments, (v) capitalized lease obligations, (vi) net liabilities under interest rate swap, exchange or cap agreements, (vii) Contingent Obligations and (viii) liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA.

**“Independent Director”** shall mean a member of the Board of Directors of Seller who is not at such time, and has not been at any time during the preceding five (5) years, (A) a director, officer, employee or affiliate of Originator or any of its respective Subsidiaries or Affiliates (other than Seller), or (B) the beneficial owner (at the time of such individual’s appointment as an Independent Director or at any time thereafter while serving as an Independent Director) of any of the outstanding common shares of Seller, Originator, or any of their respective Subsidiaries or Affiliates, having general voting rights.

**“JPMorgan Chase”** means JPMorgan Chase Bank, N.A. in its individual capacity and its successors.

**“Jupiter Group”** means, collectively, Jupiter and the Financial Institutions.

**“LIBO Rate”** means the rate per annum equal to the sum of (i) (a) the applicable British Bankers’ Association Interest Settlement Rate for deposits in U.S. dollars appearing on Reuters Screen FRBD as of 12:00 noon (London time) two Business Days prior to the first day of the relevant Tranche Period, and having a maturity equal to such Tranche Period, provided that, (i) if Reuters Screen FRBD is not available to the Agent for any reason, the applicable LIBO Rate for the relevant Tranche Period shall instead be the applicable British Bankers’ Association Interest Settlement Rate for deposits in U.S. dollars as reported by any other generally recognized financial information service as of 12:00 noon (London time) two Business Days prior to the first day of such Tranche Period, and having a maturity equal to such Tranche Period, and (ii) if no such British Bankers’ Association Interest Settlement Rate is available to the Agent, the applicable LIBO Rate for the relevant Tranche Period shall instead be the rate determined by the Agent to be the rate at which JPMorgan Chase offers to place deposits in U.S. dollars with first-class banks in the London interbank market at approximately 12:00 noon (London time) two Business Days prior to the first day of such Tranche Period, in the approximate amount to be funded at the LIBO Rate and having a maturity equal to such Tranche

Period, divided by (b) one minus the maximum aggregate reserve requirement (including all basic, supplemental, marginal or other reserves) which is imposed against the Agent in respect of Eurocurrency liabilities, as defined in Regulation D of the Board of Governors of the Federal Reserve System as in effect from time to time (expressed as a decimal), applicable to such Tranche Period plus (ii) the Applicable Margin. The LIBO Rate shall be rounded, if necessary, to the next higher 1/16 of 1%.

**“Liquidity Interest”** means a Purchaser Interest of a Financial Institution or a Fifth Third Liquidity Interest.

**“Liquidity Termination Date”** means June 5, 2007.

**“Lock-Box”** means each locked postal box with respect to which a bank has been granted exclusive access for the purpose of retrieving and processing payments made on the Pool Receivables.

**“Material Adverse Effect”** means a material adverse effect on (i) the financial condition or operations of any Seller Party and its Subsidiaries, (ii) the ability of any Seller Party to perform its obligations under this Agreement, (iii) the legality, validity or enforceability of this Agreement or any other Transaction Document, (iv) any Purchaser’s interest in the Pool Receivables generally or in any significant portion of the Pool Receivables, the Related Security or the Asset Interest Collections with respect thereto, or (v) the collectibility of the Pool Receivables generally or of any material portion of the Pool Receivables.

**“Measurement Period”** means a calendar month.

**“Monthly Report”** means a report, in substantially the form of Exhibit VI hereto (appropriately completed), furnished by the Servicer to the Agent pursuant to Section 8.5.

**“Monthly Reporting Date”** has the meaning set forth in Section 8.5.

**“Net Asset Interest Balance”** means, at any time, the Buyer’s Percentage of the aggregate Outstanding Balance of all Pool Receivables that are Eligible Receivables at such time.

**“Non-Renewing Financial Institution”** has the meaning set forth in Section 13.2(a).

**“Original Purchase Agreement”** has the meaning set forth in the Preliminary Statements.

**“Originator”** means Ferrellgas, in its capacity as seller under the Receivable Interest Sale Agreement.

**“Participant”** has the meaning set forth in Section 12.2.

**“Percentage”** means, for each Purchaser Group, the ratio of the aggregate amount of the Commitments of the Committed Purchasers in such Purchaser Group to the Aggregate Commitments of all Committed Purchasers in both Purchaser Groups.

**“Person”** means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

**“Pooled Commercial Paper”** means Commercial Paper notes of a Conduit subject to any particular pooling arrangement by such Conduit, but excluding Commercial Paper issued by such Conduit for a tenor and in an amount specifically requested by any Person in connection with any agreement effected by such Conduit.

**“Potential Amortization Event”** means an event which, with the passage of time or the giving of notice, or both, would constitute an Amortization Event.

**“Pro Rata Share”** means, for each Financial Institution, a percentage equal to (a) the Commitment of such Financial Institution divided by (b) the aggregate amount of all Commitments of all Financial Institutions hereunder, adjusted as necessary to give effect to the application of the terms of the applicable Funding Agreement or any assignments pursuant to Article XII.

**“Proposed Reduction Date”** has the meaning set forth in Section 1.3.

**“Purchase Limit”** means, on any date, the amount set forth opposite such date in the table below:

May 31-September 30	\$ 85,000,000
October 1-31	\$ 100,000,000
November 1-30	\$ 110,000,000
December 1-February 14	\$ 160,000,000
February 15-28	\$ 155,000,000
March 1-7	\$ 150,000,000
March 8-14	\$ 144,000,000
March 15-21	\$ 138,000,000
March 22-28	\$ 132,000,000
March 29-April 4	\$ 126,000,000
April 5-18	\$ 120,000,000
April 19-May 2	\$ 110,000,000
May 3-16	\$ 100,000,000
May 17-30	\$ 92,500,000

**“Purchase Notice”** has the meaning set forth in Section 1.2.

**“Purchase Price”** means, with respect to any Incremental Purchase of a Purchaser Interest, the amount paid to Seller for such Purchaser Interest which shall not exceed

the least of (i) the amount requested by Seller in the applicable Purchase Notice, (ii) the unused portion of the Purchase Limit on the applicable purchase date and (iii) the excess, if any, of 80% of the Net Asset Interest Balance on the applicable purchase date over the aggregate outstanding amount of Aggregate Capital determined as of the date of the most recent Monthly Report, taking into account such proposed Incremental Purchase.

**“Purchaser Group”** means each of (a) the Jupiter Group, and (b) Fifth Third.

**“Purchaser Interest”** means, at any time, a portion of an aggregate undivided 100% ownership interest in the Asset Interest associated with a designated amount of Capital, selected pursuant to the terms and conditions hereof.

**“Purchasers”** means Jupiter and the Committed Purchasers.

**“Purchasers’ Fee Letter”** means the letter agreement dated as of the date hereof among Seller, Fifth Third and the Agent (on behalf of the Jupiter Group), as the same may be amended, restated or otherwise modified and in effect from time to time.

**“Purchasing Financial Institution”** has the meaning set forth in Section 12.1(b).

**“Receivable Interest Sale Agreement”** means that certain Amended and Restated Receivable Interest Sale Agreement, dated as of June 7, 2005, between Originator and Seller, as the same may be amended, restated or otherwise modified from time to time.

**“Recourse Obligations”** shall have the meaning set forth in Section 2.1.

**“Reduction Notice”** has the meaning set forth in Section 1.3.

**“Regulatory Change”** has the meaning set forth in Section 10.2(a).

**“Reinvestment”** has the meaning set forth in Section 2.2.

**“Required Committed Purchasers”** means, at any time, Committed Purchasers with Commitments in excess of 66-2/3% of the Purchase Limit.

**“Required Notice Period”** means two (2) Business Days.

**“Restricted Junior Payment”** means (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of capital stock of Seller now or hereafter outstanding, except a dividend payable solely in shares of that class of stock or in any junior class of stock of Seller, (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of capital stock of Seller now or hereafter outstanding, (iii) any payment or prepayment of principal of, premium, if any, or interest, fees or other charges on or with respect to, and any redemption, purchase, retirement, defeasance, sinking fund or similar payment and any claim for rescission with respect to the Subordinated Loans (as defined in the Receivable Interest Sale Agreement), (iv) any payment made to redeem, purchase, repurchase or retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of capital stock of

Seller now or hereafter outstanding, and (v) any payment of management fees by Seller (except for reasonable management fees to the Originator or its Affiliates in reimbursement of actual management services performed).

**"Seller"** has the meaning set forth in the preamble to this Agreement.

**"Seller Parties"** has the meaning set forth in the preamble to this Agreement.

**"Servicer"** means at any time the Person (which may be the Agent) then authorized pursuant to Article VIII to service, administer and collect Receivables.

**"Settlement Date"** means (A) the second Business Day after each Monthly Reporting Date, and (B) the last day of the relevant Tranche Period in respect of each Purchaser Interest of the Financial Institutions.

**"Settlement Period"** means (A) in respect of each Purchaser Interest of Jupiter and each Purchaser Interest of Fifth Third during the CP Availability Period, the immediately preceding Accrual Period, and (B) in respect of each Liquidity Interest, the entire Tranche Period of such Liquidity Interest.

**"Subsidiary"** of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, association, limited liability company, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of Seller.

**"Termination Date"** has the meaning set forth in Section 2.2.

**"Termination Percentage"** has the meaning set forth in Section 2.2.

**"Terminating Financial Institution"** has the meaning set forth in Section 13.2(a).

**"Terminating Tranche"** has the meaning set forth in Section 4.3(b).

**"Tranche Period"** means, with respect to any Purchaser Interest held by a Financial Institution:

(a) if Yield for such Purchaser Interest is calculated on the basis of the LIBO Rate, a period of one, two, three or six months, or such other period as may be mutually agreeable to the Agent and Seller, commencing on a Business Day selected by Seller or the Agent pursuant to this Agreement. Such Tranche Period shall end on the day in the applicable succeeding calendar month which corresponds numerically to the beginning day of such Tranche Period, provided, however, that if there is no such numerically corresponding day in such



succeeding month, such Tranche Period shall end on the last Business Day of such succeeding month; or

(b) if Yield for such Purchaser Interest is calculated on the basis of the Base Rate, a period commencing on a Business Day selected by Seller, provided no such period shall exceed one month.

If any Tranche Period would end on a day which is not a Business Day, such Tranche Period shall end on the next succeeding Business Day, provided, however, that in the case of Tranche Periods corresponding to the LIBO Rate, if such next succeeding Business Day falls in a new month, such Tranche Period shall end on the immediately preceding Business Day. In the case of any Tranche Period for any Purchaser Interest which commences before the Amortization Date and would otherwise end on a date occurring after the Amortization Date, such Tranche Period shall end on the Amortization Date. The duration of each Tranche Period which commences after the Amortization Date shall be of such duration as selected by the Agent.

**“Transaction Documents”** means, collectively, this Agreement, each Purchase Notice, the Receivable Interest Sale Agreement, the Fee Letters, the Subordinated Note (as defined in the Receivable Interest Sale Agreement) and all other instruments, documents and agreements executed and delivered in connection herewith.

**“UCC”** means the Uniform Commercial Code as from time to time in effect in the specified jurisdiction.

**“Yield”** means for each respective Tranche Period relating to Purchaser Interests of the Financial Institutions, an amount equal to the product of the applicable Discount Rate for each Purchaser Interest multiplied by the Capital of such Purchaser Interest for each day elapsed during such Tranche Period, annualized on a 360 day basis in the case of Yield computed at a LIBO Rate and on a 365 (or, when appropriate, 366) day basis in the case of Yield computed at the Base Rate.

(c) All accounting terms not specifically defined herein shall be construed in accordance with GAAP.

(d) All terms used in Article 9 of the UCC in the State of New York, and not specifically defined herein, are used herein as defined in such Article 9.

**EXHIBIT II**  
**FORM OF PURCHASE NOTICE**

[DATE]

JPMorgan Chase Bank, N.A., as Agent  
Asset Backed Conduit Finance  
10 South Dearborn, Floor 13  
Chicago, IL 60603-2003  
Attention: ABF Portfolio Management

**Re: PURCHASE NOTICE**

Ladies and Gentlemen:

Reference is hereby made to the Second Amended and Restated Receivables Purchase Agreement, dated as of June 6, 2006, by and among Ferrellgas Receivables, LLC, a Delaware limited liability company ("**Seller**"), Ferrellgas, L.P., a Delaware limited partnership, as Servicer, the Financial Institutions, Jupiter Securitization Corporation ("**Jupiter**"), Fifth Third Bank ("**Fifth Third**") and JPMorgan Chase Bank, N.A., as Agent (the "**Receivables Purchase Agreement**"). Capitalized terms used herein shall have the meanings assigned to such terms in the Receivables Purchase Agreement.

The Agent is hereby notified of the following Incremental Purchase:

Aggregate Purchase Price : \$ \_\_\_\_\_

Purchase Price for Jupiter Purchaser Group: 50%: \$ \_\_\_\_\_

Purchase Price for Fifth Third: 50%: \$ \_\_\_\_\_

Date of Purchase: \_\_\_\_\_

Requested Discount Rate: [LIBO Rate] [Base Rate] [Pooled Commercial Paper rate]

Please credit the Purchase Price in immediately available funds to our Facility Account and then wire-transfer the Purchase Price in immediately available funds on the above-specified date of purchase to:

[Account Name]

[Account No.]

[Bank Name & Address]

[ABA #]

Reference:

Telephone advice to: [Name] @ tel. no. ( ) \_\_\_\_\_

Please advise [Name] at telephone no. ( ) \_\_\_\_\_ if Jupiter shall not be making this purchase or if the CP Availability Period for Fifth Third has ended.

In connection with the Incremental Purchase to be made on the above listed "Date of Purchase" (the "**Purchase Date**"), the Seller hereby certifies that the following statements are true on the date hereof, and will be true on the Purchase Date (before and after giving effect to the proposed Incremental Purchase):

(i) the representations and warranties of the Seller set forth in Section 5.1 of the Receivables Purchase Agreement are true and correct in all material respects on and as of the Purchase Date as though made on and as of such date;

(ii) no event has occurred and is continuing, or would result from the proposed Incremental Purchase, that will constitute an Amortization Event or a Potential Amortization Event;

(iii) the Facility Termination Date has not occurred, the Aggregate Capital does not exceed the Purchase Limit and the aggregate Purchaser Interests do not exceed 100%; and

(iv) the amount of Aggregate Capital is \$ \_\_\_\_\_ after giving effect to the Incremental Purchase to be made on the Purchase Date.

Very truly yours,

FERRELLGAS RECEIVABLES, LLC

By: \_\_\_\_\_

Name:

Title:

**EXHIBIT III**  
**PRINCIPAL PLACES OF BUSINESS AND CHIEF EXECUTIVE OFFICES OF THE**  
**SELLER PARTIES; LOCATIONS OF RECORDS; FEDERAL EMPLOYER**  
**IDENTIFICATION NUMBERS**

**Places of Business:**

Seller: Principal Place of Business and Chief Executive Office  
One Liberty Plaza  
Liberty, Missouri, 64068

Servicer: Principal Place of Business and Chief Executive Office  
7500 College Blvd., Suite 1000  
Overland Park, Kansas 66210

**Locations of Records:**

Seller: Seller's and Servicer's addresses above

Servicer: Seller's and Servicer's addresses above

**Federal Employer Identification Numbers:**

Seller: 43-1698481

Servicer: 43-1698481

**EXHIBIT IV**  
**FORM OF COMPLIANCE CERTIFICATE**

To: JPMorgan Chase Bank, N.A., as Agent

This Compliance Certificate is furnished pursuant to that certain Second Amended and Restated Receivables Purchase Agreement dated as of June 6, 2006, among Ferrellgas Receivables, LLC (the "**Seller**"), Ferrellgas, L.P. (the "**Servicer**"), the Purchasers party thereto and JPMorgan Chase Bank, N.A., as agent for such Purchasers (the "**Agreement**").

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected \_\_\_\_\_ of Seller.
2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of Seller and its Subsidiaries during the accounting period covered by the attached financial statements.
3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes an Amortization Event or Potential Amortization Event, as each such term is defined under the Agreement, during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth in paragraph 5 below.
4. Schedule I attached hereto sets forth financial data and computations evidencing the compliance with certain covenants of the Agreement, all of which data and computations are true, complete and correct.
5. Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which Seller has taken, is taking, or proposes to take with respect to each such condition or event:

THE FOREGOING CERTIFICATIONS, TOGETHER WITH THE COMPUTATIONS SET FORTH IN SCHEDULE I HERETO AND THE FINANCIAL STATEMENTS DELIVERED WITH THIS CERTIFICATE IN SUPPORT HEREOF, ARE MADE AND DELIVERED THIS \_\_\_\_

DAY OF \_\_\_\_\_, \_\_\_\_.

By: \_\_\_\_\_

NAME:

TITLE:

**SCHEDULE I TO COMPLIANCE CERTIFICATE**

A. Schedule of Compliance as of [Date] with Section 9.1(f) of the Agreement. Unless otherwise defined herein, the terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.  
This schedule relates to the month ended: \_\_\_\_\_

**EXHIBIT V**  
**FORM OF ASSIGNMENT AGREEMENT**

THIS ASSIGNMENT AGREEMENT (this "**Assignment Agreement**") is entered into as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_, by and between \_\_\_\_\_ ("**Assignor**") and \_\_\_\_\_ ("**Assignee**").

**PRELIMINARY STATEMENTS**

A. This Assignment Agreement is being executed and delivered in accordance with Section 12.1(b) of that certain Second Amended and Restated Receivables Purchase Agreement dated as of June 6, 2006 by and among Ferrellgas Receivables, LLC, Ferrellgas, L.P., as Servicer, Jupiter Securitization Corporation, Fifth Third Bank, JPMorgan Chase Bank, N.A., as Agent, and the Financial Institutions party thereto (as amended, modified or restated from time to time, the "**Purchase Agreement**"). Capitalized terms used and not otherwise defined herein are used with the meanings set forth or incorporated by reference in the Purchase Agreement.

B. Assignor is a Financial Institution party to the Purchase Agreement, and Assignee wishes to become a Financial Institution thereunder; and

C. Assignor is selling and assigning to Assignee an undivided \_\_\_\_\_% (the "**Transferred Percentage**") interest in all of Assignor's rights and obligations under the Purchase Agreement and the Transaction Documents, including, without limitation, Assignor's Commitment and (if applicable) the Capital of Assignor's Purchaser Interests as set forth herein.

**AGREEMENT**

The parties hereto hereby agree as follows:

1. The sale, transfer and assignment effected by this Assignment Agreement shall become effective (the "**Effective Date**") two (2) Business Days (or such other date selected by the Agent in its sole discretion) following the date on which a notice substantially in the form of Schedule II to this Assignment Agreement ("**Effective Notice**") is delivered by the Agent to the applicable Conduit, Assignor and Assignee. From and after the Effective Date, Assignee shall be a Financial Institution party to the Purchase Agreement for all purposes thereof as if Assignee were an original party thereto and Assignee agrees to be bound by all of the terms and provisions contained therein.

2. If Assignor has no outstanding Capital under the Purchase Agreement, on the Effective Date, Assignor shall be deemed to have hereby transferred and assigned to Assignee, without recourse, representation or warranty (except as provided in paragraph 6 below), and the Assignee shall be deemed to have hereby irrevocably taken, received and assumed from Assignor, the Transferred Percentage of Assignor's Commitment and all rights and obligations associated therewith under the terms of the Purchase Agreement, including,



without limitation, the Transferred Percentage of Assignor's future funding obligations under Section 4.1 of the Purchase Agreement.

3. If Assignor has any outstanding Capital under the Purchase Agreement, at or before 12:00 noon, local time of Assignor, on the Effective Date Assignee shall pay to Assignor, in immediately available funds, an amount equal to the sum of (i) the Transferred Percentage of the outstanding Capital of Assignor's Purchaser Interests (such amount, being hereinafter referred to as the "**Assignee's Capital**"); (ii) all accrued but unpaid (whether or not then due) Yield attributable to Assignee's Capital; and (iii) accruing but unpaid fees and other costs and expenses payable in respect of Assignee's Capital for the period commencing upon each date such unpaid amounts commence accruing, to and including the Effective Date (the "**Assignee's Acquisition Cost**"); whereupon, Assignor shall be deemed to have sold, transferred and assigned to Assignee, without recourse, representation or warranty (except as provided in paragraph 6 below), and Assignee shall be deemed to have hereby irrevocably taken, received and assumed from Assignor, the Transferred Percentage of Assignor's Commitment and the Capital of Assignor's Purchaser Interests (if applicable) and all related rights and obligations under the Purchase Agreement and the Transaction Documents, including, without limitation, the Transferred Percentage of Assignor's future funding obligations under Section 4.1 of the Purchase Agreement.

4. Concurrently with the execution and delivery hereof, Assignor shall provide to Assignee copies of all documents requested by Assignee which were delivered to Assignor pursuant to the Purchase Agreement.

5. Each of the parties to this Assignment Agreement agrees that at any time and from time to time upon the written request of any other party, it shall execute and deliver such further documents and do such further acts and things as such other party may reasonably request in order to effect the purposes of this Assignment Agreement.

6. By executing and delivering this Assignment Agreement, Assignor and Assignee confirm to and agree with each other, the Agent and the Financial Institutions as follows: (a) other than the representation and warranty that it has not created any Adverse Claim upon any interest being transferred hereunder, Assignor makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made by any other Person in or in connection with the Purchase Agreement or the Transaction Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of Assignee, the Purchase Agreement or any other instrument or document furnished pursuant thereto or the perfection, priority, condition, value or sufficiency of any collateral; (b) Assignor makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Seller, any Obligor, any Affiliate of the Seller or the performance or observance by the Seller, any Obligor, any Affiliate of the Seller of any of their respective obligations under the Transaction Documents or any other instrument or document furnished pursuant thereto or in connection therewith; (c) Assignee confirms that it has received a copy of the Purchase Agreement and copies of such other Transaction Documents, and other documents and information as it has requested and deemed appropriate to make its own credit analysis and decision to enter into this Assignment Agreement; (d) Assignee shall, independently and without reliance upon the Agent, any Conduit, the Seller or any other Financial Institution or Purchaser

and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Purchase Agreement and the Transaction Documents; (e) Assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under the Transaction Documents as are delegated to the Agent by the terms thereof, together with such powers as are reasonably incidental thereto; and (f) Assignee agrees that it shall perform in accordance with their terms all of the obligations which, by the terms of the Purchase Agreement and the other Transaction Documents, are required to be performed by it as a Financial Institution or, when applicable, as a Purchaser.

7. Each party hereto represents and warrants to and agrees with the Agent that it is aware of and shall comply with the provisions of the Purchase Agreement, including, without limitation, Sections 4.1 and 14.6 thereof.

8. Schedule I hereto sets forth the revised Commitment of Assignor and the Commitment of Assignee, as well as administrative information with respect to Assignee.

9. THIS ASSIGNMENT AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

10. Assignee hereby covenants and agrees that, prior to the date which is one year and one day after the payment in full of all senior indebtedness for borrowed money of any Conduit, it shall not institute against, or join any other Person in instituting against, such Conduit any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

*IN WITNESS WHEREOF*, the parties hereto have caused this Assignment Agreement to be executed by their respective duly authorized officers of the date hereof.

[ASSIGNOR]

By: \_\_\_\_\_  
Title: \_\_\_\_\_

[ASSIGNEE]

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**SCHEDULE I TO ASSIGNMENT AGREEMENT**  
**LIST OF LENDING OFFICES, ADDRESSES**  
**FOR NOTICES AND COMMITMENT AMOUNTS**

Date: \_\_\_\_\_, \_\_\_\_\_

Transferred Percentage: \_\_\_\_\_%

	A-1	A-2	B-1	B-2
	Commitment (prior to giving effect to the Assignment Agreement)	Commitment (after giving effect to the Assignment Agreement)	Outstanding Capital (if any)	Ratable Share of Outstanding Capital
Assignor				
		A-2	B-1	B-2
		Commitment (after giving effect to the Assignment Agreement)	Outstanding Capital (if any)	Ratable Share of Outstanding Capital
Assignee				

Address for Notices \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Attention:  
 Phone:  
 Fax:

**SCHEDULE II TO ASSIGNMENT AGREEMENT  
EFFECTIVE NOTICE**

TO: \_\_\_\_\_, Assignor  
\_\_\_\_\_  
\_\_\_\_\_

TO: \_\_\_\_\_, Assignee  
\_\_\_\_\_  
\_\_\_\_\_

The undersigned, as Agent under the Second Amended and Restated Receivables Purchase Agreement dated as of June 6, 2006 by and among Ferrellgas Receivables, LLC, a Delaware limited liability company (“**Seller**”), between Ferrellgas, L.P., a Delaware limited partnership, as Servicer, Jupiter Securitization Corporation, Fifth Third Bank, JPMorgan Chase Bank, N.A., as Agent, and the Financial Institutions party thereto, hereby acknowledges receipt of executed counterparts of a completed Assignment Agreement dated as of \_\_\_\_\_, between \_\_\_\_\_, as Assignor, and \_\_\_\_\_, as Assignee. Terms defined in such Assignment Agreement are used herein as therein defined.

1. Pursuant to such Assignment Agreement, you are advised that the Effective Date shall be \_\_\_\_\_.
2. By its signature below, [each of] Conduit [and Seller] hereby consents to the Assignment Agreement as required by Section 12.1(b) of the Receivables Purchase Agreement.
- [3. Pursuant to such Assignment Agreement, the Assignee is required to pay \$ \_\_\_\_\_ to Assignor at or before 12:00 noon (local time of Assignor) on the Effective Date in immediately available funds.]

Very truly yours,

JPMORGAN CHASE BANK, N.A., individually and as Agent

By: \_\_\_\_\_  
Title: \_\_\_\_\_

[CONDUIT]

By: \_\_\_\_\_

Authorized Signatory

[The foregoing is hereby consented to:

FERRELLGAS RECEIVABLES, LLC

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT VI**  
**FORM OF MONTHLY REPORT**

Monthly Report as of [Date]  
For [date]

**Originator—specific data:**

**I. Receivables Rollforward**

	<b>Ferrellgas, L.P.</b>
Beginning Receivables	_____
Add: Invoices	_____
Finance Charges	_____
Debit Memos	_____
Less: Cash Collections	_____
Credit Memos (Note 1)	_____
Charge-offs	_____
<b>Total Receivables</b>	<b>0</b>

**II. Summary Aging Schedule**

	<b>Ferrellgas, L.P.</b>
Current	_____
30-60 days from invoice (all )	_____
61-90 days from invoice	_____
> 91 days from invoice	_____
<b>Total Receivables</b>	<b>0</b>

**III. Ending G/L Balance**

**IV. Eligible Receivables**

	<b>Ferrellgas, L.P.</b>
Total Receivables (Note 2)	0
	<b>“Eligible Receivable” definition (Note 3):</b>
Less: Non — U.S. Receivables	(i)
Receivables of Affiliates	(i)
Government Receivables > 2% of Outstanding Balance	(i)
Obligors of Defaulted Receivables (10%) (Note 4)	(ii)
Defaulted Receivables > 60 days from invoice	(iii)
30-60 day receivables > 25% of bucket	n/a
Rec.w/ terms > 30	(iv)
Originator Obligations not fully performed	(xvi)
Bankrupt Obligors	(xvi)
Other Ineligible	(v-xv & xvii)
Customer Deposits	(vii)
Excess Concentrations (from Section VII below)	(xviii)
<b>Pool Receivables Balance</b>	<b>0</b>
Less: \$9,000,000 May — November / \$1,000,000 any other time	_____
<b>Pool Receivables Ending Balance</b>	<b>0</b>

**V. Capital Availability**

**A) Purchaser’s Interest on Last Day of Settlement Report Period**

Pool Receivables		\$0
Reserve Percentage x Pool Receivables	20.00%	—
Pool Receivables — Required Reserves		\$0
Max Capital Outstanding on Last Day of Settlement Period		_____
Actual Capital Outstanding on Last Day of Settlement Period (Jupiter Securitization Corp.)		_____
Actual Capital Outstanding on Last Day of Settlement Period (Fifth Third Bank)		_____
Asset Interest (sum of the Receivables Interest and the Contributed Interest)		\$0
Purchaser Interest (cannot exceed 100%)		

**B) Purchaser’s Interest on Submission Date of Settlement Report**

Pool Receivables		\$0
Less: Reserve Percentage x Pool Receivables	20.00%	—
Available for Funding		\$0
Max Capital Outstanding on Submission Date of Settlement Report		_____
Actual Capital Outstanding on Submission Date of Settlement Report (Jupiter Securitization Corp.)		_____
Actual Capital Outstanding on Submission Date of Settlement Report (Fifth Third Bank)		_____
Asset Interest (sum of the Receivables Interest and the Contributed Interest)		\$0
Purchaser Interest (cannot exceed 100%)		

**VII. Compliance**

3-Month Rolling Average:

3-Month Average Delinquency Trigger Ratio (less than: 11.0% May — Oct / 9.1 % May — Nov ) (Note 5)	Current month delinquency ratio	#DIV/01
	One month prior delinquency ratio	_____
	Two month prior delinquency ratio	_____
3-Month Average Charged-off Trigger Ratio (less than 0.90%) (Note 6)	Current month default ratio	_____
	One month prior default ratio	_____
	Two month prior default ratio	_____
3-Month Average Dilution Trigger Ratio (less than 2.40% Nov — June / 2.75% July — October) (Note 7)	Current month dilution ratio	_____
	One month prior dilution ratio	_____
	Two month prior dilution ratio	_____
3-Month Average > 90 day from invoice trigger ratio (less than 25% June — Nov/ 16.5% Dec — May) (Note 9)	Current month ratio	#DIV/01
	One month prior ratio	_____
	Two month prior ratio	_____
Purchaser's Interest Calculation on Submission Date of Settlement Report Must Be <100%	Calculation	0.00%
	Paydown Requirement	FALSE
	Paydown Submitted	_____
	New Purchaser' Interest/ In Compliance	_____
Occurrence of any other Termination Event (Section 7.1)	No	

**VIII. Obligor Concentration Limits**

Obligor Name (Note 8)	— 5 Largest Central Remit Accounts :	2% Concentration Limit	Ferrellgas, L.P.	Excess Concentrations
1 Schwans		\$—	_____	\$0
2 Altman Specialty Plants		\$—	_____	\$0
3 Pepsi		\$—	_____	\$0
4 Yellow Freight		\$—	_____	\$0
5 R&L Carriers		\$—	_____	\$0
	TOTAL		0	\$0

**Notes:**

- Credit memos should be completely reported in the "current" bucket and not aged.
- Total Receivables in Section IV., is equal to the lesser of Total Receivables in Section I, II or the Ending G/L Balance in Section III.
- Eligibility criteria refers to the specified section in the "Eligible Receivable" definition referenced in the Receivables Interest Sale Agreement.
- A Receivable of which the Obligor is the Obligor of any Defaulted Receivable which in the aggregate constitute more than 10% of all Receivables of such Obligor.
- The Delinquency Trigger Ratio is defined as: Outstanding Balance of all Delinquent Receivables (receivables 61 -90 days from invoice)/ the current month's Outstanding Balance of all Receivables (per the aging).
- Charged-off Trigger Ratio is defined as: (Charged-off Receivables) / Total monthly sales 6 months prior.
- Dilution Trigger Ratio is defined as: current month Dilution (Credits less Debits + other Dilution) / total sales the prior month.
- The Concentration Limit for an individual obligor is 2% of the Outstanding Balance of Eligible Receivables.
- The greater than 90 days from invoice trigger is: the three month rolling average of the receivables greater than 90 days from invoice / Total Receivables.

The undersigned hereby represents and warrants that the foregoing is a true and accurate accounting with respect to the outstandings as of [date] in accordance with the Second Amended and Restated Receivables Purchase Agreement dated as of June 6, 2006 and that all Representations and Warranties are restated and reaffirmed.

Signed by: \_\_\_\_\_  
 Title: Senior Vice President & Chief Financial Officer

**SCHEDULE A  
COMMITMENTS**

**COMMITTED PURCHASER**

JPMorgan Chase Bank, N.A.

**COMMITMENT**

The commitment amount shall be on any date, the amount set forth opposite such date below:

May 31-September 30	\$42,500,000
October 1-31	\$50,000,000
November 1-30	\$55,000,000
December 1-February 14	\$80,000,000
February 15-28	\$77,500,000
March 1-7	\$75,000,000
March 8-14	\$72,000,000
March 15-21	\$69,000,000
March 22-28	\$66,000,000
March 29-April 4	\$63,000,000
April 5-18	\$60,000,000
April 19-May 2	\$55,000,000
May 3-16	\$50,000,000
May 17-30	\$46,250,000

Fifth Third Bank

The commitment amount shall be on any date, the amount set forth opposite such date below:

May 31-September 30	\$42,500,000
October 1-31	\$50,000,000
November 1-30	\$55,000,000
December 1-February 14	\$80,000,000
February 15-28	\$77,500,000
March 1-7	\$75,000,000
March 8-14	\$72,000,000
March 15-21	\$69,000,000
March 22-28	\$66,000,000
March 29-April 4	\$63,000,000
April 5-18	\$60,000,000
April 19-May 2	\$55,000,000
May 3-16	\$50,000,000
May 17-30	\$46,250,000



**SCHEDULE B**  
**DOCUMENTS TO BE DELIVERED TO THE AGENT ON OR PRIOR TO THE**  
**INITIAL PURCHASE**

1. Amendment No. 1 to Second Amended and Restated Receivable Interest Sale Agreement and Subordinated Note.
2. Executed copies of this Agreement, duly executed by the parties thereto.
3. Copy of the Resolutions of the Board of Directors of Seller certified by its Secretary authorizing Seller's execution, delivery and performance of this Agreement and the other documents to be delivered by it hereunder.
4. Copy of the Resolutions of the Board of Directors of the General Partner and the Servicer certified by its Secretary authorizing the Servicer's execution, delivery and performance of this Agreement and the other documents to be delivered by it hereunder.
5. Organization Documents of Seller and certified by the Secretary of State of Delaware on or within thirty (30) days prior to the initial Incremental Purchase.
6. Good Standing Certificate for Seller issued by the Secretaries of State of:
  - a. Delaware
  - b. Missouri
7. A certificate of the Secretary of Seller certifying the names and signatures of the officers authorized on its behalf to execute this Agreement and any other documents to be delivered by it hereunder.
8. A certificate of the Secretary of Servicer and the General Partner certifying the names and signatures of the officers authorized on its behalf to execute this Agreement and any other documents to be delivered by it hereunder.
9. Evidence that UCC financing statements, have been filed in all jurisdictions as may be necessary or, in the opinion of the Agent, desirable, under the UCC of all appropriate jurisdictions or any comparable law in order to perfect the ownership interests contemplated by this Agreement.
10. Time stamped receipt copies of proper UCC termination statements, if any, necessary to release all security interests and other rights of any Person in the Asset Interest previously granted by Seller.
11. A favorable opinion of legal counsel for the Seller Parties reasonably acceptable to the Agent which addresses such matters as the Agent may reasonably request:
12. The Agent's Fee Letter.

13. The Purchasers' Fee Letter.
14. A Monthly Report as of April 30, 2006.
15. Reliance letters in respect of the bankruptcy opinions delivered under the Receivables Interest Sale Agreement and bring-down/reliance letters in respect of the corporate/UCC opinion delivered under the Receivables Interest Sale Agreement.

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

I, James E. Ferrell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ferrellgas Partners, L.P. (the "Registrant") for the three months ended April 30, 2006;
2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Quarterly Report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly Report based on such evaluation; and
  - d. disclosed in this Quarterly Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting;
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons forming the equivalent function):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: June 8, 2006

/s/ James E. Ferrell

\_\_\_\_\_  
James E. Ferrell  
Chairman and Chief Executive  
Officer of Ferrellgas, Inc., general partner of the Registrant

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

I, Kevin T. Kelly, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ferrellgas Partners, L.P. ("the Registrant") for the three months ended April 30, 2006;
2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Quarterly Report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly Report based on such evaluation; and
  - d. disclosed in this Quarterly Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting;
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons forming the equivalent function):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: June 8, 2006

/s/ Kevin T. Kelly

Kevin T. Kelly

Senior Vice President and Chief

Financial Officer of Ferrellgas, Inc., general partner of the Registrant

**CERTIFICATIONS**  
**FERRELLGAS PARTNERS FINANCE CORP.**

I, James E. Ferrell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ferrellgas Partners Finance Corp. (the "Registrant") for the three months ended April 30, 2006;
2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Quarterly Report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly Report based on such evaluation; and
  - d. disclosed in this Quarterly Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting;
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons forming the equivalent function):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls over financial reporting.

Date: June 8, 2006

/s/ James E. Ferrell  
 \_\_\_\_\_  
 James E. Ferrell  
 Chief Executive Officer

**CERTIFICATIONS**  
**FERRELLGAS PARTNERS FINANCE CORP.**

I, Kevin T. Kelly, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ferrellgas Partners Finance Corp. (the "Registrant") for the three months ended April 30, 2006;
2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Quarterly Report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly Report based on such evaluation; and
  - d. disclosed in this Quarterly Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting;
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons forming the equivalent function):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls over financial reporting.

Date: June 8, 2006

/s/ Kevin T. Kelly

\_\_\_\_\_  
Kevin T. Kelly  
Senior Vice President and  
Chief Financial Officer

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

I, James E. Ferrell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ferrellgas, L.P. (the "Registrant") for the three months ended April 30, 2006;
2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Quarterly Report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly Report based on such evaluation; and
  - d. disclosed in this Quarterly Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting;
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons forming the equivalent function):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: June 8, 2006

/s/ James E. Ferrell

\_\_\_\_\_  
James E. Ferrell  
Chairman and Chief Executive  
Officer of Ferrellgas, Inc., general partner of the Registrant

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**CERTIFICATIONS  
FERRELLGAS, L.P.**

I, Kevin T. Kelly, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ferrellgas, L.P. (the "Registrant") for the three months ended April 30, 2006;
2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Quarterly Report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly Report based on such evaluation; and
  - d. disclosed in this Quarterly Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting;
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons forming the equivalent function):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: June 8, 2006

/s/ Kevin T. Kelly

Kevin T. Kelly

Senior Vice President and Chief

Financial Officer of Ferrellgas, Inc., general partner of the Registrant



**CERTIFICATIONS**  
**FERRELLGAS FINANCE CORP.**

I, James E. Ferrell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ferrellgas Finance Corp. (the "Registrant") for the three months ended April 30, 2006;
2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Quarterly Report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly Report based on such evaluation; and
  - d. disclosed in this Quarterly Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting;
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons forming the equivalent function):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls over financial reporting.

Date: June 8, 2006

/s/ James E. Ferrell  
James E. Ferrell  
Chief Executive Officer

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**CERTIFICATIONS**  
**FERRELLGAS FINANCE CORP.**

I, Kevin T. Kelly, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ferrellgas Finance Corp. (the "Registrant") for the three months ended April 30, 2006;
2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Quarterly Report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly Report based on such evaluation; and
  - d. disclosed in this Quarterly Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting;
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons forming the equivalent function):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls over financial reporting.

Date: June 8, 2006

/s/ Kevin T. Kelly

\_\_\_\_\_  
Kevin T. Kelly  
Senior Vice President and  
Chief Financial Officer

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

In connection with the accompanying Quarterly Report on Form 10-Q of Ferrellgas Partners, L.P. (the "Partnership") for the three months ended April 30, 2006, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

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

Dated: June 8, 2006

/s/ James E. Ferrell  
\_\_\_\_\_  
James E. Ferrell  
Chairman and Chief Executive Officer of Ferrellgas, Inc., the Partnership's  
general partner

/s/ Kevin T. Kelly  
\_\_\_\_\_  
Kevin T. Kelly  
Senior Vice President and Chief Financial Officer of Ferrellgas, Inc., the  
Partnership's general partner

**\*As required by 18 U.S.C. 1350, a signed original of this written statement has been provided to the Partnership.**

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

In connection with the accompanying Quarterly Report on Form 10-Q of Ferrellgas Partners Finance Corp. for the three months ended April 30, 2006, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

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

Dated: June 8, 2006

/s/ James E. Ferrell

James E. Ferrell  
Chief Executive Officer

/s/ Kevin T. Kelly

Kevin T. Kelly  
Senior Vice President and Chief Financial Officer

**\*As required by 18 U.S.C. 1350, a signed original of this written statement has been provided to Ferrellgas Partners Finance Corp.**

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

In connection with the accompanying Quarterly Report on Form 10-Q of Ferrellgas, L.P. ("the Partnership") for the three months ended April 30, 2006, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Ferrellgas, L.P. at the dates and for the periods indicated within the Report.

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

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

Dated: June 8, 2006

/s/ James E. Ferrell  
\_\_\_\_\_  
James E. Ferrell  
Chairman and Chief Executive Officer of Ferrellgas, Inc., the Partnership's  
general partner

/s/ Kevin T. Kelly  
\_\_\_\_\_  
Kevin T. Kelly  
Senior Vice President and Chief Financial Officer of Ferrellgas, Inc., the  
Partnership's general partner

**\*As required by 18 U.S.C. 1350, a signed original of this written statement has been provided to the Partnership**

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

In connection with the accompanying Quarterly Report on Form 10-Q of Ferrellgas Finance Corp. for the three months ended April 30, 2006, as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certify pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

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

Dated: June 8, 2006

/s/ James E. Ferrell

James E. Ferrell  
Chief Executive Officer

/s/ Kevin T. Kelly

Kevin T. Kelly  
Senior Vice President and Chief Financial Officer

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\*As required by 18 U.S.C. 1350, a signed original of this written statement has been provided to Ferrellgas Finance Corp.