

December 13, 1994

Securities and Exchange Commission  
Judiciary Plaza  
450 Fifth Street, N.W.  
Mail Stop 7-2  
Washington, D.C. 20549

RE: Ferrellgas Partners, L.P.  
Quarterly Report on Form 10-Q  
Commission File Number 1-11331

Gentlemen:

Pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934, Ferrellgas Partners, L.P. transmits for filing its Quarterly Report on Form 10-Q for the quarter ended October 31, 1994. The filing has been effected through the EDGAR electronic filing system under Ferrellgas Partners, L.P.'s CIK No. 0000922358. Pursuant to Rule 302 of Regulation S-T, the Form 10-Q has been executed by typing the name of the signatory, with a manually signed signature page retained in Ferrellgas Partners, L.P.'s files.

By copy of this letter (i) a conforming paper copy of the electronically filed Form 10-Q will be made pursuant to Rule 901(d) of Regulation S-T no later than six business days after the EDGAR submission and (ii) one manually signed copy and one conformed copy of the Form 10-Q are being filed with the New York Stock Exchange.

If any questions should arise in connection with this submission, please call the undersigned at (816) 792-6809.

Very truly yours,

George L. Shuck  
Director of Administration Services

Enclosures

cc: Vincent Patten  
New York Stock Exchange

Conformed paper copy to:  
Filer Support, SEC Operations Center  
6432 General Green Way  
Alexandria, Virginia 22312-2413

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

For the quarter ended October 31, 1994

Commission file number 1-11331

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

(Exact name of registrants as specified in their charters)

Delaware 43-1675728  
Delaware 43-1676206  
Delaware 43-1677595

(States or other jurisdictions of (I.R.S. Employer Identification Nos.)  
incorporation or organization)

One Liberty Plaza, Liberty, Missouri 64068

(Address of principal executive offices) (Zip Code)

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

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

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

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

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

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of October 31, 1994:

Ferrellgas Partners, L.P. -	14,100,000	Common Units
	16,593,721	Subordinated Units
Ferrellgas Finance Corp. -	1,000	Shares of \$1 par value common stock

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

Table of Contents

	Page
PART I - FINANCIAL INFORMATION	
ITEM 1. FINANCIAL STATEMENTS	
Ferrellgas Partners, L.P. and Subsidiary	
Consolidated Balance Sheet - October 31, 1994, and July 31, 1994	1
Consolidated Statement of Operations - Three months ended October 31, 1994 and Pro Forma October 31, 1993	2
Consolidated Statement of Partners' Capital Three months ended October 31, 1994	3
Consolidated Statement of Cash Flows - Three months ended October 31, 1994	4
Notes to Consolidated Financial Statements	5
Ferrellgas, L.P. and Subsidiaries	
Consolidated Balance Sheet - October 31, 1994, and July 31, 1994	7
Consolidated Statement of Operations - Three months ended October 31, 1994 and Pro Forma October 31, 1993	8
Consolidated Statement of Cash Flows - Three months ended October 31, 1994	9
Notes to Consolidated Financial Statements	10
Ferrellgas Finance Corp.	
Balance Sheet - October 31, 1994, and July 31, 1994	12
Statement of Operations - Three months ended October 31, 1994 and Pro Forma October 31, 1993	13
Statement of Cash Flows - Three months ended October 31, 1994	14
Notes to Financial Statements	15

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	16
--	----

## PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS	18
ITEM 2. CHANGES IN SECURITIES	18
ITEM 3. DEFAULTS UPON SENIOR SECURITIES	18
ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS	18
ITEM 5. OTHER INFORMATION	18
ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K	18

## ITEM 1: FINANCIAL STATEMENTS

## FERRELLGAS PARTNERS, L.P. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET  
(in thousands, except unit data)

	October 31, 1994	July 31, 1994
	----- (unaudited)	-----
Assets		
Current Assets:		
Cash and cash equivalents	\$13,093	\$14,535
Accounts and notes receivable	68,098	50,780
Inventories	68,251	43,562
Prepaid expenses and other current assets	3,509	2,042
Receivable from general partner	309	-
	-----	-----
Total Current Assets	153,260	110,919
Property, plant and equipment, net	293,483	294,765
Intangible assets, net	61,025	63,291
Other assets, net	8,154	8,218
	-----	-----
Total Assets	\$515,922	\$477,193
	=====	=====
LIABILITIES AND PARTNERS' CAPITAL		
Current Liabilities:		
Accounts payable	\$66,480	\$46,368
Other current liabilities	26,199	26,590
Short-term borrowing	23,000	3,000
Payable to general partner	-	13
	-----	-----
Total Current Liabilities	115,679	75,971
Long-term debt	266,886	267,062
Other liabilities	11,398	11,528
Minority interest	1,232	1,239
Partners' Capital		
Common unitholders (units issued - 14,100,000)	81,944	84,532
Subordinated unitholder (units issued - 16,593,721)	96,436	99,483
General partner	(57,653)	(62,622)
	-----	-----
Total Partners' Capital	120,727	121,393
	-----	-----
Total Liabilities and Partners' Capital	\$515,922	\$477,193
	=====	=====

See notes to consolidated financial statements.

## FERRELLGAS PARTNERS, L.P. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF OPERATIONS  
(in thousands, except unit data)

(unaudited)

Three Months Ended  
October 31,      October 31,  
1994              1993

(Pro Forma)

Revenues:		
Gas liquids and related product sales	\$111,784	\$103,960
Other	7,629	6,254
Total revenues	119,413	110,214
Costs and expenses:		
Cost of product sold	67,411	60,515
Operating	35,051	33,276
Depreciation and amortization	7,147	7,523
General and administrative	2,314	2,443
Vehicle leases	1,040	1,105
Total costs and expenses	112,963	104,862
Operating income	6,450	5,352
Loss on disposal of assets	(194)	(214)
Interest income	169	150
Interest expense	(7,098)	(7,230)
Minority interest	7	20
Net loss	(\$666)	(\$1,922)
Net loss per limited partner unit (before special allocation - see note D)	(\$0.02)	(\$0.06)
Number of units used in computation	30,693,721	30,693,721

See notes to consolidated financial statements.

#### FERRELLGAS PARTNERS, L.P. AND SUBSIDIARY

#### CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL (in thousands, except unit data) (unaudited)

	Number of units		Common	Subordinated	General partner	Total partners' capital
	Common	Subordinated				
Balance August 1, 1994	14,100,000	16,593,721	\$84,532	\$99,483	(\$62,622)	\$121,393
Reallocate prior year operating loss	-	-	(2,286)	(2,690)	4,976	-
Net loss	-	-	(302)	(357)	(7)	(666)
Balance October 31, 1994	14,100,000	16,593,721	\$81,944	\$96,436	(\$57,653)	\$120,727

See notes to consolidated financial statements.

#### FERRELLGAS PARTNERS, L.P. AND SUBSIDIARY

#### CONSOLIDATED STATEMENT OF CASH FLOWS (in thousands) (unaudited)

Three Months Ended  
October 31,  
1994

Cash Flows From Operating Activities:	
Net loss	( \$666)
Reconciliation of net loss to net cash from operating activities:	
Depreciation and amortization	7,147
Other	749
Increase in assets:	
Accounts and notes receivable	(17,545)
Inventories	(24,689)
Prepaid expenses and other current assets	(1,542)
Increase (decrease) in liabilities:	
Accounts payable	20,112
Other current liabilities	(353)
Other liabilities	(159)
	-----
Net cash used by operating activities	(16,946)
	-----
Cash Flows From Investing Activities:	
Capital expenditures	(3,844)
Proceeds from asset sales	188
Net additions to other assets	(286)
	-----
Net cash used by investing activities	(3,942)
	-----
Cash Flows From Financing Activities:	
Additions to short-term borrowing	20,000
Reductions of long-term debt	(225)
Minority activity	(7)
Net advances to general partner	(322)
	-----
Net cash provided by financing activities	19,446
	-----
Decrease in cash and cash equivalents	(1,442)
Cash and cash equivalents - beginning of period	14,535
	-----
Cash and cash equivalents - end of period	\$13,093
	=====

See notes to consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED OCTOBER 31, 1994 AND 1993  
(unaudited)

- A. Reference should be made to the Notes to Consolidated Financial Statements for the period ending July 31, 1994, (specifically Notes A and N regarding organization and formation and pro forma earnings) included in the Ferrellgas Partners, L.P. and Subsidiary (the "Partnership") annual financial statements on Form 10-K (Commission File No. 1-11331) filed with the SEC.
- B. The financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the interim periods presented. All adjustments to the financial statements were of a normal, recurring nature.
- C. The propane industry is seasonal in nature with peak activity during the winter months. Therefore, the results of operations for the periods ended October 31, 1994 and pro forma October 31, 1993, are not necessarily indicative of the results to be expected for a full year.
- D. The Agreement of Limited Partnership of Ferrellgas Partners, L.P. (the "Partnership Agreement") contains specific provisions for the allocation of net income and loss to each of the partners for purposes of maintaining the partner capital accounts. In addition, the Partnership Agreement contains a special provision to allocate the first year's taxable operating loss (\$5,026,000) 100% to the general partner and reallocate, based on ownership percentages, an amount equal to 99% of this net loss (\$4,976,000) to the limited partners in the following taxable year. The special allocation of the prior year taxable operating loss to the limited partners will result in an additional loss per limited partner unit of \$.16 for the tax year ending July 31, 1995.
- E. The Partnership is threatened with or named as a defendant in various lawsuits which, among other items, claim damages for product liability. It is not possible to determine the

ultimate disposition of these matters; however, after taking into consideration the Partnership's insurance coverage and its existing reserves, management is of the opinion that there are no known uninsured claims or known contingent claims that are likely to have a material adverse effect on the results of operations or financial condition of the Partnership.

In connection with the formation of the Partnership, the General Partner contributed certain assets including customer relationships and customer tanks. The Internal Revenue Service ("IRS") has examined the General Partner's consolidated income tax returns for the years ended July 31, 1987 and 1986, and has proposed certain adjustments which relate to these contributed assets. If the IRS were successful, the amount of amortization and depreciation available to the General Partner could be adversely affected. At this time, it is not possible to determine the ultimate resolution of this matter and the impact, if any, to the consolidated financial statements of the Partnership.

- F. The financial information summarized below reflects the results of the business previously owned by Ferrellgas, Inc., the predecessor company.

Three months ended  
October 31, 1993  
(unaudited; in thousands)

Total revenues	\$ 110,214
Total costs and expenses	104,737
	-----
Operating income	5,477
Loss on disposal of assets	(214)
Interest income	759
Interest expense	(14,907)
Income tax benefit	3,348
	-----
Net loss	\$ (5,537)
	=====

- G. On October 14, 1994, the General Partner adopted the Ferrellgas, Inc. Unit Option Plan (the "Unit Option Plan"), which authorizes the issuance of options (the "Unit Options") covering up to 750,000 Subordinated Units to certain officers and employees of the General Partner, of which 657,000 options were granted at that date. The Unit Options granted have an exercise price of \$16.80 per Subordinated Unit, will vest over a three to five year period (depending on the employee) and will expire on the tenth anniversary of the date of grant. Upon conversion of 100% of the Subordinated Units held by the General Partner and its affiliates, the Unit Options granted will convert to Common Unit Options.

- H. On November 1, 1994, the General Partner purchased all of the capital stock of Vision Energy Resources, Inc. ("Vision") for a cash purchase price of \$45 million. Immediately following the closing of the purchase of Vision, the General Partner (i) caused Vision and each of its subsidiaries to be merged into the General Partner (except for a trucking subsidiary which dividended substantially all of its assets to the General Partner) and (ii) transferred all of the assets of Vision and its subsidiaries to the Operating Partnership. In exchange, the Operating Partnership assumed substantially all of the liabilities, whether known or unknown, associated with Vision and its subsidiaries (excluding income tax liabilities). In consideration of the retention by the General Partner of the Vision income tax liabilities, the Partnership issued 138,392 Common Units to the General Partner.

- I. On November 14, 1994, the Partnership filed Amendment No. 1 to Form S-1 Registration Statement with the Securities and Exchange Commission to register 2,400,000 Common Units representing limited partner interests in the Partnership. The registration statement was declared effective November 15, 1994. The Common Units may be issued from time to time by the Partnership in exchange for other businesses, properties or securities in business combination transactions.

- J. On November 18, 1994, the Partnership declared an initial cash distribution of \$0.65 per unit, payable December 14, 1994. This initial distribution covers the period from July 5, 1994, when the Partnership began operations, to October 31, 1994, the end of the first full fiscal quarter. The distribution has, accordingly, been prorated.

FERRELLGAS, L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET  
(in thousands)

	October 31, 1994	July 31, 1994
	----- (unaudited)	-----
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$13,093	\$14,535
Accounts and notes receivable	68,098	50,780
Inventories	68,251	43,562
Prepaid expenses and other current assets	3,509	2,042
Receivable from general partner	309	-
	-----	-----
Total Current Assets	153,260	110,919
Property, plant and equipment, net	293,483	294,765
Intangible assets, net	61,025	63,291
Other assets, net	8,154	8,218
	-----	-----
Total Assets	\$515,922	\$477,193
	=====	=====

LIABILITIES AND PARTNERS' CAPITAL

Current Liabilities:		
Accounts payable	\$66,480	\$46,368
Other current liabilities	26,199	26,590
Short-term borrowing	23,000	3,000
Payable to general partner	-	13
	-----	-----
Total Current Liabilities	115,679	75,971
Long-term debt	266,886	267,062
Other liabilities	11,398	11,528
Partners' Capital		
Limited partner	120,727	121,393
General partner	1,232	1,239
	-----	-----
Total Partners' Capital	121,959	122,632
	-----	-----
Total Liabilities and Partners' Capital	\$515,922	\$477,193
	=====	=====

See notes to consolidated financial statements.

FERRELLGAS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS  
(in thousands)  
(unaudited)

	Three Months Ended	
	October 31, 1994	October 31, 1993
	-----	-----
	(Pro Forma)	
Revenues:		
Gas liquids and related product sales	\$111,784	\$103,960
Other	7,629	6,254
	-----	-----
Total revenues	119,413	110,214
	-----	-----
Costs and expenses:		
Cost of product sold	67,411	60,515
Operating	35,051	33,276
Depreciation and amortization	7,147	7,523
General and administrative	2,314	2,443
Vehicle leases	1,040	1,105
	-----	-----

Total costs and expenses	112,963	104,862
	-----	-----
Operating income	6,450	5,352
Loss on disposal of assets	(194)	(214)
Interest income	169	150
Interest expense	(7,098)	(7,230)
	-----	-----
Net loss	(\$673)	(\$1,942)
	=====	=====

See notes to consolidated financial statements.

FERRELLGAS, L.P. AND SUBSIDIARIES

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

	Three Months Ended October 31, 1994
	-----
Cash Flows From Operating Activities:	
Net loss	(\$673)
Reconciliation of net loss to net cash from operating activities:	
Depreciation and amortization	7,147
Other	749
Increase in assets:	
Accounts and notes receivable	(17,545)
Inventories	(24,689)
Prepaid expenses and other current assets	(1,542)
Increase (decrease) in liabilities:	
Accounts payable	20,112
Other current liabilities	(353)
Other liabilities	(159)
	-----
Net cash used by operating activities	(16,953)
	-----
Cash Flows From Investing Activities:	
Capital expenditures	(3,844)
Proceeds from asset sales	188
Net additions to other assets	(286)
	-----
Net cash used by investing activities	(3,942)
	-----
Cash Flows From Financing Activities:	
Additions to short-term borrowing	20,000
Reductions of long-term debt	(225)
Net advance to general partner	(322)
	-----
Net cash provided by financing activities	19,453
	-----
Decrease in cash and cash equivalents	(1,442)
Cash and cash equivalents - beginning of period	14,535
	-----
Cash and cash equivalents - end of period	\$13,093
	=====

See notes to consolidated financial statements.

FERRELLGAS, L.P. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED OCTOBER 31, 1994 AND 1993  
(unaudited)

- A. Reference should be made to the Notes to Consolidated Financial Statements for the period ending July 31, 1994, (specifically Notes A and M regarding organization and formation and pro forma earnings) included in the Ferrellgas, L.P. and Subsidiaries (the "Operating Partnership") annual financial statements on Form 10-K (Commission File No. 1-11331) filed with the SEC.
- B. The financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement



of the interim periods presented. All adjustments to the financial statements were of a normal, recurring nature.

C. The propane industry is seasonal in nature with peak activity during the winter months. Therefore, the results of operations for the periods ended October 31, 1994 and pro forma October 31, 1993, are not necessarily indicative of the results to be expected for a full year.

D. The Partnership is threatened with or named as a defendant in various lawsuits which, among other items, claim damages for product liability. It is not possible to determine the ultimate disposition of these matters; however, after taking into consideration the Partnership's insurance coverage and its existing reserves, management is of the opinion that there are no known uninsured claims or known contingent claims that are likely to have a material adverse effect on the results of operations or financial condition of the Partnership.

In connection with the formation of the Partnership, the General Partner contributed certain assets including customer relationships and customer tanks. The Internal Revenue Service ("IRS") has examined the General Partner's consolidated income tax returns for the years ended July 31, 1987 and 1986, and has proposed certain adjustments which relate to these contributed assets. If the IRS were successful, the amount of amortization and depreciation available to the General Partner could be adversely affected. At this time, it is not possible to determine the ultimate resolution of this matter and the impact, if any, to the consolidated financial statements of the Partnership.

E. The financial information summarized below reflects the results of the business previously owned by Ferrellgas, Inc., the predecessor company.

Three months ended  
October 31, 1993  
(unaudited; in thousands)

Total revenues	\$ 110,214
Total costs and expenses	104,737
	-----
Operating income	5,477
Loss on disposal of assets	(214)
Interest income	759
Interest expense	(14,907)
Income tax benefit	3,348
	-----
Net loss	\$ (5,537)
	=====

F. On November 1, 1994, the General Partner purchased all of the capital stock of Vision Energy Resources, Inc. ("Vision") for a cash purchase price of \$45 million. Immediately following the closing of the purchase of Vision, the General Partner (i) caused Vision and each of its subsidiaries to be merged into the General Partner (except for a trucking subsidiary which dividdended substantially all of its assets to the General Partner) and (ii) transferred all of the assets of Vision and its subsidiaries to the Operating Partnership. In exchange, the Operating Partnership assumed substantially all of the liabilities, whether known or unknown, associated with Vision and its subsidiaries (excluding income tax liabilities). In consideration of the retention by the General Partner of the Vision income tax liabilities, the Partnership issued 138,392 Common Units to the General Partner.

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

BALANCE SHEET

	October 31, 1994 (unaudited)	July 31, 1994
	-----	-----
ASSETS		
Cash	\$960	\$1,000
	-----	-----

Total Assets	\$960	\$1,000
	=====	=====
STOCKHOLDER'S EQUITY AND ACCUMULATED DEFICIT		
Common stock, \$1.00 par value; 2,000 shares authorized; 1,000 shares issued and outstanding	\$1,000	\$1,000
Accumulated deficit	(40)	-
	-----	-----
Total Stockholder's Equity	\$960	\$1,000
	=====	=====

See notes to financial statements.

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

STATEMENT OF OPERATIONS  
(unaudited)

	Three Months Ended October 31, 1994
	-----
Revenues	\$ -
General and administrative expense	40
	-----
Net loss	(\$40)
	=====

See notes to financial statements.

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

STATEMENT OF CASH FLOWS  
(unaudited)

	Three Months Ended October 31, 1994
	-----
Cash Flows From Operating Activities:	
Cash used by operating activities	(\$40)
	-----
Cash Flows From Investing Activities:	
Cash provided by investing activities	-
	-----
Cash Flows From Financing Activities:	
Cash provided by financing activities	-
	-----
Decrease in Cash	(40)
Cash - beginning of period	1,000
	-----
Cash - end of period	\$960
	=====

See notes to financial statements.

FERRELLGAS FINANCE CORP.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED OCTOBER 31, 1994  
(unaudited)

A. Reference should be made to the Notes to Financial Statements for the period ending July 31, 1994, included in the Ferrellgas Finance Corp. annual financial statements on

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

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

The following is a discussion of the historical and pro forma results of operations and liquidity and capital resources of the Operating Partnership. Since the Operating Partnership accounts for all of the consolidated assets, sales and earnings of the Partnership, a separate discussion of the results of operations and liquidity and capital resources of the Partnership is not presented.

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

### Results of Operations

The propane industry is seasonal in nature with peak activity during the winter months. Due to the seasonality of the business, results of operations for the three months ended October 31, 1994, are not necessarily indicative of the results to be expected for a full year. Other factors affecting the results of operations include competitive conditions, demand for product, variations in weather and fluctuations in propane prices.

Three Months Ended October 31, 1994 vs. Pro Forma October 31, 1993

**Total Revenues.** Total revenues increased 8.3% to \$119,413,000 as compared to \$110,214,000 for the prior period. The increase is attributable to revenues from other operations (net trading operations, wholesale propane marketing and chemical feedstocks marketing) increasing 55.4% to \$26,215,000.

The increase in revenues from other operations is primarily due to an increase in chemical feedstocks marketing due to an increase in sales volume and selling price. Both volume and price increased as a result of increased demand from customers who use chemical feedstocks in their manufacturing processes. These customers are primarily petrochemical companies who make products such as plastics.

**Gross Profit.** Gross profit increased 4.6% to \$52,002,000 as compared with \$49,699,000 for the prior period. The increase is attributable to an increase in both retail and other operations gross profit. Retail operations results improved due to an increase in gallons sold to 122,309,000 gallons as compared to 120,076,000 for the prior period along with a slight increase in retail margins. Other operations gross profit increased primarily due to stronger margins and increased sales volume due to an active market for trading operations and an increase in sales volumes for chemical feedstocks operations as previously discussed.

**Operating Expenses.** Operating expenses increased 5.3% to \$35,051,000 as compared to \$33,276,000 for the prior period. The increase is primarily attributable to general increases in operating costs. Personnel costs, which includes payroll, taxes, benefits and other related costs, increased due to an increase in wage rates and an increase in overtime and variable labor due to an increased number of tanks installed at customer locations this year compared to the prior period. Parts and equipment costs related to installation of new tanks increased also. Vehicle expenses increased due to increased emphasis on completing planned preventive maintenance and repairs during the first quarter of the fiscal year. Advertising and marketing programs expense increased due to preparation and distribution of program materials to retail locations earlier in the fiscal year as compared to the prior period.

**Depreciation and Amortization.** Depreciation and amortization expense decreased 5.0% to \$7,147,000 as compared to \$7,523,000 for the prior period due primarily to extending the use of vehicles used in retail operations beyond their original estimated useful life and to a reduction in the number of owned

vehicles.

Net Loss. Net loss decreased to \$673,000 as compared to \$1,942,000 for the prior period primarily due to the increase in gross profit and slight reductions in depreciation and amortization, general and administrative and vehicle lease expenses offset by increased operating expenses.

#### Liquidity and Capital Resources

On November 1, 1994, the General Partner completed the acquisition of Vision Energy Resources, Inc. ("Vision") for a cash purchase price of \$45 million. Following the closing of the acquisition, the General Partner transferred the net assets (excluding income tax liabilities) of Vision to the Operating Partnership.

On November 14, 1994, the Partnership filed Amendment No. 1 to Form S-1 Registration Statement with the Securities and Exchange Commission to register 2,400,000 Common Units representing limited partner interests in the Partnership. The registration statement was declared effective November 15, 1994. The Common Units may be issued from time to time by the Partnership in exchange for other businesses, properties or securities in business combination transactions.

On November 18, 1994, the Partnership declared an initial cash distribution of \$0.65 per unit, payable December 14, 1994. This initial distribution covers the period from July 5, 1994, when the Partnership began operations, to October 31, 1994, the end of the first full fiscal quarter.

Cash Flows From Operating Activities. Cash used by operating activities was \$16,953,000 for the three months ended October 31, 1994. This cash was primarily used to purchase inventory for sale to customers.

Cash Flows From Investing Activities. During the three months ended October 31, 1994, the Operating Partnership made aggregate property, plant and equipment and other acquisition expenditures of \$3,844,000. The Operating Partnership maintains its vehicle and transportation equipment fleet by leasing light and medium duty trucks and tractors. The General Partner believes vehicle leasing is a cost effective method for financing transportation equipment. Capital requirements for repair and maintenance of property, plant and equipment are relatively low since technological change is limited and the useful lives of propane tanks and cylinders, the Operating Partnership's principal physical assets, are generally long.

Cash Flows From Financing Activities. During the three months ended October 31, 1994, the Operating Partnership borrowed \$20,000,000 from its Credit Facility. These borrowings, along with cash provided by operations, were used to fund purchases of propane inventory for sale to customers and purchases of property, plant and equipment.

Effects of Inflation. In the past the Company has been able to adjust its sales price of product in response to market demand, cost of product, competitive factors and other industry trends. Consequently, changing prices as a result of inflationary pressures has not had a material adverse effect on profitability although revenues may be affected. Inflation has not materially impacted the results of operations and the Company does not believe normal inflationary pressures will have a material adverse effect on the profitability of the Company in the future.

#### PART II - OTHER INFORMATION

##### ITEM 1. LEGAL PROCEEDINGS

None.

##### ITEM 2. CHANGES IN SECURITIES.

None.

##### ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

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

None.

##### ITEM 5. OTHER INFORMATION

None.

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

(a) Exhibits

\* 2.1 Stock Purchase Agreement dated September 30, 1994, between Ferrellgas, Inc. and Bell Atlantic Enterprises International, Inc.

\*23.1 Consent of Deloitte & Touche, LLP

\*23.2 Consent of Andrews & Kurth

\*23.3 Consent of Andrews & Kurth

\*23.4 Consent of Coopers & Lybrand

\* Incorporated by reference to the same numbered Exhibit to the Registrant's Registration Statement on Form S-1 (Registration No. 33-55185).

(b) Reports on Form 8-K.

The registrants filed the following reports on Form 8-K during the quarter ended October 31, 1994:

(a) Form 8-K dated August 15, 1994, reporting the closing of the initial offering of Common Units by Ferrellgas Partners, L.P. and filing as exhibits certain executed agreements related thereto;

(b) Form 8-K dated September 26, 1994, reporting under Item 5 the election of two additional directors to the Board of Directors of Ferrellgas, Inc.; and

(c) Form 8-K dated October 4, 1994, reporting under Item 5 that Ferrellgas, Inc. had entered into a definitive stock purchase agreement for the purchase of all of the outstanding capital stock of Vision Energy Resources, Inc.

SIGNATURES

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

FERRELLGAS PARTNERS, L.P.  
FERRELLGAS, L.P.

By: Ferrellgas, Inc. (General Partner)

Date: December 13, 1994

By: /s/ Danley K. Sheldon  
Danley K. Sheldon  
Senior Vice President/  
Chief Financial Officer  
(Principal Financial and  
Accounting Officer)

FERRELLGAS FINANCE CORP.

Date: December 13, 1994

/s/ Danley K. Sheldon  
By: Danley K. Sheldon  
Senior Vice President/  
Chief Financial Officer  
(Principal Financial and  
Accounting Officer)

