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

FORM 10-K

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

For the fiscal year ended July 31, 1995

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 number 1-11331

Ferrellgas Partners, L.P.

(Exact name of registrant as specified in its charter)

Delaware	43-1698480
(State or other jurisdictions of incorporation or organization)	(I.R.S. Employer Identification No.)

One Liberty Plaza, Liberty, Missouri 64068

(Address of principal executive offices) (Zip Code)

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

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

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

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

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

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

The aggregate market value as of September 15, 1995, of the registrant's Common Units held by nonaffiliates of the registrant, based on the reported closing price of such units on the New York Stock Exchange on such date, was approximately $288,794,795.

At September 15, 1995, the registrant had units outstanding as follows:

Ferrellgas Partners, L.P.	14,443,141	Common Units
	16,593,721	Subordinated Units

Documents Incorporated by Reference: None

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

1995 FORM 10-K ANNUAL REPORT

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PART I

ITEM 1. BUSINESS.

Business of Ferrellgas Partners, L.P.

Ferrellgas Partners, L.P. (the "MLP"), a publicly traded Delaware limited partnership, was formed April 19, 1994. The MLP's activities are conducted through its subsidiary Ferrellgas, L.P. (the "Operating Partnership"). The MLP, with a 99% limited partner interest, is the sole limited partner of the Operating Partnership. The MLP and the Operating Partnership are together referred to herein as the "Partnership". The Operating Partnership accounts for all of the MLP's consolidated assets, sales and earnings. Accordingly, a separate discussion of the results of operations, liquidity, and capital resources of the MLP is not presented. See ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS for discussion of the Operating Partnership's results.

Business of Ferrellgas, L.P. (and the Partnership)

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

General

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

The General Partner believes the Partnership is the second largest retail marketer of propane in the United States (as measured by gallons sold), serving more than 700,000 residential, industrial/commercial and agricultural customers in 45 states and the District of Columbia through approximately 467 retail outlets with 246 satellite locations in 38 states (some outlets serve interstate markets). For the Operating Partnership's fiscal year ended July 31, 1995, the pro forma year ended July 31, 1994 and the Company's fiscal year ended July 31, 1993, annual retail propane sales volumes were approximately 576 million, 564 million and 553 million gallon, respectively. The retail propane business of the Partnership consists principally of transporting propane purchased through various suppliers to its retail distribution outlets, then to tanks located on its customers' premises, as well as to portable propane cylinders.

The Partnership also believes it is a leading natural gas liquids trading company. Annual propane and natural gas liquids trading, chemical feedstocks and wholesale propane sales volumes were approximately 1.5 billion, 1.7 billion and 1.2 billion gallons during the fiscal year ended July 31, 1995, the pro forma year ended July 31, 1994 and the Company's fiscal year ended July 31, 1993, respectively.

Retail Operations

Formation

Ferrell Companies, Inc. ("Ferrell"), the parent of Ferrellgas, was founded in 1939 as a single retail propane outlet in Atchison, Kansas and was incorporated in 1954. In 1984, a subsidiary was formed under the name Ferrellgas, Inc. to operate the retail propane business previously conducted by Ferrell. Ferrell is primarily owned by James E. Ferrell and his family. The Company's initial growth was largely the result of small acquisitions in the rural areas of eastern Kansas, northern and central Missouri, Iowa, Western Illinois, Southern Minnesota, South Dakota and Texas. In July 1984, the Company acquired propane operations with annual retail sales volumes of approximately 33 million gallons and in December 1986, the Company acquired propane operations with annual retail sales volumes of approximately 395 million gallons. These major acquisitions and many other smaller acquisitions have significantly expanded and diversified the Company's geographic coverage. In July 1994, the propane business and assets of the Company were contributed to the Partnership.

Business Strategy

The Partnership's business strategy is to continue Ferrellgas' historical focus on residential and commercial retail propane operations and to expand its operations through strategic acquisitions of smaller retail propane operations located throughout the United States and through increased competitiveness and efforts to acquire new customers. The propane industry is relatively fragmented, with the ten largest retail distributors possessing less than 33% of the total retail propane market and much of the industry consisting of over 3,000 local or regional companies. The Partnership's retail operations account for approximately 7% of the retail propane purchased in the United States, as measured by gallons sold. Since 1986, and as of July 31, 1995, Ferrellgas has acquired 81 smaller independent propane retailers which Ferrellgas believes were not individually material, except for the acquisition of Vision Energy Resources, Inc. ("Vision"). For the fiscal years ended July 31, 1995 to 1991, the Partnership or its Predecessor invested approximately $70.1 million, $3.4 million, $0.9 million, $10.1 million and $25.3 million, respectively, to acquire operations with annual retail sales of approximately 70.0 million, 2.9 million, 0.7 million, 8.6 million and 18.0 million gallons of propane, respectively.

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

Approximately 70% of the Partnership's customers lease their tanks from the Partnership, as compared to approximately 60% of all propane customers nationwide. The Partnership believes there is a significant growth opportunity in marketing to the 40% of propane users that own their tank. As a result, the Partnership has directly sought to identify locations where it can achieve rapid growth by marketing more effectively to these potential customers.

Marketing

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

The retail propane marketing business generally involves large numbers of small volume deliveries averaging approximately 200 gallons each. The market areas are generally rural but also include suburban areas where natural gas service is not available. In the residential and commercial markets, propane is primarily used for space heating, water heating and cooking. In the agricultural market propane is primarily used for crop drying, space heating, irrigation and weed control. In addition, propane is used for certain industrial applications, including use as engine fuel, which is burned in internal combustion engines that power vehicles and forklifts and as a heating or energy source in manufacturing and drying processes.

Profits in the retail propane business are primarily based on margins, the cents-per-gallon difference between the purchase price and the sales price of propane. The Partnership generally purchases propane on a short-term basis; therefore, its supply costs fluctuate with market price fluctuations. Should wholesale propane prices decline in the future, the Partnership's margins on its retail propane distribution business should increase in the short-term because retail prices tend to change less rapidly than wholesale prices. Should the wholesale cost of propane increase, for similar reasons retail margins and profitability would likely be reduced at least for the short-term until retail prices can be increased. Ferrellgas historically has been able to maintain margins on an annual basis despite propane supply cost changes. The General Partner is unable to predict, however, how and to what extent a substantial increase or decrease in the wholesale cost of propane would affect the Partnership's margins and profitability.

The Partnership has a network of approximately 467 retail outlets and 246 satellite locations marketing propane under the "Ferrellgas" trade name to more than 700,000 customers located in 45 states and the District of Columbia. It's largest market concentrations are in the Midwest, Great Lakes and Southeast regions of the United States. The Partnership operates in areas of strong retail market competition, which has required it to develop and implement strict capital expenditure and operating standards in its existing and acquired retail propane operations in order to control operating costs.

The Partnership utilizes marketing programs targeting both new and existing customers emphasizing its superior ability to deliver propane to customers as well as its training and safety programs. During the fiscal year ended July 31, 1995, sales to residential customers accounted for 44% of retail propane sales volume, sales to industrial and other commercial customers accounted for 36% of retail propane sales volume, sales to agricultural customers accounted for 11% of retail propane sales volume and sales to other customers accounted for 9% of retail propane sales volume. Residential sales have a greater profit margin, more stable customer base and tend to be less sensitive to price changes than the other markets served by the Partnership. No single customer of the Partnership accounts for 10% or more of the Partnership's consolidated revenues.

The retail market for propane is seasonal because it is used primarily for heating in residential and commercial buildings. Consequently, sales and operating profits are concentrated in the second and third fiscal quarters (November through April). To the extent necessary the Partnership will reserve cash inflows from the second and third quarters for distribution to holders of Common Units in the first and fourth fiscal quarters. In addition, sales volume traditionally fluctuates from year to year in response to variations in weather, prices and other factors, although the Partnership believes that the broad geographic distribution of its operations helps to minimize exposure to regional weather or economic patterns. Long-term, historic weather data from the National Climatic Data Center indicate that the average annual temperatures have remained

relatively constant over the last 30 years with fluctuations occurring on a year-to-year basis only. During times of colder-than-normal winter weather, the Company has been able to take advantage of its large, efficient distribution network to help avoid supply disruptions such as those experienced by some of its competitors, thereby broadening its long-term customer base.

Supply and Distribution

The Partnership purchases propane primarily from major domestic oil companies. Supplies of propane from these sources have traditionally been readily available, although no assurance can be given that supplies of propane will be readily available in the future. As a result of (i) the Partnership's ability to buy large volumes of propane and (ii) the Partnership's large distribution system and underground storage capacity, the Partnership believes that it is in a position to achieve product cost savings and avoid shortages during periods of tight supply to an extent not generally available to other retail propane distributors. The Partnership is not dependent upon any single supplier or group of suppliers, the loss of which would have a material adverse effect on the Partnership. For the year ended July 31, 1995, no supplier at any single delivery point provided more than 10% of the Partnership's total domestic propane supply. A portion of the Partnership's propane inventory is purchased under supply contracts which typically have a one year term and a fluctuating price relating to spot market prices. Certain of the Partnership's contracts specify certain minimum and maximum amounts of propane to be purchased thereunder. The Partnership may purchase and store inventories of propane in order to help insure uninterrupted deliverability during periods of extreme demand. The Partnership owns three underground storage facilities with an aggregate capacity of approximately 184 million gallons. Currently, approximately 129 million gallons of this capacity is leased to third parties. The remaining space is available for the Partnership's use.

Propane is generally transported from natural gas processing plants and refineries, pipeline terminals and storage facilities to retail distribution outlets and wholesale customers by railroad tank cars leased by the Partnership and highway transport trucks owned or leased by the Partnership. The Partnership operates a fleet of transport trucks to transport propane from refineries, natural gas processing plants or pipeline terminals to it's retail distribution outlets. Common carrier transport trucks may be used during the peak delivery season in the winter months or to provide service in areas where economic considerations favor common carrier use. Propane is then transported from the Partnership's retail distribution outlets to customers by it's fleet of 1,276 bulk delivery trucks, which are fitted generally with 2,000 to 3,000 gallon propane tanks. Propane storage tanks located on the customers' premises are then filled from the delivery truck. Propane is also delivered to customers in portable cylinders.

Industry and Competition

Industry

Based upon information contained in the Energy Information Administration's Annual Energy Review 1994 magazine, propane accounts for approximately 3-4% of household energy consumption in the United States, an average level which has remained relatively constant for the past 18 years. It competes primarily with natural gas, electricity and fuel oil as an energy source principally on the basis of price, availability and portability. Propane serves as an alternative to natural gas in rural and suburban areas where natural gas is unavailable or portability of product is required. Propane is generally more expensive than natural gas on an equivalent BTU basis in locations served by natural gas, although propane is often sold in such areas as a standby fuel for use during peak demands and during interruption in natural gas service. The expansion of natural gas into traditional propane markets has historically been inhibited by the capital costs required to expand distribution and pipeline systems. Although the extension of natural gas pipelines tends to displace propane distribution in the neighborhoods affected, the Partnership believes that new opportunities for propane sales arise as more geographically remote neighborhoods are developed. Propane is generally less expensive to use than electricity for space heating, water heating and cooking and competes effectively with electricity in those

parts of the country where propane is cheaper than electricity on an equivalent BTU basis. Although propane is similar to fuel oil in application, market demand and price, propane and fuel oil have generally developed their own distinct geographic markets. Because residential furnaces and appliances that burn propane will not operate on fuel oil, a conversion from one fuel to the other requires the installation of new equipment. The Partnership's residential retail propane customers, therefore, will have an incentive to switch to fuel oil only if fuel oil becomes significantly less expensive than propane. Likewise, the Partnership may be unable to expand its customer base in areas where fuel oil is widely used, particularly the Northeast, unless propane becomes significantly less expensive than fuel oil. Alternatively, many industrial customers who use propane as a heating fuel have the capacity to switch to other fuels, such as fuel oil, on the basis of availability or minor variations in price. Propane generally is becoming increasingly favored over fuel oil and other alternative sources of fuel as an environmentally preferred energy source.

Competition

In addition to competing with marketers of other fuels, the Partnership competes with other companies engaged in the retail propane distribution business. Competition within the propane distribution industry stems from two types of participants: the larger multi-state marketers, and the smaller, local independent marketers. Based upon information contained in the National Propane Gas Association's LP-Gas Market Facts and the June 1995 issue of LP Gas magazine, the Partnership believes that the ten largest multi-state retail marketers of propane, including the Partnership, account for less than 33% of the total retail sales of propane in the United States. Based upon information contained in industry publications, the Partnership also believes no single marketer has a greater than 10% share of the total market in the United States and that the Partnership is the second largest retail marketer of propane in the United States, with a market share of approximately 7% as measured by volume of national retail propane sales.

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

Other Operations

The other operations of the Partnership consist principally of: (1) trading, (2) chemical feedstocks marketing and (3) wholesale propane marketing. The Partnership, through its natural gas liquids trading operations and wholesale marketing, has become one of the largest independent traders of propane and natural gas liquids in the United States. The Partnership owns no properties that are material to these operations. These operations may utilize available space in the Partnership's underground storage facilities in the furtherance of these businesses.

Trading

The Partnership's traders are engaged in trading propane and other natural gas liquids for the Partnership's account and for supplying the Partnership's retail and wholesale propane operations. The Partnership primarily trades products purchased from its over 150 suppliers, however, it also conducts transactions on the New York Mercantile Exchange. Trading activity is conducted primarily to generate a profit independent of the retail and wholesale operations, but is also conducted to insure the availability of propane during periods of short supply. Propane represents over 61% of the Partnership's total trading volume, with the remainder consisting principally of various other natural gas liquids. The Partnership attempts to minimize trading risk through the enforcement of its trading policies, which include total inventory limits and loss limits, and attempts to minimize credit risk through credit checks and application of its credit policies. However, there can be no assurance that

historical experience or the existence of such policies will prevent trading losses in the future. For the Operating Partnership's fiscal year ended July 31, 1995, the pro forma fiscal year ended July 31, 1994 and the Company's fiscal year ended July 31, 1993 net revenues of $5.8 million, $6.8 million and $6.7 million, respectively, were derived from trading activities.

Chemical Feedstocks Marketing

The Partnership is also involved in the marketing of refinery and petrochemical feedstocks. Petroleum by-products are purchased from refineries and sold to petrochemical plants. The Partnership leases 316 railroad tank cars to facilitate product delivery. Revenues of $91.9 million, $43.0 million and $54.0 million were derived from such activities for the Operating Partnership's fiscal year ended July 31, 1995, the pro forma fiscal year ended July 31, 1994 and the Company's fiscal year ended July 31, 1993, respectively.

Wholesale Marketing

The Partnership engages in the wholesale distribution of propane to other retail propane distributors. During the fiscal year ended July 31, 1995, the pro forma year ended July 31, 1994 and the Company's fiscal year ended July 31, 1993 the Partnership and the Company sold 96 million, 61 million and 73 gallons, respectively, of propane to wholesale customers and had revenues attributable to such sales of $33.5 million, $22.5 million and $29.3 million, respectively.

Employees

The Partnership has no employees and is managed by the General Partner pursuant to the Partnership Agreement. At July 31, 1995, the General Partner had 2,810 full-time employees and 847 temporary and part-time employees. The number of temporary and part-time employees is generally higher by approximately 350-500 people during the winter heating season. At July 31, 1995, the General Partner's full-time employees were employed in the following areas:

Retail Locations	2,334
Field Services	24
Transportation and Storage	193
Corporate Offices (Liberty, MO, & Houston, TX)	259
Total	2,810

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

The Partnership's supply, trading, chemical feedstocks marketing, distribution scheduling and product accounting functions are operated primarily out of the Partnership's offices located in Houston, by a total full-time corporate staff of 61 people.

Governmental Regulation; Environmental and Safety Matters

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

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

representations and warranties concerning the sellers' compliance with environmental laws and visual inspections of the properties, whereby employees of the General Partner look for evidence of hazardous substances or the existence of underground storage tanks.

With respect to the transportation of propane by truck, the Partnership is subject to regulations promulgated under the Federal Motor Carrier Safety Act. These regulations cover the transportation of hazardous materials and are administered by the United States Department of Transportation. National Fire Protection Association Pamphlet No. 58, which establishes a set of rules and procedures governing the safe handling of propane, or comparable regulations, have been adopted as the industry standard in a majority of the states in which the Partnership operates. There are no material environmental claims pending and the Partnership complies in all material respects with all material governmental regulations and industry standards applicable to environmental and safety matters.

Service Marks and Trademarks

The Partnership markets retail propane under the "Ferrellgas" tradename and uses the tradename "Ferrell North America" for its other operations. In addition, the Partnership has a trademark on the name "FerrellMeter," its patented gas leak detection device. The Company contributed all of its rights, title and interest in such tradenames and trademark in the continental United States to the Partnership. The General Partner will have an option to purchase such tradenames and trademark from the Partnership for a nominal value if the General Partner is removed as general partner of the Partnership other than for cause. If the General Partner ceases to serve as the general partner of the Partnership for any other reason, it will have the option to purchase such tradenames and trademark from the Partnership for fair market value.

Business of Ferrellgas Finance Corp.

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

ITEM 2. PROPERTIES.

At July 31, 1995, the Partnership owned or leased the following transportation equipment which was utilized primarily in retail operations, except for railroad tank cars, which are used primarily by chemical feedstocks operations.

	Owned	Leased	Total
Truck tractors......................	79	33	112
Transport trailers..................	117	---	117
Bulk delivery trucks................	605	671	1,276
Pickup and service trucks...........	717	526	1,243
Railroad tank cars..................	---	316	316

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

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

Approximately 589,000 propane tanks are owned by the Partnership, most of which are located on customer property and leased to those customers. The Partnership also owns approximately 567,000 portable propane cylinders, most of which are leased to industrial and commercial customers for use in manufacturing and processing needs, including forklift operations, and to residential customers for home heating and cooking, and to local dealers who purchase propane from the Partnership for resale.

The Partnership owns underground storage facilities at Hutchinson, Kansas; Adamana, Arizona; and Moab, Utah. At July 31, 1995, the capacity of these facilities approximated 88 million gallons, 88 million gallons and 8 million gallons, respectively (an aggregate of approximately 184 million gallons). Currently, approximately 129 million gallons of this capacity is leased to third parties. The remaining space is available for the Partnership's use.

The Partnership owns the land and two buildings (50,245 square feet of office space) comprising its corporate headquarters in Liberty, Missouri, and leases the 18,124 square feet of office space in Houston, Texas, where its trading, chemical feedstocks marketing and wholesale marketing operations are primarily located.

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

ITEM 3. LEGAL PROCEEDINGS.

Litigation

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

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

No matters were submitted to a vote of the security holders of the Partnership during the fiscal year ended July 31, 1995.

PART II

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

The Common Units, representing common limited partner interests in the Partnership, are listed and traded on the New York Stock Exchange under the symbol FGP. The Common Units began trading on June 28, 1994, at an initial public offering price of $21.00 per Common Unit. As of September 15, 1995, there were 855 registered Common Unitholders of record. The following table sets forth the high and low sales prices for the Common Units on the NYSE and the cash distributions declared per Common Unit for the periods indicated.

	Common Unit Price Range		Distributions
	High	Low	Declared per Unit
1994			
Fourth Quarter *	$21.13	$20.75	$0.15
1995			
First Quarter	22.75	20.88	0.50
Second Quarter	22.50	19.75	0.50
Third Quarter	21.25	19.75	0.50
Fourth Quarter	22.63	20.25	0.50

* Consisted of the period from the inception of the Partnership on July 5, 1994 through July 31, 1994, a 26-day period. The $0.15 distribution reflected a pro rata share of the Minimum Quarterly Distribution of $0.50 per Unit which would have been payable for the full quarter, and was paid in conjunction with the first quarter 1995 distribution.

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

The Partnership makes quarterly cash distributions of its Available Cash, as defined by the MLP's Agreement of Limited Partnership (the "Partnership Agreement"). Available Cash is generally defined as consolidated cash receipts less consolidated cash disbursements and changes in cash reserves established by the General Partner for future requirements.

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

ITEM 6. SELECTED HISTORICAL AND PRO FORMA FINANCIAL DATA.

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

(in thousands, except per unit amounts)

	Ferrellgas Partners, L.P.		
	Historical Year Ended July 31, 1995	Pro Forma Year Ended July 31, 1994 (1)	Historical Inception to July 31, 1994
Income Statement Data:			
Total revenues	$596,436	$526,556	$ 24,566
Depreciation and amortization	32,014	28,835	2,383
Operating income (loss)	55,927	68,631	(2,391)
Interest expense	31,993	28,130	2,662
Earnings (loss) from continuing operations	23,820	39,909	(5,026)
Earnings from continuing operations per unit (2)	0.76	1.29	-
Cash distributions declared per unit (3)	1.65	-	-
Balance Sheet Data (at end of period):			
Working capital	$ 28,928	$ 34,948	$ 34,948
Total assets	578,596	477,193	477,193
Payable to (receivable from) parent and affiliates	-	-	-
Long-term debt	338,188	267,062	267,062
Stockholder's equity			
Partners' Capital:			
Common Unitholders	$ 84,489	$ 84,532	$ 84,532
Subordinated Unitholders	91,824	99,483	99,483
General Partner (2)	(57,676)	(62,622)	(62,622)
Operating Data:			
Retail propane sales volumes (in gallons)	575,935	564,224	23,915
Capital expenditures (4):			
Maintenance	$ 8,625	$ 5,688	$ 911
Growth	11,097	4,032	983
Acquisition	70,069	3,429	878
Total	$ 89,791	$ 13,149	$ 2,772
Supplemental Data:			
Earnings (loss) before depreciation, amortization, interest and taxes (5)	$ 87,941	$ 97,466	$(8)

	Ferrellgas, Inc. and Subsidiaries (Predecessor)			
	Historical Eleven Months Ended June 30, 1994	Historical Year Ended July 31, 1993	1992	1991
Income Statement Data:				
Total revenues	$501,990	$541,945	$501,129	$543,933
Depreciation and amortization	26,452	30,840	31,196	36,151
Operating income (loss)	71,522	58,553	56,408	63,045
Interest expense	53,693	60,071	61,219	60,507

Earnings (loss) from continuing operations	12,337	109	(1,700) (6)	1,979
Earnings from continuing operations per unit (2)				
Cash distributions declared per unit (3)				
Balance Sheet Data (at end of period):				
Working capital	$ 91,912	$ 74,408	$ 67,973	$ 53,403
Total assets	592,664	573,376	598,613	580,260
Payable to (receivable from) parent and affiliates	(4,050)	(916)	2,236	3,763
Long-term debt	476,441	489,589	501,614	466,585
Stockholder's equity	22,829	11,359	8,808	21,687
Partners' Capital:				
Common Unitholders				
Subordinated Unitholders				
General Partner (2)				
Operating Data:				
Retail propane sales volumes (in gallons)	540,309	553,413	495,707	482,211
Capital expenditures (4):				
Maintenance	$ 4,777	$ 10,527	$ 10,250	$ 7,958
Growth	3,049	2,851	3,342	2,478
Acquisition	2,551	897	10,112	25,305
Total	$ 10,377	$ 14,275	$ 23,704	$ 35,741
Supplemental Data:				
Earnings (loss) before depreciation, amortization, interest and taxes (5)	$ 97,974	$ 89,393	$ 87,604	$ 99,196

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

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

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

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

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

(6) In August 1991, the Company revised the estimated useful lives of storage tanks from 20 to 30 years in order to more closely reflect expected useful lives of the assets. The effect of the change in accounting estimates resulted in a favorable impact on loss from continuing operations of approximately $3.7 million for the fiscal year ended July 31, 1992.

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

The following is a discussion of the historical and pro forma financial condition and results of operations of the Operating Partnership and the Company. The discussion should be read in conjunction with the historical and pro forma consolidated financial statements and the notes thereto included elsewhere in this Form 10-K. Since the Operating Partnership accounts for all of the consolidated assets, sales, and earnings of the Partnership, a separate discussion of the Partnership's results of operations is not presented.

General

The Operating Partnership is engaged in the sale, distribution, marketing and trading of propane and other natural gas liquids. The Operating Partnership's revenue is derived primarily from the retail propane marketing business. The General Partner believes the Operating Partnership is the second largest retail marketer of propane in the United States, based on gallons sold, serving more than 700,000 residential, industrial/commercial and agricultural customers in 45 states and the District of Columbia through approximately 467 retail outlets and 246 satellite locations. Annual retail propane sales volumes were approximately 576 million, 564 million and 553 million gallons for the fiscal years ended July 31, 1995, 1994 and 1993, respectively.

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

The Operating Partnership is also engaged in the trading of propane and other natural gas liquids, chemical feedstocks marketing and wholesale propane marketing. Through its natural gas liquids trading operations and wholesale marketing, the Operating Partnership is one of the largest independent traders of propane and natural gas liquids in the United States. In fiscal year 1995, the Operating Partnership's wholesale and trading sales volume was approximately 1.5 billion gallons of propane and other natural gas liquids, approximately 60% of which was propane. For the Operating Partnership's fiscal year ended July 31, 1995, the pro forma fiscal year ended July 31, 1994 and the Company's fiscal year ended July 31, 1993, net revenues from trading activities were $5.8 million, $6.8 million and $6.7 million, respectively.

Selected Quarterly Financial Data
(in thousands, except per unit data)

Due to the seasonality of the retail propane business, first and fourth quarter revenues, gross profit and net earnings are consistently less than the comparable second and third quarter results. The following presents Ferrellgas Partners, L.P. selected quarterly financial data for the two years ended July 31, 1995.

Fiscal year ended July 31, 1995

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$ 119,413	$ 218,661	$ 168,013	$ 90,349
Gross profit	52,002	95,772	73,254	35,767
Net earnings (loss)	(666)	30,527	11,939	(17,980)
Net earnings (loss) per limited partner unit	(0.02)	0.98	0.38	(0.58)

Fiscal year ended July 31, 1994

	Predecessor			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter (1)
Revenues	$ 110,214	$ 193,922	$ 146,341	$ 76,079
Gross profit	49,699	98,458	72,994	36,099
Earnings (loss) before extraordinary loss	(5,537)	19,580	6,313	(13,045)
Earnings (loss) before extraordinary loss per limited partner unit (2)	N/A	N/A	N/A	N/A
Net earnings (loss)	(5,537)	19,580	5,446	(72,500) (3)

(1) The fourth quarter includes the sum of the historical data from Ferrellgas, Inc. (Predecessor) for the period from May 1, 1994 through June 30, 1994 and the historical data from Ferrellgas Partners, L.P. from Inception to July 31, 1994.
(2) Earnings (loss) per limited partner unit is not relevant for the fiscal year ended July 31, 1994, due to formation of the partnership in July, 1995.
(3) Reflects a $59,455 extraordinary loss on early retirement of debt.

Results of Operations (Operating Partnership)

Fiscal Year Ended July 31, 1995 versus Pro Forma Year Ended July 31, 1994

The pro forma year ended July 31, 1994 equals the sum of the Predecessor's eleven months ended June 30, 1994 and the Partnership's one month ended July 31, 1994, adjusted for the effects of the transactions consummated in connection with the formation of the Partnership (principally related to the reduction in interest expense resulting from early retirement of debt, net of additional borrowings).

Total Revenues. Total revenues increased 13.3% to $596,436,000 as compared to $526,556,000 for the prior year. The increase is attributable to acquisitions of propane businesses during November 1994 and to revenues from other operations (net trading operations, wholesale propane marketing and chemical feedstocks marketing) increasing 82.4% to $131,948,000. The increase in revenues from other operations is primarily due to an unusually strong demand for chemical feedstocks driving increased prices and volumes. These increases were offset by a decrease in revenues from existing retail operations due to warmer temperatures as compared to normal and to the prior period that have affected the majority of the Operating Partnership's areas of operation. Unrealized gains and losses on options, forwards, and futures contracts were not significant in fiscal 1995 and 1994. Fiscal 1995 winter temperatures, as reported by the American Gas Association, were 10.3% warmer than normal and 12.4% warmer than the prior year. The average degree days in regions served by the Company have historically varied on an annual basis by a greater amount than the average national degree days.

Gross Profit. Total retail gallons sold increased 2.1% to 576 million as compared to 564 million for the prior year. This increase is due to sales contributed by acquisitions, partially offset by warmer temperatures. Despite the increase in sales volume, gross profit was essentially flat at $256,795,000 as compared with $257,250,000 for the prior year due primarily to the weather impact on higher margin residential sales. Other operations is comprised of low margin sales, therefore, the increase in revenues did not impact gross profit significantly.

Operating Expenses. Operating expenses increased 5.6% to $153,225,000 as compared to $145,136,000 for the prior year. The increase is primarily attributable to acquisitions of propane businesses offset by a reduction in expenses of the base business (primarily personnel and vehicle expenses) as compared to the prior year.

Depreciation and Amortization. Depreciation and amortization expense increased 11.0% to $32,014,000 as compared to $28,835,000 for the prior year due primarily to acquisitions of propane businesses.

Net Earnings. Net earnings decreased to $24,064,000 as compared to $40,312,000 for the prior year. This decrease is due to acquisition-driven increases in expenses, including interest expense, combined with the warm weather impact on gross profit.

Inception to July 31, 1994 versus Pro Forma July 31, 1993

Total Revenues. Total revenues decreased 7.4% to $24,566,000 as compared with $26,535,000 for the prior period. The overall decrease was attributable to revenues from other operations (net trading operations, wholesale propane marketing and chemical feedstocks marketing) decreasing 38.5% to $4,918,000, offset by revenues from retail operations increasing 6.0% to $19,648,000.

The decrease in revenues from other operations was primarily due to fluctuating chemical feedstock market opportunities.

The increase in revenues from retail operations was primarily due to (i) an increase in sales volume and (ii) an increase in other income. The volume of gallons sold, excluding acquisitions, increased revenues by $361,000. Fiscal year 1994 and 1993 acquisitions increased revenues by $160,000. Other income increased revenue by $592,000 primarily due to inventory gas gains recognized from the emptying of an underground storage facility and storage rental income.

Gross Profit. Gross profit increased 10.9% to $11,355,000 as compared with $10,235,000 for the prior period, due to an increase in retail operations gross profit offset by a decrease in other operations' revenue due to normal market fluctuations. Retail operations results improved due to increased sales volume as discussed previously, margin increases as a result of favorable changes in the competitive pressures of the industry and normal fluctuations in the Operating Partnership's product mix and other income as discussed above.

Operating Expenses. Operating expenses increased 21.4% to $10,078,000 as compared with $8,299,000, for the prior period, primarily due to an increase in general liability and workers' compensation expense during July 31, 1994, as compared to July 31, 1993. However, for the pro forma fiscal year ended July 31, 1994, general liability and workers' compensation expense decreased due to improved claims administration.

Extraordinary loss. The retirement of $477,600,000 of indebtedness assumed by the Operating Partnership resulted in an extraordinary loss of approximately $60,062,000 resulting from debt repayment premiums, consent fees and the write-off of unamortized discount and financing costs.

Net Loss. Net loss increased to $65,139,000 as compared to $4,322,000 for the prior period, primarily due to the extraordinary loss described above.

Eleven Months Ended June 30, 1994 versus June 30, 1993 (PREDECESSOR)

	Eleven months ended June 30, 1994	Eleven months ended June 30, 1993
Revenues	$ 501,990,000	$ 515,410,000
Gross profit	245,895,000	233,677,000
Operating expense	135,058,000	131,318,000
Depreciation and amortization	26,452,000	28,350,000
Net interest expense	50,094,000	52,080,000
Net earnings	11,470,000	3,374,000

Total Revenues. Total revenues decreased 2.6% to $501,990,000 as compared with $515,410,000 for the prior period. The overall decrease was attributable to revenues from other operations decreasing 17.2% to $67,386,000, offset by revenues from retail operations increasing 0.1% to $434,604,000.

The decrease in revenues from other operations was primarily due to higher sales of chemical feedstocks in the prior period resulting from sales of chemical feedstocks that were designated for storage but were sold due to storage limitations. Additional decreases in revenues were the result of lower product costs for chemical feedstocks and wholesale propane marketing resulting in lower sales prices.

The increase in revenues from retail operations was primarily due to an increase in sales volume due to cooler temperatures than those which existed in the prior period offset by a decrease in selling price. The volume of gallons sold, excluding acquisitions, increased revenues by $6,203,000. Fiscal year 1994 and 1993 acquisitions increased revenues by $1,915,000. Other income increased

revenue $954,000 primarily due to increased storage and equipment rental and appliance sales. These increases were offset by a $8,473,000 decrease in sales price due to lower product costs.

Gross Profit. Gross profit increased 5.2% to $245,895,000 as compared with $233,677,000 for the prior period, primarily due to an increase in retail operations gross profit. Retail operations results improved due to increased sales volume as discussed previously and to margin increases as a result of favorable changes in the competitive pressures of the industry and to normal fluctuations in the Company's product mix.

Operating Expenses. Operating expenses increased 2.8% to $135,058,000 as compared with $131,318,000 for the prior period, primarily due to (i) an increase in incentive compensation expense, and (ii) an increase in overtime, variable labor and vehicle expenses due to increased sales volume. These increases were partially offset by a decrease in general liability and workers' compensation expense due to improved claims administration and decreased sales and use tax audit assessments.

Depreciation and Amortization. Depreciation expense decreased 6.7% to $26,452,000 as compared with $28,350,000 for the prior period due primarily to extending the use of the Company's vehicles beyond the depreciable life and to the reduction in the number of Company owned vehicles.

Net Interest Expense. Net interest expense decreased 3.8% to $50,094,000 as compared with $52,080,000 for the prior period due to the reacquisition of $11,900,000 and $10,500,000 of senior notes in the third quarter of fiscal 1994 and in the fourth quarter of fiscal 1993, respectively, offset by increased non-cash amortization of deferred financing costs.

Net Earnings. Net earnings increased to $11,470,000 as compared with $3,374,000 for the prior period primarily due to the increase in retail operations sales volume and margins offset by increased operating expenses and the fiscal 1994 extraordinary loss from early extinguishment of debt.

Liquidity and Capital Resources

The ability of the Operating Partnership to satisfy its obligations is dependent upon future performance, which will be subject to prevailing economic, financial, business and weather conditions and other factors, many of which are beyond its control. For the fiscal year ending July 31, 1996, the General Partner believes that the Operating Partnership will generate sufficient Available Cash (see definition in Note C to the consolidated financial statements in Item 8) constituting Cash from Operations to meet its obligations and enable it to distribute the Minimum Quarterly Distribution ($0.50 per Unit) on all Common Units and Subordinated Units. Future maintenance and working capital needs of the Operating Partnership are expected to be provided by cash generated from future operations, existing cash balances and the working capital borrowing facility. In order to fund expansive capital projects and future acquisitions, the Operating Partnership may borrow on existing bank lines or the MLP may issue additional Common Units. Toward this purpose, on August 22, 1994, the MLP filed with the Securities and Exchange Commission a shelf registration statement on Form S-1 to register 2,400,000 Common Units representing limited partner interests in the MLP. The Common Units may be issued from time to time by the MLP in connection with the Operating Partnership's acquisition of other businesses, properties or securities in business combination transactions.

Operating Activities. Cash provided by operating activities was $66,030,000 for the year ended July 31, 1995, compared to $41,057,000 in the prior year. This increase is due to the year to year reduction in debt which resulted in the $41,856,000 decrease in interest payments offset by lower earnings before interest, taxes, depreciation and amortization. The decrease in interest payments resulted from debt retirements made subsequent to the formation of the Partnership.

Investing Activities. On November 1, 1994, the General Partner completed the acquisition of Vision for a cash purchase price of $45 million. Following

the closing of the acquisition, the General Partner contributed the net assets (excluding income tax liabilities) of Vision to the Operating Partnership, in exchange for the assumption of a $45 million loan obligation and issuance of $3,100,000 in Common Units for the value of the income tax liabilities retained by the General Partner. Including the Vision acquisition, the Partnership made total acquisition capital expenditures of $73,351,000 (including working capital acquired of $3,282,000). This amount was funded by $45,000,000 debt assumed, $19,677,000 cash payments, $6,600,000 Common Units issued, and $2,074,000 in other costs and consideration.

During the year ended July 31, 1995, the Partnership made growth and maintenance capital expenditures of $19,722,000 consisting primarily of the following: 1) additions to Partnership-owned customer tanks and cylinders, 2) relocating and upgrading district plant facilities, and 3) development and upgrading computer equipment and software. Capital requirements for repair and maintenance of property, plant and equipment are relatively low since technological change is limited and the useful lives of propane tanks and cylinders, the Partnership's principal physical assets, are generally long. The Partnership maintains its vehicle and transportation equipment fleet by initially leasing light and medium duty trucks and tractors. The General Partner believes vehicle leasing is a cost effective method for meeting the Partnership's transportation equipment needs. The Partnership continues seeking to expand its operations through strategic acquisitions of smaller retail propane operations located throughout the United States. These acquisitions will be funded through internal cash flow, external borrowings or the issuance of additional Partnership interests. The Partnership does not have any material commitments of funds for capital expenditures other than to support the current level of operations.

Financing Activities. 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. During the year ended July 31, 1995, the Partnership issued 298,942 Common Units in connection with the acquisition of propane businesses.

On July 21, 1995, the Operating Partnership entered into an amendment to its $185,000,000 Credit Facility with Bank of America National Trust & Savings Association ("BofA"), as Agent, which increased the maximum borrowing amount to $205,000,000, effective August 1, 1995. The amended Credit Facility permits borrowings of up to $95,000,000 on a senior unsecured revolving line of credit basis (the "Working Capital Facilities"), to fund working capital and general Partnership requirements (of which up to $50,000,000 is available to support letters of credit). At July 31, 1995, $20,000,000 of borrowings were outstanding under the Working Capital Facility, and letters of credit outstanding, used primarily to secure obligations under certain insurance arrangements, totaled $24,471,000. In addition, the amended Credit Facility permits borrowings under an Expansion Facility of up to $110,000,000 on a senior unsecured basis, of which $85,000,000 was borrowed and outstanding at July 31, 1995, and $25,000,000 is available to finance acquisitions and for capital additions and improvements.

During the year ended July 31, 1995, the Partnership borrowed $102,000,000 under its Credit Facility. These borrowings, along with cash provided by operations, were used to fund acquisitions of propane businesses and purchases of property, plant and equipment, and to fund working capital needs.

During the year ended July 31, 1995, the Partnership paid cash distributions of $1.65 per limited partner unit. These distributions covered the period from July 5, 1994, when the Partnership began operations, to April 30, 1995, the end of the third quarter of fiscal year 1995. On August 16, 1995, the Partnership declared its fourth-quarter cash distribution of $0.50 per limited partner unit, which was paid September 13, 1995. The Partnership's annualized distribution is presently $2.00 per limited partner unit.

The Senior Notes and Credit Facility contain various restrictive covenants applicable to the Operating Partnership and its subsidiaries, the most restrictive relating to additional indebtedness, sale and disposition of assets, and transactions with affiliates. In addition, the Operating Partnership is

prohibited from making cash distributions of the Minimum Quarterly Distribution if a default or event of default exists or would exist upon making such distribution, or if the Operating Partnership fails to meet certain coverage and capital expenditure tests. With respect to the capital expenditure tests, the Operating Partnership shall in the aggregate make future "Capital Investments" (as defined in the Senior Note Indenture) of approximately $25,000,000 by July 31, 1999, and $50,000,000 by the end of fiscal year 2000. The Operating Partnership is in compliance with all requirements, tests, limitations and covenants related to the Senior Notes and Credit Facility.

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

Assets Contributed to the Operating Partnership. In connection with the formation of the Partnership, the General Partner contributed certain assets and liabilities. 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. The General Partner has reached a settlement agreement which substantially resolves all issues with the IRS with the exception of minor items which are presently being negotiated at the appellate level. Due to the settlement of these issues, additional deferred taxes were recorded by the General Partner. This noncash adjustment retroactively increased the basis of the assets the General Partner contributed to the Operating Partnership by $11,300,000 which, in turn, caused an increase to the General Partner's contributed capital that was reallocated pro rata among all partners. In addition, Operating Partnership goodwill also increased by $11,300,000 (to be amortized prospectively over a period of 15 years). These adjustments are not material to the financial position or the results of operations or liquidity, nor have they impacted the limited partners' tax basis in the Partnership units.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANTS.

Partnership Management

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

In September 1994, the General Partner appointed two persons who are neither officers nor employees of the General Partner or any affiliate of the General Partner to serve on a committee of the Partnership (the "Audit Committee") with the authority to review, at the request of the General Partner, specific matters as to which the General Partner believes there may be a conflict of interest in order to determine if the resolution of such conflict proposed by the General Partner is fair and reasonable to the Partnership. The Audit Committee will only review matters relating to conflicts of interest at the request of the General Partner, and the General Partner has sole discretion to determine which matters, if any, to submit to the Audit Committee. Any matters approved by the Audit Committee will be conclusively deemed to be fair and reasonable to the Partnership, approved by all partners of the Partnership and not a breach by the General Partner of any duties it may owe the Partnership or the Unitholders.

The Partnership does not directly employ any of the persons responsible for managing or operating the Partnership. At July 31, 1995, 2,810 full-time and 847 temporary and part-time individuals were employed by the General Partner.

Directors and Executive Officers of the General Partner

The following table sets forth certain information with respect to the directors and executive officers of the General Partner. Each of the persons named below is elected to their respective office or offices annually. The executive officers are not subject to employment agreements.

Name	Age	Director Since	Position
James E. Ferrell	55	1984	President, Chairman of the Board, Chief Executive Officer and a Director of the General Partner
Danley K. Sheldon	37		Senior Vice President, Chief Financial Officer, Treasurer and Managing Director
Shahid J. A. Malik	35		Senior Vice President, Chief Operating Officer, Ferrell North America and Managing Director
James M. Hake	35		Vice President, Acquisitions
Rhonda Smiley	39		Vice President, Legal Affairs and Risk Management
Daniel M. Lambert	54	1994	Director of the General Partner
A. Andrew Levison	39	1994	Director of the General Partner

James E. Ferrell--Mr. Ferrell has been with Ferrell or its predecessors and its affiliates in various executive capacities since 1965.

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

James M. Hake--Mr. Hake has been Vice President, Acquisitions of the Company since October, 1994. He joined the Company in 1986.

Rhonda Smiley--Ms. Smiley joined the Company in 1991 as Director of Legal Affairs and has been a Vice President of the Company since April 1994. Prior to joining the Company, Ms. Smiley practiced law with Shook, Hardy & Bacon for ten years, the last five years as a partner.

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

A. Andrew Levison---Mr. Levison was elected a director of the Company in September 1994. Mr. Levison has been a Managing Director of Donaldson, Lufkin & Jenrette Securities Corporation since 1989. Mr. Levison is also a director of Rickel Home Centers, Inc., a leading full service home improvement retailer that operates stores in the Northeastern United States and Flagstar Companies, Inc.

Compensation of the General Partner

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

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

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

ITEM 11. EXECUTIVE COMPENSATION.

Summary Compensation Table

The following table sets forth the compensation for the past three years of all individuals serving as the Partnership's or its Predecessor's Chief Executive Officer ("CEO") or acting in a similar capacity during the last completed fiscal year, regardless of compensation level, and the Company's four most highly compensated executive officers other than the Chief Executive Officer ("named executive officers"), who were serving as executive officers at the end of the 1995 fiscal year.

		Annual Compensation		Long-Term Compensation		
					Pay-outs	
Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Options/ SARs (#)	Long-Term Incentive Payouts ($)	All Other Compensation ($)
James E. Ferrell	1995	480,000	180,000	---	---	36,977 (1)
Chairman and	1994	480,000	---	---	---	22,920
Chief Executive Officer	1993	480,000	13,000	---	1,502,080 (2)	25,489
Bradley A. Cochennet (3)	1995	229,583	50,000	---	---	300,102 (4)
Executive Vice President, Retail	1994	225,000	50,000	2,678	---	13,249
and Managing Director	1993	150,000	---	2,762	---	9,315
Danley K. Sheldon	1995	165,000	50,000	70,000	---	15,897 (5)
Senior Vice President, Chief	1994	120,185	125,875	---	---	7,693
Financial Officer, Treasurer and Managing Director	1993	115,000	---	---	---	6,893
Shahid J. A. Malik	1995	150,000	100,000	25,000	---	9,706 (6)
Senior Vice President, Chief Operating Officer, FNA and Managing Director						
James M. Hake						
Vice President, Acquisitions	1995	112,583	60,000	36,000	---	10,424 (5)

(1) Includes (i) contributions of $19,722 to the employee's 401(k) and profit sharing plans and (ii) compensation of $17,255 resulting from the payment of life insurance premiums.

(2) Early purchase of all the employee's 64,000 Equity Units under Ferrell's Long-Term Incentive Plan at a price of $23.47.

(3) Mr. Cochennet resigned effective August 16, 1995.

(4) Includes (i) $285,000 paid in connection with the Long-Term Incentive Plan and (ii) contributions of $15,102 to the employee's 401(k) and profit sharing plans.

(5) Includes for Mr. Sheldon: contributions to the employee's 401(k) and profit sharing plans of $15,084 and premiums paid for life insurance of $813. Includes for Mr. Hake: contributions to the employee's 401(k) and profit sharing plans of $9,788 and premiums paid for life insurance of $636.

(6) Includes (i) relocation reimbursements of $7,009 and (ii) contributions of $2,697 to the employee 401(k) and profit sharing plans and premiums paid for over $50,000 term life insurance.

Unit and Stock Option Tables

Unit Option Plan

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

The Unit Options have the following characteristics: 1) exercise prices which are an estimate of the fair market value of the Subordinated Units at the time of grant, 2) vest immediately or over a one to five year period depending on the employee, 3) exercisable beginning after July 31, 1999, assuming the subordination period has elapsed, and 4) expire on the tenth anniversary of the date of grant. Upon conversion of the Subordinated Units held by the General Partner and its affiliates, the Unit Options granted will convert to Common Unit Options.

The following table shows unit options granted during the 1995 fiscal year to the CEO and named executive officers.

OPTION/SAR GRANTS IN LAST FISCAL YEAR

	Individual Grant				
Name	Number of Securities Underlying Options Granted (1)	% of Total Options Granted to Employees in Fiscal Year	Exercise Price ($/Unit)	Expiration Date	Grant date present value $ (2)
J.E. Ferrell	-	-	-	-	-
B.A. Cochennet	-	-	-	-	-
D.K. Sheldon (3)	70,000	9.03%	16.80	10-14-04	175,000
S.J.A. Malik	25,000	3.23%	16.80	10-14-04	63,000
J.M. Hake	36,000	4.65%	16.80	10-14-04	90,000

(1) Unit options generally vest over five years.

(2) Based on a Black-Sholes option valuation model. The key input variables used in valuing the options were the following: risk-free interest rate - 6.32%; dividend amount - $0.50 per quarter; Common Unit price volatility - 7.71% is an estimate of Subordinated Unit volatility; option exercised on October 14, 1999, because this is most advantageous to the option holder based on current economic conditions. Additionally, it was assumed that the Partnership will make its Minimum Quarterly Distribution each quarter and that the Subordination Period will end in 1999. The New York Stock Exchange "Monthly Market Statistics Report" was used and the volatility variable reflected 30 weeks of historical Unit price trading data. No adjustments for non-transferability or risk of forfeiture were made. The actual value, if any, a grantee may realize will depend on the excess of the Unit price over the exercise price on the date the option is exercised, so that there is no assurance the value realized will be at or near the value estimated by the Black-Sholes model.

(3) Mr. Sheldon received unit options with the following vesting schedules: a) 20,000 - immediately b) 15,000 over two years and c) 35,000 over five years.

The following table lists information on the CEO and named executive officers' exercised/unexercised unit options for the fiscal year ended July 31, 1995.

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

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options/SARs at FY-End (#) Exercisable/ Unexercisable	Value of Unexercised In-The-Money Options/SARs at FY-End ($) Exercisable/ Unexercisable
J.E. Ferrell	-	-	-	-
B.A. Cochennet	-	-	-	-
D.K. Sheldon	0	0	0/70,000	0/355,250
S.J.A. Malik	0	0	0/25,000	0/126,875
J.M. Hake	0	0	0/36,000	0/182,700

Stock Option Plan

The Board of Directors of Ferrell adopted the 1992 Key Employee Stock Option Plan (the "Option Plan") on June 26, 1992. The Option Plan reserves 100,000 shares of Class M Common Stock of Ferrell for the purpose of allowing Ferrell to offer options on the Class M Common Stock to officers and key employees of Ferrell and the Company. The value of each share of Class M Common Stock is determined by the Board of Directors of Ferrell and shall not be less than fair market value of such stock on the date the option is granted. There were no option grants for the fiscal year ended July 31, 1995, as the plan ceased to grant options after the inception of the Unit Option Plan. The last outstanding options were exercised on December 7, 1994.

The following table lists information on the CEO and named executive officers' aggregated option exercises related to Class M Common Stock Options for the fiscal year ended July 31, 1995.

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

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options/SARs at FY-End (#) Exercisable/Unexercisable	Value of Unexercised In-The-Money Options/SARs at FY-End ($) Exercisable/Unexercisable
J.E. Ferrell	-	-	-	-
B.A. Cochennet	5,440	530,575	-	-
D.K. Sheldon	-	-	-	-
S.J.A. Malik	-	-	-	-
J.M. Hake	-	-	-	-

Long-Term Incentive Plan Awards

The goal of Ferrell's Long-Term Incentive Plan (the "Plan") was to attract and retain officers and key executives needed for the continued growth and success of Ferrell and its affiliates through long-term incentives in the form of units ("Equity Units"). The Equity Units awarded under the Plan, which are 100% vested, are subject to purchase by Ferrell at a cash price related to the increased value of Ferrell's common stock from 1986, as determined pursuant to (i) an appraisal conducted by a nationally recognized investment banking firm, (ii) the mean of the closing bid and asked price of a class of Ferrell's common stock if a class of Ferrell's common stock is publicly traded, or (iii) in certain limited circumstances, including if the appraisal referred to in (i) is more than 90 days old or if there is no public market as referred to in (ii), the Committee shall determine the value of the Equity Units. Unless purchased earlier, Ferrell will purchase all of the issued and outstanding Equity Units as of July 31, 1997. The value of the Equity Units as of July 31, 1997 will be the

value of Ferrell's common stock as of such date, determined in accordance with the valuation methods described above, less the "deemed" value of Ferrell's common equity as of August 1, 1986.

As of July 31, 1995, a total of 30,000 Equity Units, awarded in previous years, were outstanding to Bradley A. Cochennet, as named in the Summary Compensation Table. No additional Equity Units were awarded under the Plan in fiscal 1995, therefore, no long-term incentive plan awards table is presented.

The total compensation expense of $492,000, $720,000 and $80,000 was recognized for the fiscal years ended July 31, 1995, 1994 and 1993, respectively. During fiscal 1995, approximately $300,000 of the Plan compensation expense was attributable to the Partnership and was recognized as compensation expense. As of July 31, 1995, the total plan liability of $3,010,000 was recorded in the financial statements of Ferrell. The portion of that liability attributable to the Partnership ($300,000) was recognized in the financial statements of the Partnership. Pursuant to the Plan, a total of $2,360,000 was paid to Mr. Cochennet upon his resignation in August 1995. Such amount was funded by the Partnership to the extent of amounts accrued for the portion of the Plan being paid out.

Profit Sharing Plan

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

Historically, the annual contribution to the Profit Sharing Plan has been 2% to 7% of each participant's annual wage or salary. The Profit Sharing Plan also has a cash-or-deferred, or 401(k), feature allowing all full time employees to specify a portion of their pre-tax and/or after-tax compensation to be contributed to the Profit Sharing Plan.

Supplemental Savings Plan

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

Compensation of Directors

The General Partner does not pay any additional remuneration to its employees (or employees of, or legal counsel to, a direct or indirect wholly-owned subsidiary) for serving as directors. Directors who are not employees of the General Partner, a direct or indirect wholly-owned subsidiary, or counsel to any of the foregoing, receive a fee per meeting of $500, plus reimbursement for out-of-pocket expenses.

Termination of Employment Arrangement

In January 1994, Geoffrey H. Ramsden resigned as Vice President and Chief Financial Officer of the Company. In connection with Mr. Ramsden's resignation, Ferrell and Mr. Ramsden entered into a severance agreement dated March 23, 1994. Pursuant to the terms of the agreement, Mr. Ramsden received approximately

$500,000 in exchange for the repurchase of his Class M Stock and Equity Units and the termination of all rights under Ferrell's bonus and performance plans.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The following table sets forth certain information as of July 31, 1995, regarding the beneficial ownership of the Common and Subordinated Units of the MLP by certain beneficial owners and all directors of the General Partner and the Partnership, each of the named executive officers and all directors and executive officers as a group. The General Partner knows of no other person beneficially owning more than 5% of the Common Units.

Ferrellgas Partners, L.P.

Title of Class	Name and Address of Beneficial Owner	Units Beneficially Owned (1)	Percent of Class
Common Units	James E. Ferrell	1,146,392 (2)	8.0%
	Goldman, Sachs & Co.	1,144,950 (3)	8.0%
	The Goldman Sachs Group	1,144,950 (3)	8.0%
	Bradley A. Cochennet	500	*
	Danley K. Sheldon	1,000	*
	Shahid J. A. Malik	1,200	*
	James M. Hake	400	*
	A. Andrew Levison	15,000	*
	Daniel M. Lambert	200	*
	All Directors and Officers as a Group	1,165,219	8.1%
Subordinated Units	James E. Ferrell	16,593,721 (2)	100%

* Less than 1%.

(1) Beneficial ownership for the purposes of the foregoing table is defined by Rule 13d-3 under the Securities Exchange Act of 1934. Under that rule, a person is generally considered to be the beneficial owner of a security if he has or shares the power to vote or direct the voting thereof ("Voting Power") or to dispose or direct the disposition thereof ("Investment Power") or has the right to acquire either of those powers within sixty (60) days.

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

James E. Ferrell is deemed to have beneficial ownership with respect to 1,000,000 Common Units owned by Ferrell Companies, Inc. through his direct ownership of that company. He is deemed to have beneficial ownership with respect to 138,392 Common Units owned by Ferrellgas, Inc. which is owned 100% by Ferrell Companies, Inc. He shares Voting and Investment Power with respect to 4,000 Common Units held by Mrs. Ferrell as Trustee of the Sarah A. Ferrell Trust. He shares Voting and Investment Power with respect to 4,000 Common Units held by Mrs. Ferrell as Trustee of the Kathryn E. Ferrell Trust.

James E. Ferrell is deemed to have beneficial ownership with respect to 1,650,000 Subordinated Units owned by Ferrell Companies, Inc. through his direct ownership of that company. He is deemed to have beneficial ownership with respect to 14,943,721 Subordinated Units owned by Ferrellgas, Inc. which is owned 100% by Ferrell Companies, Inc.

On August 1, 1995, Ferrell Companies, Inc. contributed to Ferrellgas, Inc. 1,000,000 Common Units and 1,650,000 Subordinated Units. This contribution of the Common Units and Subordinated Units represent 6.9% and 9.9% of each Class, respectively.

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

Goldman, Sachs & Co., a broker/dealer, and its parent Goldman Sachs Group, L.P. are deemed to have shared voting power and shared dispositive power over 1,144,950 Common Units owned by their customers.

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

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

Based solely on its review of the copies of such forms received by the General Partner, or written representations from certain reporting persons that no Form 5's were required for those persons, the General Partner believes that during fiscal year 1995 all filing requirements applicable to its officers, directors, and greater than 10 percent beneficial owners were met in a timely manner with the exception of the late filing by the CEO of three Form 4's.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

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

In connection with the formation of the Partnership, substantially all of the assets and liabilities of the Company were conveyed at historical cost to the Operating Partnership, as described in the Ferrellgas Partners, L.P. notes to consolidated financial statements.

The Partnership has no employees and is managed and controlled by the General Partner. Pursuant to the Partnership Agreement, the General Partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on behalf of the Partnership, and all other necessary or appropriate expenses allocable to the Partnership or otherwise reasonably incurred by the General Partner in connection with operating the Partnership's business. These costs, which totaled $100,750,000 for the year ended July 31, 1995 and $7,561,000 from inception to July 31, 1994, include compensation and benefits paid to officers and employees of the General Partner, and general and administrative costs. In addition, the conveyance of the net assets of the Company to the Partnership included the assumption of specific liabilities related to employee benefit and incentive plans for the benefit of the officers and employees of the General Partner. The conveyance of the net assets of the Company to the Partnership is described in Note A of the Ferrellgas Partners, L.P. notes to the consolidated financial statements.

A. Andrew Levison, a director of the General Partner is a Managing Director of Donaldson, Lufkin & Jenrette Securities Corporation ("DLJ"). DLJ acted as an underwriter with regard to the public offering of Common Units and Senior Notes as described in Note A of the Ferrellgas Partners, L.P.'s notes to the consolidated financial statements and was paid total fees of $5,100,000 during 1994. No fees were paid in 1995.

The law firm of Bryan Cave, LLP (formerly Smith, Gill, Fisher & Butts, a Professional Corporation), is general counsel to the Partnership, General Partner, Ferrell Companies, Inc. and their respective subsidiaries and affiliates. David S. Mouber, a director of Ferrell at July 31, 1994, is a member of such law firm. The Partnership, Ferrell and their respective subsidiaries paid such firm fees of $151,000 from inception to July 31, 1994. The Predecessor, its parent and their respective subsidiaries paid such firm fees of $1,243,000 for the eleven months ended June 30, 1994 and $1,381,000 for the year ended July 31, 1993.

PART IV

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

(a) 1. Financial Statements.

See "Index to Financial Statements" set forth on page F-1.

2. Financial Statement Schedules.

See "Index to Financial Statement Schedules" set forth on page S-1.

3. Exhibits.

See "Index to Exhibits" set forth on page E-1.

(b) Reports on Form 8-K.

The Partnership did not file a Form 8-K during the quarter ended July 31, 1995.

SIGNATURES

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

FERRELLGAS PARTNERS, L.P.

By Ferrellgas, Inc. (General Partner)

By /s/ James E. Ferrell
James E. Ferrell
Chairman and Chief Executive Officer

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

Signature	Title	Date
/s/ James E. Ferrell James E. Ferrell	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)	10/13/95
/s/ Daniel M. Lambert Daniel M. Lambert	Director	10/13/95
/s/ A. Andrew Levison A. Andrew Levison	Director	10/13/95
/s/ Danley K. Sheldon Danley K. Sheldon	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	10/13/95

INDEX TO EXHIBITS

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

	Exhibit Number	Description
***	2.1	Stock Purchase Agreement dated September 30, 1994, between Ferrellgas, Inc. and Bell Atlantic Enterprises International, Inc.
***	3.1	Agreement of Limited Partnership of Ferrellgas Partners, L.P.
*	3.2	Agreement of Limited Partnership of Ferrellgas, L.P. dated as of July 5, 1994.
*	10.1	Credit Agreement dated as of July 5, 1994, among Ferrellgas, L.P., Stratton Insurance Company, Inc., Ferrellgas, Inc., Bank of America National Trust and Savings Association, as agent, and the other financial institutions party thereto.
*	10.2	Indenture dated as of July 5, 1994, among Ferrellgas, L.P., Ferrellgas Finance Corp. and Norwest Bank Minnesota, National Association, as Trustee, relating to $200,000,000 10% Series A Fixed Rate Senior Notes due 2001 and $50,000,000 Series B Floating Rate Senior Notes due 2001.
	10.3	First Amendment to Credit Agreement dated July 21, 1995 among Ferrellgas, L.P., Stratton Insurance Company, Inc., Ferrellgas, Inc., Bank of America National Trust and Savings Association, as agent, and the other financial institutions party thereto.
+	10.4	Agreement dated as of April 1, 1994, between BP Exploration & Oil, Inc. and Ferrellgas, L.P. dba Ferrell North America
** #	10.5	Ferrell Long-Term Incentive Plan, dated June 23, 1987, between Ferrell and the participants in the Plan.
** #	10.6	Ferrell 1992 Key Employee Stock Option Plan.
#	10.7	Ferrell Companies, Inc. Supplemental Savings Plan.
***	10.8	Ferrellgas, Inc. Unit Option Plan.
***	10.9	Contribution, Conveyance and Assumption Agreement dated as of November 1, 1994 among the Partnership, the Operating Partnership and Ferrellgas, Inc.
++	10.10	First Amendment to Contribution, Conveyance and Assumption Agreement between Ferrellgas, the Partnership and the Operating Partnership.
	10.11	Second Amendment to Contribution, Conveyance and Assumption Agreement between Ferrellgas, the Partnership and the Operating Partnership.
**	21.1	List of subsidiaries.
	27.1	Financial Data Schedules - Filed only with the EDGAR version.

*	Incorporated by reference to the same numbered Exhibit to the Registrant's Current Report on Form 8-K filed August 15, 1994.
**	Incorporated by reference to the same numbered Exhibit to Registrant's Registration Statement on Form S-1 (Registration No. 33-53383).
***	Incorporated by reference to the same numbered Exhibit to Registrant's Registration Statement on Form S-1 (Registration No. 33-55185).
+	Incorporated by reference to the same numbered Exhibit to Registrant's Annual Report on Form 10-K filed on October 20, 1994.
++	Incorporated by reference to Exhibit 10.8 to Registrant's Annual Report on Form 10-K filed on October 20, 1994.
#	Management contracts or compensatory plans.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Ferrellgas Partners, L.P. (formerly Ferrellgas, Inc.) and subsidiary as of July 31, 1995 and 1994 (Successor), and the related consolidated statements of earnings, partners' capital and cash flows for the year ended July 31, 1995 and for the one month ended July 31, 1994 (Successor), the eleven months ended June 30, 1994 and the year ended July 31, 1993 (Predecessor). These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Ferrellgas Partners, L.P. and subsidiary as of July 31, 1995 and 1994 (Successor), and the results of their operations and their cash flows for the year ended July 31, 1995 and for the one month ended July 31, 1994 (Successor), the eleven months ended June 30, 1994 and the year ended July 31, 1993 (Predecessor) in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Kansas City, Missouri
September 12, 1995

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
(in thousands, except unit data)

ASSETS	July 31, 1995	July 31, 1994
Current Assets:		
Cash and cash equivalents	$ 29,877	$ 14,535
Accounts and notes receivable (net of allowance for doubtful accounts of $874 and $798 in 1995 and 1994, respectively)	58,239	50,780
Inventories	44,090	43,562
Prepaid expenses and other current assets	5,884	2,042
Total Current Assets	138,090	110,919
Property, plant and equipment, net	345,642	294,765
Intangible assets, net	86,886	63,291
Other assets, net	7,978	8,218
Total Assets	$578,596	$477,193

LIABILITIES AND PARTNERS' CAPITAL	July 31, 1995	July 31, 1994
Current Liabilities:		
Accounts payable	$ 57,729	$ 46,368
Other current liabilities	31,433	26,603
Short-term borrowings	20,000	3,000
Total Current Liabilities	109,162	75,971
Long-term debt	338,188	267,062
Other liabilities	11,398	11,528
Contingencies and commitments		
Minority interest	1,211	1,239
Partners' Capital:		
Common unitholders (14,398,942 and 14,100,000 units outstanding in 1995 and 1994, respectively)	84,489	84,532
Subordinated unitholders (16,593,721 units outstanding in 1995 and 1994)	91,824	99,483
General partner	(57,676)	(62,622)
Total Partners' Capital	118,637	121,393
Total Liabilities and Partners' Capital	$578,596	$477,193

See note to consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARY

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

	For the year ended July 31, 1995	One month ended July 31, 1994	For the year ended July 31, 1994 Eleven months ended June 30, 1994 (Predecessor)	For the year ended July 31, 1993 (Predecessor)
Revenues:				
Gas liquids and related product sales	$565,607	$22,411	$477,285	$516,891
Other	30,829	2,155	24,705	25,054
Total revenues	596,436	24,566	501,990	541,945
Cost of product sold (exclusive of depreciation, shown separately below)	339,641	13,211	256,095	298,033
Gross profit	256,795	11,355	245,895	243,912
Operating expense	153,226	10,078	135,058	139,617
Depreciation and amortization expense	32,014	2,383	26,452	30,840
General and administrative expense	11,357	935	8,923	10,079
Vehicle leases expense	4,271	350	3,940	4,823
Operating income (loss)	55,927	(2,391)	71,522	58,553
Interest expense	(31,993)	(2,662)	(53,693)	(60,071)
Interest income (including related parties of $1,108 and $725 in eleven months ended June 30, 1994 and year ended July 31, 1993, respectively)	1,268	73	3,599	3,266
Loss on disposal of assets	(1,139)	(97)	(1,215)	(1,153)
Earnings (loss) before income taxes, minority interest and extraordinary loss	24,063	(5,077)	20,213	595
Income tax provision	-	-	7,876	486
Minority interest	243	(51)	-	-
Earnings (loss) before extraordinary loss	23,820	(5,026)	12,337	109
Extraordinary loss on early extinguishment of debt, net of minority interest of $607 in one month ended July 31, 1994 and tax benefit of $531 and $543 in eleven months ended June 30, 1994 and year ended July 31, 1993, respectively	-	59,455	867	886
Net earnings (loss)	23,820	(64,481)	$ 11,470	$ (777)
General partner's interest in net earnings (loss)	238	(64,481)		
Limited partners' interest in net earnings (loss)	$ 23,582	$ 0		
Net earnings (loss) per limited partner unit:				
Earnings (loss) before extraordinary loss	$ 0.76	$ -		
Extraordinary loss	-			
Net earnings (loss) per limited partner unit	$ 0.76	$ -		
Weighted average number of units outstanding	30,908.1	30,693.7		

See note to consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY/PARTNERS' CAPITAL
(in thousands)

	Number of common shares	Common stock	Additional paid-in capital	Accumulated deficit	Total stockholder's equity
August 1, 1992 (Predecessor)	1.0	$1	$29,535	$(20,728)	$ 8,808
Capital contribution from Ferrell Companies, Inc.	-	-	3,277	-	3,277
Capital transaction - Ferrell Companies, Inc. long-term incentive plan	-	-	51	-	51
Net loss	-	-	-	(777)	(777)
July 31, 1993 (Predecessor)	1.0	1	32,863	(21,505)	11,359
Net earnings	-	-	-	11,470	11,470
June 30, 1994 (Predecessor)	1.0	$1	$32,863	$(10,035)	$22,829

	Number of units					
	Common	Subordinated	Common	Subordinated	General partner	Total partners' capital
April 19, 1994	-	-	$ -	$ -	$ -	$ -
Contributions in connection with formation of the Partnership	14,100.0	16,593.7	84,532	99,483	1,859	185,874
Net loss	-	-	-	-	(64,481)	(64,481)
July 31, 1994	14,100.0	16,593.7	84,532	99,483	(62,622)	121,393
Special allocation of prior year operating loss	-	-	(2,312)	(2,664)	4,976	-
Assets contributed in connection with acquisitions	-	-	3,324	3,830	72	7,226
Common units issued in connection with acquisitions	298.9	-	6,600	-	66	6,666
Quarterly distributions	-	-	(23,756)	(27,380)	(518)	(51,654)
Adjustments to capital related to resolution of income tax contingencies	-	-	5,145	5,929	112	11,186
Net earnings	-	-	10,956	12,626	238	23,820
July 31, 1995	14,398.9	16,593.7	$84,489	$91,824	$(57,676)	$118,637

See note to consolidated financial statements.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

			For the year ended July 31, 1994	
	For the year ended July 31, 1995	One month ended July 31, 1994	Eleven months ended June 30, 1994	For the year ended July 31, 1993
			(Predecessor)	(Predecessor)
Cash Flows From Operating Activities:				
Net earnings (loss)	$23,820	$(64,481)	$11,470	$ (777)
Reconciliation of net earnings (loss) to net cash from operating activities:				
Depreciation and amortization	32,014	2,383	26,452	30,840
Extraordinary loss	-	59,455	867	886
Minority interest	243	658	-	-
Other	3,191	22	5,130	5,236
Changes in operating assets and liabilities net of effects from business acquisitions:				
Accounts and notes receivable	(906)	196	(816)	(252)
Inventories	7,388	(5,631)	(14,279)	10,229
Prepaid expenses and other current assets	(3,497)	618	(763)	977
Accounts payable	5,246	(2,809)	16,231	(11,918)
Accrued interest expense	10,680	(3,448)	(4,765)	(233)
Other current liabilities	(11,703)	1,715	7,001	1,962
Other liabilities	(446)	(35)	(1,072)	131
Deferred income taxes	-	-	7,667	(120)
Net cash provided (used) by operating activities	66,030	(11,357)	53,123	36,961
Cash Flows From Investing Activities:				
Business acquisitions	(19,677)	(874)	(2,451)	(810)
Capital expenditures	(19,722)	(1,894)	(7,826)	(13,378)
Other	173	31	26	27
Net cash used by investing activities	(39,226)	(2,737)	(10,251)	(14,161)
Cash Flows From Financing Activities:				
Net additions to short-term borrowings	17,000	3,000	-	-
Additions to long-term debt	85,000	265,000	-	81
Reductions of long-term debt	(61,400)	(477,903)	(13,640)	(12,796)
Distributions	(51,654)	-	-	-
Minority interest activity	(459)	(1,202)	-	-
Additional payments to retire debt	-	(48,364)	(1,190)	(1,195)
Additions to financing costs	-	(6,575)	(51)	(627)
Reacquisition of Class B redeemable common stock	-	-	-	(3,218)
Net issuance of Common Units	-	255,006	-	-
Cash transfer from predecessor company	-	39,791	-	-
Other	51	(124)	(6,330)	(298)
Net cash provided (used) by financing activities	(11,462)	28,629	(21,211)	(18,053)
Increase in cash and cash equivalents	15,342	14,535	21,661	4,747
Cash and cash equivalents - beginning of period	14,535	-	32,706	27,959
Cash and cash equivalents - end of period	$29,877	$14,535	$54,367	$32,706
Cash paid for interest	$19,918	$ 6,093	$55,681	$57,563

See note to consolidated financial statements.

A. Partnership Organization and Formation

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

On July 5, 1994, the Partnership completed an initial public offering of 13,100,000 Common Units representing limited partner interests (the "Common Units") at $21 per Common Unit. As of the date of the offering, the 13,100,000 Common Units represented a 41.8% limited partner interest in the Partnership. Concurrent with the closing of the offering, the Company contributed all of its propane business and assets to the Partnership (excluding approximately $39,000,000 in cash, payables to or receivables from its parent and affiliates and an investment in the Class B Stock of Ferrell Companies, Inc.) in exchange for 1,000,000 Common Units, 16,593,721 Subordinated Units and Incentive Distribution Rights, representing a 56.2% limited partner interest in the Partnership, as of the date of the offering, in addition to the 2% general partner interest in the Partnership.

In connection with the contribution of the propane business and assets by the Company, the Operating Partnership assumed all of the liabilities, whether known or unknown, associated with such assets (other than income tax liabilities). The net book value contributed to the Partnership, adjusted for the settlement of a tax contingency (see Note H), is reported below:

(In thousands)	
Total assets conveyed	$509,535
Total liabilities assumed	565,471
Net liabilities	$ (55,936)

Supplementary Pro Forma Consolidated Statements of Earnings (Unaudited): The following pro forma consolidated statement of earnings for the fiscal year ended July 31, 1994, was derived from the historical statement of earnings of the Company for the eleven months ended June 30, 1994, and the statement of earnings of the Partnership from inception to July 31, 1994. The pro forma statement of earnings for the fiscal year ended July 31, 1993, was derived from the historical statement of earnings of the Company. The pro forma consolidated statements of earnings of the Partnership should be read in conjunction with the consolidated financial statements of the Partnership and the Company and the notes thereto. The objective of this data is to show the effects on the historical financial information as if the Partnership formation had occurred on August 1, 1992.

The following supplementary pro forma consolidated statements of earnings are for comparative purposes and are not indicative of the results of future operations of the Partnership:

(in thousands, except unit amounts)

	Audited July 31, 1995	Pro Forma July 31, 1994	Pro Forma July 31, 1993
Revenues:			
Gas liquids and related product sales	$565,607	$499,696	$516,891
Other	30,829	26,860	25,054
Total revenues	596,436	526,556	541,945
Cost of product sold (exclusive of depreciation, shown separately below)	339,641	269,306	298,033
Gross profit	256,795	257,250	243,912
Operating expense	153,226	145,136	139,617
Depreciation and amortization expense	32,014	28,835	30,840
General and administrative expense	11,357	10,358 (1)	10,579 (1)
Vehicle leases expense	4,271	4,290	4,823
Operating income	55,927	68,631	58,053
Interest expense	(31,993)	(28,130) (2)	(29,220) (2)
Interest income	1,268	1,123 (3)	898 (3)
Loss on disposal of assets	(1,139)	(1,312)	(1,153)
Earnings before minority interest and extraordinary loss	24,063	40,312	28,578
Minority interest	243	403 (4)	286 (4)
Earnings before extraordinary loss	$ 23,820	$ 39,909	$ 28,292
Earnings before extraordinary loss per limited partner unit	$ 0.76	$ 1.29	$ 0.91
Weighted average limited partner units	30,908.1	30,693.7	30,693.7

(1) Reflects estimated general and administrative costs associated with the Partnership.
(2) Reflects the adjustment to interest expense resulting from the early retirement of debt, net of additional borrowings.
(3) Reflects the reduction of interest income to the Partnership as a result of lower cash balances available for short-term investment opportunities.
(4) Reflects that portion of earnings from continuing operations allocated to the General Partner for its ownership in the Operating Partnership.

B. Summary of Significant Accounting Policies

(1) Nature of operations: The partnership is engaged primarily in the sale, distribution, marketing and trading of propane and other natural gas liquids throughout the United States. The retail market is seasonal because propane is used primarily for heating in residential and commercial buildings. The Partnership serves more than 700,000 residential, industrial/commercial and agricultural customers.

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

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

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

(5) Property, plant and equipment and intangible assets: Property, plant and equipment is stated at cost less accumulated depreciation. Expenditures for maintenance and routine repairs are expensed as incurred. Depreciation is calculated using the straight-line method based on estimated useful lives of the assets ranging from two to thirty years. Intangible assets, consisting primarily of customer location values and goodwill, are stated at cost, net of amortization calculated using the straight-line method over periods ranging from 15 to 40 years. Accumulated amortization of intangible assets totaled $81,995,000 and $68,489,000 as of July 31, 1995 and 1994, respectively.

On July 31, 1995, the Partnership adopted the provisions of FASB Statement No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of, which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present, and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Adoption of FASB Statement No. 121 had no impact on the financial statements.

(6) Forward, futures and option contracts: The Partnership also enters into forward and futures purchase/sale agreements and options involving propane and related products which are for trading and overall risk management purposes. To the extent such contracts are entered into at fixed prices and thereby subject the Partnership to market risk, the contracts are accounted for on a mark-to-market basis.

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

The Predecessor filed a consolidated Federal income tax return with its parent and affiliates. Income taxes were computed as though each company filed its own income tax return in accordance with the tax sharing agreement. Deferred income taxes were provided as a result of temporary differences between financial and tax reporting as described in Note M, using the asset/liability method. Deferred income taxes were recognized for

the tax consequences of temporary differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities.

(8) Net earnings (loss) per limited partner unit: Net earnings (loss) per limited partner unit is computed by dividing net earnings, after deducting the General Partner's 1% interest, by the weighted average number of outstanding Common Units, Subordinated Units and the dilutive effect of subordinated unit options. As described in Note F, the 1994 net loss before extraordinary loss of approximately $5,026,000, and the 1994 extraordinary loss from early extinguishment of debt of approximately $59,455,000, net of 607,000 minority interest, were allocated 100% to the General Partner. Accordingly, there was no net earnings per limited partner unit calculation attributable to the limited partners from inception to July 31, 1994.

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

C. Quarterly Distributions of Available Cash

The Partnership makes quarterly cash distributions of all of its "Available Cash", generally defined as consolidated cash receipts less consolidated cash disbursements and net changes in reserves established by the General Partner for future requirements. These reserves are retained to provide for the proper conduct of the Partnership business, or to provide funds for distributions with respect to any one or more of the next four fiscal quarters.

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

In general, the Subordination Period will continue indefinitely until the first day of any quarter beginning on or after August 1, 1999, in which (i) distributions of Available Cash equal or exceed the Minimum Quarterly Distribution on the Common Units and the Subordinated Units for each of the three consecutive four quarter periods immediately preceding such date and (ii) the Partnership has invested at least $50 million in acquisitions and capital additions or improvements to increase the operating capacity of the Partnership. Prior to the end of the Subordination Period (but not prior to August 1, 1997), 5,531,240 Subordinated Units held by the Company will convert into Common Units if (i) distributions of Available Cash on the Common Units and Subordinated Units equaled or exceeded the Minimum Quarterly Distribution for each of the two consecutive four-quarter period preceding August 1, 1997, and (ii) the operating cash generated by the Partnership in each of such four-quarter periods equaled or exceeded 125% of the Minimum Quarterly Distribution on all Common Units and all Subordinated Units. Upon expiration of the Subordination Period, all remaining Subordinated Units will convert to Common Units.

The Partnership makes distributions of all of its Available Cash within 45 days after the end of each fiscal quarter ending January, April, July and October to holders of record on the applicable record date.

D. Supplemental Balance Sheet Information

Inventories consist of:

(in thousands)	1995	1994
Liquefied propane gas and related products	$37,550	$38,890
Appliances, parts and supplies	6,540	4,672
	$44,090	$43,562

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

Property, plant and equipment consist of:

(in thousands)	1995	1994
Land and improvements	$ 21,380	$ 18,589
Buildings and improvements	29,117	23,005
Vehicles	46,199	37,283
Furniture and fixtures	23,336	17,776
Bulk equipment and district facilities	37,086	33,091
Tanks and customer equipment	357,167	317,631
Other	6,825	5,097
	521,110	452,472
Less: accumulated depreciation	175,468	157,707
	$345,642	$294,765

Depreciation expense totaled $21,649,000, $1,602,000, $17,659,000, and $20,449,000 for the year ended July 31, 1995, the one month ended July 31, 1994, the eleven months ended June 30, 1994 and the year ended July 31, 1993.

Other current liabilities consist of:

(in thousands)	1995	1994
Accrued insurance	$ 6,045	$ 6,624
Accrued interest	12,972	2,161
Accrued payroll	4,036	9,394
Other	8,380	8,424
	$31,433	$26,603

E. Long-Term Debt

Long-term debt consists of:

(in thousands)	1995	1994
Senior Notes		
Fixed rate, 10%, due 2001	$200,000	$200,000
Floating rate, 9.3125% and 7.375%, respectively, due 2001 (1)	50,000	50,000
Credit Agreement		
Term loan, 7.3125 and 7.375%, respectively, due 1997 (2)	15,000	15,000
Revolving credit loans, 7.125% to 9.125%, due 1997 (2)	70,000	-
Notes payable, 5.6% and 4.3% weighted average interest rates, respectively, due 1995 to 2004 (3)	3,983	3,373
	338,983	268,373
Less: current portion	795	1,311
	$338,188	$267,062

(1) The floating rate senior notes bear interest at the London Interbank Offered Rate ("LIBOR") plus 3.125% and have mandatory sinking fund payments of $5,000,000 in 1999 and 2000. To offset the variable rate characteristic of the notes, the Partnership entered into interest rate collar agreements with two major banks limiting interest rates to between 8.135% and 9.625%.

(2) The Operating Partnership has a Credit Agreement with a major bank, as Agent, consisting of a $15,000,000 term loan facility and $170,000,000 revolving credit facilities, of which $50,000,000 is available to support letters of credit. Borrowings under the agreement generally bear interest at Prime plus 0.25% or LIBOR plus 1.25%. On July 21, 1995, the Operating Partnership entered into an amended Credit Agreement which, effective August 1, 1995, increased the revolving credit facilities to $190,000,000 and decreased the applicable interest rate ranges to Prime plus 0% to .25% or LIBOR plus .052% to 1.25%.

At the Partnership's option, amounts borrowed under the term loan and non-working capital borrowings under the revolving credit loans may be converted to borrowings which mature in twelve quarterly installments beginning September 1997.

(3) The notes payable are secured by approximately $1,413,000 and $2,056,000 of property and equipment at July 31, 1995 and 1994, respectively.

At July 31, 1995 and 1994, $20,000,000 and $3,000,000, respectively, of short-term borrowings were outstanding under the revolving line of credit and letters of credit outstanding, used primarily to secure obligations under certain insurance arrangements, totaled $24,471,000.

The Senior Note Indenture and Credit Agreement contain various restrictive covenants applicable to the Operating Partnership and its subsidiaries, the most restrictive relating to additional indebtedness, sale and disposition of assets, and transactions with affiliates. In addition, the Operating Partnership is prohibited from making cash distributions of the Minimum Quarterly Distribution if a default or event of default exists or would exist upon making such distribution, or if the Operating Partnership fails to meet certain coverage and capital expenditure tests. With respect to the capital expenditure tests, the Operating Partnership shall in the aggregate

make future "Capital Investments" (as defined in the Senior Note Indenture) of approximately $25,000,000 by July 31, 1999, and $50,000,000 by the end of fiscal year 2000. The Partnership is in compliance with all requirements, tests, limitations and covenants related to the Senior Note Indenture and Credit Agreement.

Annual principal payments on long-term debt for each of the next five fiscal years are $795,000 in 1996, $438,000 in 1997, $5,252,000 in 1998, $28,569,000 in 1999 and $33,600,000 in 2000.

During the one month ended July 31, 1994, the Partnership recognized an extraordinary loss from the debt premium and write off of financing costs of $59,455,000, net of minority interest of $607,000, resulting from the early extinguishment of $477,600,000 of indebtedness of the Company assumed by the Operating Partnership. During the eleven months ended June 30, 1994, the Predecessor recognized an extraordinary loss from debt premium and write-off of financing costs of approximately $867,000, net of income tax benefit of $531,000, resulting from the early extinguishment of $11,900,000 of its fixed rate senior notes. During fiscal year 1993, the Predecessor recognized an extraordinary loss from debt premium and write-off of financing costs of approximately $886,000, net of income tax benefit of $543,000, resulting from the early extinguishment of $10,500,000 of its fixed rate senior notes.

F. Partners' Capital

Partners' capital consists of 14,398,942 Common Units representing a 46% limited partner interest, 16,593,721 Subordinated Units representing a 53% limited partner interest, and a 1% General Partner interest.

The Agreement of Limited Partnership of Ferrellgas Partners, L.P. (the "Partnership Agreement") contains specific provisions for the allocation of net earnings and loss to each of the partners for purposes of maintaining the partner capital accounts. In addition, the Partnership Agreement contains special provisions for the allocation of the extraordinary loss from the retirement of indebtedness, and the net loss from operations of the Partnership from the closing date on July 5, 1994, to July 31, 1994. In accordance with these special provisions of the Partnership Agreement, the extraordinary loss of $59,455,000, net of $607,000 minority interest, was allocated 100% to the General Partner and will not be reallocated to the limited partners. The net loss from operations of approximately $5,026,000 was allocated 100% to the General Partner from inception of the Partnership to the last day of the taxable year ending July 31, 1994. An amount equal to 99% of this net loss was reallocated to the limited partners in the taxable year ending July 31, 1995 based on their ownership percentages. (See Note B.)

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

On November 14, 1994, the Partnership filed Amendment No. 1 to the Registration Statement on Form S-1 with the Securities and Exchange Commission a shelf registration statement on Form S-1 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 connection with the Partnership's acquisition of other businesses, properties or securities in business combination transactions.

G. Transactions with Related Parties

The Partnership has no employees and is managed and controlled by the General Partner. Pursuant to the Partnership Agreement, the General Partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on behalf of the Partnership, and all other necessary or appropriate expenses allocable to the Partnership or otherwise reasonably incurred by the General Partner in connection with operating the Partnership's business. These costs, which totaled $100,750,000 for the year ended July 31, 1995 and $7,561,000 from inception to July 31, 1994, include compensation and benefits paid to officers and employees of the General Partner, and general and administrative costs. In addition, the conveyance of the net assets of the Company to the Partnership described in Note A included the assumption of specific liabilities related to employee benefit and incentive plans for the benefit of the officers and employees of the General Partner.

A. Andrew Levison, a director of the General Partner is a Managing Director of Donaldson, Lufkin & Jenrette Securities Corporation ("DLJ"). DLJ acted as an underwriter with regard to the public offering of Common Units and Senior Notes, and was paid total fees of $5,100,000 during 1994. No fees were paid in 1995.

The law firm of Bryan Cave, LLP (formerly Smith, Gill, Fisher & Butts, a Professional Corporation), is general counsel to the Partnership, General Partner, Ferrell Companies, Inc. ("Ferrell") and their respective subsidiaries and affiliates. David S. Mouber, a director of Ferrell at July 31, 1994, is a member of such law firm. The Partnership, Ferrell and their respective subsidiaries paid such firm fees of $151,000 from inception to July 31, 1994. The Predecessor, its parent and their respective subsidiaries paid such firm fees of $1,243,000 for the eleven months ended June 30, 1994 and $1,381,000 for the year ended July 31, 1993.

In 1993, the Company received capital contributions from its parent consisting of i) the forgiveness of a $3,015,000 long-term note payable to affiliate, including interest, and ii) a $262,000 note receivable from affiliate.

H. Contingencies and Commitments

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

In connection with the formation of the Partnership, the General Partner contributed certain assets and liabilities. 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. The General Partner has reached a settlement agreement which substantially resolves all issues with the IRS with the exception of minor items which are presently being negotiated at the appellate level. Due to the settlement of these issues, additional deferred taxes were recorded by the General Partner. This noncash adjustment retroactively increased the basis of the assets the General Partner contributed to the Operating Partnership by $11,300,000 which, in turn, caused an increase to the General Partner's contributed

capital that which was allocated pro rata among all partners. In addition, Operating Partnership goodwill also increased by $11,300,000 (to be amortized prospectively over a period of 15 years). These adjustments were not material to the financial position or the results of operations or liquidity, nor have they impacted the limited partners' tax basis in the Partnership units.

Certain property and equipment is leased under noncancellable operating leases which require fixed monthly rental payments and which expire at various dates through 2016. Rental expense under these leases totaled $11,233,000, $725,000, $9,556,000, and $10,903,000 for the year ended July 31, 1995, the one month ended July 31, 1994, the eleven months ended June 30, 1994, and the year ended July 31, 1993, respectively. Future minimum lease commitments for such leases are $8,414,000 in 1996, $6,195,000 in 1997, $3,874,000 in 1998, $2,227,000 in 1999, $1,005,000 in 2000 and $3,985,000 thereafter.

I. Employee Benefits

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

The General Partner and its parent have a defined contribution profit-sharing plan which covers substantially all employees with more than one year of service. Contributions are made to the plan at the discretion of the parent's Board of Directors. This plan, which qualifies under section 401(k) of the Internal Revenue Code, also provides for matching contributions under a cash or deferred arrangement based upon participant salaries and employee contributions to the plan. Contributions for the year ended July 31, 1995, under the profit sharing provision and the 401(k) provision were $1,300,000 and $1,407,000 respectively. There were no contributions under the profit sharing provision or 401(k) provision of the plan from inception to July 31, 1994. Contributions during the eleven months ended June 30, 1994 and the year ended July 31, 1993 were $1,200,000 and $1,000,000 under the profit sharing provision, and $1,445,000 and $1,541,000 under the 401(k) provision.

J. Unit Options

On October 14, 1994, the General Partner adopted the Ferrellgas, Inc. Unit Option Plan (the "Unit Option Plan"), which currently authorizes the issuance of options (the "Unit Options") covering up to 850,000 Subordinated Units to certain officers and employees of the General Partner, of which 775,000 options were granted, while 73,500 options were terminated and cancelled; thus 701,500 options were issued and outstanding at July 31, 1995 having an aggregate exercise price of $11,868,000. The Unit Options have the following characteristics: 1) exercise prices ranging from $16.80 to $18.54 per unit, which is an estimate of the fair market value of the Subordinated Units at the time of grant, 2) vest immediately or over a one to five year period, 3) exercisable beginning after July 31, 1999, assuming the subordination period has elapsed, and 4) expire on the tenth anniversary of the date of grant. Upon conversion of the Subordinated Units held by the General Partner and its affiliates, the Unit Options granted will convert to Common Unit Options.

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

The carrying amount of cash and cash equivalents approximates fair value because of the short maturity of the instruments. Short-term borrowings approximates fair value as of July 31, 1995 and 1994. The estimated fair value of the Partnership's long-term debt was $347,485,000 and $269,547,000 as of July 31, 1995 and 1994, respectively. The fair value is estimated based on quoted market prices adjusted for discounted cash flows.

Interest Rate Collar Agreements. On June 5, 1995, the Partnership entered into three-year interest rate collar agreements involving the exchange of fixed and floating interest payment obligations without the exchange of the underlying principal amounts. At July 31, 1995, the total notional principal amount of these agreements was $50,000,000. The counterparties to these agreements are large financial institutions. The interest rate collar agreements subject the company to financial risk that will vary during the life of these agreements in relation to market interest rates.

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

Forward and Futures Contracts. The Partnership is a party to certain forward and futures contracts for trading purposes. Net gains from trading activities were $5,818,000, $331,000, $6,458,000 and $6,739,000 for the year ended July 31, 1995, the one month ended July 31, 1994, the eleven months ended June 30, 1994 and the year ended July 31, 1993, respectively. Such contracts permit settlement by delivery of the commodity. Open contract positions are summarized below.

As of July 31
(In thousands, except price per gallon data)

	Derivative Financial Instruments Held for Purposes Other than Trading (Options)				Financial Instruments Held for Trading Purposes (Forward and Futures)			
	1995		1994		1995		1994	
	Asset	Liab.	Asset	Liab.	Asset	Liab.	Asset	Liab.
Volume (gallons)	1,071	(9,765)	8,358	(6,174)	170,057	(129,198)	194,800	(146,562)
Price (cents/gal)	16-36	16-36	30-31	29-55	13-45	14-52	19-38	30-39
Maturity Dates	8/95-1/96	8/95-1/96	11/94-1/95	9/94-10/94	8/95-1/96	8/95-1/96	8/94-12/94	8/94-1/95
Contract Amounts ($)	380	(3,572)	2,522	(1,935)	57,419	(43,605)	62,237	(51,031)
Fair Value ($)	340	(3,758)	2,603	(2,000)	57,463	(43,504)	63,147	(50,680)
Unrealized gain(loss) ($)	(40)	(186)	81	(65)	44	101	910	351

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

L. Acquisitions

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). As a result of the contribution, the Operating Partnership assumed substantially all of the liabilities, whether known or unknown, associated with Vision and its subsidiaries (excluding income tax liabilities), including obligation of the General Partner under a $45,000,000 loan agreement under which the General Partner borrowed funds to pay the purchase price for Vision. The Operating Partnership repaid the loan immediately after the transfer of assets with funds borrowed under its Credit Facility. In consideration of the retention by the General Partner of certain income tax liabilities, the Partnership issued 138,392 Common Units to the General Partner. The Operating Partnership received a contribution of $7,300,000 from the General Partner, representing the excess of the value of the assets over the liabilities conveyed and the units issued to the General Partner. This contribution is allocated to each partner based on their relative ownership percentages following the closing of the Vision acquisition. The total assets contributed to the Operating Partnership of approximately $57,100,000 (the General Partner's cost basis) has been preliminarily allocated as follows (i) working capital of $2,443,000, (ii) property, plant and equipment of $36,919,000 and (iii) intangible assets of $17,738,000. The total liabilities assumed by the Operating Partnership were approximately $45,000,000. The transaction has been accounted for similar to purchase accounting and, accordingly, the results of operations of Vision have been included in the consolidated financial statements from the date of contribution.

The following pro forma financial information assumes the Vision transaction occurred at the beginning of each of the periods presented and also includes the pro forma effects of the Partnership formation as of August 1, 1993 (as described in Note A):

(in thousands, except per unit amounts)

(unaudited)	Pro Forma Year Ended July 31, 1995	Pro Forma Year Ended July 31, 1994
Total revenues	$612,227	$594,792
Net earnings	24,386	43,735
Net earnings per limited partner unit	$ 0.78	$ 1.40

During the year ended July 31, 1995, the Partnership made acquisitions and received contributions of businesses valued at $80,651,000 (including working capital acquired of $3,282,000). This total consists of $19,677,000 cash payments and the following noncash transactions: $45,000,000 debt assumed, $7,300,000 contributed capital, $6,600,000 issuance of Partnership units, and $2,074,000 other costs and consideration.

M. Income Taxes (Predecessor)

As stated in Note B, the Partnership's earnings or loss for Federal income tax purposes is included in the tax returns of the individual partners. Accordingly, no recognition has been given to income taxes in the accompanying financial statements of the Partnership. The information presented below pertains to the Predecessor.

Income tax expense (benefit) consists of:

(in thousands)	Eleven Months Ended June 30, 1994	Fiscal Year Ended July 31, 1993
Current	$ 209	$ 606
Deferred	7,136	(663)
	$ 7,345	$ (57)
Allocated to:		
Operating activities	$ 7,876	$486
Extraordinary loss	(531)	(543)
	$ 7,345	$ (57)

Deferred taxes result from temporary differences in the recognition of income and expense for tax and financial statement purposes. The significant temporary differences and related deferred tax provision (benefit) are as follows:

(in thousands)	Eleven Months Ended June 30, 1994	Fiscal Year Ended July 31,1993
Depreciation expense	$ 104	$ 1,568
Net operating loss carryforwards	9,258	(1,975)
Net cash, accrual and other differences	(2,696)	(752)
Amortization	470	496
	$ 7,136	$ (663)

For Federal income tax purposes, the Company had net operating loss carryforwards of approximately $201,000,000 at June 30, 1994 available to offset future taxable income. These net operating loss carryforwards expire at various dates through 2009.

A reconciliation between the effective tax rate and the statutory Federal rate follows:

(in thousands)	Eleven Months Ended June 30, 1994		Fiscal Year Ended July 31, 1993	
	Amount	%	Amount	%
Income tax expense (benefit) at statutory rate	$6,585	35.0	$(284)	(34.0)
Statutory surtax	(188)	(1.0)	-	--
State income taxes, net of Federal benefit	827	4.4	182	21.8
Nondeductible meal and entertainment expense	54	0.3	36	4.3
Other	67	0.3	9	1.1
	$7,345	39.0	$ (57)	(6.8)

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Ferrellgas, L.P. (formerly Ferrellgas, Inc.) and subsidiaries as of July 31, 1995 and 1994 (Successor), and the related consolidated statements of earnings, partners' capital and cash flows for the year ended July 31, 1995 and for the one month ended July 31, 1994 (Successor), the eleven months ended June 30, 1994 and the year ended July 31, 1993 (Predecessor). These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Ferrellgas, L.P. and subsidiaries as of July 31, 1995 and 1994 (Successor), and the results of their operations and their cash flows for the year ended July 31, 1995 and for the one month ended July 31, 1994 (Successor), the eleven months ended June 30, 1994 and the year ended July 31, 1993 (Predecessor) in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Kansas City, Missouri
September 12, 1995

FERRELLGAS L.P. and SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

ASSETS	July 31, 1995	July 31, 1994
Current Assets:		
Cash and cash equivalents	$ 29,877	$ 14,535
Accounts and notes receivable (net of allowance for doubtful accounts of $874 and $798 in 1995 and 1994, respectively)	58,239	50,780
Inventories	44,090	43,562
Prepaid expenses and other current assets	5,884	2,042
Total Current Assets	138,090	110,919
Property, plant and equipment, net	345,642	294,765
Intangible assets, net	86,886	63,291
Other assets, net	7,978	8,218
Total Assets	$578,596	$477,193

LIABILITIES AND PARTNERS' CAPITAL		
Current Liabilities:		
Accounts payable	$ 57,729	$ 46,368
Other current liabilities	31,432	26,603
Short-term borrowings	20,000	3,000
Total Current Liabilities	109,161	75,971
Long-term debt	338,188	267,062
Other liabilities	11,398	11,528
Contingencies and commitments		
Partners' Capital		
Limited partner	118,638	121,393
General partner	1,211	1,239
Total Partners' Capital	119,849	122,632
Total Liabilities and Partners' Capital	$578,596	$477,193

See notes to consolidated financial statements.

FERRELLGAS L.P. and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(in thousands)

	For the year ended July 31, 1995	One month ended July 31, 1994	For the year ended July 31, 1994 Eleven months ended June 30, 1994	For the year ended July 31, 1993
			(Predecessor)	(Predecessor)
Revenues:				
Gas liquids and related product sales	$565,607	$ 22,411	$477,285	$516,891
Other	30,829	2,155	24,705	25,054
Total revenues	596,436	24,566	501,990	541,945
Cost of product sold (exclusive of depreciation, shown separately below)	339,641	13,211	256,095	298,033
Gross profit	256,795	11,355	245,895	243,912
Operating expense	153,225	10,078	135,058	139,617
Depreciation and amortization expense	32,014	2,383	26,452	30,840
General and administrative expense	11,357	935	8,923	10,079
Vehicle leases expense	4,271	350	3,940	4,823
Operating income (loss)	55,928	(2,391)	71,522	58,553
Interest expense	(31,993)	(2,662)	(53,693)	(60,071)
Interest income (including related parties of $1,018 and $725 in eleven months ended June 30, 1994 and year ended July 31, 1993, respectively)	1,268	73	3,599	3,266
Loss on disposal of assets	(1,139)	(97)	(1,215)	(1,153)
Earnings (loss) before income taxes and extraordinary loss	24,064	(5,077)	20,213	595
Income tax provision	-	-	7,876	486
Earnings (loss) before extraordinary loss	24,064	(5,077)	12,337	109
Extraordinary loss on early extinguishment of debt, net of tax benefit of $531 and $543 in eleven months ended June 30, 1994 and year ended July 31, 1993, respectively	-	60,062	867	886
Net earnings (loss)	$ 24,064	$(65,139)	$ 11,470	$ (777)

See notes to consolidated financial statements.

FERRELLGAS L.P. and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY/PARTNERS' CAPITAL
(in thousands)

	Number of Common Shares	Common stock	Additional paid-in capital	Accumulated deficit	Total stockholder's equity
August 1, 1992 (Predecessor)	1.0	$1	$29,535	$(20,728)	$ 8,808
Capital contribution from Ferrell Companies, Inc.	-	-	3,277	-	3,277
Capital transaction - Ferrell Companies, Inc. long-term incentive plan	-	-	51	-	51
Net loss	-	-	-	(777)	(777)
July 31, 1993 (Predecessor)	1.0	1	32,863	(21,505)	11,359
Net earnings	-	-	-	11,470	11,470
June 30, 1994 (Predecessor)	1.0	$1	$32,863	$(10,035)	$22,829

	Limited partner	General partner	Total partners' capital
April 22, 1994	$ -	$ -	$ -
Contributions in connection with formation of the Partnership	185,874	1,897	187,771
Net loss	(64,481)	(658)	(65,139)
July 31, 1994	121,393	1,239	122,632
Assets contributed in connection with acquisitions	7,226	74	7,300
Additions to capital in connection with acquisitions	6,666	69	6,735
Quarterly distributions	(51,654)	(528)	(52,182)
Adjustments to capital related to resolution of income tax contingencies	11,186	114	11,300
Net earnings	23,821	243	24,064
July 31, 1995	$118,638	$1,211	$119,849

See notes to consolidated financial statements.

FERRELLGAS L.P. and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the year ended July 31, 1995	One month ended July 31, 1994	For the year ended July 31, 1994 Eleven months ended June 30, 1994 (Predecessor)	For the year ended July 31, 1993 (Predecessor)
Cash Flows From Operating Activities:				
Net earnings (loss)	$24,064	$(65,139)	$11,470	$ (777)
Reconciliation of net earnings (loss) to net cash from operating activities:				
Depreciation and amortization	32,014	2,383	26,452	30,840
Extraordinary loss	-	60,062	867	886
Other	3,191	22	5,130	5,236
Changes in operating assets and liabilities net of effects from business acquisitions:				
Accounts and notes receivable	(906)	196	(816)	(252)
Inventories	7,388	(5,631)	(14,279)	10,229
Prepaid expenses and other current assets	(3,497)	618	(763)	977
Accounts payable	5,246	(2,809)	16,231	(11,918)
Accrued interest expense	10,680	(3,448)	(4,765)	(233)
Other current liabilities	(11,704)	1,715	7,001	1,962
Other liabilities	(446)	(35)	(1,072)	131
Deferred income taxes	-	-	7,667	(120)
Net cash provided (used) by operating activities	66,030	(12,066)	53,123	36,961
Cash Flows From Investing Activities:				
Business acquisitions	(19,677)	(874)	(2,451)	(810)
Capital expenditures	(19,722)	(1,894)	(7,826)	(13,378)
Other	173	31	26	27
Net cash used by investing activities	(39,226)	(2,737)	(10,251)	(14,161)
Cash Flows From Financing Activities:				
Net additions to short-term borrowings	17,000	3,000	-	-
Additions to long-term debt	85,000	265,000	-	81
Reductions of long-term debt	(61,400)	(477,903)	(13,640)	(12,796)
Distributions	(52,182)	-	-	-
Additional payments to retire debt	-	(48,857)	(1,190)	(1,195)
Additions to financing costs	-	(6,575)	(51)	(627)
Net issuance of Common Units	-	255,006	-	-
Reacquisition of Class B redeemable common stock	-	-	-	(3,218)
Cash transfer from predecessor company	-	39,791	-	-
Other	120	(124)	(6,330)	(298)
Net cash provided (used) by financing activities	(11,462)	29,338	(21,211)	(18,053)
Increase in cash and cash equivalents	15,342	14,535	21,661	4,747
Cash and cash equivalents - beginning of period	14,535	-	32,706	27,959
Cash and cash equivalents - end of period	$29,877	$ 14,535	$54,367	$32,706
Cash paid for interest	$19,918	$ 6,093	$55,681	$57,563

See notes to consolidated financial statements.

A. Partnership Organization and Formation

Ferrellgas, L.P. (the "Partnership" or "Operating Partnership") was formed April 22, 1994, as a Delaware limited partnership to acquire, own and operate the propane business and substantially all of the assets of Ferrellgas, Inc. (the "Company" or "General Partner"). Ferrellgas Partners, L.P. (the "Master Partnership") is a Delaware limited partnership and holds a 99% interest in the Partnership as the sole limited partner. The Company holds a 1.0101% interest in the Partnership as the General Partner and performs all management functions required for the Partnership.

On July 5, 1994, the Master Partnership completed an initial public offering of 13,100,000 Common Units representing limited partner interests (the "Common Units") at $21 per Common Unit. As of the date of the offering, the 13,100,000 Common Units represented a 41.8% limited partner interest in the Partnership. Concurrent with the closing of the offering, the Company contributed all of its propane business and assets to the Partnership (excluding approximately $39,000,000 in cash, payables to or receivables from its parent and affiliates and an investment in the Class B Stock of Ferrell Companies, Inc.) in exchange for 1,000,000 Common Units, 16,593,721 Subordinated Units and Incentive Distribution Rights, representing additional limited partner interests in the Master Partnership, as of the date of the offering, as well as a 2% general partner interest in the Master Partnership and the Partnership, on a combined basis.

In connection with the contribution of the propane business and assets by the Company, the Operating Partnership assumed all of the liabilities, whether known or unknown, associated with such assets (other than income tax liabilities). The net book value contributed to the Partnership, adjusted for the settlement of tax contingency (see Note H), is reported below:

(In thousands)	
Total assets conveyed	$509,535
Total liabilities assumed	565,471
Net liabilities	$(55,936)

Supplementary Pro Forma Consolidated Statements of Earnings (Unaudited): The following pro forma consolidated statement of earnings for the fiscal year ended July 31, 1994, was derived from the historical statement of earnings of the Company for the eleven months ended June 30, 1994, and the statement of earnings of the Partnership from inception to July 31, 1994. The pro forma statement of earnings for the fiscal year ended July 31, 1993, was derived from the historical statement of earnings of the Company. The pro forma consolidated statements of earnings of the Partnership should be read in conjunction with the consolidated financial statements of the Partnership and the Company and the notes thereto. The objective of this data is to show the effects on the historical financial information as if the Partnership formation had occurred on August 1, 1992.

The following supplementary pro forma consolidated statements of earnings are for comparative purposes and are not indicative of the results of future operations of the Partnership:

(in thousands, except unit amounts)

	Audited July 31, 1995	Pro Forma July 31, 1994	Pro Forma July 31, 1993
Revenues:			
Gas liquids and related product sales	$565,607	$499,696	$516,891
Other	30,829	26,860	25,054
Total revenues	596,436	526,556	541,945
Cost of product sold (exclusive of depreciation, shown separately below)	339,641	269,306	298,033
Gross profit	256,795	257,250	243,912
Operating expense	153,225	145,136	139,617
Depreciation and amortization expense	32,014	28,835	30,840
General and administrative expense	11,357	10,358 (1)	10,579 (1)
Vehicle leases expenses	4,271	4,290	4,823
Operating income	55,928	68,631	58,053
Interest expense	(31,993)	(28,130) (2)	(29,220) (2)
Interest income	1,268	1,123 (3)	898 (3)
Loss on disposal of assets	(1,139)	(1,312)	(1,153)
Earnings before extraordinary loss	$ 24,064	$ 40,312	$ 28,578

(1) Reflects estimated general and administrative costs associated with the Partnership.
(2) Reflects the adjustment to interest expense resulting from the early retirement of debt, net of additional borrowings.
(3) Reflects the reduction of interest income to the Partnership as a result of lower cash balances available for short-term investment opportunities.

B. Summary of Significant Accounting Policies

(1) Nature of operations: The partnership is engaged primarily in the sale, distribution, marketing and trading of propane and other natural gas liquids throughout the United States. The retail market is seasonal because propane is used primarily for heating in residential and commercial buildings. The Partnership serves more than 700,000 residential, industrial/commercial and agricultural customers.

(2) Principles of consolidation: The accompanying consolidated financial statements present the consolidated financial position, results of operations and cash flows of the Partnership and its wholly owned subsidiaries, Ferrellgas Finance Corp., and Stratton Insurance Company. All material intercompany profits, transactions and balances have been eliminated.

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

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

(5) Property, plant and equipment and intangible assets: Property, plant and equipment is stated at cost less accumulated depreciation. Expenditures for maintenance and routine repairs are expensed as incurred. Depreciation is calculated using the straight-line method based on estimated useful lives of the assets ranging from two to thirty years. Intangible assets, consisting primarily of customer location values and goodwill, are stated at cost, net of amortization calculated using the straight-line method over periods ranging from 15 to 40 years. Accumulated amortization of intangible assets totaled $81,995,000 and $68,489,000 as of July 31, 1995 and 1994, respectively.

On July 31, 1995, the Partnership adopted the provisions of FASB Statement No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of, which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Adoption of FASB Statement No. 121 had no impact on the financial statements.

(6) Forward, futures and options contracts: The Partnership also enters into forward and futures purchase/sale agreements and options involving propane and related products which are for trading and overall risk management purposes. To the extent such contracts are entered into at fixed prices and thereby subject the Partnership to market risk, the contracts are accounted for on a mark-to-market basis.

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

The Predecessor filed a consolidated Federal income tax return with its parent and affiliates. Income taxes were computed as though each company filed its own income tax return in accordance with the tax sharing agreement. Deferred income taxes were provided as a result of temporary differences between financial and tax reporting as described in Note L, using the asset/liability method. Deferred income taxes were recognized for the tax consequences of temporary differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities.

C. Quarterly Distributions of Available Cash

The Partnership makes quarterly cash distributions of all of its "Available Cash", generally defined as consolidated cash receipts less consolidated cash disbursements and net changes in reserves established by the General Partner for future requirements. These reserves are retained to provide for the proper conduct of the Partnership business, or to provide funds for distributions with respect to any one or more of the next four fiscal quarters.

Distributions by the Partnership in an amount equal to 100% of its Available Cash will be made 98.9899% to the Master Partnership and 1.0101% to the General Partner. The Partnership makes distributions of all of its Available Cash within 45 days after the end of each fiscal quarter ending January, April, July and October to holders of record on the applicable record date.

D. Supplemental Balance Sheet Information

Inventories consist of:

(in thousands)	1995	1994
Liquefied propane gas and related products	$37,550	$38,890
Appliances, parts and supplies	6,540	4,672
	$44,090	$43,562

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

Property, plant and equipment consist of:

(in thousands)	1995	1994
Land and improvements	$ 21,380	$ 18,589
Buildings and improvements	29,117	23,005
Vehicles	46,199	37,283
Furniture and fixtures	23,336	17,776
Bulk equipment and district market facilities	37,086	33,091
Tanks and customer equipment	357,167	317,631
Other	6,825	5,097
	521,110	452,472
Less: accumulated depreciation	175,468	157,707
	$345,642	$294,765

Depreciation expense totaled $21,649,000, $1,602,000, $17,659,000, and $20,449,000 for the year ended July 31, 1995, the one month ended July 31, 1994, the eleven months ended June 30, 1994 and the year ended July 31, 1993.

Other current liabilities consist of:

(in thousands)	1995	1994
Accrued insurance	$ 6,045	$ 6,624
Accrued interest	12,972	2,161
Accrued payroll	4,036	9,394
Other	8,379	8,424
	$31,432	$26,603

E. Long-Term Debt

Long-term debt consists of:

(in thousands)	1995	1994
Senior Notes		
Fixed rate, 10%, due 2001	$200,000	$200,000
Floating rate, 9.3125% and 7.875%, respectively, due 2001 (1)	50,000	50,000
Credit Agreement		
Term loan, 7.3125% and 7.375%, respectively, due 1997 (2)	15,000	15,000
Revolving credit loans, 7.125% to 9.125%, due 1997 (2)	70,000	-
Notes payable, 5.6% and 4.3% weighted average interest rates, respectively, due 1995 to 2004 (3)	3,983	3,373
	338,983	268,373
Less: current portion	795	1,311
	$338,188	$267,062

(1) The floating rate senior notes bear interest at the London Interbank Offered Rate ("LIBOR") plus 3.125% and have mandatory sinking fund payments of $5,000,000 in 1999 and 2000. To offset the variable rate characteristic of the notes, the Partnership entered into interest rate collar agreements with two major banks limiting interest rates to between 8.135% and 9.625%.

(2) The Partnership has a Credit Agreement with a major bank, as Agent, consisting of a $15,000,000 term loan facility and $170,000,000 revolving credit facilities, of which $50,000,000 is available to support letters of credit. Borrowings under the agreement generally bear interest at Prime plus 0.25% or LIBOR plus 1.25%. On July 21, 1995, the Partnership entered into an amended Credit Agreement which, effective August 1, 1995, increased the revolving credit facilities to $190,000,000 and decreased the applicable interest rate ranges to Prime plus 0% to .25% or LIBOR plus .052% to 1.25%.

At the Partnership's option, amounts borrowed under the term loan and non-working capital borrowings under the revolving credit loans may be converted to borrowing which mature in twelve quarterly installments beginning September 1997.

(3) The notes payable are secured by approximately $1,413,000 and $2,056,000 of property and equipment at July 31, 1995 and 1994, respectively.

At July 31, 1995 and 1994, $20,000,000 and $3,000,000, respectively, of short-term borrowings were outstanding under the revolving line of credit and letters of credit outstanding, used primarily to secure obligations under certain insurance arrangements, totaled $24,471,000.

The Senior Note Indenture and Credit Agreement contain various restrictive covenants applicable to the Partnership and its subsidiaries, the most restrictive relating to additional indebtedness, sale and disposition of assets, and transactions with affiliates. In addition, the Partnership is prohibited from making cash distributions of the Minimum Quarterly Distribution if a default or event of default exists or would exist upon making such distribution, or if the Partnership fails to meet certain coverage and capital expenditure tests. With respect to the capital expenditure tests, the Partnership shall in the aggregate make future "Capital Investments" (as defined in the Senior Note Indenture) of approximately $25,000,000 by July 31, 1999, and $50,000,000 by the end of fiscal year 2000. The Partnership is in compliance with all requirements, tests, limitations and covenants related to the Senior Note Indenture and Credit Agreement.

Annual principal payments on long-term debt for each of the next five fiscal years are $795,000 in 1996, $438,000 in 1997, $5,252,000 in 1998, $28,569,000 in 1999 and $33,600,000 in 2000.

During the one month ended July 31, 1994, the Partnership recognized an extraordinary loss from the debt premium and write off of financing costs of $59,455,000, net of minority interest of $607,000 resulting from the early extinguishment of $477,600,000 of indebtedness of the Company assumed by the Operating Partnership. During the eleven months ended June 30, 1994, the Predecessor recognized an extraordinary loss from debt premium and write-off of financing costs of approximately $867,000, net of income tax benefit of $531,000, resulting from the early extinguishment of $11,900,000 of its fixed rate senior notes. During fiscal year 1993, the Predecessor recognized an extraordinary loss from debt premium and write-off of financing costs of approximately $886,000, net of income tax benefit of $543,000, resulting from the early extinguishment of $10,500,000 of its fixed rate senior notes.

F. Transactions with Related Parties

The Partnership has no employees and is managed and controlled by the General Partner. Pursuant to the Partnership Agreement, the General Partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on behalf of the Partnership, and all other necessary or appropriate expenses allocable to the Partnership or otherwise reasonably incurred by the General Partner in connection with operating the Partnership's business. These costs, which totaled $100,750,000 for the year ended July 31, 1995 and $7,561,000 from inception to July 31, 1994, include compensation and benefits paid to officers and employees of the General Partner, and general and administrative costs. In addition, the conveyance of the net assets of the Company to the Partnership described in Note A included the assumption of specific liabilities related to employee benefit and incentive plans for the benefit of the officers and employees of the General Partner.

A. Andrew Levison, a director of the General Partner is a Managing Director of Donaldson, Lufkin & Jenrette Securities Corporation ("DLJ"). DLJ acted as an underwriter with regard to the public offering of Common Units and Senior Notes, and was paid total fees of $5,100,000 during 1994. No fees were paid in 1995.

The law firm of Bryan Cave, LLP (formerly Smith, Gill, Fisher & Butts, a Professional Corporation), is general counsel to the Partnership, General Partner, Ferrell Companies, Inc. ("Ferrell") and their respective subsidiaries and affiliates. David S. Mouber, a director of Ferrell at July 31, 1994, is a member of such law firm. The Partnership, Ferrell and their respective subsidiaries paid such firm fees of $151,000 from inception to July 31, 1994. The Predecessor, its parent and their respective subsidiaries paid such firm fees of $1,243,000 for the eleven months ended June 30, 1994 and $1,381,000 for the year ended July 31, 1993.

In 1993, the Company received capital contributions from its parent consisting of i) the forgiveness of a $3,015,000 long-term note payable to affiliate, including interest, and ii) a $262,000 note receivable from affiliate.

G. Contingencies and Commitments

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

In connection with the formation of the Partnership, the General Partner contributed certain assets and liabilities. 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. The General Partner has reached a settlement agreement which substantially resolves all issues with the IRS with the exception of minor items which are presently being negotiated at the appellate level. Due to the settlement of these issues, additional deferred taxes were recorded by the General Partner. This noncash adjustment retroactively increased the basis of the assets the General Partner contributed to the Partnership by $11,300,000 which, in turn, caused an increase to the General Partner's contributed capital that was allocated pro rata among all partners. In addition, Partnership goodwill also increased by $11,300,000 (to be amortized prospectively over a period of 15 years). These adjustments were not material to the financial position or the results of operations or liquidity.

Certain property and equipment is leased under noncancellable operating leases which require fixed monthly rental payments and which expire at various dates through 2016. Rental expense under these leases totaled $11,233,000, $725,000, $9,556,000, and $10,903,000 for the year ended July 31, 1995, the one month ended July 31, 1994, the eleven months ended June 30, 1994, and the year ended July 31, 1993, respectively. Future minimum lease commitments for such leases are $8,414,000 in 1996, $6,195,000 in 1997, $3,874,000 in 1998, $2,227,000 in 1999, $1,005,000 in 2000 and $3,985,000 thereafter.

H. Employee Benefits

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

The General Partner and its parent have a defined contribution profit-sharing plan which covers substantially all employees with more than one year of service. Contributions are made to the plan at the discretion of the parent's Board of Directors. This plan, which qualifies under section 401(k) of the Internal Revenue Code, also provides for matching contributions under a cash or deferred arrangement based upon participant salaries and employee contributions to the plan. Contributions for the year ended July 31, 1995, under the profit sharing provision and the 401(k) provision were $1,300,000 and $1,407,000 respectively. There were no contributions under the profit sharing provision or 401(k) provision of the plan from inception to July 31, 1994. Contributions during the eleven months ended June 30, 1994 and the year ended July 31, 1993 were $1,200,000 and $1,000,000 under the profit sharing provision, and $1,445,000 and $1,541,000 under the 401(k) provision.

I. Unit Options

On October 14, 1994, the General Partner adopted the Ferrellgas, Inc. Unit Option Plan (the "Unit Option Plan"), which currently authorizes the issuance of options (the "Unit Options") covering up to 850,000 of the Master Limited Partnership's Subordinated Units to certain officers and employees of the General Partner, of which 775,000 options were granted, while 73,500 options were terminated and cancelled; thus 701,500 options were issued and outstanding at July 31, 1995 having an aggregate exercise price of $11,868,000. The Unit Options have the following characteristics: 1) exercise prices ranging from $16.80 to $18.54 per unit, which is an estimate of the fair market value of the Subordinated Units at the time of grant, 2) vest immediately or over a one to five year period, 3) exercisable beginning after July 31, 1999, assuming the subordination period has elapsed, and 4) expire on the tenth anniversary of the date of grant. Upon conversion of the Subordinated Units held by the General Partner and its affiliates, the Unit Options granted will convert to Common Unit Options.

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

The carrying amount of cash and cash equivalents approximates fair value because of the short maturity of the instruments. Short-term borrowings approximates fair value as of July 31, 1995 and 1994. The estimated fair value of the Partnership's long-term debt was $347,485,000 and $269,547,000 as of July 31, 1995 and 1994, respectively. The fair value is estimated based on quoted market prices adjusted for discounted cash flows.

Interest Rate Collar Agreements. On June 5, 1995, the Partnership entered into three-year interest rate collar agreements involving the exchange of fixed and floating interest payment obligations without the exchange of the underlying principal amounts. At July 31, 1995, the total notional principal amount of these agreements was $50,000,000. The counterparties to these agreements are large financial institutions. The interest rate collar agreements subject the company to financial risk that will vary during the life of these agreements in relation to market interest rates.

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

Forward and Futures Contracts. The Partnership is a party to certain forward and futures contracts for trading purposes. Net gains from trading activities were $5,818,000, $331,000, $6,458,000 and $6,739,000 for the year ended July 31, 1995, the one month ended July 31, 1994, the eleven months ended June 30, 1994 and the year ended July 31, 1993, respectively. Such contracts permit settlement by delivery of the commodity. Open contract positions are summarized below.

As of July 31
(In thousands, except price per gallon data)

	Derivative Financial Instruments Held for Purposes Other than Trading (Options)				Financial Instruments Held for Trading Purposes (Forward and Futures)			
	1995		1994		1995		1994	
	Asset	Liab.	Asset	Liab.	Asset	Liab.	Asset	Liab.
Volume (gallons)	1,071	(9,765)	8,358	(6,174)	170,057	(129,198)	194,800	(146,562)
Price (cents/gal)	16-36	16-36	30-31	29-55	13-45	14-52	19-38	30-39
Maturity Dates	8/95-1/96	8/95-1/96	11/94-1/95	9/94-10/94	8/95-1/96	8/95-1/96	8/94-12/94	8/94-1/95
Contract Amounts ($)	380	(3,572)	2,522	(1,935)	57,419	(43,605)	62,237	(51,031)
Fair Value ($)	340	(3,758)	2,603	(2,000)	57,463	(43,504)	63,147	(50,680)
Unrealized gain(loss) ($)	(40)	(186)	81	(65)	44	101	910	351

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

K. Acquisitions

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). As a result of the contribution, the Partnership assumed substantially all of the liabilities, whether known or unknown, associated with Vision and its subsidiaries (excluding income tax liabilities), including obligation of the General Partner under a $45,000,000 loan agreement under which the General Partner borrowed funds to pay the purchase price for Vision. The Partnership repaid the loan immediately after the transfer of assets with funds borrowed under its Credit Facility. In consideration of the retention by the General Partner of certain income tax liabilities, the Master Partnership issued 138,392 Common Units to the General Partner. The Partnership received a contribution of $7,300,000 from the General Partner, representing the excess of the value of the assets over the liabilities conveyed and the units issued to the General Partner. This contribution is allocated to each partner based on their relative ownership percentages following the closing of the Vision acquisition. The total assets contributed to the Partnership of approximately $57,100,000 (the General Partner's cost basis) has been preliminarily allocated as follows: (i) working capital of $2,443,000, (ii) property, plant and equipment of $36,919,000, and (iii) intangible assets of

$17,738,000. The total liabilities assumed by the Partnership were approximately $45,000,000. The transaction has been accounted for similar to purchase accounting and, accordingly, the results of operations of Vision have been included in the consolidated financial statements from the date of contribution.

The following pro forma financial information assumes the Vision transaction occurred at the beginning of each of the periods presented and also includes the pro forma effects of the Partnership formation as of August 1, 1993 (as described in Note A):

(in thousands, except per unit amounts) (unaudited)	Pro Forma Year Ended July 31, 1995	Pro Forma Year Ended July 31, 1994
Total revenues	$612,227	$594,792
Net earnings	24,386	43,735
Net earnings per limited partner unit	$ 0.78	$ 1.40

During the year ended July 31, 1995, the Partnership made acquisitions and received contributions of businesses valued at $80,651,000 (including working capital acquired of $3,282,000). This total consists of $19,677,000 cash payments and the following noncash transactions: $45,000,000 debt assumed, $7,300,000 contributed capital, $6,600,000 issuance of Master Partnership units, and $2,074,000 other costs and consideration.

L. Income Taxes (Predecessor)

As stated in Note B, the Partnership's earnings or loss for Federal income tax purposes is included in the tax returns of the individual partners. Accordingly, no recognition has been given to income taxes in the accompanying financial statements of the Partnership. The information presented below pertains to the Predecessor.

Income tax expense (benefit) consists of :

(in thousands)	Eleven Months Ended June 30, 1994	Fiscal Year Ended July 31, 1993
Current	$ 209	$ 606
Deferred	7,136	(663)
	$ 7,345	$ (57)
Allocated to:		
Operating activities	$ 7,876	$486
Extraordinary loss	(531)	(543)
	$ 7,345	$ (57)

Deferred taxes result from temporary differences in the recognition of income and expense for tax and financial statement purposes. The significant temporary differences and related deferred tax provision (benefit) are as follows :

(in thousands)	Eleven Months Ended June 30, 1994	Fiscal Year Ended July 31,1993
Depreciation expense	$ 104	$ 1,568
Net operating loss carryforwards	9,258	(1,975)
Net cash, accrual and other differences	(2,696)	(752)
Amortization	470	496
	$ 7,136	$ (663)

For Federal income tax purposes, the Company had net operating loss carryforwards of approximately $201,000,000 at June 30, 1994 available to offset future taxable income. These net operating loss carryforwards expire at various dates through 2009.

A reconciliation between the effective tax rate and the statutory Federal rate follows (amounts):

(in thousands)	Eleven Months Ended June 30, 1994		Fiscal Year Ended July 31, 1993	
	Amount	%	Amount	%
Income tax expense (benefit) at statutory rate	$6,585	35.0	$(284)	(34.0)
Statutory surtax	(188)	(1.0)	-	-
State income taxes, net of Federal benefit	827	4.4	182	21.8
Nondeductible meal and entertainment expense	54	0.3	36	4.3
Other	67	0.3	9	1.1
	$7,345	39.0	$ (57)	(6.8)

INDEPENDENT AUDITORS' REPORT

Board of Directors
Ferrellgas Finance Corp.
Liberty, Missouri

We have audited the accompanying balance sheets of Ferrellgas Finance Corp. (a wholly owned subsidiary of Ferrellgas L.P.), as of July 31, 1995 and 1994, and the related statements of earnings, stockholder's equity and cash flows for the year ended July 31, 1995 and the period from inception (April 28, 1994) to July 31, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such financial statements present fairly, in all material respects, the financial position of Ferrellgas Finance Corp. as of July 31, 1995 and 1994, and the results of its operations and its cash flows for the year ended July 31, 1995 and the period from inception (April 28, 1994) to July 31, 1994 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Kansas City, Missouri
September 12, 1995

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

BALANCE SHEETS

	July 31, 1995	July 31, 1994
ASSETS		
Cash	$697	$1,000
Total Assets	$697	$1,000
LIABILITIES AND STOCKHOLDER'S EQUITY		
Payable to affiliate	$ 153	$ -
Common stock, $1.00 par value; 2,000 shares authorized; 1,000 shares issued and outstanding	1,000	1,000
Accumulated deficit	(456)	-
Total Stockholder's Equity	544	1,000
Total Liabilities and Stockholder's Equity	$697	$1,000

See notes to financial statements.

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

STATEMENTS OF EARNINGS

	For the Year Ended July 31, 1995	From Inception to July 31, 1994
Revenues	$ -	$ -
General and administrative expense	456	-
Net loss	$(456)	$ -

See notes to financial statements.

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

STATEMENTS OF STOCKHOLDER'S EQUITY

	Common stock		Accumulated deficit	Total stockholder's equity
	Shares	Dollars		
April 28, 1994	-	$ -	$ -	$ -
Common stock issued	1,000	1,000	-	1,000
July 31, 1994	1,000	1,000	-	1,000
Net loss	-	-	(456)	(456)
July 31, 1995	1,000	$1,000	$(456)	$544

See notes to financial statements.

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

STATEMENTS OF CASH FLOWS

	For the year ended July 31, 1995	From Inception to July 31, 1994
Cash Flows From Operating Activities:		
Net loss	$(456)	$ -
Cash used by operating activities	(456)	-
Cash Flows From Investing Activities:		
Cash provided by investing activities	-	-
Cash Flows From Financing Activities:		
Issuance of common stock	-	1,000
Net advance from affiliate	153	-
Cash provided by financing activities	153	1,000
Increase (decrease) in cash	(303)	1,000
Cash - beginning of period	1,000	-
Cash - end of period	$ 697	$1,000

See notes to financial statements.

FERRELLGAS FINANCE CORP.
(A wholly owned subsidiary of Ferrellgas, L.P.)
NOTES TO FINANCIAL STATEMENTS
JULY 31, 1995

A. Formation

Ferrellgas Finance Corp. (the "Company"), a Delaware corporation, was formed on April 28, 1994, and is a wholly-owned subsidiary of Ferrellgas, L.P. (the "Partnership"). Ferrellgas, L.P. was formed April 22, 1994, as a Delaware limited partnership. The Partnership was formed to acquire, own and operate substantially all of the assets of Ferrellgas, Inc. ("Ferrellgas"). Ferrellgas conveyed substantially all of its assets to the Partnership (excluding cash, receivables from parent and affiliates and an investment in the Class B Stock of Parent) and all of the liabilities, whether known or unknown, associated with such assets (other than income tax liabilities). The Partnership contributed $1,000 to the Company on May 20, 1994, in return for common stock. There were no other transactions involving the Company during the period ended July 31, 1994.

B. Commitment

In July, 1994, the Partnership issued 10% Fixed Rate Senior Notes (the "Fixed Notes") due 2001 in the aggregate principal amount of $200,000,000 and Floating Rate Senior Notes (the "Floating Notes" and together with the Fixed Notes the "Senior Notes") due 2001 in the aggregate principal amount of $50,000,000. The $200,000,000 Fixed Rate Senior Notes are not redeemable prior to August 1, 1999. Thereafter, the Partnership has the option to redeem the notes, in whole or part, at a premium. The $50,000,000 aggregate principal amount of Floating Notes are redeemable at the option of the Partnership on or after August 1, 1996, in whole or part, at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest at the redemption date. The Floating Notes have mandatory sinking fund payments of $5,000,000 on August 1, 2000 and 2001, to retire an aggregate 20% of the Floating Notes prior to maturity. The Company is acting as co-obligor for the Senior Notes.

C. Income Taxes

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

Due to the inability of the Company to utilize the deferred tax benefit of $178 associated with the current year net operating loss carryforward of $456 expiring July 31, 2010, a valuation allowance has been provided on the full amount of the deferred tax asset. Accordingly, there is no net deferred tax benefit for the period ended July 31, 1995 and there is no net deferred tax asset as of July 31, 1995.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the consolidated financial statements of Ferrellgas Partners, L.P. (formerly Ferrellgas, Inc.), and subsidiary as of July 31, 1995 and 1994, (Successor), and for the year ended July 31,1995, and for the one month ended July 31, 1994 (Successor), and for the eleven months ended June 30, 1994 and for the year ended July 31, 1993 (Predecessor) and have issued our report thereon dated September 12, 1995. Our audit also included the financial statement schedules listed at Item 14(a)2. These financial statement schedules are the responsibility of the Partnership's management. Our responsibility is to express an opinion based on our audit. In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information therein set forth.

DELOITTE & TOUCHE LLP
Kansas City, Missouri
September 12, 1995

FERRELLGAS PARTNERS, L.P. SCHEDULE I
PARENT ONLY

BALANCE SHEETS
(in thousands)

ASSETS	July 31, 1995	July 31, 1994
Investment in Ferrellgas, L.P.	$118,638	$121,393
Total Assets	$118,638	$121,393

LIABILITIES AND PARTNERS' CAPITAL	July 31, 1995	July 31, 1994
Other current liabilities	$ 1	$ -
Partners' Capital		
Common unitholders	84,489	84,532
Subordinated unitholders	91,824	99,483
General partner	(57,676)	(62,622)
Total Partners' Capital	118,637	121,393
Total Liabilities and Partners' Capital	$118,638	$121,393

FERRELLGAS PARTNERS, L.P. SCHEDULE I
PARENT ONLY

STATEMENTS OF EARNINGS
(in thousands)

	For the Year Ended July 31, 1995	Inception to July 31, 1994
Equity in earnings (loss) of Ferrellgas, L.P.	$23,821	$(64,481)
Operating expense	1	-
Net earnings (loss)	$23,820	$(64,481)

FERRELLGAS PARTNERS, L.P. SCHEDULE I
PARENT ONLY

STATEMENTS OF CASH FLOWS
(in thousands)

	For the Year Ended July 31, 1995	Inception to July 31, 1994
Cash Flows From Operating Activities:		
Net earnings (loss)	$23,820	$(64,481)
Reconciliation of net earnings (loss) to net cash from operating activities:		
Equity in (earnings) loss of Ferrellgas, L.P.	(23,821)	64,481
Distributions received from Ferrellgas, L.P.	51,654	-
Increase in other current liabilities	1	-
Net cash provided by operating activities	51,654	-
Cash Flows From Investing Activities:		
Investment in Ferrellgas, L.P.	-	(255,006)
Net cash used by investing activities	-	(255,006)
Cash Flows From Financing Activities:		
Distributions to partners	(51,654)	-
Net issuance of Common Units	-	255,006
Net cash provided (used) by financing activities	(51,654)	255,006
Increase in cash and cash equivalents	-	-
Cash and cash equivalents - beginning of period	-	-
Cash and cash equivalents - end of period	$ -	$ -

Supplemental disclosure of noncash financing activity:
Effective July 5, 1994, substantially all of the propane assets and liabilities of Ferrellgas, Inc. were conveyed at historical cost to Ferrellgas, L.P. in return for 1,000,000 Common Units, 16,593,721 Subordinated Units and the Incentive Distribution Rights of Ferrellgas Partners, L.P., as well as a 2% general partner interest in Ferrellgas Partners, L.P. and Ferrellgas, L.P., on a combined basis. Net liabilities assumed by Ferrellgas, L.P., adjusted for the settlement of a tax contingency, are as follows:

	July 5, 1994
Cash	$ 39,791
Accounts receivable	50,747
Inventories	37,931
Prepaid expenses and other current assets	2,660
Property, plant and equipment, net	293,729
Intangible assets, net	75,350
Other assets	9,327
Total assets conveyed	509,535
Accounts payable	49,177
Other current liabilities	30,296
Long-term debt, net	476,441
Other non-current liabilities	9,557
Total liabilities assumed	565,471
Net liabilities assumed by Ferrellgas, L.P.	$(55,936)

FERRELLGAS PARTNERS, L.P. SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

Description	Balance at beginning of period	Charged to cost/ expenses	Other Additions (A)	Deductions (amounts charged-off)	Balance at end of period
Year ended July 31, 1995					
Allowance for doubtful accounts	$ 798	$1,191	$ 400	$1,515	$ 874
Accumulated amortization:					
Intangible assets	$68,489	$9,997	$3,509	$ -	$81,995
Other assets	$ 1,860	$ 368	$1,109	$ -	$ 3,337
One month ended July 31, 1994					
Allowance for doubtful accounts	$ 906	$ 119	$ -	$ 227	$ 798
Accumulated amortization:					
Intangible assets	$67,730	$ 759	$ -	$ -	$68,489
Other assets	$ 9,845	$ 23	$ -	$8,008	$ 1,860
Eleven months ended June 30, 1994					
Allowance for doubtful accounts	$ 607	$1,569	$ -	$1,270	$ 906
Accumulated amortization:					
Intangible assets	$59,181	$8,549	$ -	$ -	$67,730
Other assets	$ 7,592	$2,626	$ -	$ 373	$ 9,845

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

(B) On July 5, 1994, substantially all of the propane assets and liabilities of Ferrellgas, Inc. were conveyed at historical cost to Ferrellgas, L.P. Total allowance for uncollectible receivables, accumulated amortization of intangible assets and accumulated amortization of other assets transferred to Ferrellgas, L.P. was $906, $67,730 and $9,845, respectively.

INDEPENDENT AUDITORS' REPORT

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

We have audited the consolidated financial statements of Ferrellgas, L.P., (formerly Ferrellgas, Inc.) and subsidiaries as of July 31, 1995 and 1994, (Successor), and for the year ended July 31,1995, and for the one month ended July 31, 1994 (Successor), the eleven months ended June 30, 1994 and for the year ended July 31, 1993 (Predecessor) and have issued our report thereon dated September 12, 1995. Our audit also included the financial statement schedules listed at Item 14(a)2. These financial statement schedules are the responsibility of the Partnership's management. Our responsibility is to express an opinion based on our audit. In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information therein set forth.

DELOITTE & TOUCHE LLP
Kansas City, Missouri
September 12, 1995

FERRELLGAS, L.P.and SUBSIDIARIES SCHEDULE II
PARENT ONLY

BALANCE SHEETS
(in thousands)

Description	Balance at beginning of period	Charged to cost/ expenses	Other Additions (A)	Deductions (amounts charged-off)	Balance at end of period
Year ended July 31, 1995					
Allowance for doubtful accounts	$ 798	$1,191	$ 400	$1,515	$ 874
Accumulated amortization:					
Intangible assets	$68,489	$9,997	$3,509	$ -	$81,995
Other assets	$ 1,860	$ 368	$1,109	$ -	$ 3,337
One month ended July 31, 1994					
Allowance for doubtful accounts	$ 906	$ 119	$ -	$ 227	$ 798
Accumulated amortization:					
Intangible assets	$67,730	$ 759	$ -	$ -	$68,489
Other assets	$ 9,845	$ 23	$ -	$8,008	$ 1,860
Eleven months ended June 30, 1994					
Allowance for doubtful accounts	$ 607	$1,569	$ -	$1,270	$ 906
Accumulated amortization:					
Intangible assets	$59,181	$8,549	$ -	$ -	$67,730
Other assets	$ 7,592	$2,626	$ -	$ 373	$ 9,845

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

On July 5, 1994, substantially all of the propane assets and liabilities of Ferrellgas, Inc. were conveyed at historical cost to Ferrellgas, L.P. Total allowance for uncollectible receivables, accumulated amortization of intangible assets and accumulated amortization of other assets transferred to Ferrellgas, L.P. was $906, $67,730 and $9,845, respectively.

Exhibit 10.3

FIRST AMENDMENT
TO CREDIT AGREEMENT

This FIRST AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of July 21, 1995, is entered into by and among FERRELLGAS, L.P., a Delaware limited partnership (the "Borrower"), STRATTON INSURANCE COMPANY, Inc., a Vermont corporation and Wholly-Owned Subsidiary of the Borrower ("Stratton"), FERRELLGAS, INC., a Delaware corporation and sole general partner of the Borrower (the "General Partner"), each of the lenders that is a signatory to this Amendment (collectively, the "Banks"; and each, a "Bank"), BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION ("BofA"), as agent for the Banks (in such capacity, the "Agent") and THE FIRST NATIONAL BANK OF BOSTON and NATIONSBANK OF TEXAS, N.A. as co-agents (the "Co-Agents"), and amends that certain Credit Agreement dated as of July 5, 1994 between the Borrower, Stratton, the General Partner, the several financial institutions from time to time parties to the Credit Agreement (as defined below), the Agent and the Co-Agents (as supplemented by the Consent and Agreement dated as of October 28, 1994 entered into by and among the parties hereto, the "Existing Credit Agreement", and as amended hereby, the "Credit Agreement"). Capitalized terms used and not otherwise defined in this Amendment shall have the same meanings in this Amendment as set forth in the Existing Credit Agreement, and the rules of interpretation set forth in Section 1.02 of the Existing Credit Agreement shall be applicable to this Amendment.

RECITALS

A. The Borrower has determined that it is in the best interests of the Borrower to increase the amount of funds available to it for working capital, acquisition and other general purposes.

B. In that connection, the Borrower is proposing that the Banks (a) make available additional revolving indebtedness in the form of a new facility exclusively for working capital purposes in an aggregate amount equal to $20,000,000 which will have a 30 day clean-up period, (b) reallocate $25,000,000 from the Facility A Commitment to the Facility B Commitment and (c) make certain other amendments to the Existing Credit Agreement, and the Banks are willing to agree to the foregoing all on the terms and subject to the conditions set forth below.

AGREEMENT

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

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

Section 2, the Existing Credit Agreement shall be amended as follows: (a) The following definitions as set forth in Section 1.01 of the Existing Credit Agreement are amended to read in their entirety as follows:

i. "`Applicable Margin' means, for each Type of Loan, effective as of the first day of each fiscal quarter, the percentage per annum (expressed in basis points) set forth below opposite the Level of the Leverage Ratio applicable to such fiscal quarter as set forth herein.

Leverage Ratio	Base Rate Loans	Eurodollar Loans
Level 1	0 b.p.	52.5 b.p.
Level 2	0 b.p.	70 b.p.
Level 3	0 b.p.	87.5 b.p.
Level 4	0 b.p.	105 b.p.
Level 5	25 b.p.	125 b.p."

ii. "`Class' means, with respect to any Loan, whether such Loan is a Facility A Revolving Loan, Swingline Loan, Facility B Term Loan, Facility B Revolving Loan, Facility B Takeout Loan or Facility C Revolving Loan."

iii. "`Commitment Fee Rate' means, as of any date and based upon the Level of the Leverage Ratio on such date, the percent per annum (expressed in basis points) set forth below opposite such Level:

Leverage Ratio	Commitment Fee Rate
Level 1	20 b.p.
Level 2	25 b.p.
Level 3	27.5 b.p.
Level 4	32.5 b.p.
Level 5	37.5 b.p."

iv. "`Commitments' means, as to each Bank, collectively, its Facility A Commitment, its Facility B Commitment and its Facility C Commitment."

v. "`Compliance Certificate' means a certificate signed by a Responsible Officer of the Borrower substantially in the form of Exhibit C, demonstrating compliance with the covenants contained herein, including Sections 7.12, 7.13, 7.16 and 8.12 and the 30 day clean-up period contained in subsections 2.01(a)(ii) and 2.01(c)(ii)."

vi. "`Facility A Commitment', as to each Bank, means the amount

set forth opposite such Bank's name on Schedule 2.01 hereof under the caption "Facility A Commitment", as the same may be reduced under Section 2.05 or 2.07 or as a result of one or more assignments under Section 11.08; provided, that the maximum aggregate Facility A Commitment of all Banks shall not exceed $75,000,000 at any time."

vii. "`Facility B Commitment', as to each Bank, means the amount set forth opposite such Bank's name on Schedule 2.01 hereof under the caption "Facility B Commitment", as such amount may be reduced under Section 2.05 or 2.07 or as a result of one or more assignments under Section 11.08; provided, that the maximum aggregate Facility B Commitment of all Banks shall not exceed $110,000,000 at any time."

viii. "`Interest Period' means, as to any Eurodollar Rate Loan, the period commencing on the Borrowing Date of such Loan or on the Conversion/Continuation Date on which the Loan is converted into or continued as a Eurodollar Rate Loan, and ending on the date one, two, three or six months thereafter as selected by the Borrower in its Notice of Borrowing or Notice of Conversion/Continuation;
provided that:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the following Business Day unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period;

(iii) no Interest Period for any Facility A Revolving Loan or Facility C Revolving Loan shall extend beyond June 30, 1998;

(iv) no Interest Period for any Facility B Term Loan or Facility B Revolving Loan shall extend beyond June 30, 1997; and

(v) no Interest Period applicable to a Facility B Takeout Loan or portion thereof shall extend beyond any date upon which is due any scheduled principal payment in respect thereof unless the aggregate principal amount of Facility B Takeout Loans represented by Base Rate Loans, or by Eurodollar Rate Loans having Interest Periods that will expire on or before such date, equals or exceeds the amount of such principal payment."

ix. "`Level' means, at any time, Level 1, Level 2, Level 3, Level 4 or Level 5, based on the amount of the Leverage Ratio at such time. For purposes of this Agreement, the following "Levels" of Leverage Ratio (LR) shall apply:

Level	Leverage Ratio
Level 1	LR (less than) 1.75
Level 2	1.75 (less than) LR (less than) 2.75
Level 3	2.75 (less than) LR (less than) 3.25
Level 4	3.25 (less than) LR (less than) 3.75
Level 5	LR (less than) 3.75

The level of the Leverage Ratio for the period from the Closing Date to the end of the fiscal quarter of the Borrower during which the Closing Date occurs shall be equal to Level 3. Any change in the Level of the Leverage Ratio shall be determined by the Agent based upon the financial information required to be contained in the Compliance Certificates delivered by the Borrower to the Agent with respect to each fiscal quarter of the Borrower and shall become effective as of the first day of the fiscal quarter following the fiscal quarter for which such Compliance Certificate was delivered. Upon any failure of the Borrower to deliver a Compliance Certificate for any fiscal quarter prior to 10 days after the date on which such Compliance Certificate is required to be delivered to the Agent, and without limiting the other rights and remedies of the Agent and the Banks hereunder, the Leverage Ratio shall be deemed to be Level 5 as of the first day of the fiscal quarter beginning after the fiscal quarter for which such Compliance Certificate was due."

x. "`Loan' means an extension of credit by a Bank to the Borrower under Article II or Article III in the form of a Facility A Revolving Loan, L/C Advance, Facility B Term Loan, Facility B Revolving Loan, Facility B Takeout Loan, Facility C Revolving Loan or (in the case of BofA) Swingline Loan."

xi. "`Note' means a promissory note executed by the Borrower in favor of a Bank pursuant to subsection 2.02(b), in substantially the form of Exhibit F-1, F-2, F-3, F-4 or F-5."

xii. "`Revolving Commitment' means, as to each Bank, collectively, its Facility A Commitment, its Facility B Revolving Loan Commitment and its Facility C Commitment."

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b) The second sentence of the definition of "Fixed Charge Coverage Ratio" as set forth in Section 1.01 of the Existing Credit Agreement is amended to read in its entirety as follows:

"In the event that the referent Person or any of its Subsidiaries incurs, assumes, guarantees, redeems or repays any Indebtedness (other than revolving credit borrowings including, with respect to the Borrower, Swingline Loans, Facility A Revolving Loans, Facility B Revolving Loans and Facility C Revolving Loans) subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the date of the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, redemption or repayment of Indebtedness, as if the same had occurred at the beginning of the applicable reference period."

(c) Section 1.01 of the Existing Credit Agreement is amended by substituting the following definitions for the definition of "Revolving Termination Date" in that section:

i. "`Facility A Revolving Termination Date' means the earlier to occur of:

(a) June 30, 1998; and

(b) the date on which the Facility A Commitment terminates in accordance with the provisions of this Agreement."

ii. "`Facility B Revolving Termination Date' means the earlier to occur of:

(a) June 30, 1997; and

(b) the date on which the Facility B Revolving Loan Commitment terminates in accordance with the provisions of this Agreement."

iii. "`Facility C Revolving Termination Date' means the earlier to occur of:

(a) June 30, 1998; and

(b) the date on which the Facility C Commitment terminates in accordance with the provisions of this Agreement."

(d) Section 1.01 of the Existing Credit Agreement is amended by substituting the following definitions for the definition of "Risk Participation Percentage" in that section.

"`Commercial Letter of Credit Risk Participation Percentage' means, as of any date and based upon the Level of the Leverage Ratio on such date, the percent per annum (expressed in basis points) set forth below opposite such Level:

Leverage Ratio	Commercial Letter of Credit Risk Participation Percentage
Level 1	20 b.p.
Level 2	25 b.p.
Level 3	27.5 b.p.
Level 4	30 b.p.
Level 5	35 b.p."

"`Standby Letter of Credit Risk Participation Percentage' means, as of any date and based upon the Level of the Leverage Ratio on such date, the percent per annum (expressed in basis points) set forth below opposite such Level:

Leverage Ratio	Standby Letter of Credit Risk Participation Percentage
Level 1	40 b.p.
Level 2	57.5 b.p.
Level 3	75 b.p.
Level 4	92.5 b.p.
Level 5	112.5 b.p."

(e) Section 1.01 of the Existing Credit Agreement is amended to add the following definitions to read in their entirety as follows:

i. "`Facility C Commitment', as to each Bank, means the amount set forth opposite such Bank's name on Schedule 2.01 hereof under the caption "Facility C Commitment", as the same may be reduced under Section 2.05 or 2.07 or as a result of one or more assignments under Section 11.08; provided, that the maximum aggregate Facility C Commitment of all Banks shall not exceed $20,000,000 at any time."

ii. "`Facility C Revolving Loan' has the meaning specified in subsection 2.01(c), and may be a Base Rate Loan or a Eurodollar Rate Loan."

(f) Subsection 2.01(a)(i) of the Existing Credit Agreement is amended by substituting the term "Facility A Revolving Termination Date" for the term "Revolving Termination Date" in that subsection.

(g) Subsection 2.01(b)(ii) of the Existing Credit Agreement is amended by substituting the term "Facility B Revolving Termination Date" for the term "Revolving Termination Date" in that subsection.

(h) Subsection 2.01(b)(iii) of the Existing Credit Agreement is amended by substituting the term "Facility B Revolving Termination Date" for the term "Revolving Termination Date" in that subsection.

(i) Section 2.01 of the Credit Agreement is amended to add a new subsection (c) to read in its entirety as follows:

"(c) Facility C Revolving Loans.

(i) Each Bank severally agrees, on the terms and subject to the conditions set forth herein, to make loans to the Borrower (each such loan, a "Facility C Revolving Loan") from time to time on any Business Day during the period from the Amendment Effective Date to the Facility C Revolving Termination Date, in an aggregate principal amount not to exceed at any time outstanding such Bank's Facility C Commitment as in effect from time to time; provided, however, that, after giving effect to any Borrowing of Facility C Revolving Loans, the sum of the Effective Amount of all outstanding Facility C Revolving Loans shall not at any time exceed the combined Facility C Commitments, and the Effective Amount of the Facility C Revolving Loans of any Bank shall not at any time exceed such Bank's Facility C Commitment.

(ii) Within the limits of each Bank's Facility C Commitment and on the other terms and subject to the other conditions hereof, the Borrower may borrow under this subsection 2.01(c), prepay under Section 2.06 and reborrow under this subsection 2.01(c); provided, that, concurrently with the requirement contained in the proviso in subsection 2.01(a)(ii) above, the Borrower shall cause the aggregate outstanding principal amount of Facility C Revolving Loans not to exceed zero Dollars for at least one period of 30 consecutive days during each fiscal year of Borrower, commencing with its fiscal year beginning August 1, 1995."

(j) Subsection 2.05(c) of the Existing Credit Agreement is amended to read in its entirety as follows:

"(c) The Borrower may, not later than 11:00 a.m. San Francisco time at least three Business Days prior to its effective date by notice to the Agent, terminate or permanently reduce the Facility C Commitments by an aggregate minimum amount of $5,000,000 or any multiple of $5,000,000 in excess thereof; unless, after giving effect thereto and to any prepayments of Loans made on the effective date thereof, the Effective Amount of all Facility C Revolving Loans would exceed the amount of the combined Facility C Commitments then in effect."

(k) Section 2.05 of the Existing Credit Agreement is amended to add a subsection (d) to read in its entirety as follows:

"(d) Once reduced in accordance with this Section, the Commitments may not be increased. Any reduction of the Facility A Commitments, the Facility B Commitments or the Facility C Commitments shall be applied to each Bank according to its Pro Rata Share."

(l) Subsections 2.06(b) and 2.06(c) of the Existing Credit Agreement are amended to read in their entirety as follows:

"(b) Any such notice of prepayment shall specify the date and amount of such prepayment and the Type(s) and, on or prior to the later of (i) the Facility A Termination Date and (ii) the Facility C Termination Date, the Class(es), of Loans to be prepaid. Prepayments of Base Rate Loans of any Class may be made hereunder on any Business Day. Prepayments of Eurodollar Rate Loans of any Class may be made hereunder only on the last day of any applicable Interest Period; provided, that prepayments of Eurodollar Rate Loans may be made on a day other than the last day of the applicable Interest Period only with payment by the Borrower of the aggregate amount of any associated funding losses of any affected Banks pursuant to Section 4.04. The Agent will promptly notify each Bank of its receipt of any such notice, and of such Bank's Pro Rata Share of such prepayment.

(c) If any such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein, together, in the case of a Eurodollar Rate Loan, with accrued interest to each such date on the amount prepaid and any amounts required pursuant to Section 4.04. Optional prepayments applicable to the Facility B Takeout Loan shall be applied in inverse order of maturity."

(m) Subsection 2.07(b) of the Existing Credit Agreement is amended by substituting the term "Facility B Revolving Termination Date" for the term "Revolving Termination Date" each place such term appears in that subsection.

(n) Subsections 2.07(c) and 2.07(d) of the Existing Credit Agreement are amended to read in their entirety as follows:

"(c) If on any date, (x) the sum of (i) aggregate Net Proceeds from MLP New Unit Sales from the Closing Date through such date plus (ii) aggregate Net Proceeds of Asset Sales during the period from the Closing Date through the date that is 270 days prior to such date, exceeds (y) the aggregate Cash Costs of Permitted Acquisitions during the period from the Closing Date through such date plus aggregate Growth-Related Capital Expenditures of the Borrower and its Subsidiaries during such period (any such excess being referred to herein as a "Downsize Amount"), then (A) if such date is on or prior to the Facility B Revolving Termination Date and after giving effect to any mandatory Cash Collateralization or prepayment of outstanding Facility B Revolving Loans under subsection 2.07(b) above, the Borrower shall immediately, and without notice or demand, prepay the Obligations in an aggregate amount equal to the Downsize Amount as follows: first, Facility B Term Loans, second, Swingline Loans, third, Facility A Revolving Loans and Facility C Revolving Loans on a pro rata basis, and fourth, L/C Obligations; and (B) if such date is after the Facility B Revolving Termination Date, the Borrower shall immediately, and without notice or demand, prepay payments due under the Facility B Takeout Loan in an aggregate amount equal to the Downsize Amount, in the inverse order of maturity.

(d) In the event that, prior to the later of (i) the Facility A Revolving Termination Date and (ii) the Facility C Revolving Termination Date, any portion of the Downsize Amount remains after the Facility B Maximum Amount has been reduced to zero, the Facility A Commitment and the Facility C Commitment, if any, shall be automatically reduced on a pro rata basis by an aggregate amount equal to such remaining portion of the Downsize Amount."

(o) Subsection 2.07(f) of the Existing Credit Agreement is amended to read in its entirety as follows:

"(f) If and to the extent that the Facility A Commitment, the Facility B Revolving Commitment and the Facility C Commitment are not equal to zero on the Facility A Revolving Termination Date, the Facility B Revolving Termination Date and the Facility C Revolving Termination Date, respectively, each such amount shall be automatically reduced to zero on the such respective date."

(p) Subsection 2.08(a) of the Existing Credit Agreement is amended by substituting the term "Facility A Revolving Termination Date" for the term "Revolving Termination Date" in each place such term appears in that subsection.

(q) Subsection 2.08(b) of the Existing Credit Agreement is amended by substituting the term "Facility B Revolving Termination Date" for the term "Revolving Termination Date" in that subsection.

(r) Section 2.08 of the Existing Credit Agreement is amended to add a subsection (d) to read in its entirety as follows:

"(d) Facility C Revolving Loans. The Borrower shall repay to the Banks in full on the Facility C Revolving Termination Date the aggregate principal amount of Facility C Revolving Loans outstanding on such date together with all accrued and unpaid interest thereon."

(s) Subsection 2.10(b) of the Existing Credit Agreement is amended to read in its entirety as follows:

"(b) Commitment Fees. The Borrower shall pay to the Agent for the account of each Bank a commitment fee with respect to such Bank's Facility A Commitment equal to the Commitment Fee Rate per annum times the daily average amount by which such Bank's Facility A Commitment exceeded the sum of the aggregate Effective Amount of its Facility A Revolving Loans plus its Pro Rata Share of the Effective Amount of L/C Obligations (other than with respect to Commercial Letters of Credit). The Borrower shall pay to the Agent for the account of each Bank a commitment fee with respect to such Bank's Facility B Commitment, equal to the Commitment Fee rate per annum times the daily average amount by which such Bank's Facility B Revolving Commitment exceeded the aggregate Effective Amount of its Facility B Revolving Loans. The Borrower shall pay to the Agent for the account of each Bank a commitment fee with respect to such Bank's Facility C Commitment, equal to the Commitment Fee rate per annum times the daily average amount by which such Bank's Facility C Commitment exceeded the aggregate Effective Amount of its Facility C Revolving Loans. Such commitment fees shall accrue from the date of this Agreement (or, with respect to Facility C, August 1,

1995) to (i) the Facility A Revolving Termination Date, with respect to the Facility A Commitment, (ii) the Facility B Revolving Termination Date, with respect to the Facility B Revolving Loan Commitment and (iii) the Facility C Revolving Termination Date with respect to the Facility C Commitment and shall be due and payable quarterly in arrears on the first Business Day of each fiscal quarter following the quarter for which payment is to be made, commencing on August 1, 1994 (or, with respect to Facility C, commencing on the Amendment Effective Date) through the Facility A Revolving Termination Date, the Facility B Revolving Termination Date, and the Facility C Revolving Termination Date, as the case may be, with the final payment to be made on the date of such termination, as applicable; provided that, in connection with the full termination of Commitments under Section 2.05 or Section 2.07, the accrued commitment fees calculated for the period ending on such date shall also be paid on the date of such termination. The commitment fees provided in this subsection shall accrue at all times after the above-mentioned commencement date, including at any time during which one or more conditions in Article V are not met."

(t) Article III of the Existing Credit Agreement is amended by substituting the term "Facility A Revolving Termination Date" for the term "Revolving Termination Date" in each place such term appears in that Article.

(u) Subsections 3.08(a) and 3.08(b) of the Existing Credit Agreement are amended to read in their entirety as follows:

"3.08 Letter of Credit Fees. (a) The Borrower agrees and, in the case of Standby Letters of Credit issued for the account of Stratton, the Borrower and Stratton jointly and severally agree, to pay to the Agent for the account of each of the Banks based on their respective Pro Rata Shares a letter of credit fee (i) with respect to the Standby Letters of Credit, equal to the Standby Letter of Credit Risk Participation Percentage of the average daily maximum amount available to be drawn of the outstanding Standby Letters of Credit and (ii) with respect to the Commercial Letters of Credit, equal to the Commercial Letter of Credit Risk Participation Percentage of the average daily maximum amount available to be drawn of the outstanding Commercial Letters of Credit, in each case computed on a quarterly basis in arrears on the last Business Day of each fiscal quarter based upon Standby Letters of Credit or Commercial Letters of Credit, as the case may be, outstanding for that quarter as calculated by the Agent. Such letter of credit fees shall be due and payable quarterly in arrears on the first Business Day following each fiscal quarter during which Standby Letters of Credit or Commercial Letters of Credit, as the case may be, are outstanding, commencing on the first such quarterly date to occur after the Closing Date, through the Facility A Revolving Termination Date, with the final payment to be made on the Facility A Revolving Termination Date.

(b) The Borrower agrees and, in the case of Standby Letters of Credit issued for the account of Stratton, the Borrower and Stratton jointly and severally agree, to pay to the applicable Issuing Bank for its sole account a letter of credit fronting fee (i) for each Standby Letter of Credit Issued by such Issuing Bank, equal to 0.15% per annum of the face amount (or increased face amount, as the case may be) of such Standby Letter of Credit and (ii) for each Commercial Letter of Credit Issued by such Issuing Bank, equal to 0.10% per annum of the face amount (or increased face amount, as the case may be) of such Commercial Letter of Credit. Such Letter of Credit fronting fee shall be due and payable quarterly in arrears on the first Business Day following each fiscal quarter during which such Letter of Credit is outstanding, commencing on the first such quarterly date to occur after the Closing Date."

(v) Subsection 7.01(g) of the Existing Credit Agreement is amended to read in its entirety as follows:

"(g) as soon as available, but not later than 45 days after the end of each of the first three fiscal quarters of each fiscal year and, with respect to the final fiscal quarter, concurrently with the financial statements referred to in subsection 7.01(a), a trading position report as of the last day of each fiscal quarter, certified by a Responsible Officer."

(w) Section 7.11 of the Existing Credit Agreement is amended to read in its entirety as follows:

"7.11 Use of Proceeds. The Borrower (and Stratton, with respect to Letters of Credit) shall use the proceeds of (a) the Facility A Revolving Loans and the Facility B Revolving Loans for working capital and other general partnership purposes and (b) the Facility C Loans for working capital purposes only, in each case not in contravention of any Requirement of Law or of any Loan Document; the Borrower shall use the proceeds of the Facility B Term Loan for the purpose of repaying up to $25,000,000 in outstanding amount of Existing Debt on the Closing Date; and the Borrower shall use the proceeds of all Facility B Takeout Loans to repay up to all of the aggregate outstanding principal amount of the Facility B Loans on the Facility B Revolving Termination Date."

(x) Subsection 9.01(c) of the Existing Credit Agreement is

amended to read in its entirety as follow:

"(c) Specific Defaults. The Borrower fails to perform or observe any term, covenant or agreement contained in any of Sections 2.01(a)(ii), 2.01(c)(ii), 7.01, 7.02, 7.03, 7.04, 7.06, 7.09, 7.12, 7.13, 7.16 or in any Section in Article VIII; or"

(y) Subsection 11.08(a) of the Existing Credit Agreement is amended to read in its entirety as follows:

"(a) Any Bank may, with the written consent of the Borrower (at all times other than during the existence of an Event of Default), the Agent and the applicable Issuing Bank(s), which consents shall not be unreasonably withheld, at any time assign and delegate to one or more Eligible Assignees (provided that no written consent of the Borrower, the Agent or an Issuing Bank shall be required in connection with any assignment and delegation by a Bank to an Eligible Assignee that is an Affiliate of such Bank) (each an "Assignee") all, or any ratable part of all, of the Loans, the Commitments, the L/C Obligations and the other rights and obligations of such Bank hereunder in an aggregate minimum amount of $10,000,000, pro-rated among the Facility A Commitment, the Facility B Commitment and the Facility C Commitment; provided that such Bank shall retain an aggregate amount of not less than $10,000,000 in respect thereof, unless such Bank assigns and delegates all of its rights and obligations hereunder to one or more Eligible Assignees on the time and subject to the conditions set forth herein; and provided, further, however, that the Borrower and the Agent may continue to deal solely and directly with such Bank in connection with the interest so assigned to an Assignee until (i) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Borrower and the Agent by such Bank and the Assignee; (ii) such Bank and its Assignee shall have delivered to the Borrower and the Agent an Assignment and Acceptance in the form of Exhibit E ("Assignment and Acceptance"), together with any Note or Notes subject to such assignment; and (iii) the assignor Bank or Assignee has paid to the Agent a processing fee in the amount of $3,500."

(z) Schedule 2.01 of the Existing Credit Agreement is amended to read in its entirety as set forth on Schedule 2.01 (Revised as of August 1, 1995) hereto.

(aa) Exhibit A to the Existing Credit Agreement is amended to read in its entirety as set forth on Exhibit A (Revised as of August 1, 1995) hereto.

(bb) Exhibit B to the Existing Credit Agreement is amended to read in its entirety as set forth on Exhibit B (Revised as of August 1, 1995) hereto.

(cc) Exhibit C to the Existing Credit Agreement is amended to read in its entirety as set forth on Exhibit C (Revised as of August 1, 1995) hereto.

(dd) Exhibits F-1, F-2, and F-3 to the Existing Credit Agreement are amended to read in their entirety as set forth on Exhibits F-1 (Revised as of August 1, 1995), F-2 (Revised as of August 1, 1995), F-3 (Revised as of August 1, 1995) and F-4 (Revised as of August 1, 1995), respectively, hereto.

(ee) The Existing Credit Agreement is amended to add an Exhibit F-5 as set forth on Exhibit F-5 hereto.

SECTION 2. Conditions to Effectiveness. The amendments set forth in Section 1 of this Amendment shall become effective on August 1, 1995 only upon the satisfaction of all of the following conditions precedent on or prior to such date (such date being referred to as the "Amendment Effective Date"):

(a) On or before the Amendment Effective Date, each of the Borrower, Stratton and the General Partner shall deliver to the Agent, on behalf of the Banks, the following described documents (each of which shall be reasonably satisfactory in form and substance to the Agent and its counsel):

(i) This Amendment duly executed by each party thereto;

(ii) Promissory notes, duly executed by the Borrower, in substantially the form of Exhibits F-1 (Revised as of August 1, 1995), F-2 (Revised as of August 1, 1995), F-3 (Revised as of August 1, 1995) and F-5 hereto (the "New Notes") in favor of each Bank requesting delivery of such notes properly completed, and the existing Notes held by such Bank shall, on the Amendment Effective Date, be deemed to have been replaced and superseded by the respective New Notes delivered to it on the Amendment Effective Date (each such Bank agreeing to promptly return to the Borrower its replaced and superseded Notes);

(iii) Copies of partnership authorizations for the Borrower and resolutions of the board of directors of the General Partner and Stratton authorizing the transactions contemplated by this Amendment, certified as of the Amendment Effective Date by the Secretary or an Assistant Secretary of the General Partner and Stratton;

(iv) A certificate of the Secretary or Assistant Secretary

of the General Partner certifying the names and true signatures of the officers of the General Partner authorized to execute, deliver and perform, as applicable, on behalf of the Borrower and the General Partner, this Amendment and the Note;

(v) A certificate of the Secretary or Assistant Secretary of Stratton certifying the names and true signatures of the officers of Stratton authorized to execute, deliver and perform, as applicable, on behalf of Stratton, this Amendment;

(vi) the articles or certificate of incorporation and the bylaws of the General Partner and Stratton and the Certificate of Limited Partnership and the Limited Partnership Agreement of the Borrower, in each case as in effect on the Amendment Effective Date, certified by the Secretary or Assistant Secretary of the General Partner or Stratton, as applicable, as of the Amendment Effective Date;

(vii) a good standing and tax good standing certificate for the General Partner, Stratton and the Borrower from the Secretary of State (or similar, applicable Governmental Authority) of its state of incorporation or organization, as applicable, and each state where the General Partner, Stratton or the Borrower conducts significant business as of a recent date, together with bringdown certificates by facsimile, dated the Amendment Effective Date for Delaware and the Business Day preceding the Amendment Effective Date for other jurisdictions;

(viii) opinion of Bryan Cave, counsel to the Borrower, the General Partner and Stratton, or of such other counsel as are acceptable to the Agent and the Banks, addressed to the Agent and the Banks, substantially in the form of Exhibit G;

(ix) a favorable opinion of Orrick, Herrington & Sutcliffe, special counsel to the Agent;

(x) Such other documents, instruments, approvals or opinions as the Agent, any Bank or special counsel to the Agent may reasonably request.

(b) On or before the Amendment Effective Date, the Borrower shall have paid to the Agent for the account of each Bank, pro rata based on each Bank's Commitment, an amendment fee equal to .075% of the aggregate Commitments of the Banks.

(c) On or before the Amendment Effective Date, the Borrower shall have paid an agency fee to the Agent for the Agent's own account, as required by the letter agreement between the Borrower and the Agent dated July 21, 1995.

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

(e) All governmental actions or filings necessary for the execution, delivery and performance of this Amendment shall have been made, taken or obtained, and no order, statutory rule, regulation, executive order, decree, judgment or injunction shall have been enacted, entered, issued, promulgated or enforced by any court or other governmental entity which prohibits or restricts the transactions contemplated by this Amendment, nor shall any action have been commenced or threatened seeking any injunction or any restraining or other order to prohibit, restrain, invalidate or set aside the transactions contemplated by this Amendment.

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

SECTION 3. Representations and Warranties . In order to induce the Banks to enter into this Amendment and to give the consent and to amend the Existing Credit Agreement in the manner provided in this Amendment, each of the Borrower, Stratton and the General Partner represents and warrants to each Bank as of the Amendment Effective Date as follows:

(a) Corporate or Partnership Existence and Power. The General Partner, Stratton, the MLP, the Borrower and each of its Subsidiaries:

(i) is a corporation or partnership duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

(ii) has the power and authority and all governmental licenses, authorizations, consents and approvals to own its assets and carry on its business and to execute, deliver, and perform its obligations under this Amendment and to carry out the transactions contemplated by, and perform its obligations under

the Credit Agreement;

(iii) is duly qualified as a foreign corporation or partnership and is licensed and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification or license or where the failure so to qualify would not have a Material Adverse Effect; and

(iv) is in compliance with all material Requirements of Law.

(b) Corporate or Partnership Authorization; No Contravention. The execution, delivery and performance by the Borrower, the General Partner and Stratton of this Amendment and the performance of the Credit Agreement by each of them have been duly authorized by all necessary partnership action on behalf of the Borrower and all necessary corporate action on behalf of the General Partner and any Subsidiary, and do not and will not:

(i) contravene the terms of any of the General Partner's, the MLP's, the Borrower's or any Subsidiary's Organization Documents;

(ii) conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any Contractual
*** Obligation to which the General Partner, the MLP, the Borrower or any
Subsidiary is a party or any order, injunction, writ or decree of any Governmental Authority to which such Person or its property is subject where such conflict, breach, contravention or Lien could reasonably be expected to have a Material Adverse Effect; or

(iii) violate any material Requirement of Law
(c) Governmental Authorization. No approval, consent, exemption, authorization or other action by, or notice to, or filing with, any Governmental Authority is necessary or required in connection with (i) the execution, delivery or performance by, or enforcement against, the General Partner, the Borrower or any Subsidiary of this Amendment, or (ii) the continued operation of Borrower's business as contemplated to be conducted after the date hereof by the Loan Documents, except in each case such approvals, consents, exemptions, authorizations or other actions, notices or filings (A) as have been obtained, (B) as may be required under state securities or Blue Sky laws, (C) as are of a routine or administrative nature and are either (x) not customarily obtained or made prior to the consummation of transactions such as the transactions described in clauses (i) or (ii) or (y) expected in the judgment of the Borrower to be obtained in the ordinary course of business subsequent to the consummation of the transactions described in clauses (i) or (ii), or (D) that, if not obtained, could reasonably be expected to have a Material Adverse Effect.

(d) Binding Effect. The Credit Agreement and the Notes constitute the legal, valid and binding obligations of each of the Borrower, Stratton and the General Partner, as applicable, enforceable against such Person in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

(e) Litigation. There are no actions, suits, proceedings, claims or disputes pending, or to the best knowledge of the Borrower, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against the General Partner, the MLP, the Borrower or any of its Subsidiaries or any of their respective properties which:

(i) purport to affect or pertain to this Amendment or the Credit Agreement or any of the transactions contemplated hereby or thereby; or

(ii) if determined adversely to the Borrower or its Subsidiaries, would reasonably be expected to have a Material Adverse Effect. No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Amendment or the Credit Agreement, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

(f) No Default. No Default or Event of Default exists or would result from the incurring, continuing or converting of any Obligations by the Borrower. As of the Amendment Effective Date, neither the Borrower nor any Affiliate of the Borrower is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect, or that would, if such default had occurred after the Amendment Effective Date, create an Event of Default under subsection 9.01(e) of the Credit Agreement other than a default under Section 4.09 of the Indenture relating to the Existing Senior Notes.

(g)Representations and Warranties in the Credit Agreement. Each of the Borrower, Stratton and the General Partner confirms that as of the Amendment Effective Date the representations and warranties contained in Article VI of the Credit Agreement are (before and after giving effect to this Amendment) true and correct in all material respects (except to the extent any such representation and warranty is expressly stated to have been made as of a specific date, in which case it shall be true and correct as of such specific date).

SECTION 4. Miscellaneous.

(a) Reference to and Effect on the Existing Credit Agreement

and the Other Loan Documents.

(i) Except as specifically amended by this Amendment, and the documents executed and delivered in connection therewith, the Existing Credit Agreement and the other Loan Documents, including but not limited to, the Guaranty of Finance Corp., shall remain in full force and effect and are hereby ratified and confirmed.

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

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

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

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

(f) Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

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

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

FERRELLGAS, L.P.

By: Ferrellgas, Inc.,
General Partner

By: _
Name: Danley K. Sheldon
Title: Senior Vice President and
Chief Financial
Officer/Treasurer

FERRELLGAS, INC.

By: _
Name: Danley K. Sheldon
Title: Senior Vice President and
Chief Financial Officer/Treasurer

STRATTON INSURANCE COMPANY, INC.

By: _
Name: Danley K. Sheldon
Title: Senior Vice President and
Chief Financial Officer/Treasurer

Address for Notices for each of the Borrower, the General Partner and Stratton:

One Liberty Plaza
Liberty, Missouri 64068
Attention: Danley K. Sheldon
Telephone: (816) 792-6828
Facsimile: (816) 792-6979

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,
as Agent

By: _
Name: Leandro Balidoy
Title: Vice President

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as a Bank

By: _
Name: Vanessa Sheh Meyer
Title: Vice President

THE FIRST NATIONAL BANK OF BOSTON, as a Bank

By: _
Name:
Title:

NATIONSBANK, N.A.,
as a Bank

By: _
Name:
Title:

THE BANK OF NOVA SCOTIA,
as a Bank

By: _
Name:
Title:

WELLS FARGO BANK, N.A.,
as a Bank

By: _
Name:
Title:

CAISSE NATIONALE DE CREDIT
AGRICOLE, as a Bank

By: _
Name:
Title:

BANQUE PARIBAS, as a Bank

By: _
Name:
Title:

The undersigned hereby acknowledges and agrees to the foregoing Amendment and confirms that its Continuing Guaranty dated July 5, 1994 shall remain in full force and effect notwithstanding the execution of such Amendment and consummation of the transactions described or otherwise contemplated therein.

FERRELLGAS FINANCE CORP.,
as Guarantor

By: ______________________________
Name:
Title:
Date:

NY1-98178.2

1033-63-ADG-09/25/95

NY1-98178.2

1033-63-ADG-09/25/95

SCHEDULE 2.01 (Revised as of August 1, 1995)

	Facility A Commitment $75,000,000	Facility B Commitment		Facility C Commitment $20,000,000
		Facility B Tranche I Term Loan $15,000,000	Facility B Tranche II Expansive Capital $95,000,000	
Bank of America NT&SA	$16,216,216.23	$3,243,243.24	$20,540,540.56	$4,324,324.33
The Bank of Nova Scotia	$ 9,729,729.73	$1,945,945.95	$12,324,324.32	$2,594,594.59
Banque Paribas	$ 5,878,378.37	$1,175,675.67	$ 7,445,945.94	$1,567,567.57
Caisse National de Credit Agricole	$ 5,878,378.37	$1,175,675.67	$ 7,445,945.94	$1,567,567.57
The First National Bank of Boston	$13,783,783.79	$2,756,756.76	$17,459,459.46	$3,675,675.68
NationsBank of Texas, N.A.	$13,783,783.79	$2,756,756.76	$17,459,459.46	$3,675,675.68
Wells Fargo Bank, N.A.	$ 9,729,729.73	$1,945,945.95	$12,324,324.32	$2,594,594.59
	$75,000,000.00	$15,000,000.00	$95,000,000.00	$20,000,000.00

	Facility B Commitment	
	Total	Pro Rata Share
Bank of America NT&SA	44,324,324.36	21.621621630%
The Bank of Nova Scotia	26,594,594.59	12.972972970%
Banque Paribas	16,067,567.55	7.837837830%
Caisse National de Credit Agricole	16,067,567.55	7.837837830%
The First National Bank of Boston	37,675,675.68	18.378378380%
NationsBank of Texas, N.A	37,675,675.68	18.378378380%
Wells Fargo Bank, N.A.	26,594,594.59	12.972972970%
	$205,000,000.00	100%

(Revised as of August 1, 1995)

NOTICE OF BORROWING

TO: Bank of America National Trust
and Savings Association, Agent
1455 Market Street, 12th Floor
San Francisco, CA 94103
Attn: Global Agency #5596

Re: Ferrellgas, L.P.

Pursuant to Section 2.03(a) of that certain Credit Agreement dated as of July 5, 1994 (as from time to time amended, extended, restated, modified or supplemented, the "Credit Agreement", among Ferrellgas, L.P., a Delaware limited partnership (the "Borrower"), Stratton Insurance Company, Inc., a Vermont corporation and a Wholly-Owned Subsidiary of Borrower, Ferrellgas, Inc., a Delaware corporation and the sole general partner of Borrower, the financial institutions from time to time party thereto (the "Banks") and Bank of

America National Trust and Savings Association, as agent for the Banks (in such capacity, the "Agent") and as Issuing Bank, this represents the Borrower's request for a Borrowing from the Banks as follows:

1. The amount of the Borrowing shall be $__________.

2. The Borrowing Date shall be _______________.

3. The Loan shall be a [Base Rate] [Eurodollar Rate Loan. [The initial Interest Period for such Eurodollar Rate Loan shall be [one] [two] [three] [six] months.]

4. The Loan shall be a [Facility A Revolving Loan] [Swingline Loan] [Facility B Term Loan] [Facility B Revolving Loan] [Facility B Takeout Loan] [Facility C Revolving Loan].

The proceeds of such Loan are to be deposited in the Borrower's account at the Agent.

The undersigned Responsible Officer hereby certifies that:

a. The representations and warranties in Article VI of the Credit Agreement are true and correct on and as of the date hereof (except to the extent such representations and warranties expressly refer to an earlier date, in which case they were true and correct as of such earlier date); and

(b) No Default or Event of Default has occurred and is continuing under the Credit Agreement or will result from the proposed Borrowing.

Capitalized terms used but not defined herein shall have the meanings assigned to them in the Credit Agreement.

DATED: ______________________

FERRELLGAS, L.P.

By: FERRELLGAS, INC., General Partner

By: _

Name:

Title:

EXHIBIT B
(Revised as of August 1, 1995)

NOTICE OF CONVERSION/CONTINUATION

TO: Bank of America National Trust
and Savings Association
Global Agency #5596
1455 Market Street, 12th Floor
San Francisco, California 94103

Re: Ferrellgas, L.P.

Pursuant to Section 2.04(b) of that certain Credit Agreement dated as of July 5, 1994 (as from time to time amended, extended, restated, modified or supplemented, the "Credit Agreement"), among Ferrellgas, L.P., a Delaware limited partnership (the "Borrower"), Stratton Insurance Company, Inc., a Vermont corporation and a Wholly-Owned Subsidiary of Borrower, Ferrellgas, Inc., a Delaware corporation and the sole general partner of Borrower, the financial institutions from time to time party thereto (the "Banks") and Bank of America National Trust and Savings Association, as agent for the Banks (in such capacity, the "Agent"), this represents Borrower's request to [Convert] [Continue] certain [Base Rate Loans] [Eurodollar Rate Loans] as follows:

(A) The date of [Conversion] [Continuation] shall be ________, 199_, (which day is, in the case of Conversion of Base Rate Loans, a Business Day, or, in the case of Conversion or Continuation of Eurodollar Rate Loans, the last day of the applicable Interest Period).

(B) An aggregate amount of $______________ of [Facility A Revolving Loans] [Facility B Revolving Loans] [Facility B Term Loans] [Facility C Revolving Loans] are to be [Converted] [Continued] as of the date set forth in paragraph (A) above (which amount is $3,000,000, or is an integral multiple of $1,000,000 in excess thereof).

(C) The Type of Loans resulting from the [Conversion] [Continuation] shall be [Base Rate Loans] [Eurodollar Rate Loans].

[(D) If the resulting Loan is a Eurodollar Rate Loan, the Interest Period of such Loan shall be [one][two][three][six] month(s).]

[Borrower represents and warrants, in the case of Conversion or Continuation of Eurodollar Rate Loans, that no Default or Event of Default exists on the date hereof and on the date set forth in paragraph (A) above.] [Notwithstanding that a Default or Event of Default exists, Borrower requests the consent of the Majority Banks to Convert/Continue the Eurodollar Rate Loan as set forth above.] Borrower represents that, taking into consideration the [Conversion] [Continuation] of Loans requested hereby, there are not more than ten (10) Interest Periods in effect.

Capitalized terms used herein shall have the meanings assigned to them in the Credit Agreement.

DATED: ______________

FERRELLGAS, L.P.

By: FERRELLGAS, INC., General Partner

By: _
Name:
Title:

EXHIBIT C
(Revised as of August 1, 1995)

COMPLIANCE CERTIFICATE

This compliance certificate is provided pursuant to Section 7.02(b) of the Credit Agreement dated as of July 5, 1994 (as the same may be amended from time to time, the "Credit Agreement"), by and among Ferrellgas, L.P., a Delaware limited partnership ("Borrower"), Stratton Insurance Company, Inc., a Vermont corporation and a wholly-owned subsidiary of Borrower, Ferrellgas, Inc., a Delaware corporation and the sole general partner of Borrower, Bank of America National Trust and Savings Association, as agent (in such capacity, "Agent"), and the financial institutions ("Banks") from time to time party to the Credit Agreement. Unless otherwise defined herein, capitalized terms used herein are used with the defined meanings given in the Credit Agreement.

I, _____________________________, the ____________________ of Ferrellgas, Inc., a Delaware corporation and the sole general partner of Borrower, do hereby certify that I am familiar with the Credit Agreement and with the assets, business, financial condition and operations of Borrower and its Subsidiaries and that during the fiscal quarter ending ______________________, 19__:

Borrower has performed all of its obligations under and is in compliance with all covenants and agreements contained in the Credit Agreement and under (i) any instrument or agreement required thereunder, (ii) any other instrument or agreement to which Borrower is a party or under which Borrower is obligated, and (iii) any judgment, decree or order of any court or governmental authority binding on Borrower. Without limiting the generality of the foregoing:

1. As required by Section 7.12 of the Credit Agreement:

(i) Borrower has maintained a Leverage Ratio for the applicable fiscal period of not greater than 4.0:1. The current Leverage Ratio is:------------.

```
     Funded Debt
         ($---------)
----------------------   = Leverage Ratio
Consolidated Cash Flow
         ($---------)
```

Attached as Exhibit A is a calculation of Consolidated Cash Flow, including such calculation on a pro forma basis for any Acquisitions consummated during the fiscal period.

(ii) Borrower has a minimum Partners' Equity of not less than $50,000,0000. The current Partners' Equity is $________________.

2. As required by Section 7.13 of the Credit Agreement, Borrower and its Affiliates are in compliance, and have at all times during the relevant fiscal period been in compliance, with Borrower's trading position policy and supply inventory position policy guidelines as in effect on the Closing Date[, provided that the stop loss limit in the trading position policy has been increased from __________ at the beginning of the three quarters preceding the fiscal quarter that is the subject of this certificate (the "Initial Date") to __________ at the end of the fiscal quarter that is the subject of this certificate (the "Final Date"), an aggregate increase of ____%] [the stop loss limit in the supply inventory position has increased from __________ on the Initial Date to __________ on the Final Date, an aggregate increase of ____%] [the volume limit for [describe product] in the trading position policy has been increased from __________ on the Initial Date to __________ on the Final Date, an aggregate increase of ____%] [the volume limit for [describe product] in the supply inventory position policy has been increased from __________ on the Initial Date to __________ on the Final Date, an aggregate increase of ____%].

3. As required by Section 7.16, Borrower hereby notifies Agent that [no judgments, orders, decrees or arbitration awards have been entered against Borrower or any Subsidiary involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage other than through a standard reservation of rights letter) as to any single or related series of transactions, incidents or conditions, of more than $10,000,000] [the following judgments, orders, decrees and/or arbitration awards have been entered against Borrower or its Subsidiaries: __________________________. The foregoing involve an aggregate liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage other than through a standard reservation of rights letter) of $______________________. Borrower has reserved for such amount in excess of $10,000,000, on a quarterly basis, with each quarterly reserve being at least equal to one-twelfth of such amount in excess of $10,000,000. The amount of each quarterly reserve is $____________________].

4. As required by Section 8.12 of the Credit Agreement, during the applicable fiscal period, Borrower and its Subsidiaries made [no Restricted Payments] [Restricted Payments in an amount equal to $___________________ and, at the time of and after giving effect to such Restricted Payments, each of the following statements was true:

(a) no Default or Event of Default had occurred or was continuing at the time of such Restricted Payment or occurred as a consequence thereof and each of the representations and warranties of the Borrower set forth in the Credit Agreement was true on and as of the date of such Restricted Payment both before and after giving effect thereto; and

(b) the Fixed Charge Coverage Ratio of the Borrower for the Borrower's most recently ended four full fiscal quarters for which internal financial statements were available immediately preceding the date on which such Restricted Payment was made, calculated on a pro forma basis as if such Restricted Payment had been made at the beginning of such four-quarter period, was ____________, which ratio is greater than 2.25 to 1.

```
Consolidated Cash Flow
         ($---------)
---------------------- = Fixed Charge Coverage Ratio
    Fixed Charges
         ($---------)
```

and

(c) (i) the amount of such Restricted Payment, if made other than in cash, was determined by the Board of Directors and evidenced by a resolution in an officer's certificate signed by a Responsible Officer and delivered to the Agent, and (ii) except as otherwise provided in the Credit Agreement, such Restricted Payment, together with the aggregate of all other Restricted Payments made by the Borrower and its Subsidiaries in the fiscal quarter during which such Restricted Payment was made, did not exceed the amount of Available Cash of the Borrower for the immediately preceding fiscal quarter (or, with respect to the first fiscal quarter during which Restricted Payments are made, the amount of Available Cash of the Borrower for the period commencing on the date of the Credit Agreement and ending on the last day of the immediately preceding fiscal quarter).

Attached as Exhibit B is a calculation of Fixed Charges, including such calculation on a pro forma basis for any Acquisitions consummated during the fiscal period.

5. As required by subsection 2.01(a)(ii) of the Credit Agreement, the aggregate outstanding principal amount of Facility A Revolving Loans and Swingline Loans did not exceed $25,000,000 for the consecutive thirty (30) day period from ____________ to _______________.

6. As required by subsection 2.01(c)(ii) of the Credit Agreement, the aggregate outstanding principal amount of Facility C Revolving Loans did not exceed zero Dollars for the same consecutive thirty (30) day period specified in paragraph 5 above.

IN WITNESS WHEREOF, this Certificate has been executed on behalf of Borrower as of the ____ day of ________________, 19__.

FERRELLGAS, L.P., a Delaware limited partnership

By: FERRELLGAS, INC., General Partner

By:___________________________
Name:
Title:

EXHIBIT F-1
(Revised as of August 1, 1995)

FACILITY A REVOLVING NOTE

$____________________ ___________, 199_

FOR VALUE RECEIVED, the undersigned FERRELLGAS, L.P., a Delaware limited partnership, and STRATTON INSURANCE COMPANY, INC., a Vermont corporation (together, "Borrower"), HEREBY PROMISE TO PAY to the order of _______________________ ("Bank") the principal sum of ______________________ ($_________) or, if less, the aggregate principal amount of Facility A Revolving Loans outstanding on the Facility A Revolving Termination Date, made to Borrower by Bank pursuant to Section 2.01(a) of that certain Credit Agreement dated as of July 5, 1994 (as the same may be amended from time to time, the "Credit Agreement"), among Borrower, Stratton Insurance Company, Inc., a Vermont corporation and a Wholly-Owned Subsidiary of Borrower, Ferrellgas, Inc., a Delaware corporation and the sole general partner of Borrower, the financial institutions from time to time party thereto, and Bank of America National Trust and Savings Association, as agent for said financial institutions (in such capacity, "Agent") payable in full on the Facility A Revolving Termination Date together with interest on the unpaid principal balance hereof from time to time outstanding from the date hereof until paid in full at the rate or rates and in the manner and at the times specified in the Credit Agreement.

Both the principal hereof and the interest hereon are payable in lawful money of the United States of America at Bancontrol Account Number 12334-14282 located at Bank of America National Trust and Savings Association, 1850 Gateway Boulevard, Fourth Floor, Concord, California 94520 (or at such other Lending Office as may be designated from time to time by Agent), for the account of Bank, in immediately available funds.

The holder of this Facility A Revolving Note is authorized to record the date and amount of Facility A Revolving Loans made by the Bank, the amount of interest accruing from time to time and the date and amount of each payment or prepayment of principal thereof on the schedule annexed to and constituting a part hereof, or on a continuation thereof which shall be attached hereto and a part hereof and any such recordation shall constitute prima facie evidence of the accuracy of the information so recorded.

Borrower agrees to pay all costs of collection and enforcement of this Facility A Revolving Note, whether or not suit is filed, including, without limitation, reasonable attorneys' fees, as more particularly provided in Section 11.04 of the Credit Agreement.

This Facility A Revolving Note is one of the "Notes" referred to in, and is entitled to the benefits of, the Credit Agreement which, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and for prepayment of amounts from time to time outstanding under this Facility A Revolving Note upon certain terms and conditions. Unless otherwise defined herein, capitalized terms used herein are used with the defined meanings given in the Credit Agreement.

THIS FACILITY A REVOLVING NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

FERRELLGAS, L.P., a Delaware limited partnership

By: FERRELLGAS, INC., General Partner

By:___________________________
Name:
Title:

STRATTON INSURANCE COMPANY, INC.

By:___________________________
Name:
Title:

SCHEDULE TO FACILITY A REVOLVING NOTE

Date	Amount of Facility A Revolving Loans	Amount of Principal Paid or Prepaid	Unpaid Principal Balance of Facility A Revolving Loans	Notation Made By
- ----------	------------------------	--------------------	---------------------	-----------------
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EXHIBIT F-2
(Revised as of August 1, 1995)

FACILITY B TERM NOTE

$_______________________ _________________, 199_

FOR VALUE RECEIVED, the undersigned FERRELLGAS, L.P., a Delaware limited partnership ("Borrower"), HEREBY PROMISES TO PAY to the order of _______________________ ("Bank") the principal sum of _________________________________ ($____________), payable in full on the Facility B Revolving Termination Date together with interest on the unpaid principal balance hereof from time to time outstanding from the date hereof until paid in full at the rate or rates and in the manner and at the times specified in that certain Credit Agreement dated as of July 5, 1994 (as the same may be amended from time to time, the "Credit Agreement"), among Borrower, Stratton Insurance Company, Inc., a Vermont corporation and a Wholly-Owned Subsidiary of Borrower, Ferrellgas, Inc., a Delaware corporation and the sole general partner of Borrower, the financial institutions from time to time party thereto, and Bank of America National Trust and Savings Association, as agent for said financial institutions (in such capacity, "Agent").

Both the principal hereof and the interest hereon are payable in lawful money of the United States of America at Bancontrol Account Number 12334-14282 located at Bank of America National Trust and Savings Association, 1850 Gateway Boulevard, Fourth Floor, Concord, California 94520 (or at such other Lending Office as may be designated from time to time by Agent), for the account of Bank, in immediately available funds.

The holder of this Facility B Term Note is authorized to record the date and amount of each payment or prepayment of principal thereof on the schedule annexed to and constituting a part hereof, or on a continuation thereof which shall be attached hereto and a part hereof and any such recordation shall constitute prima facie evidence of the accuracy of the information so recorded.

Borrower agrees to pay all costs of collection and enforcement of this Facility B Term Note, whether or not suit is filed, including, without limitation, reasonable attorneys' fees, as more particularly provided in Section 11.04 of the Credit Agreement.

This Facility B Term Note is one of the "Notes" referred to in, and is entitled to the benefits of, the Credit Agreement which, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and for prepayment of amounts from time to time outstanding under this Facility B Term Note upon certain terms and conditions. Unless otherwise defined herein, capitalized terms used herein are used with the defined meanings given in the Credit Agreement.

THIS FACILITY B TERM NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

FERRELLGAS, L.P., a Delaware limited partnership

By: FERRELLGAS, INC., General Partner

By:___________________________

Name:

Title:

SCHEDULE TO FACILITY B TERM NOTE

Date	Amount of Facility B Term Loans	Amount of Principal Paid or Prepaid	Unpaid Principal Balance of Facility B Term Loans	Notation Made By
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EXHIBIT F-3
(Revised as of August 1, 1995)

FACILITY B REVOLVING NOTE

$______________________ ________________, 199_

FOR VALUE RECEIVED, the undersigned FERRELLGAS, L.P., a Delaware limited partnership ("Borrower"), HEREBY PROMISES TO PAY to the order of ______________________ ("Bank") the principal sum of ________________________________ ($____________) or, if less, the aggregate principal amount of Facility B Revolving Loans outstanding on the Facility B Revolving Termination Date, made to Borrower by Bank pursuant to Section 2.01(b) of that certain Credit Agreement dated as of July 5, 1994 (as the same may be amended from time to time, the "Credit Agreement"), among Borrower, Stratton Insurance Company, Inc., a Vermont corporation and a Wholly-Owned Subsidiary of Borrower, Ferrellgas, Inc., a Delaware corporation and the sole general partner of Borrower, the financial institutions from time to time party thereto, and Bank of America National Trust and Savings Association, as agent for said financial institutions (in such capacity, "Agent") payable in full on the Facility B Revolving Termination Date together with interest on the unpaid principal balance hereof from time to time outstanding from the date hereof until paid in full at the rate or rates and in the manner and at the times specified in the Credit Agreement.

Both the principal hereof and the interest hereon are payable in lawful money of the United States of America at Bancontrol Account Number 12334-14282 located at Bank of America National Trust and Savings Association, 1850 Gateway Boulevard, Fourth Floor, Concord, California 94520 (or at such other Lending Office as may be designated from time to time by Agent), for the account of Bank, in immediately available funds.

The holder of this Facility B Revolving Note is authorized to record the date and amount of Facility B Revolving Loans made by the Bank, the amount of interest accruing from time to time and the date and amount of each payment or prepayment of principal thereof on the schedule annexed to and constituting a part hereof, or on a continuation thereof which shall be attached hereto and a part hereof and any such recordation shall constitute prima facie evidence of the accuracy of the information so recorded.

Borrower agrees to pay all costs of collection and enforcement of this Facility B Revolving Note, whether or not suit is filed, including, without limitation, reasonable attorneys' fees, as more particularly provided in Section 11.04 of the Credit Agreement.

This Facility B Revolving Note is one of the "Notes" referred to in, and is entitled to the benefits of, the Credit Agreement which, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and for prepayment of amounts from time to time outstanding under this Facility B Revolving Note upon certain terms and conditions. Unless otherwise defined herein, capitalized terms used herein are used with the defined meanings given in the Credit Agreement.

THIS FACILITY B REVOLVING NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

FERRELLGAS, L.P., a Delaware limited partnership

By: FERRELLGAS, INC., General Partner

By:___________________________
Name:
Title:

SCHEDULE TO FACILITY B REVOLVING NOTE

Date	Amount of Facility B Revolving Loans	Amount of Principal Paid or Prepaid	Unpaid Principal Balance of Facility B Revolving Loans	Notation Made By
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EXHIBIT F-5

FACILITY C REVOLVING NOTE

$_________________ ___________, 199_

FOR VALUE RECEIVED, the undersigned FERRELLGAS, L.P., a Delaware limited partnership ("Borrower"), HEREBY PROMISE TO PAY to the order of _______________________ ("Bank") the principal sum of ______________________ ($_________) or, if less, the aggregate principal amount of Facility C Revolving Loans outstanding on the Facility C Revolving Termination Date, made to Borrower by Bank pursuant to Section 2.01(c) of that certain Credit Agreement dated as of July 5, 1994 (as the same may be amended from time to time, the "Credit Agreement"), among Borrower, Stratton Insurance Company, Inc., a Vermont corporation and a Wholly-Owned Subsidiary of Borrower, Ferrellgas, Inc., a Delaware corporation and the sole general partner of Borrower, the financial institutions from time to time party thereto, and Bank of America National Trust and Savings Association, as agent for said financial institutions (in such capacity, "Agent") payable in full on the Facility C Revolving Termination Date together with interest on the unpaid principal balance hereof from time to time outstanding from the date hereof until paid in full at the rate or rates and in the manner and at the times specified in the Credit Agreement.

Both the principal hereof and the interest hereon are payable in lawful money of the United States of America at Bancontrol Account Number 12334-14282 located at Bank of America National Trust and Savings Association, 1850 Gateway Boulevard, Fourth Floor, Concord, California 94520 (or at such other Lending Office as may be designated from time to time by Agent), for the account of Bank, in immediately available funds.

The holder of this Facility C Revolving Note is authorized to record the date and amount of Facility C Revolving Loans made by the Bank, the amount of interest accruing from time to time and the date and amount of each payment or prepayment of principal thereof on the schedule annexed to and constituting a part hereof, or on a continuation thereof which shall be attached hereto and a part hereof and any such recordation shall constitute prima facie evidence of the accuracy of the information so recorded.

Borrower agrees to pay all costs of collection and enforcement of this Facility C Revolving Note, whether or not suit is filed, including, without limitation, reasonable attorneys' fees, as more particularly provided in Section 11.04 of the Credit Agreement.

This Facility C Revolving Note is one of the "Notes" referred to in, and is entitled to the benefits of, the Credit Agreement which, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and for prepayment of amounts from time to time outstanding under this Facility C Revolving Note upon certain terms and conditions. Unless otherwise defined herein, capitalized terms used herein are used with the defined meanings given in the Credit Agreement.

THIS FACILITY C REVOLVING NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

FERRELLGAS, L.P., a Delaware limited partnership

By: FERRELLGAS, INC., General Partner

By:___________________________
Name:
Title:

SCHEDULE TO FACILITY C REVOLVING NOTE

Date	Amount of Facility C Revolving Loans	Amount of Principal Paid or Prepaid	Unpaid Principal Balance of Facility C Revolving Loans	Notation Made By

EXHIBIT G

FORM OF OPINION OF BRYAN CAVE

See Tab 12

Exhibit 10.11

SECOND AMENDMENT TO CONTRIBUTION, CONVEYANCE AND ASSUMPTION AGREEMENT

This Amendment (the "Amendment Agreement") to the Contribution, Conveyance and Assumption Agreement, dated as of July 5, 1994, is made and entered into on March 1, 1995 by and among Ferrellgas Partners, L.P., a Delaware limited partnership (the "Master Partnership"), Ferrellgas, L.P., a Delaware limited partnership (the "Operating Partnership"), and Ferrellgas, Inc. a Delaware corporation (the "Company").

RECITALS

WHEREAS, on July 1, 1994 the Company, the Master Partnership and the Operating Partnership, entered into a ceratin Contribution, Conveyance and Assumption Agreement (the "Contribution Agreement") and a certain Conveyance Assignment and Bill of Sale (the "Bill of Sale") both dated effective as of July 5, 1994; and

WHEREAS, the Company, the Master Partnership and the Operating Partnership have entered into a certain First Amendment to Contribution, Conveyance and Assumption Agreement dated July 5, 1994; and

WHEREAS, the Company, the Master Partnership and the Operating Partnership desire to execute this Amendment Agreement in order to revise the schedule entitled "Schedule 1 - Excluded Assets" to include the common stock of Ferrell Propane Gas Company of Missouri, which was erroneously omitted from such schedule.

NOW, THEREFORE, in consideration of their mutual undertakings and agreements hereunder, the Company, the Master Partnership and the Operating Partnership agree as follows:

1. Modification of Schedule 1 - EXCLUDED ASSETS.
Schedule 1 of the Contribution Agreement, entitled "EXCLUDED ASSETS, " Is hereby deleted in its entirety and the following schedule 1 is inserted in its place:

"Schedule 1

EXCLUDED ASSETS

Ferrellgas, Inc. will not contribute to Ferrellgas, L.P. the following Assets (the "Excluded Assets"):

(1) Thirty Nine Million Dollars ($39,000,000.00) in cash

(2) Seventeen Million Dollars ($17,000,000.00) in receivables from affiliates of its parent, Ferrell Companies, Inc.

(3) Class B redeemable common stock of Ferrell Companies, Inc with a book value of approximately Thirty Six Million Dollars ($36,000,000.00)

(4) All of the outstanding shares of Common Stock of Ferrell Propane Gas Company of Missouri."

2. No Other Amendment of Modification. Except as explicitly amended pursuant to paragraph 1 of this Amendment Agreement, no amendment, modification or other change is made pursuant to the Amendment Agreement to the Contribution Agreement. This Amendment Agreement shall hereafter be referred to as the Second Amendment to the Contribution Conveyance and Assumption Agreement dated effective July 5, 1994.

IN WITNESS WHEREOF, this Amendment Agreement has been duly executed by the parties hereto as of the date first above written.

FERRELLGAS, INC.

By: ________________________
Danley K. Sheldon
Senior Vice President and
Chief Financial Officer

FERRELLGAS, L.P.
By: Ferrellgas, Inc., as
General Partner

By: ___________________________
Danley K. Sheldon
Senior Vice President and
Chief Financial Officer

FERRELLGAS PARTNERS, L.P.
By: Ferrellgas, Inc. as
General Partner

By: ___________________________
Danley K. Sheldon
Senior Vice President and
Chief Financial Officer

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(THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FERRELLGAS PARTNERS, L.P. AND SUBSIDIARY BALANCE SHEET ON JULY 31, 1995, AND THE STATEMENT OF EARNINGS ENDING JULY 31, 1995 AND IS QUALIFED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS)

0000922358
Ferrellgas Partners, L.P.
1,000
U.S. Dollars

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JUL-31-1995
MAY-01-1995
JUL-31-1995
1
29,877
0
59,113
874
44,090
138,090
521,110
175,468
578,596
109,162
338,188
176,313
0
0
(57,676)
578,596
82,317
90,349
54,582
96,676
0
1,191
8,457
(18,164)
0
(17,980)
0
0
0
(17,980)
(0.58)
(0.58)

1. For the Ferrellgas Partners L.P.("MLP"), the Common and Sunordinated are considered to possess the characteristics of Common Stock. Note that both are included in the determination of the EPS providing support for such a classification.
2. For the Ferrellgas L.P. ("OLP"), ownership is maintained by the MLP and Ferrellgas Inc., ("GP") Thus, there is no market and no relevant characteristics of either Common or Perferred Stock. Classification is reasonable.
3. Ferrell Finance has no income statement items other than totals as their only costs are G&A, and such costs are not required in the Financial Data Schedule.
4. Beginning in the Third Quarter, a determination was made that Deprec. & Amort. and Vehicle leases are more appropriately reflected as costs and expense related to sales and revenues. Therefore, there will be no amounts reported for item 5-03(b)3 "other costs/expenses".