



Ferrellgas Partners Reports Third-Quarter Results

June 7, 2011

OVERLAND PARK, Kan., June 7, 2011 /PRNewswire via COMTEX/ -- Ferrellgas Partners, L.P. (NYSE: FGP), one of the largest distributors of propane, today reported operating results for the fiscal third quarter ended April 30.

Revenues rose 19% to \$732.4 million while gross profit declined to \$189.2 million reflecting the impact of sharply higher commodity prices resulting in lower margins and customer demand. Despite a 21% increase in the wholesale cost of propane, third-quarter propane sales volumes still grew 2%.

Operating expense declined more than 2% to \$103.8 million and general and administrative expense declined by nearly 30%, excluding a \$10.0 million litigation reserve recorded during the quarter. Equipment lease expense, as expected, increased slightly to \$3.7 million.

Common unitholder's interest in net earnings, after absorbing a \$10.5 million loss on extinguishment of debt and the \$10.0 million litigation reserve, was \$3.1 million or \$0.04 per unit. Excluding the non-recurring charge for the extinguishment of debt and the litigation reserve, earnings per unit would have been \$0.32 in this fiscal year's third quarter. Adjusted EBITDA was \$73.9 million compared with \$88.2 million achieved the year before.

President and Chief Executive Officer Steve Wambold commented, "Third-quarter results reflected similar dynamics from the first half of the fiscal year, notably sharply higher wholesale propane prices that drove customer conservation."

Wambold pointed out, "On a positive note, we were successful in flexing our operating expenses, further evidencing management's focus on driving shareholder value. In addition, our Blue Rhino brand turned in a solid quarter, even though inclement weather adversely affected early-season tank exchange sales volumes. More important, Blue Rhino is very well positioned for the all-important grilling season, strengthened by the addition of more than 2,800 Walgreens and Safeway locations this year. As the industry leader, Blue Rhino is fast approaching 50,000 sales locations."

Wambold concluded, "During the third quarter, our financial team continued to strengthen our balance sheet through the issuance of more than 5 million common units, which the partnership used to reduce long-term borrowings of more than \$116.0 million."

Ferrellgas Partners, L.P., through its operating partnership, Ferrellgas, L.P., serves approximately one million customers in all 50 states, the District of Columbia and Puerto Rico. Ferrellgas employees indirectly own more than 20 million common units of the partnership through an employee stock ownership plan. More information about the partnership can be found online at <http://www.ferrellgas.com/>.

Statements in this release concerning expectations for the future are forward-looking statements. A variety of known and unknown risks, uncertainties and other factors could cause results, performance and expectations to differ materially from anticipated results, performance and expectations. These risks, uncertainties and other factors are discussed in the Form 10-K of Ferrellgas Partners, L.P., Ferrellgas Partners Finance Corp., Ferrellgas, L.P., and Ferrellgas Finance Corp. for the fiscal year ended July 31, 2010, and other documents filed from time to time by these entities with the Securities and Exchange Commission.

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FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (in thousands, except unit data) (unaudited)

| ASSETS | April 30, 2011 | July 31, 2010 |
|---|---------------------|---------------------|
| Current Assets: | | |
| Cash and cash equivalents | \$ 13,351 | \$ 11,401 |
| Accounts and notes receivable, net (including \$163,897 and \$0 of accounts receivable pledged as collateral at April 30, 2011 and July 31, 2010, respectively) | 235,692 | 89,234 |
| Inventories | 119,724 | 166,911 |
| Prepaid expenses and other current assets | 33,821 | 13,842 |
| Total Current Assets | 402,588 | 281,388 |
| Property, plant and equipment, net | 645,278 | 652,768 |
| Goodwill | 248,944 | 248,939 |
| Intangible assets, net | 208,425 | 221,057 |
| Other assets, net | 38,372 | 38,199 |
| Total Assets | \$ 1,543,607 | \$ 1,442,351 |

LIABILITIES AND PARTNERS' CAPITAL

Current Liabilities:

| | | |
|----------------------------------|----------------|----------------|
| Accounts payable | \$ 81,517 | \$ 48,658 |
| Short term borrowings | 40,464 | 67,203 |
| Collateralized note payable | 84,000 | - |
| Other current liabilities (a) | 101,254 | 108,054 |
| Total Current Liabilities | 307,235 | 223,915 |

| | | |
|-------------------------------|-----------|-----------|
| Long-term debt (a) | 1,037,913 | 1,111,088 |
| Other liabilities | 22,117 | 21,446 |
| Contingencies and commitments | - | - |

Partners' Capital:

| | | |
|--|---------------------|---------------------|
| Common unitholders (75,900,760 and 69,521,818 units outstanding at April 30, 2011 and July 31, 2010, respectively) | 214,744 | 141,281 |
| General partner unitholder (766,674 and 702,241 units outstanding at April 30, 2011 and July 31, 2010, respectively) | (57,902) | (58,644) |
| Accumulated other comprehensive income (loss) | 15,843 | (415) |
| Total Ferrellgas Partners, L.P. Partners' Capital | 172,685 | 82,222 |
| Noncontrolling Interest | 3,657 | 3,680 |
| Total Partners' Capital | 176,342 | 85,902 |
| Total Liabilities and Partners' Capital | \$ 1,543,607 | \$ 1,442,351 |

(a) The principal difference between the Ferrellgas Partners, L.P. balance sheet and that of Ferrellgas, L.P., is \$182 million of 8.625% notes which are liabilities of Ferrellgas Partners, L.P. and not of Ferrellgas, L.P.

FERRELLGAS PARTNERS, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE THREE, NINE AND TWELVE MONTHS ENDED APRIL 30, 2011 AND 2010
(in thousands, except per unit data)

| | (unaudited) | | | | | |
|--|--------------------|----------------|-------------------|------------------|---------------------|------------------|
| | Three months ended | | Nine months ended | | Twelve months ended | |
| | April 30 | | April 30 | | April 30 | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenues: | | | | | | |
| Propane and other gas liquids sales | \$ 647,709 | \$ 536,024 | \$ 1,790,511 | \$ 1,588,038 | \$ 2,102,791 | \$ 1,871,417 |
| Other | 84,664 | 79,266 | 183,046 | 157,174 | 224,614 | 186,485 |
| Total revenues | 732,373 | 615,290 | 1,973,557 | 1,745,212 | 2,327,405 | 2,057,902 |
| Cost of product sold: | | | | | | |
| Propane and other gas liquids sales | 483,101 | 355,316 | 1,299,003 | 1,060,216 | 1,496,321 | 1,225,431 |
| Other | 60,074 | 51,132 | 111,432 | 82,520 | 137,550 | 99,220 |
| Gross profit | 189,198 | 208,842 | 563,122 | 602,476 | 693,534 | 733,251 |
| Operating expense | 103,813 | 106,278 | 306,635 | 306,848 | 406,647 | 410,201 |
| Depreciation and amortization expense | 20,030 | 20,848 | 60,395 | 62,022 | 80,864 | 82,346 |
| General and administrative expense | 17,879 | 11,151 | 39,271 | 33,981 | 51,385 | 45,255 |
| Equipment lease expense | 3,650 | 3,259 | 10,842 | 10,160 | 14,123 | 14,148 |
| Non-cash employee stock ownership plan compensation charge | 2,591 | 2,698 | 7,967 | 6,961 | 10,328 | 8,851 |
| Non-cash stock and unit-based compensation charge (b) | 1,628 | 1,024 | 13,709 | 4,188 | 17,352 | 5,391 |
| Loss on disposal of assets and other | 463 | 2,696 | 834 | 5,480 | 3,839 | 9,598 |
| Operating income | 39,144 | 60,888 | 123,469 | 172,836 | 108,996 | 157,461 |
| Interest expense | (24,933) | (25,933) | (78,205) | (74,844) | (104,645) | (95,273) |
| Loss on extinguishment of debt | (10,513) | (3,408) | (46,962) | (20,716) | (46,962) | (20,716) |
| Other income (expense), net | 243 | (529) | 509 | (1,085) | 486 | (1,055) |
| Earnings (loss) before income taxes | 3,941 | 31,018 | (1,189) | 76,191 | (42,125) | 40,417 |

| | | | | | | |
|---|-----------------|------------------|-------------------|------------------|--------------------|------------------|
| Income tax expense | 572 | 1,754 | 1,288 | 2,006 | 1,198 | 1,585 |
| Net earnings (loss) | 3,369 | 29,264 | (2,477) | 74,185 | (43,323) | 38,832 |
| Net earnings (loss) attributable to noncontrolling interest (a) | 196 | 401 | 264 | 976 | (82) | 680 |
| Net earnings (loss) attributable to Ferrellgas Partners, L.P. | 3,173 | 28,863 | (2,741) | 73,209 | (43,241) | 38,152 |
| Less: General partner's interest in net earnings (loss) | 32 | 289 | (27) | 732 | (432) | 382 |
| Common unitholders' interest in net earnings (loss) | <u>\$ 3,141</u> | <u>\$ 28,574</u> | <u>\$ (2,714)</u> | <u>\$ 72,477</u> | <u>\$ (42,809)</u> | <u>\$ 37,770</u> |

Earnings (loss) Per Unit

Basic and diluted net earnings (loss) per common unitholders' interest

| | | | | | | |
|--|---------|---------|-----------|---------|-----------|---------|
| | \$ 0.04 | \$ 0.41 | \$ (0.04) | \$ 1.05 | \$ (0.61) | \$ 0.55 |
|--|---------|---------|-----------|---------|-----------|---------|

| | | | | | | |
|---|----------|----------|----------|----------|----------|----------|
| Weighted average common units outstanding | 73,145.6 | 69,495.2 | 71,102.5 | 69,147.4 | 70,704.0 | 68,904.3 |
|---|----------|----------|----------|----------|----------|----------|

Supplemental Data and Reconciliation of Non-GAAP Items:

| | Three months ended April 30 | | Nine months ended April 30 | | Twelve months ended April 30 | |
|--|--------------------------------|------------------|-------------------------------|-------------------|---------------------------------|-------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Net earnings (loss) attributable to Ferrellgas Partners, L.P. | \$ 3,173 | \$ 28,863 | \$ (2,741) | \$ 73,209 | \$ (43,241) | \$ 38,152 |
| Income tax expense | 572 | 1,754 | 1,288 | 2,006 | 1,198 | 1,585 |
| Interest expense | 24,933 | 25,933 | 78,205 | 74,844 | 104,645 | 95,273 |
| Depreciation and amortization expense | 20,030 | 20,848 | 60,395 | 62,022 | 80,864 | 82,346 |
| EBITDA | 48,708 | 77,398 | 137,147 | 212,081 | 143,466 | 217,356 |
| Loss on extinguishment of debt | 10,513 | 3,408 | 46,962 | 20,716 | 46,962 | 20,716 |
| Non-cash employee stock ownership plan compensation charge | 2,591 | 2,698 | 7,967 | 6,961 | 10,328 | 8,851 |
| Non-cash stock and unit-based compensation charge (b) | 1,628 | 1,024 | 13,709 | 4,188 | 17,352 | 5,391 |
| Loss on disposal of assets and other | 463 | 2,696 | 834 | 5,480 | 3,839 | 9,598 |
| Other income (expense), net | (243) | 529 | (509) | 1,085 | (486) | 1,055 |
| Litigation reserve | 10,000 | 0 | 10,000 | 0 | 10,000 | 0 |
| Net earnings (loss) attributable to noncontrolling interest | 196 | 401 | 264 | 976 | (82) | 680 |
| Adjusted EBITDA (c) | 73,856 | 88,154 | 216,374 | 251,487 | 231,379 | 263,647 |
| Net cash interest expense (d) | (23,011) | (26,422) | (71,393) | (73,101) | (93,206) | (93,540) |
| Maintenance capital expenditures (e) | (4,073) | (4,174) | (11,921) | (15,583) | (16,306) | (20,022) |
| Cash paid for taxes | (119) | (610) | (34) | (942) | (642) | (1,585) |
| Proceeds from asset sales | 1,073 | 1,436 | 4,273 | 4,597 | 8,896 | 5,918 |
| Distributable cash flow to equity investors (f) | <u>\$ 47,726</u> | <u>\$ 58,384</u> | <u>\$ 137,299</u> | <u>\$ 166,458</u> | <u>\$ 130,121</u> | <u>\$ 154,418</u> |

Propane gallons sales

| | | | | | | |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Retail - Sales to End Users | 190,009 | 188,630 | 559,797 | 590,905 | 649,855 | 687,615 |
| Wholesale - Sales to Resellers | 62,441 | 58,916 | 189,373 | 189,872 | 241,062 | 242,617 |
| Total propane gallons sales | <u>252,450</u> | <u>247,546</u> | <u>749,170</u> | <u>780,777</u> | <u>890,917</u> | <u>930,232</u> |

(a) Amounts allocated to the general partner for its 1.0101% interest in the operating partnership, Ferrellgas, L.P.

(b) Non-cash stock and unit-based compensation charges consist of the following:

| | Three months ended April 30 | | Nine months ended April 30 | | Twelve months ended April 30 | |
|------------------------------------|--------------------------------|-----------------|-------------------------------|-----------------|---------------------------------|-----------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Operating expense | \$ 570 | \$ 282 | \$ 3,832 | \$ 1,152 | \$ 4,834 | \$ 1,614 |
| General and administrative expense | 1,058 | 742 | 9,877 | 3,036 | 12,518 | 3,777 |
| Total | <u>\$ 1,628</u> | <u>\$ 1,024</u> | <u>\$ 13,709</u> | <u>\$ 4,188</u> | <u>\$ 17,352</u> | <u>\$ 5,391</u> |

(c) Adjusted EBITDA is calculated as earnings (loss) before income tax expense, interest expense, depreciation and amortization expense, loss on extinguishment of debt, non-cash employee stock ownership plan compensation charge, non-cash stock and unit-based compensation charge, loss on disposal of assets and other, other income (expense), net, a litigation reserve of \$10.0 million and net earnings (loss) attributable to noncontrolling interest. Management believes the presentation of this measure is relevant and useful because it allows investors to view the partnership's performance in a manner similar to the method management uses, adjusted for items management believes makes it easier to compare its results with other companies that have different financing and capital structures. This method of calculating Adjusted EBITDA may not be consistent with that of other companies and should be viewed in conjunction with measurements that are computed in accordance with GAAP.

(d) Net cash interest expense is the sum of interest expense less non-cash interest expense and other income (expense), net. This amount includes interest expense related to the accounts receivable securitization facility.

(e) Maintenance capital expenditures include capitalized expenditures for betterment and replacement of property, plant and equipment.

(f) Management considers Distributable cash flow to equity investors a meaningful non-GAAP measure of the partnership's ability to declare and pay quarterly distributions to common unitholders. Distributable cash flow to equity investors, as management defines it, may not be comparable to distributable cash flow or similarly titled measures used by other corporations and partnerships.

SOURCE Ferrellgas Partners, L.P.