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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Earliest Event Reported: April 21, 2004

Date of Report: July 1, 2004

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

(Exact name of registrants as specified in their charters)

Delaware	001-11331	43-1698480
Delaware	333-06693	43-1742520
Delaware	000-50182	43-1698481
Delaware	000-50183	14-1866671
(States or other jurisdictions of incorporation or organization)	Commission file numbers	(I.R.S. Employer Identification Nos.)

One Liberty Plaza, Liberty, Missouri 64068

(Address of principal executive offices) (Zip Code)

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

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ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial statements of businesses acquired.

On April 22, 2004, we filed the audited consolidated balance sheets of Blue Rhino Corporation and subsidiaries as of July 31, 2003, and July 31, 2002 and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended July 31, 2003 and related footnotes. As required, in this report, we are filing the unaudited condensed consolidated balance sheet of Blue Rhino Corporation and subsidiaries as of January 31, 2004, and the related condensed consolidated statements of operations and cash flows for the three and six month periods then ended and related footnotes.

(b) Pro forma financial information.

On April 22, 2004, we filed the unaudited pro forma condensed combined financial statements of Ferrellgas Partners, L.P. and Blue Rhino Corporation as of January 31, 2004, for the six months ended January 31, 2004 and for the fiscal year ended July 31, 2003 and related footnotes. Also, on April 22, 2004 we filed the unaudited pro forma condensed combined financial statements of Ferrellgas L.P. and Blue Rhino Corporation as of January 31, 2004, for the six months ended January 31, 2004 and for the fiscal year ended July 31, 2003 and related footnotes. In this report, we are filing:

(i) the unaudited pro forma condensed combined statement of earnings of Ferrellgas, L.P. for the nine months ended April 30, 2004 and related footnotes; and

(ii) the unaudited pro forma condensed combined statement of earnings of Ferrellgas Partners, L.P. for the nine months ended April 30, 2004 and related footnotes.

(c) Exhibits.

The Exhibits listed in the Index to Exhibits are filed as part of this Current Report on Form 8-K.

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

FERRELLGAS PARTNERS, L.P.

By Ferrellgas, Inc., its general partner

Date: July 1, 2004	By	/s/ Kevin T. Kelly
		Kevin T. Kelly Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

FERRELLGAS PARTNERS FINANCE CORP.

Date: July 1, 2004	By	/s/ Kevin T. Kelly
		Kevin T. Kelly Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

FERRELLGAS, L.P.

By Ferrellgas, Inc. (General Partner)

Date: July 1, 2004	By	/s/ Kevin T. Kelly
		Kevin T. Kelly Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

FERRELLGAS FINANCE CORP.

Date: July 1, 2004	By	/s/ Kevin T. Kelly
		Kevin T. Kelly Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

INDEX TO EXHIBITS

Exhibit No.	Description of Exhibit
99.1	Unaudited condensed consolidated balance sheet of Blue Rhino Corporation and subsidiaries as of January 31, 2004 and the related condensed consolidated statements of operations and cash flows for the three and six months then ended and related footnotes as filed by Blue Rhino Corporation with the Securities and Exchange Commission on March 11, 2004.
99.2	Pro forma condensed combined statement of earnings of Ferrellgas, L.P. for the nine months ended April 30, 2004.
99.3	Pro forma condensed combined statement of earnings of Ferrellgas Partners, L.P. for the nine months ended April 30, 2004.

Exhibit 99.1

Blue Rhino Corporation

Unaudited condensed consolidated balance sheet of Blue Rhino Corporation and subsidiaries as of January 31, 2004 and the related condensed consolidated statements of operations and cash flows for the three and six month periods then ended and related footnotes as filed by Blue Rhino Corporation with the Securities and Exchange Commission on March 11, 2004.

BLUE RHINO CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
As of January 31, 2004 and July 31, 2003
(In thousands)

	January 31, 2004	July 31, 2003
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,351	$ 2,495
Accounts receivable, net	14,351	25,809
Inventories	26,561	20,372
Prepaid expenses and other current assets	7,096	7,055
Deferred income taxes	2,266	2,266
Total current assets	52,625	57,997
Tanks, net	45,461	50,917
Property, plant and equipment, net	40,038	37,765
Intangibles, net	63,121	62,862
Other assets	1,064	1,264
Total assets	$202,309	$210,805
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities:		
Accounts payable	$ 17,689	$ 19,193
Current portion of long-term debt and capital lease obligations	6,590	6,433
Accrued liabilities	5,405	5,679
Total current liabilities	29,684	31,305
Long-term debt and capital lease obligations, less current maturities	33,357	42,800
Deferred income taxes	5,042	4,232
Total liabilities	68,083	78,337
Stockholders’ equity:		
Common stock, $0.001 par value, 100,000,000 shares authorized, 17,887,440 and 17,838,027 shares issued and outstanding at January 31, 2004 and July 31, 2003, respectively	18	18
Capital in excess of par	133,062	132,704
Retained earnings (deficit)	538	(1,068)
Accumulated other comprehensive income	608	814
Total stockholders’ equity	134,226	132,468
Total liabilities and stockholders’ equity	$202,309	$210,805

The accompanying notes are an integral part of these financial statements.

BLUE RHINO CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three and Six Months Ended January 31, 2004 and 2003
(In thousands, except per share data)

	Three months ended January 31,		Six months ended January 31,	
	2004	2003	2004	2003
	(Unaudited)		(Unaudited)	
Net revenues	$59,242	$58,054	$108,512	$112,870
Operating costs and expenses:				
Cost of sales	48,386	47,102	84,507	88,453
Selling, general, and administrative	7,535	6,399	14,846	14,792
Depreciation and amortization	2,517	2,267	5,132	4,425
Total operating costs and expenses	58,438	55,768	104,485	107,670
Income from operations	804	2,286	4,027	5,200
Interest and other expenses (income):				
Interest expense	605	1,380	1,261	2,636
Loss on investee	—	—	—	455
Other, net	15	(25)	132	(96)
Income before income taxes	184	931	2,634	2,205
Income taxes	73	15	1,028	30
Net income	$ 111	$ 916	$ 1,606	$ 2,175
Preferred dividends	—	—	—	71
Income available to common stockholders	$ 111	$ 916	$ 1,606	$ 2,104
Earnings per common share:				
Basic	$ 0.01	$ 0.06	$ 0.09	$ 0.14
Diluted	$ 0.01	$ 0.05	$ 0.08	$ 0.11
Shares used in per share calculations:				
Basic	17,870	16,114	17,856	15,123
Diluted	19,999	19,587	19,922	18,676

The accompanying notes are an integral part of these financial statements.

BLUE RHINO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended January 31, 2004 and 2003
(In thousands)

	Six Months Ended January 31,	
	2004	2003
	(unaudited)	
Cash flows from operating activities:		
Net income	$ 1,606	$ 2,175
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,132	4,425
Loss on investee	—	455
Non-cash interest expense	226	624
Deferred income taxes	945	—
Other non-cash expenses	320	231
Changes in operating assets and liabilities, net of business acquisitions:		
Accounts receivable	11,458	2,858
Inventories	(6,189)	(14,125)
Other current assets	573	(2,861)
Accounts payable and accrued liabilities	(1,683)	302
Net cash provided by (used in) operating activities	12,388	(5,916)
Cash flows from investing activities:		
Business acquisitions	(482)	(5,867)
Purchases of property, plant, and equipment	(6,261)	(4,650)
Net advances to and investment in joint venture	—	(1,086)
Purchases of tanks, net	4,268	(370)
(Issuance of) collections on notes receivable and advances to distributors	4	(2,376)
Net cash used in investing activities	(2,471)	(14,349)
Cash flows from financing activities:		
Proceeds from (payments on) revolving line of credit, net	(6,750)	6,207
Proceeds from issuance of equity, net of expenses	329	17,435
Payments on long-term debt and capital lease obligations	(3,640)	(1,646)
Debt issuance costs	—	(940)
Net cash provided by (used in) financing activities	(10,061)	21,056
Net increase (decrease) in cash and cash equivalents	(144)	791
Cash and cash equivalents at beginning of period	2,495	1,563
Cash and cash equivalents at end of period	$ 2,351	$ 2,354

The accompanying notes are an integral part of these financial statements.

BLUE RHINO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2004 (Unaudited)
(In thousands, except share and per share data)

1. Basis of Presentation

The consolidated financial statements of Blue Rhino Corporation (the “Company”) include the accounts of its wholly owned subsidiaries: Uniflame Corporation (“Uniflame”); QuickShip, Inc. (“QuickShip”); Rhino Services, L.L.C.; CPD Associates, Inc.; USA Leasing, L.L.C.; Blue Rhino Global Sourcing, LLC; Platinum Propane, L.L.C. (“Platinum”); Ark Holding Company LLC (“Ark”); and Blue Rhino Consumer Products, LLC. As a result of the Company’s acquisition of Platinum in November 2002, the Company increased its ownership interest in R4 Technical Center — North Carolina, LLC (“R4 Tech”) on a consolidated basis by 1% to 50%. The Company consolidated the results of R4 Tech beginning in the second quarter of fiscal 2003 as a result of its increased ownership and financial control (Note 3). All material intercompany transactions and balances have been eliminated in consolidation.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by the Company in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X, and, accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of items of a normal recurring nature) considered necessary for a fair presentation have been included. Operating results for the three- and six-month periods ended January 31, 2004 are not necessarily indicative of the results that may be expected for any other period.

The balance sheet at July 31, 2003 has been derived from the audited financial statements of the Company as of July 31, 2003 but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

These financial statements should be read in conjunction with the audited consolidated financial statements of the Company as of and for the year ended July 31, 2003.

2. Stock-Based Compensation

The Company has three stock-based compensation plans (the “Plans”) for outside directors, officers and certain employees to receive stock options and other equity-based awards: the Blue Rhino Corporation Stock Incentive Plan (the “1994 Stock Incentive Plan”), the Blue Rhino Corporation 1998 Stock Incentive Plan (the “1998 Stock Incentive Plan”) and the Blue Rhino Corporation Stock Option Plan for Non-Employee Directors (the “Director Option Plan”). Under the 1998 Stock Incentive Plan and the Director Option Plan, the Company may issue only non-qualified stock options. Under the 1994 Stock Incentive Plan, the Company was authorized to issue incentive or non-qualified stock options, stock appreciation rights, restricted stock or deferred stock, at its discretion. The Company no longer makes grants under the 1994 Stock Incentive Plan. The Company accounts for the Plans in accordance with the provisions of Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* (“APB 25”). Under APB 25, no compensation expense is recognized for stock options issued with an exercise price equivalent to the fair value of the Company’s common stock on the date of grant.

The Company also has a Distributor Stock Option Plan (the “Distributor Option Plan”) for distributors and their stockholders, partners, members, directors, general partners, managers, officers, employees and consultants. In general, stock options and other equity instruments granted or issued under the Distributor Stock Option Plan are accounted for in accordance with Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation* (“SFAS 123”).

Had compensation expense for the 1994 Stock Incentive Plan, the 1998 Stock Incentive Plan and the Director Option Plan been determined for options granted since August 1, 1995 in accordance with SFAS No. 123, the Company's pro forma net income and earnings per share for the three and six months ended January 31, 2004 and 2003 would have been as follows:

	Three Months Ended January 31,		Six Months Ended January 31,	
	2004	2003	2004	2003
	(Unaudited)		(Unaudited)	
Net income available for common stockholders:				
As reported	$ 111	$ 916	$1,606	$2,104
Less:				
Compensation expense determined using Black-Scholes option pricing model	1,209	800	2,339	1,315
Pro forma net income (loss)	$(1,098)	$ 116	$ (733)	$ 789
Earnings per common share:				
Basic:				
As reported	$ 0.01	$0.06	$ 0.09	$ 0.14
Pro forma	$ (0.06)	$0.01	$(0.04)	$ 0.05
Diluted:				
As reported	$ 0.01	$0.05	$ 0.08	$ 0.11
Pro forma	$ (0.06)	$0.01	$(0.04)	$ 0.04

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for all grants: expected lives ranging from five to six years; expected volatility ranging from 30% to 91%; expected dividends of zero and a risk-free interest rate ranging from 1.1% to 5.8%.

3. Investment in Joint Venture

As a result of the acquisition of Platinum, the Company increased its ownership interest in R4 Tech on a consolidated basis by 1% to 50%. The Company consolidated the results of R4 Tech beginning in the second quarter of fiscal 2003 as a result of its increased ownership and financial control. R4 Tech was established in April 2000 to operate and manage an automated propane bottling and tank refurbishing plant. R4 Tech began operations in May 2000 and was accounted for under the equity method of accounting through the first quarter of fiscal 2003. During the first quarter of fiscal 2003, the Company recognized 100% of the loss of R4 Tech as a result of advances made without a corresponding advance from the other joint venture partners. The Company recognized a loss in the joint venture for the six months ended January 31, 2003 of $455.

4. Income taxes

Income tax expense in fiscal 2004 primarily reflects the federal statutory tax rate and state taxes net of the federal benefit. Income tax expense in fiscal 2003 differed from the statutory federal and state tax rates primarily due to changes in the valuation reserve for deferred tax assets.

5. Earnings Per Share

The following table sets forth a reconciliation of the numerators and denominators in computing earnings per common share in accordance with Statement of Financial Accounting Standards No. 128.

	Three months ended January 31,		Six months ended January 31,	
	2004	2003	2004	2003
	(Unaudited)		(Unaudited)	
Net income	$ 111	$ 916	$ 1,606	$ 2,175
Less: Preferred stock dividends	—	—	—	71
Income applicable to common stockholders	$ 111	$ 916	$ 1,606	$ 2,104
Income applicable to common stockholders	$ 111	$ 916	$ 1,606	$ 2,104
Weighted average number of common shares outstanding (in thousands)	17,870	16,114	17,856	15,123
Basic earnings per common share	$ 0.01	$ 0.06	$ 0.09	$ 0.14
Income applicable to common stockholders	$ 111	$ 916	$ 1,606	$ 2,104
Weighted average number of common shares outstanding (in thousands)	17,870	16,114	17,856	15,123
Effect of potentially dilutive securities:				
Common stock options	1,494	1,972	1,442	1,873
Common stock warrants	635	1,501	624	1,680
Weighted average number of common shares outstanding assuming dilution	19,999	19,587	19,922	18,676
Diluted earnings per common share	$ 0.01	$ 0.05	$ 0.08	$ 0.11

Common stock options and common stock warrants listed below for the three and six months ended January 31, 2004 and 2003 were not included in the computation of diluted earnings per share because the exercise prices are greater than the average market price of the Company's common stock during those periods such that the effect would be anti-dilutive.

	Three months ended January 31,		Six months ended January 31,	
	2004	2003	2004	2003
	(Unaudited)		(Unaudited)	
Common stock options	1,920,847	953,250	2,532,322	979,750
Common stock warrants	—	330,000	—	—

6. Derivative Instruments

The Company accounts for derivative instruments in accordance with Statement of Financial Accounting Standard No. 133, *Accounting for Derivative Instruments and Hedging Activities*. This statement specifies that all derivatives, whether designated in hedging relationships or not, are required to be recorded on the balance sheet at fair value. If the derivative is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative are recorded in other comprehensive income ("OCI") and are recognized in the income statement when the hedged item affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized in earnings.

The Company uses derivative instruments, which are designated as cash flow hedges, to manage exposure to interest rate fluctuations and wholesale propane price volatility. The Company's objective for holding derivatives is to minimize risks by using the most effective methods to eliminate or reduce the impacts of these exposures.

The net derivative income (loss) recorded in OCI will be reclassified into earnings over the term of the underlying cash flow hedges. The amount that will be reclassified into earnings will vary depending upon the movement of the underlying interest rates and propane prices. As interest rates and propane prices decrease, the charge to earnings will increase. Conversely, as interest rates and propane prices increase, the charge to earnings will decrease.

A summary of changes in OCI for the three and six months ended January 31, 2004 and 2003 is presented below:

	Three months ended January 31,		Six months ended January 31,	
	2004	2003	2004	2003
Beginning balance deferred in OCI	$ 195	$ 915	$ 814	$ (26)
Net change associated with current period hedge transactions, net of tax	1,040	3,008	1,121	4,082
Net amount reclassified into earnings during the period, net of tax	(627)	(386)	(1,327)	(519)
Ending balance deferred in OCI	$ 608	$3,537	$ 608	$3,537

Total comprehensive income for the three and six months ended January 31, 2004 was $524 and $1,400, respectively. Total comprehensive income for the three and six months ended January 31, 2003 was $3,538 and $5,738, respectively.

7. Commitments and Contingencies

Patent Lawsuit and Related Proceedings

On August 8, 2003, American Biophysics Corporation (“ABC”) filed a patent infringement suit against the Company in the U.S. District Court for the District of Rhode Island. ABC alleges that the SkeeterVac® mosquito elimination product infringes certain patents of ABC. The complaint seeks treble damages and attorneys’ fees. Also on August 8, 2003, ABC filed a complaint against the Company with the United States International Trade Commission (“ITC”) pursuant to Section 337 of the Tariff Act of 1930, as amended (“Section 337”). That complaint requests that the ITC institute an investigation regarding alleged violations of Section 337 based upon the importation into the United States by the Company and/or the offer for sale and sale within the United States after importation of SkeeterVac® products that allegedly infringe certain ABC patents. ABC also requested that the ITC issue a permanent exclusion order pursuant to Section 337, which would exclude further entry into the United States of the allegedly infringing products, and a permanent cease and desist order under Section 337, which would prohibit the importation into the United States, the sale for importation, and/or sale within the United States after importation, of allegedly infringing products. The ITC has instituted an investigation and the parties are currently conducting discovery. On August 13, 2003, the Company’s subsidiary, Blue Rhino Consumer Products, LLC (“BRCP”), filed suit against ABC in the U.S. District Court for the Middle District of North Carolina seeking a declaration that BRCP’s SkeeterVac® product does not infringe ABC’s patents. On August 14, 2003, BRCP and another Company subsidiary, CPD Associates, Inc. (“CPD”), filed a lawsuit in the Superior Court of North Carolina, Forsyth County, against ABC asserting unfair and deceptive trade practices, unfair competition under North Carolina common law, tortious interference with business relations and prospective economic advantage, violations of Section 43(a) of the Lanham Act, and violation of the Anticybersquatting Consumer Protection Act. The complaint seeks, among other relief against ABC, a permanent injunction, treble damages, punitive damages, attorneys’ fees and other costs and expenses. This case has been removed to the U.S. District Court for the Middle District of North Carolina. A hearing before an Administrative Law Judge in the ITC proceeding is currently scheduled for the week of April 5, 2004. The Company continues to believe that it and its affiliates have meritorious defenses to ABC’s allegations and meritorious claims against ABC, and intends to vigorously pursue those defenses and claims in these actions.

Securities Class Actions and Shareholder Derivative Actions

On May 19, 2003, George Schober filed a shareholder securities class action lawsuit in the United States District Court for the Central District of California, naming the Company, along with four of its officers and directors, as defendants. Six tag-along securities class actions arising out of the same alleged facts and circumstances as the original action were subsequently filed in the same court. The cases have been consolidated into a single action and Andy Lee, Charles Anderberg and Steven Lendeman have been designated as lead plaintiffs. Plaintiffs filed a consolidated complaint on December 3, 2003. The plaintiffs seek to represent a class of investors who purchased the Company’s publicly-traded securities between August 2002 and February 2003. The plaintiffs allege violations of Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder, and Section 20(a) of the Exchange Act. In particular, the plaintiffs have alleged that the Company and the individual defendants violated the federal securities laws by, among other things, improperly failing to consolidate distributors Ark and Platinum for financial reporting purposes prior to the date of their being acquired by the Company, making materially false and misleading statements and/or failing to disclose material facts related to the financial performance and prospects of the Company and distributors Ark and Platinum, and making materially false and misleading statements and/or failing to disclose material facts relating to the Company’s acquisition of Ark and Platinum. The complaint seeks unspecified damages, plus reasonable costs and expenses, including attorneys’ fees and experts’ fees. On May 22, 2003, Richard Marcoux filed a shareholder derivative action in the Superior Court of California, Los Angeles County, naming all directors and certain officers of the Company as individual defendants and the Company as a nominal defendant. On June 19, 2003, Randy Gish filed a substantially similar derivative action in the same court. Both the Marcoux and

Gish actions were removed to the U.S. District Court for the Central District of California. The Marcoux case was subsequently remanded to Los Angeles Superior Court, but has been stayed pending resolution of the federal actions. The derivative actions arise out of substantially similar facts and circumstances as the securities class actions, and allege violations of the California Corporations Code, breach of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets and unjust enrichment. The defendants have filed motions to dismiss both the securities class action lawsuit and the Gish derivative lawsuit, and hearings on those motions are currently scheduled for April 12 and April 26, 2004, respectively. The Company believes that all of the foregoing securities class actions and derivative actions are without merit and intends to vigorously defend itself against these actions.

Merger Class Action

On February 12, 2004, Richard Marcoux filed a purported stockholder class action lawsuit in Forsyth County, North Carolina Superior Court against the Company’s Board of Directors. The complaint alleges that the directors breached their fiduciary duties to the Company’s stockholders in connection with the approval of the Agreement and Plan of Merger entered into with affiliates of Ferrellgas Partners, L.P. on February 8, 2004, and seeks to enjoin and/or void the Agreement and Plan of Merger, among other forms of relief. The Company believes that this action is without merit and intends to vigorously defend its directors.

Other Litigation

The Company is also a party to other litigation which it considers routine and incidental to its business. Management does not expect the results of any of these other actions to have a material adverse effect on the Company’s business, results of operations or financial condition.

8. Subsequent Event

On February 9, 2004, the Company announced that it had entered into an Agreement and Plan of Merger dated as of February 8, 2004 with FCI Trading Corp, Diesel Acquisition LLC and Ferrell Companies, Inc. pursuant to which all outstanding shares of Blue Rhino’s common stock will be acquired in an all-cash transaction. Terms of the merger agreement provide for the payment of $17 in cash for each share of the Company’s stock outstanding on the date of the closing of the transaction, with the total payments for the Company’s stock anticipated to be approximately $340 million. Subject to regulatory and Blue Rhino stockholder approval, this transaction is currently expected to close in May or June of 2004. The details of this transaction are discussed in Blue Rhino’s Form 8-K filed with the Securities and Exchange Commission on February 9, 2004 and its preliminary proxy statement filed with the Securities and Exchange Commission on March 2, 2004.

9. Segment Information

The Company has two reportable segments: tank exchange and products and other. The tank exchange segment relates to tank exchange transactions and lease income from tanks and tank displays. The products and other segment includes the activities required to sell patio heaters, grills and other complementary propane products, fireplace accessories and garden products. In addition, financial information related to QuickShip, a retail shipping service company acquired in October 2000, is included within the products and other segment as it is not currently material on a stand-alone basis. For the three and six months ended January 31, 2004, QuickShip had a loss from operations of ($180) and ($408), respectively. For the three and six months ended January 31, 2003, QuickShip had a loss from operations of ($327) and ($778), respectively.

The Company evaluates performance and allocates resources based on several factors, of which the primary financial measure is business segment operating income, defined as earnings before interest, taxes, depreciation and amortization before other non-operating expenses (“EBITDA”). Management of the Company believes that EBITDA is a useful measure of operating performance at a segment level as it is an important indicator of the ability of each segment to provide cash flows to service debt and fund working capital requirements and eliminates the uneven effect between our segments of noncash depreciation of tangible assets and amortization of certain intangible assets. In addition, management uses EBITDA performance objectives at a segment level as the basis for determining incentive compensation. EBITDA as presented may not be comparable to similarly titled measures used by other entities. EBITDA should not be considered in isolation from, or as a substitute for, net income or cash flows from operating activities prepared in accordance with generally accepted accounting principles as an indicator of operating performance or as a measure of liquidity.

The Company’s reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and operational strategies. The Company’s selected segment information as of and for the three and six months ended January 31, 2004 and 2003 is as follows:

	Three Months Ended January 31,		Six Months Ended January 31,	
	2004	**2003**	**2004**	**2003**
Net revenues:				
Tank exchange	$30,175	$29,816	$ 68,971	$ 66,765
Products and other	29,067	28,238	39,541	46,105
	$59,242	$58,054	$108,512	$112,870
Segment EBITDA:				
Tank exchange	$ 3,346	$ 3,464	$ 10,267	$ 9,015
Products and other	(25)	1,089	(1,108)	610
	$ 3,321	$ 4,553	$ 9,159	$ 9,625
Depreciation & amortization	2,517	2,267	5,132	4,425
Interest expense	605	1,380	1,261	2,636
Loss on investee	—	—	—	455
Other, net	15	(25)	132	(96)
Income taxes	73	15	1,028	30
Net income	$ 111	$ 916	$ 1,606	$ 2,175

	As of January 31,	
	2004	**2003**
Total assets:		
Tank exchange	$150,263	$142,207
Products and other	52,046	56,008
	$202,309	$198,215

Exhibit 99.2

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF EARNINGS

The unaudited pro forma condensed combined statement of earnings for the period presented was prepared by combining Ferrellgas L.P.'s statement of earnings for the nine months ended April 30, 2004, with Blue Rhino Corporation's statement of operations for the eight months and twenty days ended April 20, 2004 giving effect to the Blue Rhino LLC contribution as though it had occurred on August 1, 2002. This unaudited pro forma condensed combined statement of earnings does not give effect to any restructuring costs or to any potential cost savings or other operating efficiencies that could result from the integration of Blue Rhino LLC with the operations of Ferrellgas, L.P.

The following unaudited pro forma condensed combined statement of earnings gives effect to the Blue Rhino LLC contribution under the purchase method of accounting. This pro forma statement is presented for illustrative purposes only. The pro forma adjustments are based upon available information and assumptions that management believes are reasonable. This unaudited pro forma condensed combined statement of earnings does not purport to represent what the results of operations of Ferrellgas, L.P. would actually have been if the Blue Rhino LLC contribution had in fact occurred on such date, nor does it purport to project the results of operations of Ferrellgas, L.P. for any future period or as of any date. Under the purchase method of accounting, tangible and identifiable intangible assets acquired and liabilities assumed are recorded at their estimated fair values. The estimated fair values and useful lives of assets acquired and liabilities assumed are based on a preliminary valuation and are subject to final valuation adjustments. Ferrellgas, L.P. intends to continue its analysis of the net assets of Blue Rhino LLC to determine the final allocation of the total purchase price to the various assets acquired and the liabilities assumed.

Ferrellgas, L.P.'s unaudited condensed consolidated historical statement of earnings for the nine months ended April 30, 2004, is derived from its unaudited condensed consolidated statement of earnings contained in its Form 10-Q as filed with the SEC on June 14, 2004. The unaudited condensed historical statement of earnings of Blue Rhino Corporation for the eight months and twenty days ended April 20, 2004, is derived from i) the unaudited condensed statements of operations contained in Blue Rhino Corporation's Form 10-Q as filed with the SEC on March 11, 2004 and ii) from Blue Rhino Corporation's unaudited condensed statement of operations for the two months and twenty days ended April 20, 2004.

You should read the financial information in this section together with Ferrellgas, L.P.'s historical consolidated financial statements and accompanying notes contained in its prior SEC filings, and Blue Rhino Corporation's historical consolidated financial statements and accompanying notes contained in its prior SEC filings or in this current report.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF EARNINGS(1)
Nine Months Ended April 30, 2004
(in thousands)

	Ferrellgas, L.P. Historical [2]	Blue Rhino Corporation Historical [2]	Pro Forma Adjustments [3]	Pro Forma Combined
Revenues	$1,127,342	$162,143	$ —	$1,289,485
Cost of product sold (exclusive of depreciation, shown with amortization below)	680,479	127,056	(5,472)[4]	802,063
Gross profit	446,863	35,087	5,472	487,422
Operating expense	232,938	23,550	—	256,488
Depreciation and amortization expense	37,130	7,789	14,571[4][5]	59,490
General and administrative expense	23,761	1,034	—	24,795
Equipment lease expense	14,272	43	—	14,315
Employee stock ownership plan compensation charge	5,990	—	—	5,990
Loss on disposal of assets and other	4,477	303	—	4,780
Operating income	128,295	2,368	(9,099)	121,564
Interest expense	(37,386)	(1,786)	(10,273)[6]	(49,445)
Interest income	1,260	22	—	1,282
Earnings before income taxes	92,169	604	(19,372)	73,401
Income taxes	17	19	(1,433)[7]	(1,397)
Earnings from continuing operations	$ 92,152	$ 585	$(17,939)	$ 74,798

See Accompanying Notes to Unaudited Pro Forma Condensed Combined Statement of Earnings.

FERRELLGAS, L.P.
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF EARNINGS

1. **Presentation**. The Blue Rhino LLC contribution was completed on April 21, 2004. This unaudited pro forma condensed combined statement of earnings does not give effect to any restructuring costs, potential cost savings or other operating efficiencies that are expected to result from the Blue Rhino LLC contribution (see also footnote 8). The unaudited pro forma financial data is not necessarily indicative of the operating results that would have occurred had the Blue Rhino LLC contribution been completed at the dates indicated, nor is it necessarily indicative of future operating results. The purchase accounting adjustments made in connection with the development of this unaudited pro forma condensed combined statement of earnings are preliminary and have been made solely for purposes of developing such pro forma financial information.

2. The columns represent Ferrellgas, L.P.'s unaudited condensed historical results of operations, as well as those of Blue Rhino Corporation. Ferrellgas, L.P.'s unaudited condensed income statement data reported on the unaudited pro forma condensed combined statement of earnings for the nine months ended April 30, 2004 was derived from the information included in its Form 10-Q as filed with the SEC on June 14, 2004. The Blue Rhino Corporation unaudited condensed income statement data reported on the unaudited pro forma condensed combined statement of earnings for the eight months and twenty days ended April 20, 2004 was derived from i) Blue Rhino Corporation's Form 10-Q as filed with the SEC on March 11, 2004 and ii) the information included in Blue Rhino Corporation's unaudited statement of operations for the two months and 20 days ended April 20, 2004.

3. Ferrellgas, L.P. has assumed for purposes of the unaudited pro forma condensed combined statement of earnings, that the following transactions occurred on August 1, 2003:

a. The Blue Rhino LLC contribution and ancillary transactions:

On April 20, 2004, FCI Trading, an affiliate of Ferrellgas, Inc., the general partner of Ferrellgas, L.P., acquired all of the outstanding common stock of Blue Rhino Corporation in an all-cash merger. Pursuant to an Agreement and Plan of Merger dated February 8, 2004, a subsidiary of FCI Trading merged with and into Blue Rhino Corporation whereby the then current stockholders of Blue Rhino Corporation were granted the right to receive a payment from FCI Trading of $17.00 in cash for each share of Blue Rhino Corporation common stock outstanding on April 20, 2004. FCI Trading thereafter became the sole stockholder of the Blue Rhino Corporation and immediately after the merger, FCI Trading converted Blue Rhino Corporation into a limited liability company, Blue Rhino LLC.

Pursuant to a Contribution Agreement dated February 8, 2004, FCI Trading contributed on April 21, 2004 all of the membership interests in Blue Rhino LLC to Ferrellgas, L.P. through a series of transactions and Ferrellgas, L.P. assumed FCI Trading's obligation under the Agreement and Plan of Merger to pay the $17.00 per share to the former stockholders of Blue Rhino Corporation together with other specific obligations. In consideration of this contribution, Ferrellgas Partners issued 195,686 common units to FCI Trading. Ferrellgas Partners, Ferrellgas, L.P. and FCI Trading have agreed to indemnify our general partner from any damages incurred by our general partner in connection with the assumption of any of the obligations described above. Also on April 21, 2004, subsequent to the contribution described above, Blue Rhino LLC merged with and into Ferrellgas, L.P. The contribution of the membership interests in Blue Rhino LLC to Ferrellgas, L.P. is not expected to be taxable for U.S. Federal income tax purposes.

In addition to the payment of $17.00 per share to the former stockholders of Blue Rhino Corporation, each vested stock option and warrant that permits its holder to purchase common stock of Blue Rhino Corporation that was outstanding immediately prior to the merger was converted into the right to receive a cash payment from Blue Rhino Corporation equal to the difference between $17.00 per share and the applicable exercise price of the stock option or warrant. Unvested options and warrants not otherwise subject to automatic accelerated vesting upon a change in control vested on a pro rata basis through April 19, 2004, based on their original vesting date. The total payment to the former Blue Rhino Corporation stockholders for all common stock outstanding on April 20, 2004 and for those Blue Rhino Corporation options and warrants then outstanding was approximately $343 million.

The consideration paid and preliminary purchase price allocation based upon estimated fair values for the Blue Rhino LLC contribution are as follows (in thousands):

Pro forma purchase price—	
Assumption of obligations under the contribution agreement	$343,414
Limited partner and general partner interests issued in exchange for contribution of membership interests of Blue Rhino LLC to Ferrellgas Partners and Ferrellgas, L.P. (see footnotes b, c and d below)	8,700
Assumption of Blue Rhino LLC debt outstanding on bank credit facility	43,719
Assumption of other liabilities and acquisition costs	10,351
Total pro forma purchase price	$406,184
Allocation of purchase price—	
Net working capital	$ 21,334
Property, plant and equipment	85,088
Identifiable intangible assets, including customer lists, trademarks, patents, and non-compete agreements	164,100
Goodwill	135,201
Other	461
Total pro forma allocation of purchase price	$406,184

The foregoing pro forma purchase price is based upon the actual amounts paid, fair values of liabilities assumed and estimated remaining transaction-related costs. The preliminary purchase price allocation is based on available information and certain assumptions that management considers reasonable. The pro forma allocation of purchase price will be based upon a final determination of the fair market value of the net assets contributed at closing as determined by valuations and other studies that are not yet complete. The final purchase price allocation may differ from the preliminary allocation.

b. Contribution of $2.0 million by the general partner to Ferrellgas, L.P. – At closing, the general partner contributed its membership interests in Blue Rhino LLC to maintain its required 1.0101% general partnership interest in Ferrellgas, L.P.

c. Contribution of $2.0 million by the limited partner to Ferrellgas, L.P. – At closing, the limited partner contributed to Ferrellgas, L.P. its membership interests in Blue Rhino LLC.

d. Issuance of $4.7 million of a limited partner interest to the limited partner for the contribution to Ferrellgas, L.P. of its membership interests in Blue Rhino LLC.

4. The pro forma adjustment to cost of goods sold reflects the change in accounting policy for the purchase of cylinders and associated valves. Blue Rhino Corporation's accounting policy expensed the cost of upgrading cylinder valves and classified it as cost of goods sold. Blue Rhino Corporation capitalized the cost of purchased cylinders and depreciated cylinders over 25 years. Ferrellgas L.P.'s accounting policy will result in the capitalization of such valve costs and their depreciation over 2 years. The cost of purchased cylinders will be depreciated over 20 years.

5. The pro forma adjustment to depreciation and amortization expense for the nine months ended April 30, 2004 (in thousands):

Elimination of historical depreciation and amortization expense of Blue Rhino LLC	$(7,789)
Additional depreciation and amortization expense reflecting the preliminary allocation of purchase price:	
Depreciation of amount allocated to property, plant and equipment	5,073
Depreciation of amount allocated to cylinders and associated valves	9,217

Amortization of amount allocated to customer list (10 year life)	7,163
Amortization of amount allocated to noncompete agreements (5 year life)	495
Amortization of amount allocated to other intangible assets (3-6 year life)	412
Pro forma adjustment	$14,571

6. The pro forma adjustment to interest expense for the nine months ended April 30, 2004 (in thousands):

Elimination of Blue Rhino LLC interest expense	$ 1,786
Elimination of interest related to repayment of a portion of the Ferrellgas, L.P. credit facility at the existing average 3.3% interest rate	1,086
Additional interest expense related to—	
Issuance of $250 million senior notes net of discount	(12,724)
Amortization of debt issuance costs related to the $250 million senior notes	(421)
Pro forma adjustment	$(10,273)

The elimination of interest expense related to the Ferrellgas, L.P. credit facility was determined based on:

- repayment of $44.4 million of existing indebtedness from proceeds of Ferrellgas Partners’ issuance of common units; and
- an average interest rate of 3.3%.

7. The pro forma adjustment to the provision for income taxes reflects that Ferrellgas, L.P. is not subject to income tax and the contribution of some of the assets of Blue Rhino LLC into a taxable subsidiary of Ferrellgas, L.P.

8. The following forecast information has not been included in these unaudited pro forma condensed combined financial statements but is presented as follows to provide additional information about the Blue Rhino LLC contribution.

Ferrellgas, LP. believes that:

- Blue Rhino LLC’s counter-seasonal business activities and anticipated future growth will provide Ferrellgas, L.P. with the ability to better utilize its seasonal resources;
- its over 600 retail locations will provide Blue Rhino LLC with a network that complements its existing distributor network;
- it will achieve cost savings from the elimination of duplicative general and administrative expenses, specifically insurance costs and expenses related to Blue Rhino LLC’s former status as a publicly-held company; and
- Blue Rhino LLC will achieve savings by Ferrellgas, L.P.’s provision of propane procurement, storage and transportation logistics.

Ferrellgas L.P. believes that these cost saving opportunities can eliminate approximately $3 million of annual operating expense and $4 million of general and administrative expense from the operations of Blue Rhino LLC based on the fiscal year used in the unaudited pro forma condensed combined statement of earnings.

Exhibit 99.3

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF EARNINGS

The unaudited pro forma condensed combined statement of earnings for the period presented was prepared by combining our statement of earnings for the nine months ended April 30, 2004 with Blue Rhino Corporation's statement of operations for the eight months and twenty days ended April 20, 2004 giving effect to the Blue Rhino LLC contribution as though it had occurred on August 1, 2002. This unaudited pro forma condensed combined statement of earnings does not give effect to any restructuring costs or to any potential cost savings or other operating efficiencies that could result from the integration of Blue Rhino LLC with the our operations.

The following unaudited pro forma condensed combined statement of earnings gives effect to the Blue Rhino LLC contribution under the purchase method of accounting. This pro forma statement is presented for illustrative purposes only. The pro forma adjustments are based upon available information and assumptions that management believes are reasonable. This unaudited pro forma condensed combined statement of earnings does not purport to represent what our results of operations would actually have been if the Blue Rhino LLC contribution had in fact occurred on such date, nor does it purport to project our results of operations for any future period or as of any date. Under the purchase method of accounting, tangible and identifiable intangible assets acquired and liabilities assumed are recorded at their estimated fair values. The estimated fair values and useful lives of assets acquired and liabilities assumed are based on a preliminary valuation and are subject to final valuation adjustments. We intend to continue our analysis of the net assets of Blue Rhino LLC to determine the final allocation of the total purchase price to the various assets acquired and the liabilities assumed.

Our unaudited condensed consolidated historical statement of earnings for the nine months ended April 30, 2004, is derived from our unaudited condensed consolidated statement of earnings contained in our Form 10-Q as filed with the SEC on June 14, 2004. The unaudited condensed historical statement of earnings of Blue Rhino Corporation for the eight months and twenty days ended April 20, 2004, is derived from i) the unaudited condensed statements of operations contained in Blue Rhino Corporation's Form 10-Q as filed with the SEC on March 11, 2004 and ii) from Blue Rhino Corporation's unaudited condensed statement of operations for the two months and twenty days ended April 20, 2004.

You should read the financial information in this section together with our historical consolidated financial statements and accompanying notes contained in our prior SEC filings, and Blue Rhino Corporation's historical consolidated financial statements and accompanying notes contained in its prior SEC filings or in this current report.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF EARNINGS[1]

Nine Months Ended April 30, 2004

(in thousands)

	Ferrellgas Partners, L.P. Historical [2]	Blue Rhino Corporation Historical [2]	Pro Forma Adjustments [3]	Pro Forma Combined
Revenues	$1,127,342	$162,143	$ —	$1,289,485
Cost of product sold (exclusive of depreciation, shown with amortization below)	680,479	127,056	(5,472)[4]	802,063
Gross profit	446,863	35,087	5,472	487,422
Operating expense	233,141	23,550	—	256,691
Depreciation and amortization expense	37,130	7,789	14,571[4][5]	59,490
General and administrative expense	23,761	1,034	—	24,795
Equipment lease expense	14,272	43	—	14,315
Employee stock ownership plan compensation charge	5,990	—	—	5,990
Loss on disposal of assets and other	4,477	303	—	4,780
Operating income	128,092	2,368	(9,099)	121,361
Interest expense	(52,083)	(1,786)	(10,273)[6]	(64,142)
Interest income	1,260	22	—	1,282
Earnings before income taxes and minority interest	77,269	604	(19,372)	58,501
Income taxes	17	19	(1,433)[7]	(1,397)
Minority interest	931	—	(198)[8]	733
Earnings from continuing operations	$ 76,321	$ 585	$(17,741)	$ 59,165

See Accompanying Notes to Unaudited Pro Forma Condensed Combined Statement of Earnings.

FERRELLGAS PARTNERS, L.P.
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF EARNINGS

1. **Presentation**. The Blue Rhino LLC contribution was completed on April 21, 2004. This unaudited pro forma condensed combined statement of earnings does not give effect to any restructuring costs, potential cost savings or other operating efficiencies that are expected to result from the Blue Rhino LLC contribution (see also footnote 9). The unaudited pro forma financial data is not necessarily indicative of the operating results that would have occurred had the Blue Rhino LLC contribution been completed at the dates indicated, nor is it necessarily indicative of future operating results. The purchase accounting adjustments made in connection with the development of this unaudited pro forma condensed combined statement of earnings are preliminary and have been made solely for purposes of developing such pro forma financial information.

2. The columns represent our unaudited condensed historical results of operations, as well as those of Blue Rhino Corporation. Our unaudited condensed income statement data reported on the unaudited pro forma condensed combined statement of earnings for the nine months ended April 30, 2004 was derived from the information included in its Form 10-Q as filed with the SEC on June 14, 2004. The Blue Rhino Corporation unaudited condensed income statement data reported on the unaudited pro forma condensed combined statement of earnings for the eight months and twenty days ended April 20, 2004 was derived from i) Blue Rhino Corporation's Form 10-Q as filed with the SEC on March 11, 2004 and ii) the information included in Blue Rhino Corporation's unaudited statement of operations for the two months and 20 days ended April 20, 2004.

3. We have assumed for purposes of the unaudited pro forma condensed combined statement of earnings, that the following transactions occurred on August 1, 2003:

a. The Blue Rhino LLC contribution and ancillary transactions:

   On April 20, 2004, FCI Trading, an affiliate of Ferrellgas, Inc., our general partner, acquired all of the outstanding common stock of Blue Rhino Corporation in an all-cash merger. Pursuant to an Agreement and Plan of Merger dated February 8, 2004, a subsidiary of FCI Trading merged with and into Blue Rhino Corporation whereby the then current stockholders of Blue Rhino Corporation were granted the right to receive a payment from FCI Trading of $17.00 in cash for each share of Blue Rhino Corporation common stock outstanding on April 20, 2004. FCI Trading thereafter became the sole stockholder of the Blue Rhino Corporation and immediately after the merger, FCI Trading converted Blue Rhino Corporation into a limited liability company, Blue Rhino LLC.

   Pursuant to a Contribution Agreement dated February 8, 2004, FCI Trading contributed on April 21, 2004 all of the membership interests in Blue Rhino LLC to Ferrellgas, L.P. through a series of transactions and Ferrellgas, L.P. assumed FCI Trading's obligation under the Agreement and Plan of Merger to pay the $17.00 per share to the former stockholders of Blue Rhino Corporation together with other specific obligations. In consideration of this contribution, Ferrellgas Partners issued 195,686 common units to FCI Trading. Both we and FCI Trading have agreed to indemnify our general partner in connection with the assumption of any of the obligations described above. Also on April 21, 2004, subsequent to the contribution described above, Blue Rhino LLC merged with and into Ferrellgas, L.P.

   In addition to the payment of $17.00 per share to the former stockholders of Blue Rhino Corporation, each vested stock option and warrant that permits its holder to purchase common stock of Blue Rhino Corporation that was outstanding immediately prior to the merger was converted into the right to receive a cash payment from Blue Rhino Corporation equal to the difference between $17.00 per share and the applicable exercise price of the stock option or warrant. Unvested options and warrants not otherwise subject to automatic accelerated vesting upon a change in control vested on a pro rata basis through April 19, 2004, based on their original vesting date. The total payment to the former Blue Rhino Corporation stockholders for all common stock outstanding on April 20, 2004 and for those Blue Rhino Corporation options and warrants then outstanding was approximately $343 million.

The consideration paid and preliminary purchase price allocation based upon estimated fair values for the Blue Rhino LLC contribution are as follows (in thousands):

Pro forma purchase price—	
Assumption of obligations under the contribution agreement	$343,414
Common units and general partner interest issued	8,700
Assumption of Blue Rhino LLC’s bank credit facility outstanding balance	43,719
Assumption of other liabilities and acquisition costs	10,351
Total pro forma purchase price	$406,184
Allocation of purchase price—	
Net working capital	$ 21,334
Property, plant and equipment	85,088
Identifiable intangible assets, including customer lists, trademarks, patents, and non-compete agreements	164,100
Goodwill	135,201
Other	461
Total pro forma allocation of purchase price	$406,184

The foregoing pro forma purchase price is based upon the actual amounts paid, fair values of liabilities assumed and estimated remaining transaction-related costs. The preliminary purchase price allocation is based on available information and certain assumptions that management considers reasonable. The pro forma allocation of purchase price will be based upon a final determination of the fair market value of the net assets contributed at closing as determined by valuations and other studies that are not yet complete. The final purchase price allocation may differ from the preliminary allocation.

b. The purchase of common units by Mr. James E. Ferrell, Chairman, President and Chief Executive Officer of our general partner, with an aggregate value of approximately $1.8 million.

c. Mr. Billy D. Prim, the Chairman and Chief Executive Officer of Blue Rhino Corporation, entered into an employment agreement dated February 8, 2004, with Ferrell Companies, Inc. and our general partner that became effective upon the closing of the merger of a subsidiary of FCI Trading with and into Blue Rhino Corporation in accordance with the terms of the Agreement and Plan of Merger and that superceded and replaced Mr. Prim’s previous employment agreement with Blue Rhino Corporation. The replacement of Mr. Prim’s current employment agreement cost $2.5 million. Mr. Prim has entered into a real property contribution agreement with us dated February 8, 2004, pursuant to which he contributed to us real property in Yadkin County, North Carolina previously leased to Blue Rhino Corporation in exchange for common units with an aggregate value of $3.15 million.

d. Each of Mr. Prim and two additional Blue Rhino Corporation stockholders entered into unit purchase agreements with us dated February 8, 2004, pursuant to which they purchased common units with an aggregate value of $31 million.

e. Contribution of a portion of the membership interests in Blue Rhino LLC valued at approximately $4.0 million by our general partner to us and our operating partnership – At closing, our general partner contributed its membership interests in Blue Rhino LLC to maintain its required 1% general partnership interest in us and its required 1.0101% general partnership interest in our operating partnership.

f. Issuance of $4.7 million of our common units to FCI Trading Corp. for the contribution to us of its membership interests in Blue Rhino LLC.

4. The pro forma adjustment to cost of goods sold reflects the change in accounting policy for the purchase of cylinders and associated valves. Blue Rhino Corporation’s accounting policy expensed the cost of upgrading cylinder valves and classified it as cost of goods sold. Blue Rhino Corporation capitalized the cost of purchased cylinders and depreciated cylinders over 25 years. Our accounting policy will result in the capitalization of such valve costs and their depreciation over 2 years. The cost of purchased cylinders will be depreciated over 20 years.

5. The pro forma adjustment to depreciation and amortization expense for the nine months ended April 30, 2004 (in thousands):

Elimination of historical depreciation and amortization expense of Blue Rhino LLC	$ (7,789)
Additional depreciation and amortization expense reflecting the preliminary allocation of purchase price:	
Depreciation of amount allocated to property, plant and equipment	5,073
Depreciation of amount allocated to cylinders and associated valves	9,217
Amortization of amount allocated to customer list (10 year life)	7,163
Amortization of amount allocated to noncompete agreements (5 year life)	495
Amortization of amount allocated to other intangible assets (3-6 year life)	412
Pro forma adjustment	$14,571

6. The pro forma adjustment to interest expense for the nine months ended April 30, 2004 (in thousands):

Elimination of Blue Rhino LLC interest expense	$ 1,786
Elimination of interest related to repayment of a portion of our operating partnership's credit facility at the existing average 3.3% interest rate	1,086
Additional interest expense related to—	
Issuance by our subsidiaries of our operating partnership of $250 million senior notes net of discount	(12,724)
Amortization of debt issuance costs related to the $250 million senior notes	(421)
Pro forma adjustment	$(10,273)

The elimination of interest expense related to our operating partnership's credit facility was determined based on:

- repayment of $44.4 million of existing indebtedness from proceeds of Ferrellgas Partners' issuance of common units; and

- an average interest rate of 3.3%.

7. The pro forma adjustment to the provision for income taxes reflects that we and several of our subsidiaries are not subject to income tax and the contribution of some of the assets of Blue Rhino LLC into a taxable subsidiary of our operating partnership.

8. The pro forma adjustment to the minority interest in the consolidating results reflects our general partner's interest in our operating partnership.

9. The following forecast information has not been included in these unaudited pro forma condensed combined financial statements but is presented as follows to provide additional information about the Blue Rhino LLC contribution.

We believe that:

- Blue Rhino LLC's counter-seasonal business activities and anticipated future growth will provide us with the ability to better utilize its seasonal resources;

- our over 600 retail locations will provide Blue Rhino LLC with a network that complements its existing distributor network;

- we will achieve cost savings from the elimination of duplicative general and administrative expenses, specifically insurance costs and expenses related to Blue Rhino LLC's former status as a publicly-held company; and

- Blue Rhino LLC will achieve savings by our provision of propane procurement, storage and transportation logistics.

We believe that these cost saving opportunities can eliminate approximately $3 million of annual operating expense and $4 million of general and administrative expense from the operations of Blue Rhino LLC based on the fiscal year used in the unaudited pro forma condensed combined statement of earnings.