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STAR GAS PARTNERS, L.P. REPORTS RECORD Q1 FY'01 EARNINGS

Announces Significant Increase in Senior Subordinated Unit Distribution and Declares Regular Common Unit Distribution

STAMFORD, CT (January 18, 2001) -- Star Gas Partners, L.P. ("Star") (NYSE: SGU, SGH), a diversified home energy distributor and services provider - specializing in heating oil, propane, electricity and natural gas, today reported record results for the quarter ended December 31, 2000 and declared its \$0.575 per unit minimum Quarterly Distribution on all Units for the quarter ended December 31, 2000. This has the effect of increasing its quarterly distribution on its Senior Subordinated Units (SGH) from \$0.25 per unit to \$0.575 per unit, commencing distributions at that level on its Junior Subordinated and General Partner Units while maintaining its regular quarterly distribution on its common units (SGU). The distribution on all units will be payable on February 14, 2001 to Unitholders of record on February 5, 2001.

For the fiscal 2001 first quarter ended December 31, 2000, Star's EBITDA increased approximately 47% to \$36.0 million, from \$24.5 million in the year-ago period. Net income per unit for the first fiscal quarter increased 64% to \$0.87 per unit, from \$0.53 per unit in fiscal 2000. As a result of this performance, Star's Distributable Cash Flow for the twelve months ended December 31, 2000 was \$44.5 million, or \$2.30 per unit on all outstanding units.

Star's performance benefited from the contribution made by the Partnership's 22 acquisitions in fiscal 2000 and 2001, and 11% colder than normal weather during the December 31, 2000 quarter. Also contributing to this performance was a slight improvement in gross profit margins, despite higher energy costs, and the Partnership's heating oil division customer base organic growth. Calendar year 2000 results were achieved during a period that had relatively normal weather as the colder temperatures during this past quarter virtually offset last winter's warm conditions.

During the first quarter of fiscal year 2001, Star purchased eight propane and heating oil companies for an aggregate purchase price of \$16.9 million. These acquisitions represent 17,600 new customers and 18.5 million gallons of annual volume.

In commenting on Star's record performance, Chairman, Irik P. Sevin, indicated: "We are very gratified with these results which demonstrate the Partnership's earnings potential when it is not impacted by exceptionally warm temperatures. I view this performance as the result of three basic factors: a) Star's active acquisition program which has not only grown the Partnership's size, but has done so in a disciplined and profitable manner; b) the significant attention and resources Star has devoted to developing an organization focused on operating excellence and customer satisfaction; and, c) structuring the Partnership to perform well even under warmer than normal temperatures, enabling it to realize significant benefits from colder weather."

Mr. Sevin, continued: "These efforts have enabled Star to commence full distributions to all its Senior and Junior Subordinated Unitholders, and provide our Common Unitholders with a 1.2x coverage on their Minimum Quarterly Distribution.

"While these financial results are gratifying, we are also pleased with the Partnership's initial success in selling additional rationally related products and services, especially air conditioning and water conditioning, to its approximately 700,000 customers. In addition, we all are very satisfied with the benefits that have accrued to the Partnership from the combination of Star's propane and Petro's heating oil businesses. This has given the Partnership two complementary, although independent, sources of income and growth, as well as the advantages of a larger operational size and account base."

Star Gas Partners, L.P., is a leading distributor of home heating oil, propane and deregulated natural gas and electricity serving approximately 705,000 customers. Through its wholly owned Petro subsidiary, Star is the nation's largest retail distributor of home heating oil, serving approximately 385,000 customers in the Northeast and Mid-Atlantic. Star is the nation's seventh largest retail propane distributor, serving approximately 210,000 customers throughout the Midwest and Northeast. Star owns a controlling 72.7% interest in Total Gas and Electric, which sells natural gas and electricity to approximately 110,000 customers in the Northeast and Mid Atlantic.

This news announcement contains certain forward-looking information that is subject to certain risks and uncertainties as indicated from time to time in the Partnership's 10-K, 10-Q, 8-K and other filings with the Securities and Exchange Commission. Included risks and uncertainties are the effects of the weather on the Partnership's financial results, competitive and propane

and heating oil pricing pressures and other factors impacting the propane, home heating oil, natural gas and electricity distribution industries.

