July 29, 2004

STAR GAS PARTNERS, L.P. REPORTS THIRD QUARTER OPERATING RESULTS AND COMMON UNIT DISTRIBUTION

STAMFORD, CT (July 29, 2004) -- Star Gas Partners, L.P. (the "Partnership" or "Star") (NYSE: SGU, SGH), a diversified home energy distributor and services provider specializing in heating oil and propane, today reported results for the fiscal 2004 third quarter and nine months ended June 30, 2004. For the three months ended June 30, 2004, Star's volume increased approximately 2% despite temperatures that were 28% warmer than in the comparative period in the prior year. This increase was primarily attributable to the effect of Star's acquisition of 14 companies since April 1, 2003, representing approximately 119 million gallons of annual volume, which more than offset the negative impact of weather and customer losses, primarily a result of high energy prices.

Star's fiscal third quarter is predominantly a non-heating period and its operating loss rose approximately $4 million, from $26 million to $30 million due to a) warmer temperatures in the early part of the quarter impacting results by approximately $9 million; b) gross profit margins that were lower than the unusually high levels experienced in the third quarter of fiscal 2003; and c) an increase in Depreciation and Amortization expense. These items were partially offset by a) lower equity related compensation expense; b) some operating improvements associated with the Heating Oil Division's Business Process Improvement Program; as well as c) a change in heating oil delivery patterns.

Star's third quarter seasonal net loss increased approximately $5 million to $43 million due to the aforementioned operating loss increase and higher net interest expense associated with the Partnership's acquisition program. Diluted net loss per limited partner unit rose to $1.18 per unit in the third quarter of fiscal 2004, from $1.15 per unit in the third quarter of fiscal 2003.

EBITDA for the three months ended June 30, 2004 was a loss of $15.8 million, versus a loss of $12.6 million in the fiscal 2003 third quarter. This decrease in EBITDA was primarily due to the warmer weather referred to above.

For the nine months ended June 30, 2004, sales increased approximately 5% to $1.3 billion, compared to $1.2 billion in the same period in fiscal 2003, due both to volume expansion and higher energy prices. Volume for the first nine months of FY 2004 increased 2% to 686 million gallons from 673 million gallons in the same period in the prior year. This was due to Star's acquisition program which more than offset 8% warmer temperatures and net customer loss in the first three quarters of fiscal 2004 versus 2003. Operating income for the nine months ended June 30, 2004 decreased approximately $4 million to $95 million due to a) the estimated $22 million impact of warmer temperatures; b) the effect of an approximate 4% net customer loss resulting from both high energy prices and diminished service levels at Petro associated with the initial stages of its Business Process Improvement Program; and c) increased Depreciation and Amortization expense. This was offset by a) the estimated $16 million impact from the Company's acquisition program; b) a 1.6 cent per-gallon expansion in gross profit margin in the base operations; and c) certain improvements in operating results primarily associated with the Heating Oil Division Business Process Improvement Program.

Net income for the nine months ended June 30, 2004 declined approximately $4 million to $57 million, from $61 million in the comparable period in fiscal 2003. This decrease was primarily attributable to the operating income decline, as well as to higher interest expense and debt issuance costs, offset by lower income tax expense, lower income from discontinued operations and the adoption of SFAS No. 142 for discontinued operations in fiscal 2003, which resulted in a charge of $3.9 million. Diluted net income per limited partner unit for the nine months ended June 30, 2004 declined to $1.62 per unit from $1.87 per unit during the same period in fiscal 2003.

EBITDA for the nine months ended June 30, 2004 rose approximately $1 million to $138 million from $137 million in the same period last year due to acquisitions and gross profit margin improvements.

Star also announced that during the period from April 1, 2004 to date, the Partnership acquired four heating oil and propane companies consisting of approximately 7,700 customers. The four companies were Fuels by Keith of Brandon, VT; B&C Fuel Oil of Pinebush, NY; Shiavoni Propane of Southampton, NY; and Mabob of Kissimmee, FL.

In commenting on these results, Chairman Irik Sevin stated: "We are very pleased with certain aspects of this year's performance, most notably that our aggressive, yet disciplined acquisition program largely offset the impact of temperatures that were considerably warmer than last year's. However, there were two aspects of the business that were particularly challenging. The first was the implementation of the Heating Oil Division's Business Process Improvement Program. Since this entailed a complete change in the way Petro conducts it business, it is understandable that the first heating season under the new model could require certain adjustments. As a result of the actions taken throughout this past year, we are beginning to see many of the operational and customer satisfaction benefits originally anticipated. Having made many of the adjustments required, we believe the new platform could provide Petro with a distinct operating and marketing competitive advantage going forward.

"The second challenge faced, especially this past quarter, was the unprecedented rise in energy costs. The movement in petroleum prices generally created a significantly heightened level of customer concern over propane and heating oil prices and resulted in base company customer loss.

"While these two factors had a negative impact on first nine months results, they now appear to offer Star certain longer-term opportunities. First the Propane Division has already taken advantage of greater consumer awareness to launch a marketing campaign, which, while early, has achieved certain positive results. Second, the Heating Oil Division is utilizing its new centralized platform, marketing expertise and consumer research to offer consumers new ways to address their potentially high energy bills. It is anticipated that this new product will be launched in late August/September, when consumers are most sensitive to selecting a fuel oil provider for the upcoming heating season."

Distribution Information

In regard to quarterly distributions, Star declared today its $0.575 per unit Minimum Quarterly Distribution on its common units for the quarter ended June 30, 2004, payable on August 13, 2004 to unitholders of record as of August 9, 2004. Based on the discussion above, and especially a) the current turbulent and high priced energy market; b) the Petro division having not yet realized the full financial benefit of its Redesign Program despite some positive results; and c) the funds that might be used to take advantage of Star's new marketing programs, Star believes it is prudent to preserve its capital and not declare a distribution on its Senior Subordinated, Junior Subordinated and General Partner Units.

Star Gas Partners, L.P., is a leading distributor of home heating oil and propane. The Partnership is the nation's largest retail distributor of home heating oil and the nation's seventh largest retail propane distributor. Additional information is available at www.star-gas.com.

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 and home heating oil distribution industries.

STAR GAS PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per unit data)

	Three Months Ended June 30,	
	2004	2003
Sales	$ 229,155	$ 216,865
Costs and expenses:		
Cost of sales	164,574	149,097
Operating expenses	80,360	80,380
Depreciation and amortization expenses	14,214	13,086
Operating loss	(29,993)	(25,698)
Interest expense, net	(11,372)	(10,882)
Amortization of debt issuance costs	(794)	(606)
Loss from continuing operations before income taxes	(42,159)	(37,186)
Income tax expense	75	100
Loss from continuing operations	(42,234)	(37,286)
Loss from discontinued operations before loss on sale of TG&E segment, net of income taxes	(50)	(566)
Loss on sale of TG&E segment, net of income taxes	(247)	-
Net loss	$ (42,531)	$ (37,852)
General Partner's interest in net loss	$ (405)	$ (378)
Limited Partners' interest in net loss	$ (42,126)	$ (37,474)
Basic and diluted loss per Limited Partner unit:		
Loss from continuing operations	$ (1.17)	$ (1.14)
Net loss	$ (1.18)	$ (1.15)
Basic weighted average number of Limited Partner units outstanding	35,756	32,457
Diluted number of Limited Partner units	35,756	32,457

STAR GAS PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per unit data)

	Nine Months Ended June 30,	
	2004	2003
Sales	$1,272,561	$1,216,900
Costs and expenses:		
Cost of sales	855,016	816,399
Operating expenses	279,710	263,443
Depreciation and amortization expenses	43,236	38,598
Operating income	94,599	98,460
Interest expense, net	(34,119)	(29,708)
Amortization of debt issuance costs	(2,837)	(1,597)
Loss on redemption of debt	-	(181)
Income from continuing operations before income taxes	57,643	66,974
Income tax expense	1,225	2,235
Income from continuing operations	56,418	64,739
Income from discontinued operations before gain on sale of TG&E segment and cumulative effect of change in accounting principle, net of income taxes	1,033	512
Loss on sale of TG&E segment, net of income taxes	(17)	-
Cumulative effect of change in accounting principle for adoption of SFAS No. 142 for discontinued operations	-	(3,901)
Net income	$ 57,434	$ 61,350
General Partner's interest in net income	$ 528	$ 614
Limited Partners' interest in net income	$ 56,906	$ 60,736
Basic and diluted income per Limited Partner unit:		
Income from continuing operations	$ 1.60	$ 1.97
Net income	$ 1.62	$ 1.87
Basic weighted average number of Limited Partner units outstanding	35,021	32,453
Diluted number of Limited Partner units	35,021	32,561

STAR GAS PARTNERS, L.P. AND SUBSIDIARIES
SUPPLEMENTARY DATA
(in thousands)

Earnings before interest, taxes, depreciation and amortization from continuing operations (EBITDA)

The Partnership uses EBITDA as a measure of liquidity and it is being included because the Partnership believes that it provides investors and industry analysts with additional information to evaluate the Partnership's ability to pay quarterly distributions. EBITDA is not a recognized term under generally accepted accounting principles ("GAAP") and should not be considered as an alternative to net income/(loss) or net cash provided by operating activities determined in accordance with GAAP. Because EBITDA as determined by the Partnership excludes some, but not all of the items that affect net income/(loss), it may not be comparable to EBITDA or similarly titled measures used by other companies. The following table sets forth (i) the calculation of EBITDA and (ii) a reconciliation of EBITDA, as so calculated, to cash provided by operating activities:

	Three Months Ended June 30,	
	2004	**2003**
Loss from continuing operations	$ (42,234)	$ (37,286)
Plus:		
Income tax expense	75	100
Amortization of debt issuance costs	794	606
Interest expense, net	11,372	10,882
Depreciation and amortization	14,214	13,086
EBITDA	$ (15,779)	$ (12,612)

	Nine Months Ended June 30, 2004	Nine Months Ended June 30, 2003
Income from continuing operations	$ 56,418	$ 64,739
Plus:		
Income tax expense	1,225	2,235
Amortization of debt issuance costs	2,837	1,597
Interest expense, net	34,119	29,708
Depreciation and amortization	43,236	38,598
EBITDA	137,835	136,877
Add/(subtract)		
Loss on redemption of debt	-	181
Income tax expense	(1,225)	(2,235)
Interest expense, net	(34,119)	(29,708)
Unit compensation expense	121	1,876
Provision for losses on accounts receivable	7,027	5,193
Loss (gain) on sales of fixed assets, net	(198)	128
Change in operating assets and liabilities	(73,718)	(89,231)
Net cash provided by operating activities	$ 35,723	$ 23,081

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2004	2003	2004	2003
Total gallons sold:				
Heating Oil segment	76,923	79,972	510,554	524,448
Propane segment	26,782	21,666	175,716	148,463
Total gallons sold	103,705	101,638	686,270	672,911

STAR GAS PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	June 30, 2004	Sept. 30, 2003
ASSETS		
Current assets		
Cash and cash equivalents	$ 19,328	$ 10,044
Receivables, net of allowance of $10,597 and $7,542, respectively	130,458	100,511
Inventories	43,738	38,561
Prepaid expenses and other current assets	40,257	51,470
Net current assets of discontinued operations	-	10,523
Total current assets	233,781	211,109
Property and equipment, net	250,351	261,867
Long-term portion of accounts receivables	6,684	7,145
Goodwill	274,097	272,740
Intangibles, net	183,153	201,468
Deferred charges and other assets, net	16,817	14,414
Net long-term assets of discontinued operations	-	6,867
Total Assets	$ 964,883	$ 975,610
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities		
Accounts payable	$ 25,495	$ 27,140
Working capital facility borrowings	29,650	12,000
Current maturities of long-term debt	24,536	22,847
Accrued expenses	82,432	82,356
Unearned service contract revenue	33,528	32,036
Customer credit balances	29,875	74,716
Net current liabilities of discontinued operations	-	7,569
Total current liabilities	225,516	258,664
Long-term debt	485,202	499,341
Other long-term liabilities	27,072	27,829
Partners' Capital (Deficit)		
Common unitholders	242,213	210,636
Subordinated unitholders	(373)	(57)
General partner	(3,116)	(3,082)
Accumulated other comprehensive loss	(11,631)	(17,721)
Total Partners' Capital	227,093	189,776
Total Liabilities and Partners' Capital	$ 964,883	$ 975,610