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## **FITCH AFFIRMS 'BBB' RATING OF STAR GAS'S PETRO SUBSIDIARY DEBT**

### **STAR MINIMIZES IMPACT OF POTENTIAL WEATHER VOLATILITY WITH LONG-TERM WEATHER INSURANCE**

STAMFORD, CT (August 12, 2002) -- Star Gas Partners, L.P. (the "Partnership") (NYSE: SGU, SGH), a diversified energy distributor and services provider specializing in heating oil, propane, natural gas and electricity, announced today that Fitch Rating Service has reaffirmed its 'BBB' rating on the outstanding Senior Secured Notes of the Partnership's Petro heating oil subsidiary, which are guaranteed by Star Gas Partners, L.P. The Rating Outlook is Negative pending the performance of the Partnership during the forthcoming heating season. The 'BBB' rating affirmation removes the Rating Watch Negative under which the Notes were placed on June 6, 2002.

Star Gas also announced that it has completed the purchase of \$20 million of weather insurance for the upcoming 2002/2003 winter heating season in order to help minimize the potential impact of weather volatility on the Partnership's future cash flows. Additionally, Star Gas acquired \$12.5 million of weather insurance to help stabilize the cash flows for each of the four winters following 2002-3.

In a letter to the Partnership, Fitch noted that the Petro Notes would maintain the same 'BBB' rating accorded the Star Gas First Mortgage Notes as of its June 6 review. Key factors considered by Fitch in support of their rating of Petro's Notes included: Petro's overall financial flexibility, the adequacy of its current and expected near-term liquidity position, and the aggressive ongoing steps to streamline operations in order to mitigate the financial exposure to future warm weather conditions. Steps taken to lessen the impact of potential future warm weather conditions include the Partnership's headcount reductions, which led to \$12 million in annual savings. Other initiatives will result in over \$13 million in EBITDA improvements over the forthcoming fiscal year, and Star Gas's purchase of weather insurance will minimize the impact of potential weather volatility over the next five years.

Fitch's ultimate decision to remove the Rating Watch Negative and reaffirm its 'BBB' rating included consideration of the Partnership's sale of \$34.3 million of Common Units on June 4, 2002 and Petro's liquidity on June 30, 2002.

Star Gas Chairman and Chief Executive Officer Irik Sevin, stated, "We are very pleased that Fitch has affirmed their rating of Petro's Notes underscoring the strategic actions we have undertaken to mitigate the impact of last winter's weather that was literally 'off the charts,' the warmest winter heating season in 107 years. Our new weather insurance is a virtually seamless financial instrument that will help protect future cash flows, benefiting all Star Gas constituents, including our valued unitholders. The insurance is based on normalized weather conditions over the past ten years, and it covers weather that is up to approximately 20% warmer than normal, which would include last winter's aberrational warm temperatures."

Star Gas Partners, L.P., is a leading distributor of home heating oil, propane and deregulated natural gas and electricity. Star is the nation's largest retail distributor of home heating oil and the nation's seventh largest retail propane distributor. Star, through its wholly-owned subsidiary Total Gas & Electric, also sells natural gas and electricity in the Northeast, Mid-Atlantic and Florida.

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.