



November 5, 2004

## **STAR GAS OBTAINS BANK WAIVER AND FINANCING COMMITMENT**

STAMFORD, CT (November 5, 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, announced today that the Partnership's heating oil segment (the "Heating Oil Segment" or "Petro") has entered into a Letter Amendment and Waiver (the "Amendment") under its Credit Agreement with Wachovia Bank, National Association, as Administrative Agent and other lenders. As a result of the Amendment, the Heating Oil Segment expects to be able to continue to borrow funds under the Credit Agreement to support its working capital requirements for the near term. The Amendment provides for the waiver, through December 17, 2004, of various terms under the Credit Agreement. The Amendment also amends for the waiver period the financial covenant regarding the Partnership's consolidated funded debt to cash flow ratio and the financial covenant regarding Petro's cash flow to interest expense ratio.

The continuing effectiveness of the Amendment and the ability to borrow thereunder is subject to a number of specific conditions in addition to the usual borrowing conditions for a working capital loan. The aggregate loans borrowed and letters of credit issued under the Credit Agreement through December 17, 2004 cannot exceed Petro's projected working capital requirements as provided to the lenders upon signing the Amendment. The Amendment specifies a week by week budget of the maximum amount of loans that can be outstanding as of the last day of each week during the waiver period and requires the delivery of weekly borrowing base certificates, a forecast of the weekly cash expenditures and receipts through the end of January 2005, weekly reports describing actual cash expenditures and receipts, and monthly financial statements. Finally, the Partnership's propane segment (the "Propane Segment" or "Star Propane") must keep in effect without amendment the commitment letter discussed immediately below.

Star Propane has entered into a Commitment Letter with JPMorgan Securities Inc. and JPMorgan Chase Bank providing for funding of a refinancing by Petro and Star Propane of all of their existing working capital facilities and all of the outstanding institutional indebtedness of Petro and Star Propane.

Under the Commitment Letter, JP Morgan Chase Bank commits to provide a \$300,000,000 asset-based senior secured revolving credit facility and a \$300,000,000 senior secured bridge facility to Star Propane and Petro as joint borrowers. The \$300,000,000 bridge facility would be made available in the event the public or private offering of debt securities, which is discussed below, is not consummated.

The proceeds of the credit facility and the bridge facility or public or private offering, as the case may be, will be used to refinance the existing working capital facilities (including the Credit Agreement with Wachovia Bank, National Association, as Administrative Agent and other lenders discussed above), to refinance all of the outstanding institutional indebtedness of Petro and Star Propane, including any make-whole obligations that are payable thereunder and to pay various transaction expenses. The asset-based facility and, if the bridge facility is needed, the bridge facility, both would be secured by substantially all of the assets of Petro and Star Propane and would be guaranteed by the Partnership and by all of the companies comprising the Heating Oil and Propane Segments.

Under an Engagement Letter, Star Propane appointed JP Morgan Securities Inc to act as the underwriter or placement agent of a \$300,000,000 public or private offering of debt securities. If the bridge facility is drawn down prior to the closing of the offering, the proceeds of the offering would be used to repay the bridge facility. The \$300,000,000 public or private offering of debt securities is not committed.

The obligations of JP Morgan Chase Bank under the Commitment Letter to provide the asset-based facility and bridge facility are subject to usual conditions for facilities of this type. These include the absence of a material adverse change in the financial condition of the propane and heating oil segments (other than as previously disclosed); the absence of a material disruption or material adverse change in the financial, banking or capital markets; the negotiation of acceptable definitive documentation; the receipt of satisfactory financial statements; the perfection of liens; the repayment of existing indebtedness and release of liens securing that indebtedness; solvency; satisfactory collateral audits and appraisals; the preparation of a satisfactory offering memorandum for the public or private debt securities and confidential memorandum for the asset based and bridge facilities; and others. The conditions do not include the completion of syndication of the facilities. There can be no assurances that the conditions under the Commitment Letter can be satisfied.

The Commitment Letter with JPMorgan Chase Bank expires on January 15, 2005. In light of the December 17, 2004 termination date of the Amendment from Wachovia Bank, National Association and other lenders discussed above, the Partnership anticipates that the refinancing will need to be closed on or before December 17, 2004.

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](http://www.star-gas.com).

This news release is for informational purposes only and does not constitute an offer to sell or a solicitation of offers to buy any securities, and shall not constitute and offer, solicitation, or sale in any jurisdictions in which such offering would be unlawful.

This news release 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 results of our continuing discussions with lenders and note holders and other sources of capital, the prices of home heating oil and propane, our ability to preserve our margins in reselling home heating oil and propane, the success of our customer service initiative and attempts to halt recent customer attrition, 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.

CONTACT:  
Star Gas  
Investor Relations  
203/328-7310

Robert L. Rinderman, Purdy Tran  
Jaffoni & Collins Incorporated  
212/835-8500 or [SGU@jcir.com](mailto:SGU@jcir.com)