February 9, 2007

STAR GAS PARTNERS, L.P. REPORTS FISCAL 2007 FIRST QUARTER RESULTS

- Star Gas CEO Joe Cavanaugh Announces Retirement; President and Industry Veteran Dan Donovan Appointed as Star's New CEO

STAMFORD, CT (February 9, 2007) -- Star Gas Partners, L.P. (the "Partnership" or "Star") (NYSE: SGU), a home energy distributor and services provider specializing in heating oil, today announced financial results for its fiscal 2007 first quarter, the three-month period ended December 31, 2006. The Partnership also announced that its President Dan Donovan, 60, will assume the additional role of Chief Executive Officer on June 1, 2007, as Chief Executive Officer Joseph Cavanaugh has informed the Board of Directors that he will retire at the age of 70, effective May 31. Mr. Cavanaugh will retain his seat on Star's Board following his retirement.

For the fiscal 2007 first quarter, Star reported a 20.3 percent decrease in total revenues to $330.2 million, compared to total revenues of $414.4 million in the year ago period, as slightly higher selling prices were more than offset by a reduction in sales of home heating oil. Home heating oil volume for the fiscal 2007 first quarter declined 24.4 percent, year-over-year, from 131.3 million gallons to 99.3 million gallons.

The home heating oil volume decline was due to warmer weather and net customer attrition. Temperatures in Star's geographic areas of operations for the fiscal 2007 first quarter were 17.8 percent warmer than the fiscal 2006 first quarter and 19.6 percent warmer than normal, as reported by the National Oceanic Atmospheric Administration. For the twelve months ended December 31, 2006, Star's net customer attrition rate was 6.0 percent. For the fiscal 2007 first quarter, Star lost approximately 4,100 accounts (net), or 1.0 percent of its home heating oil customer base, as compared to the fiscal 2006 first quarter in which the Partnership lost 7,200 accounts (net), or 1.6 percent of its customer base.

Home heating oil per gallon margins for the fiscal 2007 first quarter rose by 0.9 cents per gallon, versus the corresponding fiscal 2006 period, when measured before the impact of change in the fair value of derivative instruments. Currently, none of Star's derivative instruments for its price-protected customers or its home heating oil inventory have been designated for hedge accounting treatment. As a result, unrealized gains and losses on these derivative instruments are recorded in earnings. In the fiscal 2006 first quarter, Star recorded a non-cash charge of $40.6 million, primarily due to a 42 cent per gallon decline in the market value of certain hedges. Similarly, in the fiscal 2007 first quarter, Star recorded a $6.3 million charge, primarily driven by a 4 cent per gallon decline in certain derivative instruments.

Total operating expenses decreased by $14.6 million, or 22.2 percent, to $51.2 million for the fiscal 2007 first quarter, as compared to $65.8 million for the prior year's quarter, largely due to a reduction in delivery and branch expenses of $5.0 million associated with the 24.4 percent decline in volume, a reduction in legal and professional expenses of $1.5 million, and lower insurance expense of $7.2 million resulting from amounts recorded under the Partnership's weather insurance contract as temperatures were warmer than normal during the three-month period. Net interest expense declined by $3.4 million to $3.3 million for the fiscal 2007 first quarter, due to a reduction in average debt outstanding of $100.7 million, primarily due to the recapitalization completed in April 2006 and higher invested cash balances.

For the fiscal 2007 first quarter, net income was $4.7 million, a $33.1 million improvement versus the net loss for the fiscal 2006 first quarter, as a lower charge for the change in fair value of derivative instruments of $34.2 million, a reduction in net interest expense of $3.4 million, and lower depreciation and amortization expense of $1.1 million, were partially offset by a reduction in earnings of $5.6 million, driven largely by the 24.4 percent decline in volume.

For the fiscal 2007 first quarter, EBITDA increased $28.0 million, to $16.0 million, as compared to an EBITDA loss of $11.9 million for the corresponding fiscal 2006 period. For the three months ended December 31, 2006, EBITDA was reduced by the non-cash change in the fair value of derivative instruments of $6.3 million. For the three months ended December 31, 2005, EBITDA was negatively impacted by the aforementioned $40.6 million change in the fair value of derivative instruments. EBITDA is a non-GAAP financial measure (see below reconciliation) that should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations). Management believes this information is of interest to investors as a supplemental measure of the Partnership's operating performance and provides additional information for evaluating the Partnership's ability to make the Minimum Quarterly Distribution. The Partnership is not required to accrue the Minimum Quarterly Distribution until October 1, 2008.

Star Gas Partners Chief Executive Officer Joseph Cavanaugh, stated, "Despite abnormally warm temperatures in our operating areas during the start of the winter heating season, we are pleased with fiscal 2007 first quarter results, which benefited from $7.2 million recorded under our weather insurance contract and Star's continued success in implementing across-the-board expense reductions. We continue to make progress with customer account attrition, which was again lower during the current quarter than in the previous year"

Star Gas Chairman Paul Vermylen, stated, "On behalf of my fellow members of the Star Gas Board and all of the Partnership's employees, we would like to both congratulate and thank Joe for his numerous contributions throughout his tenure at Star. We anticipate a seamless transition for Dan in his new, expanded role as Star's CEO based on his excellent track record and in-depth understanding of our industry and the markets and regions in which we operate."

Commenting on his decision to retire, Mr. Cavanaugh, added, "Having been with the Partnership for the majority of the past 38 years, it is time for me to step down as Chief Executive as I will be celebrating my 70th birthday this coming May. Dan is a fine choice to succeed me as he has a tremendous wealth of heating oil industry experience and he has and will continue to play an instrumental role in the ongoing operational and financial turnaround at Star."

From 1980 to 2004, Donovan held various management positions with Meenan Oil Co. LP, including Vice President and General Manager at the time of its purchase by Star Gas in 2001. Prior to his tenure with Meenan, he worked for Mobil Oil Corp. from 1971 to 1980.

REMINDER: Star Gas management will host a conference call and webcast today at 1:00 p.m. (ET). Conference call dial-in is 888/243-1745 or 303/957-1357 (international callers). A webcast is also available at http://www.star-gas.com/MediaList.cfm and at www.vcall.com

Star Gas Partners, L.P., is the nation's largest retail distributor of home heating oil. Additional information is available by obtaining the Partnership's SEC filings and by visiting Star's website at www.star-gas.com.

Forward Looking Information

This news release includes "forward-looking statements" which represent the Partnership's expectations or beliefs concerning future events that involve risks and uncertainties, including those associated with the effect of weather conditions on our financial performance, the price and supply of home heating oil, the consumption patterns of our customers, our ability to obtain satisfactory gross profit margins, our ability to obtain new accounts and retain existing accounts, our ability to effect strategic acquisitions or redeploy assets, the impact of litigation, the continuing impact of the business process redesign project and our ability to address issues related to that project, natural gas conversions, future union relations and the outcome of current and future union negotiations, the impact of current and future environmental, health and safety regulations, customer creditworthiness, and marketing plans. All statements other than statements of historical facts included in this news release are forward-looking statements. Although the Partnership believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from the Partnership's expectations ("Cautionary Statements") are disclosed in this news release and in the Partnership's Annual Report on Form 10-K for the year ended September 30, 2006 and the Partnership's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2006, including without limitation and in conjunction with the forward-looking statements included in this news release. All subsequent written and oral forward-looking statements attributable to the Partnership or persons acting on its behalf are expressly qualified in their entirety by the Cautionary Statements. Unless otherwise required by law, the Partnership undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this news release.

STAR GAS PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

(in thousands)	Dec. 31, 2006	Sept. 30, 2006
ASSETS		
Current assets		
Cash and cash equivalents	$ 69,736	$ 91,121
Receivables, net of allowances of $7,854 and $6,532, respectively	136,064	87,393
Inventories	76,139	75,859
Fair asset value of derivative instrument	1,639	3,766
Weather insurance contract	7,200	-
Prepaid expenses and other current assets	35,472	37,741
Total current assets	326,250	295,880
Property and equipment, net	41,351	42,377
Long-term portion of accounts receivables	3,381	3,513
Goodwill	166,522	166,522
Intangibles, net	55,875	61,007
Deferred charges and other assets, net	10,259	10,899
Long-term assets held for sale	648	1,010
Total Assets	$ 604,286	$ 581,208
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities		
Accounts payable	$ 23,655	$ 21,544
Fair liability value of derivative instrument	17,354	13,790
Current maturities of long-term debt	96	96
Accrued expenses	69,657	62,651
Unearned service contract revenue	43,567	36,634
Customer credit balances	72,778	73,863
Total current liabilities	227,107	208,578
Long-term debt	174,005	174,056
Other long-term liabilities	25,133	25,249
Partners' capital (deficit)		
Common unitholders	199,514	194,818
General partner	(273)	(293)
Accumulated other comprehensive income (loss)	(21,200)	(21,200)
Total Partners' capital	178,041	173,325
Total Liabilities and Partners' Capital	$ 604,286	$ 581,208

STAR GAS PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

(in thousands, except per unit data)	Three Months Ended December 31, 2006	Three Months Ended December 31, 2005
Sales:		(restated)
Product	$ 280,402	$ 358,869
Installations and service	49,842	55,512
Total sales	330,244	414,381
Cost and expenses:		
Cost of product	206,236	262,280
Cost of installations and service	50,474	57,695
Change in the fair value of derivative instruments	6,315	40,563
Delivery and branch expenses	46,832	58,998
Depreciation and amortization expenses	7,372	8,485
General and administrative expenses	4,350	6,794
Operating income (loss)	8,665	(20,434)
Interest expense	(5,108)	(7,540)
Interest income	1,794	858
Amortization of debt issuance costs	(570)	(631)
Income (loss) before income taxes and cumulative effect of changes in accounting principles	4,781	(27,747)
Income tax expense	65	250
Income (loss) before cumulative effect of changes in accounting principles	4,716	(27,997)
Cumulative effect of changes in accounting principles - change in inventory pricing method	-	(344)
Net income (loss)	$ 4,716	$ (28,341)
General Partner's interest in net income (loss)	20	(259)
Limited Partners' interest in net income (loss)	$ 4,696	$ (28,082)
Basic and Diluted income (loss) per Limited Partner Unit:		
Net income (loss) before cumulative effect of changes in accounting principles	$ 0.06	$ (0.77)
Net income (loss)	$ 0.06	$ (0.78)
Weighted average number of Limited Partner units:		
Basic	75,774	35,903
Diluted	75,774	35,903

SUPPLEMENTAL INFORMATION

Earnings (loss) 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 tables set forth (i) the calculation of EBITDA and (ii) a reconciliation of EBITDA, as so calculated, to cash provided by operating activities.

STAR GAS PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
RECONCILIATION OF EBITDA
(unaudited)

	Three Months Ended December 31,	
	2006	**2005**
(in thousands)		
Net income (loss) before the cumulative effect of changes in accounting principle	$4,716	$(27,997)
Plus:		
Income tax expense	65	250
Amortization of debt issuance costs	570	631
Interest expense, net	3,314	6,682
Depreciation and amortization expense	7,372	8,485
EBITDA	16,037	(11,949)
Add/(subtract)		
Income tax expense	(65)	(250)
Interest expense, net	(3,314)	(6,682)
Provision for losses on accounts receivable	1,952	1,977
(Gain)/Loss on sales of fixed assets, net	(247)	427
Change in fair value of derivative instruments	6,315	40,563
Increase in weather insurance contract	(7,200)	-
Change in operating assets and liabilities	(34,363)	(137,524)
Net cash used in operating activities	$(20,885)	($113,438)

	Three Months Ended December 31,	
	2006	**2005**
Home heating oil gallons sold (millions)	99.3	131.3

CONTACT:
Star Gas Partners
Investor Relations
203/328-7310

Robert Rinderman, Steven Hecht
Jaffoni & Collins Incorporated
212/835-8500 or SGU@jcir.com