

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

SCHEDULE 13E-3

Amendment No. 4

RULE 13E-3 TRANSACTION STATEMENT

(Pursuant to Section 13(e) of the Securities Exchange Act of 1934 and
Rule 13e-3 ((S)240.13e-3) thereunder)

Petroleum Heat and Power Co., Inc.
(Name of Issuer)

Petroleum Heat and Power Co., Inc.
Star Gas Partners, L.P.
Star Gas Corporation
(Name(s) of Person(s) Filing Statement)

Class A Common Stock, par value \$.10 per share
(Title of Class of Securities)

716600 309
(Cusip Number of Class of Securities)

Joseph P. Cavanaugh President Star Gas Corporation 2187 Atlantic Street P.O. Box 120011 Stamford, Connecticut 06912-0011	Irik P. Sevin Chairman of the Board and Chief Executive Officer Petroleum Heat and Power Co., Inc. 2187 Atlantic Street Stamford, Connecticut 06902
---	--

(Name, Address and Telephone Number of Persons Authorized
to Receive Notices and Communications on Behalf of Person(s)
Filing Statement)

With Copies To:

Michael Rosenwasser, Esq. Andrews & Kurth, L.L.P. 805 Third Avenue New York, NY 10022 (212) 850-2800	Alan Shapiro, Esq. Phillips Nizer Benjamin Krim & Ballon LLP 666 Fifth Avenue New York, NY 10103-0084 (212) 977-9700	R. Joel Swanson, Esq. Baker & Botts, L.L.P. One Shell Plaza 910 Louisiana Houston, TX 77002-4995 (713) 229-1300
--	---	--

This statement is filed in connection with (check the appropriate box):

- a. The filing of solicitation materials or an information statement
subject to Regulation 14A, Regulation 14C or Rule 13e-3(c) under the
Securities Exchange Act of 1934.
- b. The filing of a registration statement under the Securities Act of
1933.
- c. A tender offer.
- d. None of the above.

Check the following box if the soliciting materials or information
statement referred to in checking box (a) are preliminary copies:

Calculation of Filing Fee

Transaction Valuation*	Amount of Filing Fee
\$26,148,106.30	\$5,230

* Calculated by multiplying \$0.9844, by 26,562,481, the sum of the number of shares of Common Stock to be converted in the Transaction.

[X] Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: \$9,825
 Form or Registration No.: Registration Statement on Form S-4;
 SEC File No. 333-66005
 Filing Party: Star Gas Partners, L.P.
 Date Filed: October 22, 1998

INTRODUCTION

This Rule 13e-3 Transaction Statement on Schedule 13E-3 (the "Schedule 13E-3") is being filed by (1) Petroleum Heat and Power Co., Inc, a Minnesota corporation (the "Issuer"); (2) Star Gas Partners, L.P., a Delaware limited partnership and an indirect subsidiary of the Issuer (the "Partnership"); and (3) Star Gas Corporation, a Delaware corporation and a wholly-owned subsidiary of the Issuer ("Star Gas") and the general partner of the Partnership, pursuant to Section 13(e) of the Securities Exchange Act of 1934, as amended, and Rule 13e-3 thereunder, in connection with a transaction (the "Transaction") consisting of (a) the merger of a wholly-owned indirect subsidiary of the Partnership ("Mergeco"), with and into the Issuer (the "Merger"), with the Issuer surviving the Merger as an indirect wholly-owned subsidiary of the Partnership, and the conversion of each outstanding share of Class A and Class C common stock, par value \$.10 per share of the Issuer, (the "Common Stock"), into senior subordinated units of limited partner interest ("Senior Subordinated Units") of the Partnership, upon the terms and subject to the conditions set forth in a certain Amended and Restated Agreement and Plan of Merger dated as of February 3, 1999 (the "Merger Agreement") among the Issuer, the Partnership and Mergeco, et al., a copy of which is filed as Exhibit (c)(1) hereto; and (b) the exchange (the "Exchange") (1) by certain holders of shares of Common Stock of the Issuer that are affiliates of the Issuer (the "LLC Owners") with (A) Star Gas LLC, a Delaware limited liability company, of a portion of the Common Stock (the "LLC Shares") held by the LLC Owners for 100% of the limited liability company interests in Star Gas LLC (which in turn will exchange the LLC Shares with the Partnership for General Partner Units) and (B) with the Partnership, of their remaining shares of Common Stock held by the LLC Owners, for junior subordinated units of limited partner interest ("Junior Subordinated Units") of the Partnership, and (2) by certain other holders of Common Stock, that are affiliates of the Issuer with the Partnership, of their Common Stock for Senior Subordinated Units, upon the terms and subject to the conditions set forth in a certain exchange agreement dated October 17, 1998, as amended (the "Exchange Agreement") among the Issuer, the Partnership, the LLC Owners and the other affiliated holders of Common Stock referred to above, a copy of which is filed as Exhibit (c)(2) hereto.

The following Cross Reference Sheet, prepared pursuant to General Instruction F to Schedule 13E-3, shows the location in the joint proxy statement and prospectus of the Partnership (the "Proxy Statement"), included in the registration statement on Form S-4 (the "S-4") filed by the Partnership with the Securities and Exchange Commission on the date hereof, of the information required to be included in this Schedule 13E-3. The information set forth in the S-4, including all exhibits thereto and the Annual Report on Form 10-K of the Issuer for its fiscal year ended December 31, 1997 (the "Petro 10-K"), the Proxy Statement of the Issuer for its 1998 annual meeting of shareholders (the "Petro Annual Meeting Proxy Statement") and the Annual Report on Form 10-K of the Partnership for its fiscal year ended September 30, 1998 (the "Partnership 10-K") are hereby expressly incorporated herein by reference as set forth in the Cross Reference Sheet and the responses in this Schedule 13E-3, and such

responses are qualified in their entirety by reference to the information contained in the Proxy Statement, the

2

annexes thereto, the Petro 10-K, the Petro Annual Meeting Proxy Statement and the Partnership 10-K which are incorporated by reference in and/or accompany the Proxy Statement.

The information contained in this Schedule 13E-3 concerning the Issuer, including, without limitation, the information concerning the background of the Transaction, the deliberations of the Issuer's Board of Directors in connection with the Transaction, the opinion of the Issuer's financial advisor and the Issuer's capital structure and historical financial statements of the Issuer, was supplied by the Issuer. The Partnership and Star Gas take no responsibility for the accuracy or completeness of such information.

The information contained in this Schedule 13E-3 concerning the Partnership, including, without limitation, the information concerning the background of the Transaction, the opinion of the financial advisor to the special committee (the "Special Committee") of the board of directors of Star Gas, the Partnership's capital structure and historical financial statements of the Partnership, was supplied by Star Gas, on behalf of the Partnership. Petro takes no responsibility for the accuracy or completeness of such information.

3

CROSS REFERENCE SHEET

Item in Schedule 13E-3 - -----	Where Located in Proxy Statement -----
Item 1(a).....	Cover Page, "Summary - Parties - Petro" and "Parties - Petro"
Item 1(b).....	Cover Page, "Proxy Solicitations - The Petro Special Meeting - Petro Record Date," "Proxy Solicitations - The Petro Special Meeting - Voting Rights; Vote Required" and "Proxy Solicitations - The Petro Special Meeting - Voting Rights of Holders of Petro Preferred Stock"
Items 1(c) and (d).....	"Comparative Security Price and Distribution Information - Petro Capital Stock - Class A Common Stock," "Comparison of Securities - Distributions and Dividends" and "Incorporation of Certain Documents by Reference"
Item 1(e).....	*
Item 1(f).....	*
Items 2(a) - (d) and (g).....	Cover Page, "Summary - Parties," "Parties," "Management of Star Gas Partners After the Transaction - Officers and Employees of Star Gas Propane and Petro," "Beneficial Ownership of Principal Unitholders and Management" and "Incorporation of Certain Documents by Reference"
Items 2(e) and (f).....	*
Items 3(a) and (b).....	"Summary - The Transaction," "Summary - The Transaction - The Merger,"

"The Transaction - Description of the Transaction," "The Transaction -

4

Description of the Merger and the Exchange," "Special Factors - Background of the Transaction," "Management of Star Gas Partners After the Transaction" and "Incorporation of Certain Documents by Reference"

Item 4(a) and (b)..... Cover Page, "Summary - The Transaction," "Summary - The Transaction - The Merger," "The Transaction - Description of the Transaction," "The Transaction - Description of the Merger and the Exchange" and "The Transaction - Description of the Merger Agreement"

Items 5(a) - (g)..... "Summary - The Transaction," "Summary - The Transaction - The Merger," "Summary - The Transaction - Star Gas Partners Current Organization," "Summary - Transaction - Star Gas Partners Organization Immediately Following Transaction," "The Transaction - Description of the Transaction," "The Transaction - Description of the Merger and the Exchange" "The Transaction - Related Financing and Refinancing Transactions," "The Transaction - Description of the Merger Agreement," "Management of Star Gas Partners After the Transaction - General Partner," and "Management of Star Gas Partners After the Transaction - Board of Directors of Star Gas LLC"

Item 6(a)..... "Summary - The Transaction - Raising the Money to Pay Down Petro's Debt and Redeem Petro's Preferred Stock," "Summary - Financial Information - Estimated Sources and Uses of Funds of the Equity Offering and Debt Offering" "The Transaction - Related Financing and Refinancing Transactions" and "Description of Indebtedness - New Indebtedness - Petro Notes"

Item 6(b)..... "Summary - Financial Information - Estimated Sources and Uses of Funds of the Equity Offering and Debt Offering," "Proxy Solicitations - The Star Gas Partners Unitholders Meeting - Cost of Solicitation of Proxies," "Proxy Solicitation - The Petro Special Meeting - Cost of Solicitation of Proxies," "Special Factors - Opinion of A.G. Edwards - Terms of A.G. Edwards' Engagement," "Special Factors - Opinion of Dain Rauscher Wessels - Dain Rauscher Wessels' Engagement Agreement" and "The Transaction - Description of the Merger Agreement - Expenses"

Item 6(c)..... "Summary - The Transaction - Raising the Money to Pay Down Petro's Debt and Redeem Petro's Preferred Stock"

Transaction - Related Financing and
 Refinancing Transactions" and
 "Description of Indebtedness - New
 Indebtedness - Petro Notes"

Item 6(d)	*
Item 7(a)	"Summary - Special Factors - Potential Advantages to Petro's Common Stockholders," "Summary - Special Factors - Recommendations of Petro Board of Directors and Opinion of Dain Rauscher Wessels," "Summary - Description of Star Gas Partners Units After Amendment of the Partnership Agreement" "Special Factors - Background of the Transaction," "Special Factors - Reasons for the Transaction that the Petro Board Considered; Recommendation of the Petro Board," "Cash Available for Distribution" and "Description of the Star Gas Partners Units"
Items 7(b) and (c)	"Summary - The Transaction" and "The Transaction - Background of the Transaction"
Item 7(d)	"Summary - Parties - Relationship of the Parties," "Summary - The Transaction - Star Gas Partners Current Organization," "Summary - The Transaction - Star Gas Partners Organization Immediately Following Transaction," "Summary-Special Factors - Potential Advantages to Petro's Common Stockholders," "Summary - Special Factors - Potential Disadvantages and Risks to Petro's Common Stockholders," "Summary - Financial Information -Summary Selected Unaudited Pro Forma Condensed Consolidated Financial Information," "Risk Factors - Risks to Petro Common Stockholders," "Risk Factors - Tax Risks to Petro Common Stockholders," "Risk Factors - Risks to Star Gas Partners Common Unitholders -Conflicts of Interest Were Present in Negotiating and Structuring the Transaction," "Risk Factors - Risks to Petro Common Stockholders - Conflicts Were Present in Structuring and Negotiating the Transaction," "Special Factors - Reasons for the Transaction that the Petro Board Considered; Recommendation of the Petro Board,"

"Management of Star Gas Partners After the Transaction," "The Amended and Restated Partnership Agreement," "Cash Distribution Policy," "Cash Available for Distribution," "Description of the Units," "Comparison of Securities" and "Federal

Income Tax Considerations"

Items 8(a) - (e).....	Cover Page, "Summary - Special Factors - Recommendations of Petro Board of Directors and Opinion of Dain Rauscher Wessels," "Risk Factors - Risks to Star Gas Partners Common Unitholders - Conflicts of Interest Were Present in Negotiating and Structuring Negotiating Transaction," "Risk Factors - Risks to Petro Common Stockholders - Conflicts Were Present in Structuring and Negotiating the Transaction," "Proxy Solicitations - The Petro Special Meeting -Petro Board Recommendation," "Proxy Solicitations - The Petro Special Meeting -Voting Rights; Vote Required," "Special Factors -Background of the Transaction," "Special Factors - Reasons for the Transaction that the Petro Board Considered; Recommendation of the Petro Board" and "Special Factors - Opinion of Dain Rauscher Wessels"
Item 8(f).....	*
Items 9(a) - (c).....	"Summary - Special Factors - Recommendation of Petro Board of Directors and Opinion of Dain Rauscher Wessels," "Special Factors - Background of the Transaction - Petro Retains Dain Rauscher Wessels to Provide a Fairness Opinion to Petro's Public Common Stockholders" and "Special Factors - Opinion of Dain Rauscher Wessels"
Items 10(a).....	"Proxy Solicitations - The Petro Special Meeting - Voting Rights; Vote Required"
Item 10(b).....	*
Item 11.....	"Summary - Parties - Relationship of the Parties," "Summary - The Transaction,"

"Summary - The Transaction - The Merger," "Summary - The Transaction - Raising the Money to Pay Down Petro's Debt and Redeem Petro's Preferred Stock," "The Transaction -Description of the Transaction," "The Transaction - Description of the Merger and the Exchange," "The Transaction -Related Financing and Refinancing Transactions," "Risk Factors - Risks to Star Gas Partners Common Unitholders -Conflicts of Interest Were Present in Negotiating and Structuring the Transaction," "Risk Factors - Risks to Petro Common Stockholders - Conflicts Were Present in Structuring and Negotiating the Transaction," and "Description of Indebtedness - New Indebtedness - Petro Notes"

Items 12(a) and (b).....	"Summary - Special Factors - Recommendation of Petro Board of Directors and Opinion of Dain Rauscher Wessels," "Proxy Solicitations - The Petro Special Meeting - Petro Board
--------------------------	---

Recommendation," "Proxy Solicitations - The Petro Special Meeting - Voting Rights; Vote Required" and "Special Factors -Reasons for the Transaction that the Petro Board Considered; Recommendation of the Petro Board"

Item 13(a).....	"Proxy Solicitations - The Petro Special Meeting - Dissenters' Rights," "Dissenters' Rights," and Annex F to the Proxy Statement
Item 13(b).....	*
Item 13(c).....	*
Item 14(a) and (b).....	"Summary - Financial Information - Summary Selected Historical Financial and Operating Data of Petro," "Summary - Financial Information - Summary Selected Unaudited Pro Forma Condensed Consolidated Financial Information," "Comparative Security Price and Distribution Information - Comparative Per Share/Per Unit Information (Unaudited)," "Unaudited Pro Forma Condensed Consolidated Financial Information" and "Incorporation of Certain Documents by Reference"
Item 14(b).....	*
Item 15(a).....	"Summary - The Transaction," "Summary - The Transaction -

Raising the Money to Pay Down Petro's Debt and Redeem Petro's Preferred Stock," "Summary - Financial Information- Estimated Sources and Uses of Funds of the Equity Offering and Debt Offering," "Proxy Solicitations - The Star Gas Partners Unitholders Meeting - Cost of Solicitation of Proxies," "Proxy Solicitations - The Petro Special Meeting - Cost of Solicitation of Proxies," "The Transaction - Related Financing and Refinancing Transactions - Equity Offering and Debt Offering" "The Transaction - Description of the Merger Agreement - Expenses" and "Description of Indebtedness - New Indebtedness - Petro Notes"

Item 15(b).....	"Proxy Solicitations - The Star Gas Partners Unitholders Meeting - Cost of Solicitation of Proxies," "Proxy Solicitations - The Petro Special Meeting - Cost of Solicitation of Proxies," "Special Factors - Opinion of A.G. Edwards - Terms of A.G. Edwards' Engagement" and "Special Factors - Opinion of Dain Rauscher Wessels - Dain Rauscher Wessels' Engagement Agreement"
Item 16.....	The Proxy Statement in its entirety
Item 17.....	*

* The Item is located in the Schedule 13E-3 only.

9

ITEM 1. ISSUER AND CLASS OF SECURITY SUBJECT TO THE TRANSACTION.

(a) The relevant information set forth in the Proxy Statement on the cover page thereof and under "Summary - Parties - Petro" and "Parties - Petro" is incorporated herein by reference.

(b) The information set forth in the Proxy Statement on the cover page thereof and under "Proxy Solicitations - The Petro Special Meeting - Petro Record Date," "Proxy Solicitations - The Petro Special Meeting - Voting Rights; Vote Required" and "Proxy Solicitations - The Petro Special Meeting - Voting Rights of Holders of Petro Preferred Stock" is incorporated herein by reference.

(c) and (d) The relevant information set forth in the Proxy Statement under "Comparative Security Price and Distribution Information - Petro Capital Stock - Class A Common Stock," "Comparison of Securities - Distributions and Dividends" and "Incorporation of Certain Documents by Reference" is incorporated herein by reference. The information set forth in Item 5, Part II of the Petro 10-K under the heading "Market for Registrant's Common Equity and Related Stockholder Matters" is incorporated herein by reference.

(e) On December 22, 1997, the Partnership offered, in an underwritten public offering registered under the Securities Act, 832,727 of its common units representing limited partner interests (the "Common Units"), at an offering price to the public of \$21.25 per Common Unit. 809,000 of such Common Units were offered by the Partnership and 23,727 of such Common Units were offered by Star Gas as the selling unitholder. The Partnership received net proceeds of \$16,244,720 for 809,000 Common Units sold by the Partnership, and Star Gas received net proceeds of \$2,966.358 for 87,000 Common Units sold by Star Gas (including 62,273 Common Units sold by Star Gas pursuant to the over-allotment option to purchase an additional 124,000 Common Units granted to the underwriters, which was exercised in part on January 7, 1998).

(f) Not Applicable.

ITEM 2. IDENTITY AND BACKGROUND.

(a)-(d) and (g) This Statement is being filed by the Issuer, the Partnership and Star Gas. The information set forth on the cover page thereof and under "Summary - Parties," "Parties," - "Management of Star Gas Partners After the Transaction - Officers and Employees of Star Gas Propane and Petro" and "Beneficial Ownership of Principal Unitholders and Management" and information appearing under Item 10 of the Petro 10-K and under "Election of Directors" and "Executive Officers" in the Petro Annual Meeting Proxy Statement and information appearing under Item 10 of the Partnership 10-K, which information is incorporated by reference in the Proxy Statement under "Incorporation of Certain Documents by Reference" and is incorporated herein by reference.

10

(e) and (f) During the last five years, none of (i) the Issuer, the Partnership or Star Gas or, (ii) to the best knowledge of the Issuer, the Partnership and Star Gas, any person who is a director or executive officer of the Issuer, the Partnership or Star Gas has been (i) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting activities subject to, federal or state securities laws or finding any violation of such laws. The Partnership and the Operating Partnership do not have any officers, directors or employees.

ITEM 3. PAST CONTACTS, TRANSACTIONS OR NEGOTIATIONS.

(a) and (b) The relevant information set forth in the Proxy Statement under "Summary - The Transaction," "Summary - The Transaction - The Merger," "The Transaction - Description of the Transaction," "The Transaction - Description of the Merger and the Exchange," "Special Factors - Background of the Transaction"

and "Management of Star Gas Partners After the Transaction" and information appearing under Item 13 of the Petro 10-K and under "Election of Directors - Certain Transactions" in the Petro Annual Meeting Proxy Statement and information appearing in Note 16 (Related Party Transactions) to the Consolidated Financial Statements of the Partnership and its subsidiary included in the Partnership 10-K, which information is incorporated by reference in the Proxy Statement under "Incorporation of Certain Documents" and is incorporated herein by reference.

ITEM 4. TERMS OF THE TRANSACTION.

(a) and (b) The information set forth in the Proxy Statement on the cover page thereof and under "Summary - The Transaction," "Summary - The Transaction - The Merger," "The Transaction - Description of the Transaction," "The Transaction - Description of the Merger and the Exchange" and "The Transaction - Description of the Merger Agreement" is incorporated herein by reference.

ITEM 5. PLANS OR PROPOSALS OF THE ISSUER OR AFFILIATE.

(a)-(g) The information set forth in the Proxy Statement under "Summary - The Transaction," "Summary - The Transaction - The Merger," "Summary - The Transaction - Star Gas Partners Current Organization," "Summary - Transaction - Star Gas Partners Organization Immediately Following Transaction," "The Transaction - Description of the Transaction," "The Transaction - Description of the Merger and the Exchange" "The Transaction - Related Financing and Refinancing Transactions," "The Transaction - Description of the Merger Agreement," "Management of Star Gas Partners After the Transaction - General Partner," and "Management of Star Gas Partners After the Transaction - Board of Directors of Star Gas LLC" is incorporated herein by reference.

11

ITEM 6. SOURCE AND AMOUNTS OF FUNDS OR OTHER CONSIDERATION.

(a) The information set forth in the Proxy Statement under "Summary -The Transaction - Raising the Money to Pay Down Petro's Debt and Redeem Petro's Preferred Stock," "Summary - Financial Information - Estimated Sources and Uses of Funds of the Equity Offering and Debt Offering," "The Transaction - Related Financing and Refinancing Transactions" and "Description of Indebtedness - New Indebtedness - Petro Notes" is incorporated herein by reference.

(b) The information set forth in the Proxy Statement under "Summary - Financial Information - Estimated Sources and Uses of Funds of the Equity Offering and Debt Offering," "Proxy Solicitations - The Star Gas Partners Unitholders Meeting -Cost of Solicitation of Proxies," "Proxy Solicitations - The Petro Special Meeting -Cost of Solicitation of Proxies," "Special Factors - Opinion of A.G. Edwards -Terms of A.G. Edwards' Engagement," "Special Factors - Opinion of Dain Rauscher Wessels - Dain Rauscher Wessels' Engagement Agreement" and "The Transaction -Description of the Merger Agreement - Expenses" is incorporated herein by reference.

(c) The information set forth in the Proxy Statement under "Summary - Transaction - Raising the Money to Pay Down Petro's Debt and Redeem Petro's Preferred Stock," "The Transaction - Related Financing and Refinancing Transactions" and "Description of Indebtedness - New Indebtedness - Petro Notes" is incorporated herein by reference.

(d) Not applicable.

ITEM 7. PURPOSE(S), ALTERNATIVES, REASONS AND EFFECTS.

(a) The information set forth in the Proxy Statement under "Summary - Special Factors - Potential Advantages to Petro's Common Stockholders," "Summary -Special Factors - Recommendations of Petro Board of Directors and Opinion of Dain Rauscher Wessels," "Summary - Description of Star Gas Partners Units After Amendment of the Partnership Agreement," "Special Factors - Background of the Transaction," "Special Factors - Reasons for the Transaction that the Petro Board Considered; Recommendation of the Petro Board," "Cash Available for Distribution" and "Description of the Star Gas Partners Units" is incorporated herein by reference.

(b) and (c) The information set forth in the Proxy Statement under "Summary - The Transaction" and "Special Factors - Background of the

Transaction" is incorporated herein by reference.

(d) The information set forth in the Proxy Statement "Summary - Parties - Relationship of the Parties," "Summary - The Transaction - Star Gas Partners Current Organization" "Summary - The Transaction - Star Gas Partners Organization Immediately Following Transaction," "Summary - Special Factors - Potential Advantages to Petro's Common Stockholders," "Summary - Special Factors - Potential Disadvantages and Risks to Petro's Common Stockholders," "Summary -Financial Information -Summary Selected Unaudited Pro Forma Condensed Consolidated Financial Information," "Risk Factors - Risks to Petro Common Stockholders," "Risk Factors -Tax Risks to Petro Common Stockholders," "Risk Factors - Risks to Star Gas Partners Common Unitholders -Conflicts of Interest Were Present in Negotiating and Structuring the Transaction," "Risk Factors - Risks to Petro Common Stockholders - Conflicts Were Present in Structuring and Negotiating the Transaction,"

12

"Special Factors - Reasons for the Transaction that the Petro Board Considered; Recommendation of the Petro Board," "Management of Star Gas Partners After the Transaction," "The Amended and Restated Partnership Agreement," "Cash Distribution Policy," "Cash Available for Distribution," "Description of the Units," "Comparison of Securities" "Federal Income Tax Considerations" and "Description of Indebtedness - Transaction Indebtedness" is incorporated herein by reference.

ITEM 8. FAIRNESS OF THE TRANSACTION.

(a) - (e) The information set forth in the Proxy Statement on the cover page thereof and under "Summary - Parties - Relationship of the Parties," "Summary - Special Factors - Recommendation of Petro Board of Directors and Opinion of Dain Rauscher Wessels," "Risk Factors - Risks to Star Gas Partners Common Unitholders - Conflicts of Interest Were Present in Negotiating and Structuring the Transaction," "Risk Factors - Risks to Petro Common Stockholders - Conflicts Were Present in Structuring and Negotiating the Transaction," "Proxy Solicitations - The Petro Special Meeting - Petro Board Recommendation," "Proxy Solicitations - The Petro Special Meeting - Voting Rights; Vote Required" "Special Factors - Background of the Transaction," "Special Factors - Reason for the Transaction that the Petro Board Considered; Recommendations of the Petro Board," and "Special Factors - Opinion of Dain Rauscher Wessels" is incorporated herein by reference.

(f) Not applicable.

ITEM 9. REPORTS, OPINIONS, APPRAISALS AND CERTAIN NEGOTIATIONS.

(a) - (c) The information set forth in the Proxy Statement under "Summary - Special Factors - Recommendation of Petro Board of Directors and Opinion of Dain Rauscher Wessels," "Special Factors - Background of the Transaction - Petro Retains Dain Rauscher Wessels to Provide a Fairness Opinion to Petro's Public Common Stockholders" and "Special Factors - Opinion of Dain Rauscher Wessels" is incorporated herein by reference. The opinion of Dain Rauscher Wessels is attached to the Proxy Statement as Annex E.

ITEM 10. INTEREST IN SECURITIES OF THE ISSUER.

(a) The information set forth in the Proxy Statement under "Proxy Solicitations - The Petro Special Meeting - Voting Rights; Vote Required" and the information set forth in the Petro Annual Meeting Proxy Statement under "Ownership of Equity Securities" is incorporated herein by reference.

(b) Not applicable.

13

ITEM 11. CONTRACTS, ARRANGEMENTS OR UNDERSTANDINGS WITH RESPECT TO THE ISSUER'S SECURITIES PROXY STATEMENT - SUMMARY - THE TRANSACTION.

The information set forth in the Proxy Statement under "Summary - Parties - Relationship of the Parties," "Summary - The Transaction," "Summary - The Transaction - The Merger," "Summary - The Transaction - Raising the Money to Pay Down Petro's Debt and Redeem Petro's Preferred Stock," "The Transaction - Description of the Transaction," "The Transaction - Description of the Merger

and the Exchange," "The Transaction - Related Financing and Refinancing Transactions," "Risk Factors - Risks to Star Gas Partners Common Unitholders - Conflicts of Interest Were Present in Negotiating and Structuring the Transaction," "Risk Factors - Risks to Petro Common Stockholders - Conflicts Were Present in Structuring and Negotiating the Transaction," "Description of Indebtedness - New Indebtedness - Petro Notes" is incorporated herein by reference.

ITEM 12. PRESENT INTENTION AND RECOMMENDATION OF CERTAIN PERSONS WITH REGARD TO THE TRANSACTION.

(a) and (b) The information set forth in the Proxy Statement under "Summary - Special Factors - Recommendation of Petro Board of Directors and Opinion of Dain Rauscher Wessels," "Proxy Solicitations - The Petro Special Meeting - Petro Board Recommendation," "Proxy Solicitations - The Petro Special Meeting - Voting Rights; Vote Required" and "Special Factors - Reasons for the Transaction that the Petro Board Considered; Recommendation of the Petro Board" is incorporated herein by reference.

ITEM 13. OTHER PROVISIONS OF THE TRANSACTION.

(a) The information set forth in the Proxy Statement under "Proxy Solicitations - The Petro Special Meeting - Dissenters' Rights," "Dissenters' Rights," and Annex F to the Proxy Statement is incorporated herein by reference.

(b) Not applicable.

(c) Not applicable.

ITEM 14. FINANCIAL INFORMATION.

(a) The information set forth in the Proxy Statement under " Summary - Financial Information - Summary Selected Historical Financial and Operating Data of Petro," "Summary - Financial Information - Summary Selected Unaudited Pro Forma Condensed Consolidated Financial Information," "Comparative Security Price and Distribution Information - Comparative Per Share/Per Unit Information (Unaudited)" and "Unaudited Pro Forma Condensed Consolidated Financial Information" is incorporated herein by reference. The consolidated financial statements of Petro and its subsidiaries included in the Petro 10 - K have been incorporated by reference in the Proxy Statement under "Incorporation of Certain Documents by Reference" are incorporated herein by reference.

14

(b) Not applicable.

ITEM 15. PERSONS AND ASSETS EMPLOYED, RETAINED OR UTILIZED.

(a) The relevant information set forth under "Summary - The Transaction," "Summary - The Transaction - Raising the Money to Pay Down Petro's Debt and Redeem Petro's Preferred Stock," "Summary - Financial Information - Estimated Sources and Uses of Funds of the Equity Offering and Debt Offering," "Proxy Solicitations - The Star Gas Partners Unitholders Meeting - Cost of Solicitation of Proxies," "Proxy Solicitations - The Petro Special Meeting - Cost of Solicitation of Proxies," "The Transaction - Related Financing and Refinancing Transactions - Equity Offering and Debt Offering" "The Transaction - Description of the Merger Agreement - Expenses" and "Description of Indebtedness - New Indebtedness - Petro Notes" is incorporated herein by reference.

(b) The relevant information set forth under "Proxy Solicitations - The Star Gas Partners Unitholders Meeting - Cost of Solicitation of Proxies," " Proxy Solicitations - The Petro Special Meeting - Cost of Solicitation of Proxies," "Special Factors -Opinion of A.G. Edwards - Terms of A.G. Edwards' Engagement" and "Special Factors - Opinion of Dain Rauscher Wessels - Dain Rauscher Wessels' Engagement Agreement" is incorporated herein by reference.

ITEM 16. ADDITIONAL INFORMATION.

The information set forth in the Proxy Statement, a copy of which is filed as Exhibit (d)(1) hereto, is incorporated herein by reference.

15

ITEM 17. MATERIAL TO BE FILED AS EXHIBITS.

- (a) Not Applicable.
- (b) (1) Opinion of Dain, Rauscher Wessels, dated October 22, 1998 (attached as Annex E to the Proxy Statement).**
- (b) (2) Dain Rauscher Wessels' Presentation to the Issuer's Board of Directors.*
- (b) (3) PaineWebber Incorporated's Presentations to the Issuer's Board of Directors.****
- (b) (4) Opinion of A. G. Edwards, dated October 16, 1998 (attached as Annex D to the Proxy Statement).**
- (b) (5) A. G. Edwards' Preliminary Report to Star Gas' Special Committee dated April 28, 1998.****
- (b) (6) A. G. Edwards' Appendices to Preliminary Report to Star Gas' Special Committee dated April 28, 1998.****
- (b) (7) A. G. Edwards' Preliminary Status Report to the Partnership's Board of Directors draft dated May 4, 1998.****
- (b) (8) A. G. Edwards' Round II Appendices to Preliminary Report to the Special Committee-Analyses Performed at \$2.00 per share dated May 4, 1998.****
- (b) (9) A. G. Edwards' Round II Appendices to Preliminary Report to the Special Committee-Analyses Performed at \$2.50 per share dated May 4, 1998.****
- (b) (10) A. G. Edwards' Preliminary Status Report to the Partnership's Board of Directors dated May 7, 1998.****
- (b) (11) A. G. Edwards' Proposal to Star Gas' Special Committee draft dated May 20, 1998.****
- (b) (12) A. G. Edwards' Round III Update to Preliminary Report to Star Gas' Special Committee dated May 21, 1998.****
- (b) (13) A. G. Edwards' Round III Appendices to Preliminary Report to Star Gas' Special Committee-Analyses Performed at \$2.50 per share plus issuances of DPU's dated May 21, 1998.****
- (b) (14) A. G. Edwards' Revised Proposal to Star Gas' Special Committee draft dated May 26, 1998.****
- (b) (15) A. G. Edwards' Revised Proposal to Star Gas' Special Committee draft dated July 28, 1998.****
- (b) (16) A. G. Edwards' Fairness Opinion Presentation to Star Gas' Special Committee dated October 16, 1998.****
- (b) (17) A. G. Edwards' Appendix I to Fairness Opinion Presentation to Star Gas' Special Committee dated October 16, 1998.****
- (b) (18) A. G. Edwards' Appendix II to Fairness Opinion Presentation to Star Gas' Special Committee dated October 16, 1998.****
- (b) (19) A. G. Edwards' Fairness Opinion Presentation to Star Gas' Special Committee dated February 10, 1999. *
- (b) (20) A. G. Edwards' Appendix I to Fairness Opinion Presentation to Star Gas' Special Committee dated February 10, 1999. *
- (b) (21) A. G. Edwards' Appendix II to Fairness Opinion Presentation to Star Gas' Special Committee dated February 10, 1999. *
- (c) (1) Agreement and Plan of Merger dated October 22, 1998, among Issuer, the Partnership, the Operating Partnership, and Mergeco and the Company (attached as Annex A to the Proxy Statement).**

- (c) (2) Exchange Agreement dated October 22, 1998 among the Partnership and certain affiliated Common Stockholders of Petro (attached as Annex B to the Proxy Statement).**
- (d) (1) Preliminary Proxy Statement/Prospectus dated January 21, 1999.**
- (d) (2) Form of Letter of Transmittal to holders of Petro Common Stock.**
- (d) (3) Form of Notice of Special Meeting.**
- (d) (4) Press Release issued by Parent on August 14, 1998.****
- (e) Section 302A-471 and 302A-473 of the Minnesota Business Corporation Act (attached as Annex F to the Proxy Statement).***
- (f) Not applicable.

- - - - -
 * Filed herewith.

** Incorporated by reference to the Registration Statement on Form S-4 filed by the Issuer with the Securities and Exchange Commission on October 22, 1998.

*** Filed on October 22, 1998.

**** Filed on December 23, 1998.

SIGNATURES

After due inquiry and to the best of my knowledge and belief, each of the undersigned hereby certifies that the information set forth in this statement is true, complete and correct.

February 10, 1999

PETROLEUM HEAT AND POWER CO., INC.

By: /s/ Irik P. Sevin

 Name: Irik P. Sevin
 Title: Chairman of the Board and Chief
 Executive Officer

STAR GAS PARTNERS, L.P.

By: Star Gas Corporation

 its General Partner

By: /s/ Joseph P. Cavanaugh

 Name: Joseph P. Cavanaugh
 Title: President

STAR GAS CORPORATION

By: /s/ Joseph P. Cavanaugh

 Name: Joseph P. Cavanaugh
 Title: President

EXHIBIT INDEX

EXHIBIT NO. DESCRIPTION

- (a) Not Applicable.
- (b) (1) Opinion of Dain, Rauscher Wessels, dated October 22, 1998 (attached as Annex E to the Proxy Statement).**
- (b) (2) Dain, Rauscher Wessels' Presentation to the Issuer's Board of Directors.*
- (b) (3) Paine Webber Incorporated's Presentations to the Issuer's Board of Directors.****
- (b) (4) Opinion of A.G. Edwards, dated October 16, 1998 (attached as Annex D to the Proxy Statement).**
- (b) (5) A.G. Edwards' Preliminary Report to Star Gas' Special Committee dated April 28, 1998.****
- (b) (6) A. G. Edwards' Appendices to Preliminary Report to Star Gas' Special Committee dated April 28, 1998.****
- (b) (7) A. G. Edwards' Preliminary Status Report to the Partnership's Board of Directors draft dated May 4, 1998.****
- (b) (8) A. G. Edwards' Round II Appendices to Preliminary Report to the Special Committee-Analyses Performed at \$2.00 per share dated May 4, 1998.****
- (b) (9) A. G. Edwards' Round II Appendices to Preliminary Report to the Special Committee-Analyses Performed at \$2.50 per share dated May 4, 1998.****
- (b) (10) A. G. Edwards' Preliminary Status Report to the Partnership's Board of Directors dated May 7, 1998.****
- (b) (11) A. G. Edwards' Proposal to Star Gas' Special Committee draft dated May 20, 1998.****
- (b) (12) A. G. Edwards' Round III Update to Preliminary Report to Star Gas' Special Committee dated May 21, 1998.****
- (b) (13) A. G. Edwards' Round III Appendices to Preliminary Report to Star Gas' Special Committee-Analyses Performed at \$2.50 per share plus issuances of DPU's dated May 21, 1998.****
- (b) (14) A. G. Edwards' Revised Proposal to Star Gas' Special Committee draft dated May 26, 1998.****
- (b) (15) A. G. Edwards' Revised Proposal to Star Gas' Special Committee draft dated July 28, 1998.****
- (b) (16) A. G. Edwards' Fairness Opinion Presentation to Star Gas' Special Committee dated October 16, 1998.****
- (b) (17) A. G. Edwards' Appendix I to Fairness Opinion Presentation to Star Gas' Special Committee dated October 16, 1998.****
- (b) (18) A. G. Edwards' Appendix II to Fairness Opinion Presentation to Star Gas' Special Committee dated October 16, 1998.****
- (b) (19) A.G. Edwards' Fairness Opinion Presentation to Star Gas' Special Committee dated February 10, 1999 .*
- (b) (20) A.G. Edwards' Appendix I to Fairness Opinion Presentation to Star Gas' Special Committee dated February 10, 1999.*
- (b) (21) A.G. Edwards' Appendix II to Fairness Opinion Presentation to Star Gas' Special Committee dated February 10, 1999.*
- (c) (1) Agreement and Plan of Merger dated October 22, 1998, among Issuer, the Partnership, the Operating Partnership, and Mergeco and the Company (attached as Annex A to the Proxy Statement).**
- (c) (2) Exchange Agreement dated October 22, 1998 among the Partnership and certain affiliated Common Stockholders of Petro (attached as Annex B to the Proxy Statement).**

- (d) (1) Preliminary Proxy Statement/Prospectus dated January 21, 1999.**
- (d) (2) Form of Letter of Transmittal to holders of Petro Common Stock.**
- (d) (3) Form of Notice of Special Meeting.**
- (d) (4) Press Release issued by Parent on August 14, 1998.****
- (e) Section 302A-471 and 302A-473 of the Minnesota Business Corporation Act (attached as Annex F to the Proxy Statement).***
- (f) Not applicable.

- -----
* Filed herewith.

** Incorporated by reference to the Registration Statement on Form S-4 filed by the Issuer with the Securities and Exchange Commission on October 22, 1998.

*** Filed on October 22, 1998.

**** Filed on December 23, 1998.

Transaction Summary

[LOGO] PETRO(TM) Transaction Summary
Summary of Proposed Terms

PROJECT INTENSE HEAT
Summary of Proposed Terms
(In thousands, except as otherwise indicated)

	Historical Petro Common	Pro Forma Star Units			
		Common Units	Sr Sub Units	Jr Sub Units	GP Units
Petro Shareholders (A only)					
Class A	10,178	--	1,197	--	--
Petro Shareholders (excluding A only)					
Class A (to receive Sr Sub Units)	11,011	--	1,295	--	--
Class A & C (to receive Jr Sub Units)	5,262	--	--	430	323
Class B	11	--	--	--	--
Total Petro Shareholders (excluding A only)	16,285	--	1,295	430	323
Total Petro Shareholders	26,463	--	2,491	430	323
Existing Star Public Unitholders	--	3,859	--	--	--
New Star Units					
Debt and Preferred Stock Exchange	--	103	--	--	--
Public Offering	--	8,947	--	--	--
Pro Forma Star Units Outstanding	--	12,909	2,491	430	323
General Assumptions					
Exchange Ratio (Star Unit / Petro Share)	--	--	0.11758	0.14318	0.14318
Star Historical MQD	\$2.200				
Star Pro Forma MQD	\$2.300				
GP Interest	2.0%				

	Pro Forma Star Units				GP Incentive Distributions
	Total Units	DPUs (Sr Sub)	Total Units (incl. DPUs)	Fully-Diluted Ownership	
Petro Shareholders (A only)					
Class A	1,197	335	1,532	9.0%	36.9%
Petro Shareholders (excluding A only)					
Class A (to receive Sr Sub Units)	1,295				
Class A & C (to receive Jr Sub Units)	363	1,657	9.7%	39.9%	
Class B	753	211	965	5.7%	23.2%
Total Petro Shareholders (excluding A only)	2,048	574	2,622	15.4%	63.1%
Total Petro Shareholders	3,245	909	4,154	24.3%	100.0%
Existing Star Public Unitholders	3,859	--	3,859	22.6%	--
New Star Units					
Debt and Preferred Stock Exchange	103	--	103	0.6%	--

Public Offering	8,947	--	8,947	52.4%	--
Pro Forma Star Units Outstanding	16,154	909	17,063	100.0%	100.0%
General Assumptions					
Exchange Ratio (Star Unit / Petro Share)	--	--	--	--	--
Star Historical MQD					
Star Pro Forma MQD					
GP Interest					

DPU Distribution Pro rata distribution of Sr Sub Units based upon Petro pro forma ownership of total Star Units issued to Petro. Up to 303,000 DPUs can be earned each year if Petro provides \$0.50 per Unit accretion to Star, up to a maximum of 909,000 DPUs.

GP Incentive Distributions Pro rata distribution based upon Petro pro forma ownership of total Star Units issued to Petro.

Petro Debt & Preferred Exchange Petro will issue to holders of certain Petro debt and preferred stock 3.37 shares of Petro Junior Convertible Preferred Stock for each \$1,000 in principal or liquidation value. Each share of Petro Junior Convertible Preferred Stock will be exchangeable into 0.13 Star Common Units.

Dain Rauscher Wessels Page 2

[LOGO] PETRO(TM) Project Intense Heat

Pro Forma Analysis

Dain Rauscher Wessels Page 3

[LOGO] PETRO(TM) Pro Forma Analysis
Petro Summary Historical Financial Data

PETROLEUM HEAT AND POWER CO., INC.
Summary Historical Financial Data
(In thousands, except as otherwise indicated)

INCOME STATEMENT DATA	At or For the Year Ended December 31,			
	1993	1994	1995	1996
Net Sales	\$ 538,526	\$ 546,677	\$ 609,507	\$ 608,161
Gross Profit (after direct delivery expense)	141,815	150,701	185,048	147,671
EBITDA (excluding SGU Distributions) (1)	48,436	55,387	56,753	42,070
EBITDA (including SGU Distributions) (1)	48,436	55,387	56,753	46,383
EBIT	13,772	22,992	17,710	12,125
Net Income (Loss) before Extraordinary Items	(7,564)	(3,611)	(22,043)	(21,901)
Net Income (Loss)	(8,431)	(4,265)	(23,479)	(28,315)
Net Income (Loss) to Common	(11,798)	(7,776)	(26,742)	(30,704)
Cash Flow (Loss) to Common	25,971	28,905	16,028	8,764
Less: Maintenance Capex (2)	3,000	3,000	3,000	3,000
Free Cash Flow (Loss)	22,971	25,905	13,028	5,764
PER SHARE DATA				
Earnings (Loss) per Share before Extraordinary Items	(\$0.50)	(\$0.33)	(\$1.00)	(\$0.95)
Earnings (Loss) per Share	(\$0.54)	(\$0.36)	(\$1.06)	(\$1.20)
Cash Flow (Loss) per Share	\$1.19	\$1.32	\$0.63	\$0.34
Free Cash Flow (Loss) per Share	\$1.06	\$1.18	\$0.51	\$0.23

Dividends Paid per Share	\$0.53	\$0.55	\$0.60	\$0.60
Weighted Average Shares Outstanding	21,755	21,897	25,324	25,593

BALANCE SHEET DATA

Working Capital (Deficit)	\$ 16,694	\$ 28,345	\$ 65,408	\$ 18,093
Total Assets	256,589	397,174	357,241	275,025
Total Debt (including short-term)	213,344	315,562	341,430	316,384
Preferred Stock (including current maturities)	25,000	20,834	16,667	12,500
Total Stockholders' Equity (Deficiency)	(61,964)	(66,176)	(100,903)	(145,733)
Total Capitalization	176,380	270,220	257,194	183,151

FINANCIAL RATIO DATA

Interest Expense	\$ 22,156	\$ 25,282	\$ 41,084	\$ 34,669
EBITDA to Interest Expense				
EBITDA (including SGU Distributions) to Interest Expense	2.2 x	2.2 x	1.4 x	1.3 x
Total Debt to EBITDA	4.4 x	5.7 x	6.0 x	7.5 x
Total Debt to EBITDA (including SGU Distributions)	4.4 x	5.7 x	6.0 x	6.8 x
Total Debt to Total Capitalization	121.0%	116.8%	132.8%	172.7%
Total Debt & Preferred to Total Capitalization	135.1%	124.5%	139.2%	179.6%

At or For the Year Ended December 31, 1997

INCOME STATEMENT DATA

	Q1	Q2	Q3	Q4	Total
Net Sales	\$ 248,095	\$ 87,972	\$ 50,788	\$ 161,286	\$ 548,141
Gross Profit (after direct delivery expense)	72,443	17,793	4,161	43,990	138,387
EBITDA (excluding SGU Distributions) (1)	47,147	(6,945)	(20,908)	16,716	36,010
EBITDA (including SGU Distributions) (1)	48,524	(5,568)	(19,532)	18,093	41,517
EBIT	39,796	(14,380)	(28,362)	9,210	6,264
Net Income (Loss) before Extraordinary Items	33,388	(27,454)	(40,316)	11,483	(22,899)
Net Income (Loss)	33,388	(27,454)	(40,316)	11,483	(22,899)
Net Income (Loss) to Common	32,492	(28,375)	(42,177)	10,517	(27,543)
Cash Flow (Loss) to Common	39,328	(17,035)	(30,400)	7,000	(1,107)
Less: Maintenance Capex (2)	750	750	750	750	3,000
Free Cash Flow (Loss)	38,578	(17,785)	(31,150)	6,250	(4,107)

PER SHARE DATA

Earnings (Loss) per Share before Extraordinary Items	\$1.26	(\$1.09)	(\$1.61)	\$0.40	(\$1.06)
Earnings (Loss) per Share	\$1.26	(\$1.09)	(\$1.61)	\$0.40	(\$1.06)
Cash Flow (Loss) per Share	\$1.53	(\$0.66)	(\$1.16)	\$0.27	(\$0.04)
Free Cash Flow (Loss) per Share	\$1.50	(\$0.69)	(\$1.19)	\$0.24	(\$0.16)
Dividends Paid per Share	\$0.08	\$0.08	\$0.08	\$0.08	\$0.30
Weighted Average Shares Outstanding	25,759	25,935	26,147	26,359	26,050

BALANCE SHEET DATA

Working Capital (Deficit)	\$ 78,544	\$ 54,179	\$ 5,414	\$ 12,436	\$ 12,436
Total Assets	296,338	259,761	223,918	247,846	247,846
Total Debt (including short-term)	297,888	291,654	291,472	294,348	294,348
Preferred Stock (including current maturities)	42,500	42,500	38,334	36,656	36,656
Total Stockholders' Equity (Deficiency)	(116,158)	(145,848)	(189,361)	(177,033)	(177,033)
Total Capitalization	224,230	188,306	140,445	153,971	153,971

FINANCIAL RATIO DATA

Interest Expense	\$ 8,805	\$ 8,344	\$ 8,432	\$ 8,232	\$ 33,813
EBITDA to Interest Expense				2.2 x	2.2 x
EBITDA (including SGU Distributions) to Interest Expense	--	--	--	--	1.2 x
Total Debt to EBITDA	--	--	--	--	8.2 x
Total Debt to EBITDA (including SGU Distributions)	--	--	--	--	7.1 x
Total Debt to Total Capitalization	132.8%	154.9%	207.5%	191.2%	191.2%
Total Debt & Preferred to Total Capitalization	151.8%	177.5%	234.8%	215.0%	215.0%

Fiscal 1998

INCOME STATEMENT DATA

	Q1	Q2	Q3	LTM Ended Sept. 30, 1998
Net Sales	\$ 183,139	\$ 66,227	\$ 42,113	\$ 452,765
Gross Profit (after direct delivery expense)	63,483	14,081	4,997	126,551
EBITDA (excluding SGU Distributions) (1)	40,733	(6,355)	(16,165)	34,929
EBITDA (including SGU Distributions) (1)	42,154	(4,934)	(14,744)	40,569
EBIT	33,318	(13,432)	(23,113)	5,983
Net Income (Loss) before Extraordinary Items	26,978	(22,974)	(34,215)	(18,728)
Net Income (Loss)	26,978	(22,974)	(34,215)	(18,728)
Net Income (Loss) to Common	25,415	(23,939)	(35,777)	(23,784)
Cash Flow (Loss) to Common	32,165	(12,857)	(24,504)	1,804
Less: Maintenance Capex (2)	750	750	750	3,000
Free Cash Flow (Loss)	31,415	(13,607)	(25,254)	(1,196)

PER SHARE DATA

Earnings (Loss) per Share before Extraordinary Items	\$0.96	(\$0.90)	(\$1.35)	(\$0.90)
Earnings (Loss) per Share	\$0.96	(\$0.90)	(\$1.35)	(\$0.90)
Cash Flow (Loss) per Share	\$1.21	(\$0.48)	(\$0.92)	\$0.07
Free Cash Flow (Loss) per Share	\$1.18	(\$0.51)	(\$0.95)	(\$0.05)
Dividends Paid per Share	\$0.00	\$0.00	\$0.00	0.08
Weighted Average Shares Outstanding	26,564	26,571	26,574	26,517

BALANCE SHEET DATA

Working Capital (Deficit)	\$ 40,653	\$ 23,139	(\$7,479)	(\$7,479)
Total Assets	248,777	229,120	198,678	198,678
Total Debt (including short-term)	287,010	286,978	286,885	286,885
Preferred Stock (including current maturities)	36,819	36,854	32,722	32,722
Total Stockholders' Equity (Deficiency)	(151,137)	(175,066)	(209,618)	(209,618)
Total Capitalization	172,692	148,766	109,989	109,989

FINANCIAL RATIO DATA

Interest Expense	\$ 8,275	\$ 8,210	\$ 8,320	\$ 33,037
EBITDA to Interest Expense	--	--	--	1.1 x
EBITDA (including SGU Distributions) to Interest Expense	--	--	--	1.2 x
Total Debt to EBITDA	--	--	--	8.2 x
Total Debt to EBITDA (including SGU Distributions)	--	--	--	7.1 x

Total Debt to Total Capitalization	166.2%	192.9%	260.8%	260.8%
Total Debt & Preferred to Total Capitalization	187.5%	217.7%	290.6%	290.6%

- (1) EBITDA excludes non-recurring expenses.
(2) Petro provided estimate for maintenance capital expenditures.

Dain Rauscher Wessels

Page 4

[LOGO] PETRO(TM) Pro Forma Analysis
Star Gas Summary Historical Financial Data

STAR GAS PARTNERS, L.P.
Summary Historical Financial Data
(In thousands, except as otherwise indicated)

	At or For the Year Ended September 30, 1997			
INCOME STATEMENT DATA	1993	1994	1995	1996
Sales	\$143,216	\$128,040	\$104,550	\$119,634
Gross Profit (after delivery and branch expense)	23,103	27,957	19,668	26,327
EBITDA				
EBIT	19,437	21,946	13,541	19,870
Net Income (Loss)	(30,313)	8,907	3,468	10,062
Limited Partners' Interest in Net Income (Loss)	(47,049)	(1,404)	(6,169)	2,593
Cash Flow (Loss)				
Maintenance Capex	4,271	11,966	5,626	13,083
Distributable Cash Flow (Loss)	4,688	5,419	7,988	5,332
	(417)	6,547	(2,362)	7,751
PER UNIT DATA				
Net Income (Loss) per Unit				
Cash Flow (Loss) per Unit				
Distributable Cash Flow (Loss) per Unit				
Cash Distributions per Unit				\$1.17 (1)
Weighted Avg. Limited Partner Units Outstanding				
BALANCE SHEET DATA				
Working Capital (Deficit)		\$ 1,976	(\$486)	\$ 7,546
Total Assets		147,608	155,393	156,913
Total Debt (including short-term)		74,929	2,137	87,350
Cumulative Redeemable Preferred Stock		8,264	8,625	
Total Partners' Capital		44,328	44,305	61,398
Total Capitalization		127,521	55,067	148,748
FINANCIAL RATIO DATA				
Interest Expense	\$16,479	\$10,497	\$8,549	\$7,124
EBITDA to Interest Expense	1.2 x	2.1 x	1.6 x	2.8 x
Total Debt to EBITDA		3.4 x	0.2 x	4.4 x
Total Debt to Total Capitalization		58.8%	3.9%	58.7%

	At or For the Year Ended September 30, 1997				
INCOME STATEMENT DATA	Q1	Q2	Q3	Q4	Total
Sales	\$50,876	\$46,442	\$20,078	\$17,763	\$135,159
Gross Profit (after delivery and branch expense)	12,001	12,019	1,744	757	26,521
EBITDA					
EBIT	10,402	9,725	253	(677)	19,703
Net Income (Loss)	7,816	7,095	(2,400)	(3,213)	9,298
Limited Partners' Interest in Net Income (Loss)	5,892	5,325	(4,143)	(5,062)	2,012
Cash Flow (Loss)	5,774	5,218	(4,060)	(4,960)	1,972
Maintenance Capex	8,650	8,049	(1,245)	(2,430)	13,024
Distributable Cash Flow (Loss)	2,517	1,271	666	825	5,279
	6,133	6,778	(1,911)	(3,255)	7,745
PER UNIT DATA					
Net Income (Loss) per Unit	\$1.10	\$0.99	(\$0.77)	(\$0.94)	\$0.37
Cash Flow (Loss) per Unit	\$1.61	\$1.50	(\$0.23)	(\$0.45)	\$2.42
Distributable Cash Flow (Loss) per Unit	\$1.14	\$1.26	(\$0.36)	(\$0.61)	\$1.44
Cash Distributions per Unit	\$0.55	\$0.55	\$0.55	\$0.55	\$2.20
Weighted Avg. Limited Partner Units Outstanding	5,271	5,271	5,271	5,271	5,271
BALANCE SHEET DATA					
Working Capital (Deficit)	\$ 12,428	\$ 14,583	\$ 9,684	\$ 3,319	\$ 3,319
Total Assets	168,485	158,678	153,767	147,469	147,469
Total Debt (including short-term)	91,850	85,000	85,000	85,000	85,000
Cumulative Redeemable Preferred Stock	--	--	--	--	--
Total Partners' Capital	64,332	66,699	59,598	51,578	51,578
Total Capitalization	156,182	151,699	144,598	136,578	136,578
FINANCIAL RATIO DATA					
Interest Expense	\$1,848	\$1,771	\$1,671	\$1,676	\$6,966
EBITDA to Interest Expense	--	--	--	--	2.8 x
Total Debt to EBITDA	--	--	--	--	4.3 x
Total Debt to Total Capitalization	58.8%	56.0%	58.8%	62.2%	62.2%

	AT OR FOR THE YEAR ENDED SEPTEMBER 30, 1999				
INCOME STATEMENT DATA	Q1	Q2	Q3	Q4	1998

Sales	\$41,844	\$37,884	\$16,243	\$15,714	\$111,685
Gross Profit (after delivery and branch expense)	10,041	12,736	1,187	1,007	24,971
EBITDA	8,672	11,287	(415)	(638)	18,906
EBIT	5,847	8,381	(3,328)	(3,632)	7,268
Net Income (Loss)	3,707	6,363	(5,235)	(5,790)	(955)
Limited Partners' Interest in Net Income (Loss)	3,633	6,236	(5,130)	(5,675)	(936)
Cash Flow (Loss)	6,690	9,421	(2,179)	(2,739)	11,193
Maintenance Capex	2,085	943	797	1,190	5,015
Distributable Cash Flow (Loss)	4,605	8,478	(2,976)	(3,929)	6,178

PER UNIT DATA

Net Income (Loss) per Unit	\$0.66	\$1.00	(\$0.82)	(\$0.91)	(\$0.16)
Cash Flow (Loss) per Unit	\$1.20	\$1.48	(\$0.34)	(\$0.43)	\$1.82
Distributable Cash Flow (Loss) per Unit	\$0.82	\$1.33	(\$0.47)	(\$0.62)	\$1.00
Cash Distributions per Unit	\$0.55	\$0.55	\$0.55	\$0.55	\$2.20
Weighted Avg. Limited Partner Units Outstanding	5,474	6,228	6,228	6,210	6,035

BALANCE SHEET DATA

Working Capital (Deficit)	\$ 10,475	\$ 14,841	\$ 4,242	\$ 35	\$ 35
Total Assets	179,451	178,308	173,265	179,607	179,607
Total Debt (including short-term)	96,000	96,000	96,950	109,770	109,770
Cumulative Redeemable Preferred Stock	--	--	--	--	--
Total Partners' Capital	71,883	74,751	66,020	57,347	57,347
Total Capitalization	167,883	170,751	162,970	167,117	167,117

FINANCIAL RATIO DATA

Interest Expense	\$2,086	\$1,875	\$1,873	\$2,093	\$7,927
EBITDA to Interest Expense	--	--	--	--	2.4 x
Total Debt to EBITDA	--	--	--	--	5.8 x
Total Debt to Total Capitalization	57.2%	56.2%	59.5%	65.7%	65.7%

Note: Financial data prior to December 20, 1995 reflects operations of the Predecessor Company.

(1) Includes two quarters of distributions and a pro rata distribution of \$0.0725 per Unit for the period December 20, 1995 to December 31, 1995.

Dain Rauscher Wessels

Page 5

[LOGO] Petro(TM) Pro Forma Analysis
Pro Forma Unit Coverage Analysis

PROJECT INTENSE HEAT
Pro Forma Unit Coverage Analysis
(In thousands, except as otherwise indicated)

	Projected for the Year Ending September 30,						
	15 Year Weather Case						
	Estimated 1998E	Normalized 1998E	Estimated 1999E	Normalized 1999E	2000E	2001E	2002E
Pro Forma EBITDA							
Star	\$18,906	\$22,316	\$20,093	\$22,674	\$23,749	\$25,182	\$26,615
Petro	30,612	44,749	43,613	45,013	47,551	50,924	54,081
Synergies	500	500	500	500	500	500	500
Pro Forma EBITDA	\$50,018	\$67,565	\$64,206	\$68,187	\$71,800	\$76,606	\$81,196
Distributable Cash Flow							
Pro Forma EBITDA	\$50,018	\$67,565	\$64,206	\$68,187	\$71,800	\$76,606	\$81,196
Interest Expense	(23,465)	(24,036)	(24,139)	(24,139)	(24,869)	(26,226)	(27,588)
Maintenance Capex	(6,125)	(6,110)	(6,194)	(6,194)	(6,313)	(6,434)	(6,558)
Other	(525)	(525)	(525)	(525)	(525)	(525)	(525)
Distributable Cash Flow	\$19,903	\$36,894	\$33,348	\$37,329	\$40,093	\$43,421	\$46,525
Weighted Average Units Outstanding							
Common Units	12,909	12,909	13,319	13,319	14,044	14,646	15,202
Senior Subordinated Units (incl. DPUs)	2,491	2,491	2,491	2,491	2,491	2,491	2,491
Junior Subordinated & General Partner Units	753	753	753	753	753	753	753
Total Weighted Average Units Outstanding	16,154	16,154	16,564	16,564	17,289	17,891	18,447
Distributable Cash Flow per Unit							
Common Units	\$1.54	\$2.86	\$2.50	\$2.80	\$2.85	\$2.96	\$3.06
Senior Subordinated Units (incl. DPUs)	\$1.29	\$2.40	\$2.11	\$2.36	\$2.42	\$2.53	\$2.63
Junior Subordinated & General Partner Units	\$1.23	\$2.28	\$2.01	\$2.25	\$2.32	\$2.43	\$2.52
Total Units Outstanding	\$1.23	\$2.28	\$2.01	\$2.25	\$2.32	\$2.43	\$2.52
Distributions per Unit							

MQD per Unit	\$2.30	\$2.30	\$2.30	\$2.30	\$2.30	\$2.30	\$2.30
Indicated Distribution per Unit	\$2.30	\$2.30	\$2.30	\$2.30	\$2.32	\$2.40	\$2.40
MQD Coverage per Unit							

Common Units	0.67 x	1.24 x	1.09 x	1.22 x	1.24 x	1.29 x	1.33 x
Common and Senior Subordinated Units (incl. DPUs)	0.56 x	1.04 x	0.92 x	1.03 x	1.05 x	1.10 x	1.14 x
Total Units	0.54 x	0.99 x	0.88 x	0.98 x	1.01 x	1.06 x	1.10 x
Indicated Distribution Coverage per Unit							

Common Units	0.67 x	1.24 x	1.09 x	1.22 x	1.23 x	1.24 x	1.28 x
Common and Senior Subordinated Units (incl. DPUs)	0.56 x	1.04 x	0.92 x	1.03 x	1.05 x	1.06 x	1.10 x
Total Units	0.54 x	0.99 x	0.88 x	0.98 x	1.00 x	1.01 x	1.05 x

Projected for the Year Ending September 30,

30 Year Weather Case

Pro Forma EBITDA	Estimated 1998E	Normalized 1998E	Estimated 1999E	Normalized 1999E	2000E	2001E	2002E

Star	\$18,906	\$23,722	\$20,734	\$24,106	\$25,260	\$26,797	\$28,335
Petro	30,612	46,900	44,298	47,215	50,369	54,883	59,097
Synergies	500	500	500	500	500	500	500
Pro Forma EBITDA	\$50,018	\$71,122	\$65,532	\$71,821	\$76,129	\$82,180	\$87,932
Distributable Cash Flow							

Pro Forma EBITDA	\$50,018	\$71,122	\$65,532	\$71,821	\$76,129	\$82,180	\$87,932
Interest Expense	(23,465)	(24,036)	(24,672)	(24,672)	(26,122)	(27,845)	(29,557)
Maintenance Capex	(6,125)	(6,110)	(6,273)	(6,273)	(6,393)	(6,516)	(6,641)
Other	(525)	(525)	(525)	(525)	(625)	(675)	(725)
Distributable Cash Flow	\$19,903	\$40,451	\$34,062	\$40,351	\$42,989	\$47,144	\$51,009
Weighted Average Units Outstanding							

Common Units	12,909	12,909	12,951	12,951	13,270	13,816	14,366
Senior Subordinated Units (incl. DPUs)	2,491	2,491	2,491	2,491	2,794	3,097	3,400
Junior Subordinated & General Partner Units	753	753	753	753	753	753	753
Total Weighted Average Units Outstanding	16,154	16,154	16,196	16,196	16,818	17,667	18,520
Distributable Cash Flow per Unit							

Common Units	\$1.54	\$3.13	\$2.63	\$3.12	\$3.24	\$3.41	\$3.55
Senior Subordinated Units (incl. DPUs)	\$1.29	\$2.63	\$2.21	\$2.61	\$2.68	\$2.79	\$2.87
Junior Subordinated & General Partner Units	\$1.23	\$2.50	\$2.10	\$2.49	\$2.56	\$2.67	\$2.75
Total Units Outstanding	\$1.23	\$2.50	\$2.10	\$2.49	\$2.56	\$2.67	\$2.75
Distributions per Unit							

MQD per Unit	\$2.30	\$2.30	\$2.30	\$2.30	\$2.30	\$2.30	\$2.30
Indicated Distribution per Unit	\$2.30	\$2.30	\$2.30	\$2.30	\$2.50	\$2.63	\$2.70
MQD Coverage per Unit							

Common Units	0.67 x	1.36 x	1.14 x	1.35 x	1.41 x	1.48 x	1.54 x
Common and Senior Subordinated Units (incl. DPUs)	0.56 x	1.14 x	0.96 x	1.14 x	1.16 x	1.21 x	1.25 x
Total Units	0.54 x	1.09 x	0.91 x	1.08 x	1.11 x	1.16 x	1.20 x
Indicated Distribution Coverage per Unit							

Common Units	0.67 x	1.36 x	1.14 x	1.35 x	1.30 x	1.30 x	1.32 x
Common and Senior Subordinated Units (incl. DPUs)	0.56 x	1.14 x	0.96 x	1.14 x	1.07 x	1.06 x	1.06 x
Total Units	0.54 x	1.09 x	0.91 x	1.08 x	1.02 x	1.01 x	1.02 x

Pro Forma EBITDA	Estimated 1998E	Estimated 1999E	Normalized 1999E	2000E	2001E	2002E
Star	\$18,906	\$20,093	\$22,674	\$23,749	\$25,182	\$26,615
Petro	30,612	43,613	45,013	47,551	50,924	54,081
Synergies	500	500	500	500	500	500
Pro Forma EBITDA	\$50,018	\$64,206	\$68,187	\$71,800	\$76,606	\$81,196
Distributable Cash Flow						
Pro Forma EBITDA	\$50,018	\$64,206	\$68,187	\$71,800	\$76,606	\$81,196
Interest Expense	(23,465)	(24,139)	(24,139)	(24,869)	(26,226)	(27,588)
Maintenance Capex	(6,125)	(6,194)	(6,194)	(6,313)	(6,434)	(6,558)
Other	(525)	(525)	(525)	(525)	(525)	(525)
Distributable Cash Flow	\$19,903	\$33,348	\$37,329	\$40,093	\$43,421	\$46,525
Fixed Charges						
Interest Expense	23,465	24,139	24,139	24,869	26,226	27,588
Lease and Rental Expense	5,281	4,829	4,829	4,165	3,724	3,639
Total Fixed Charges	28,746	28,968	28,968	29,034	29,950	31,227
Pro Forma Balance Sheet Data						
Working Capital	536	536	536	536	536	536
Total Assets	376,801	366,642	366,642	373,104	378,524	381,099
Total Debt	283,851	284,002	284,002	302,775	321,996	340,358
Total Partners' Capital (Deficit)	(8,229)	(19,372)	(19,372)	(36,520)	(56,754)	(78,686)
Total Capitalization	275,622	264,630	264,630	266,255	265,242	261,672
Pro Forma Credit Analysis						
Interest Coverage Ratio (1)	2.13 x	2.66 x	2.82 x	2.89 x	2.92 x	2.94 x
Fixed Charge Coverage Ratio (2)	1.74 x	2.22 x	2.35 x	2.47 x	2.56 x	2.60 x
Total Debt to Total Capitalization	103.0%	107.3%	107.3%	113.7%	121.4%	130.1%
Total Debt to EBITDA	5.67 x	4.42 x	4.17 x	4.22 x	4.20 x	4.19 x
Total Debt to Distributable Cash Flow	14.26 x	8.52 x	7.61 x	7.55 x	7.42 x	7.32 x

Projected for the Year Ending September 30,

30 Year Weather Case

Pro Forma EBITDA	Estimated 1998E	Estimated 1999E	Normalized 1999E	2000E	2001E	2002E
Star	\$18,906	\$20,734	\$24,106	\$25,260	\$26,797	\$28,335
Petro	30,612	44,298	47,215	50,369	54,883	59,097
Synergies	500	500	500	500	500	500
Pro Forma EBITDA	\$50,018	\$65,532	\$71,821	\$76,129	\$82,180	\$87,932
Distributable Cash Flow						
Pro Forma EBITDA	50,018	65,532	71,821	76,129	82,180	87,932
Interest Expense	(23,465)	(24,672)	(24,672)	(26,122)	(27,845)	(29,557)
Maintenance Capex	(6,125)	(6,273)	(6,273)	(6,393)	(6,516)	(6,641)
Other	(525)	(525)	(525)	(625)	(675)	(725)
Distributable Cash Flow	19,903	34,062	40,351	42,989	47,144	51,009
Fixed Charges						
Interest Expense	23,465	24,672	24,672	26,122	27,845	29,557
Lease and Rental Expense	5,281	4,829	4,829	4,165	3,724	3,639
Total Fixed Charges	28,746	29,501	29,501	30,287	31,569	33,196
Pro Forma Balance Sheet Data						
Working Capital	536	536	536	536	536	536
Total Assets	376,801	366,777	366,777	378,583	389,218	396,254
Total Debt	283,851	298,719	298,719	322,620	346,822	369,831
Total Partners' Capital (Deficit)	(8,229)	(34,010)	(34,010)	(51,584)	(72,845)	(96,135)
Total Capitalization	275,622	264,709	264,709	271,036	273,977	273,696
Pro Forma Credit Analysis						
Interest Coverage Ratio (1)	2.13 x	2.66 x	2.91 x	2.91 x	2.95 x	2.97 x
Fixed Charge Coverage Ratio (2)	1.74 x	2.22 x	2.43 x	2.51 x	2.60 x	2.65 x
Total Debt to Total Capitalization	103.0%	112.8%	112.8%	119.0%	126.6%	135.1%
Total Debt to EBITDA	5.67 x	4.56 x	4.16 x	4.24 x	4.22 x	4.21 x
Total Debt to Distributable Cash Flow	14.26 x	8.77 x	7.40 x	7.50 x	7.36 x	7.25 x

- (1) Interest coverage ratio is EBITDA divided by interest expense.
(2) Fixed charge coverage ratio is EBITDA divided by total fixed charges.

Unit Reference Value Analysis

[LOGO] PETRO(TM) Unit Reference Value Analysis
Unit Reference Value Analysis Summary

PROJECT INTENSE HEAT
Unit Reference Value Analysis Summary

Indicated Reference Values per Star Unit	Downside Case	15 Year Weather Case	30 Year Weather Case	Dain Rauscher Wessels Case
Common Unit	\$19.57	\$23.63	\$27.49	\$21.03
Senior Subordinated Unit	\$15.22	\$18.75	\$28.67	\$16.56
Junior Subordinated / General Partner Unit	\$11.09	\$13.49	\$21.16	\$12.02
Exchange Ratio (Star Unit / Petro Share)				
Senior Subordinated Unit	0.11758	0.11758	0.11758	0.11758
Junior Subordinated / General Partner Unit	0.14318	0.14318	0.14318	0.14318
Implied Reference Value per Petro Share	Senior Subordinated Unit			
Implied Reference Value (excluding DPUs and GP Incentives)	\$1.79	\$2.20	\$2.74	\$1.95
DPUs and GP Incentives Value	--	0.00	0.63	0.00
Total Implied Reference Value	\$1.79	\$2.20	\$3.37	\$1.95
Implied Reference Value per Petro Share	Junior Subordinated/ General Partner Unit			
Implied Reference Value (excluding DPUs and GP Incentives)	\$1.59	\$1.93	\$2.43	\$1.72
DPUs and GP Incentives Value	--	0.00	0.60	0.00
Total Implied Reference Value	\$1.59	\$1.93	\$3.03	\$1.72

[LOGO] PETRO(TM) Unit Reference Value Analysis
Unit Reference Value Analysis Discount Rate Assumptions

PROJECT INTENSE HEAT
Unit Reference Value Analysis Discount Rate Assumptions

	Downside Case		15 Year Weather Case	
	Discount Rate	Bps Spread to Common	Discount Rate	Bps Spread to Common
Common Unit	12.00% (1)	--	10.25%	--

Senior Subordinated Unit				
Senior Subordinated Unit Distributions	14.50%	250 bps	12.25%	200 bps
Deferred Participation Units (DPUs)	--	--	14.25%	400 bps
GP Incentive Distributions	--	--	14.75%	450 bps
Junior Subordinated / General Partner Unit				
Junior Subordinated Unit Distributions	15.50%	350 bps	13.25%	300 bps
Deferred Participation Units (DPUs)	--	--	14.25%	400 bps
GP Incentive Distributions	--	--	14.75%	450 bps

	Weather Case		Dain Rauscher Wessels Case	
	Discount Rate	Bps Spread to Common	Discount Rate	Bps Spread to Common
Common Unit	9.75%	--	11.50%	--
Senior Subordinated Unit				
Senior Subordinated Unit Distributions	11.00%	125 bps	13.75%	225 bps
Deferred Participation Units (DPUs)	13.75%	400 bps	15.50%	400 bps
GP Incentive Distributions	14.25%	450 bps	16.00%	450 bps
Junior Subordinated / General Partner Unit				
Junior Subordinated Unit Distributions	11.75%	200 bps	14.75%	325 bps
Deferred Participation Units (DPUs)	13.75%	400 bps	15.50%	400 bps
GP Incentive Distributions	14.25%	450 bps	16.00%	450 bps

(1) Common Unit discount rate is derived by using the midpoint discount rate between the appropriate discount rates required to calculate a net present value equal to the 1/22/99 closing price of \$19.00 using flat \$2.20 and \$2.30 distributions representing Star stand alone and Star pro forma, respectively.

[LOGO] PETRO(TM) Unit Reference Value Analysis
 Projected Indicated Distribution per Unit and Cash
 Distributions per Unit Class

PROJECT INTENSE HEAT

Projected Indicated Distribution per Unit and Cash Distributions per Unit Class
 (In thousands, except as otherwise indicated)

	Projected for the Year Ending September 30,			
	15 Year Weather Case			
	1999E	2000E	2001E	2002E
Distributable Cash Flow				
Distributable Cash Flow	\$37,329	\$40,093	\$43,421	\$46,525
Indicated Distribution per Unit	\$2.30	\$2.32	\$2.40	\$2.40
Cash Distributions				
Distributions to Unitholders	\$38,097	\$40,110	\$42,937	\$44,273
GP Incentive Distributions	0	0	0	0
Total Cash Distributions	\$38,097	\$40,110	\$42,937	\$44,273
Weighted Average Units Outstanding				
Common Units	13,319	14,044	14,646	15,202
Senior Subordinated Units (incl. DPUs)	2,491	2,491	2,491	2,491
Junior Subordinated Units	430	430	430	430
General Partner Units	323	323	323	323
Total Units Outstanding	16,564	17,289	17,891	18,447
		Splits		
GP Incentive Distribution Targets	Annual Target	Unit-holders	GP Incentives	
Minimum Quarterly Distribution	\$2.30	100.00%	0.00%	

First Target Distribution	\$2.42	100.00%	0.00%
Second Target Distribution	\$2.84	86.70%	13.30%
Third Target Distribution	\$3.70	76.50%	23.50%
Thereafter	--	51.00%	49.00%

Cash Distributions prior to First Target

Cash Distributed to Unitholders	38,097	40,110	42,937	44,273
Allocation to Common Units	30,634	32,582	35,149	36,485
Allocation to Senior Subordinated Units	5,730	5,780	5,980	5,980
Allocation to Junior Subordinated Units	990	999	1,033	1,033
Allocation to General Partner Units	743	750	775	775
GP Incentive Distributions	38,097	40,110	42,937	44,273

Cash Distributions First to Second Target

Cash Distributed to Unitholders	0	0	0	0
Allocation to Common Units	0	0	0	0
Allocation to Senior Subordinated Units	0	0	0	0
Allocation to Junior Subordinated Units	0	0	0	0
Allocation to General Partner Units	0	0	0	0
GP Incentive Distributions	0	0	0	0
Total Cash Distributed	0	0	0	0

Cash Distributions Second to Third Target

Cash Distributed to Unitholders	\$0	\$0	\$0	\$0
Allocation to Common Units	0	0	0	0
Allocation to Senior Subordinated Units	0	0	0	0
Allocation to Junior Subordinated Units	0	0	0	0
Allocation to General Partner Units	0	0	0	0
GP Incentive Distributions	0	0	0	0
Total Cash Distributed	0	0	0	0

Cash Distributions Third to Thereafter Target

Cash Distributed to Unitholders	\$0	\$0	\$0	\$0
Allocation to Common Units	0	0	0	0
Allocation to Senior Subordinated Units	0	0	0	0
Allocation to Junior Subordinated Units	0	0	0	0
Allocation to General Partner Units	0	0	0	0
GP Incentive Distributions	0	0	0	0
Total Cash Distributed	0	0	0	0

Projected for the Year Ending September 30,

30 Year Weather Case

	1999E	2000E	2001E	2002E
Distributable Cash Flow	\$40,351	\$42,989	\$47,144	\$51,009
Indicated Distribution per Unit	\$2.30	\$2.50	\$2.63	\$2.70
Cash Distributions				
Distributions to Unitholders	\$37,251	\$42,044	\$46,465	\$50,004
GP Incentive Distributions	0	217	580	807
Total Cash Distributions	\$37,251	\$42,261	\$47,045	\$50,810
Weighted Average Units Outstanding				
Common Units	12,951	13,270	13,816	14,366
Senior Subordinated Units (incl. DPUs)	2,491	2,794	3,097	3,400
Junior Subordinated Units	430	430	430	430
General Partner Units	323	323	323	323
Total Units Outstanding	16,196	16,818	17,667	18,520

GP Incentive Distribution Targets

Minimum Quarterly Distribution
First Target Distribution
Second Target Distribution
Third Target Distribution
Thereafter

Cash Distributions prior to First Target

Cash Distributed to Unitholders	37,251	40,632	42,684	44,744
Allocation to Common Units	29,788	32,060	33,380	34,708
Allocation to Senior Subordinated Units	5,730	6,752	7,484	8,216
Allocation to Junior Subordinated Units	990	1,040	1,040	1,040
Allocation to General Partner Units	743	781	781	781
GP Incentive Distributions	37,251	40,632	42,684	44,744

Cash Distributions First to Second Target

Cash Distributed to Unitholders	0	1,413	3,781	5,260
Allocation to Common Units	0	1,115	2,957	4,080
Allocation to Senior Subordinated Units	0	235	663	966
Allocation to Junior Subordinated Units	0	36	92	122
Allocation to General Partner Units	0	27	69	92
GP Incentive Distributions	0	217	580	807
Total Cash Distributed	0	1,629	4,361	6,066

Cash Distributions Second to Third Target

Cash Distributed to Unitholders	\$0	\$0	\$0	\$0
Allocation to Common Units	0	0	0	0
Allocation to Senior Subordinated Units	0	0	0	0
Allocation to Junior Subordinated Units	0	0	0	0
Allocation to General Partner Units	0	0	0	0
GP Incentive Distributions	0	0	0	0
Total Cash Distributed	0	0	0	0

Cash Distributions Third to Thereafter Target

Cash Distributed to Unitholders	\$0	\$0	\$0	\$0
Allocation to Common Units	0	0	0	0
Allocation to Senior Subordinated Units	0	0	0	0
Allocation to Junior Subordinated Units	0	0	0	0
Allocation to General Partner Units	0	0	0	0
GP Incentive Distributions	0	0	0	0
Total Cash Distributed	0	0	0	0

[LOGO APPEARS HERE]

Unit Reference Value Analysis

Projected Indicated Distribution per Unit and Cash Distributions per Unit Class

PROJECT INTENSE HEAT								
Projected Indicated Distribution per Unit and Cash Distributions per Unit Class								
(In thousands, except as otherwise indicated)								
	Projected for the Year Ending September 30,							
	15 Year Weather Case				30 Year Weather Case			
	1999E	2000E	2001E	2002E	1999E	2000E	2001E	2002E
Common Unit Cash Distributions								
Cash Distributions prior to First Target	\$30,634	\$32,582	\$35,149	\$36,485	\$29,788	\$32,060	\$33,380	\$34,708
Cash Distributions First to Second Target	0	0	0	0	0	1,115	2,957	4,080
Cash Distributions Second to Third Target	0	0	0	0	0	0	0	0
Cash Distributions Third to Thereafter Target	0	0	0	0	0	0	0	0
Total Cash Distributions	\$30,634	\$32,582	\$35,149	\$36,485	\$29,788	\$33,174	\$36,337	\$38,788
Total Cash Distributions per Unit	\$2.300	\$2.320	\$2.400	\$2.400	\$2.300	\$2.500	\$2.630	\$2.700
Weighted Average Units Outstanding	13,319	14,044	14,646	15,202	12,951	13,270	13,816	14,366
Senior Subordinated Unit Cash Distributions								
Cash Distributions prior to First Target	\$5,730	\$5,780	\$5,980	\$5,980	\$5,730	\$6,752	\$7,484	\$8,216
Cash Distributions First to Second Target	0	0	0	0	0	235	663	966
Cash Distributions Second to Third Target	0	0	0	0	0	0	0	0
Cash Distributions Third to Thereafter Target	0	0	0	0	0	0	0	0
Total Cash Distributions	\$5,730	\$5,780	\$5,980	\$5,980	\$5,730	\$6,986	\$8,146	\$9,181
Total Cash Distributions per Unit	\$2.300	\$2.320	\$2.400	\$2.400	\$2.300	\$2.500	\$2.630	\$2.700
Weighted Average Units Outstanding	2,491	2,491	2,491	2,491	2,491	2,794	3,097	3,400
Junior Subordinated Unit Cash Distributions								
Cash Distributions prior to First Target	\$990	\$999	\$1,033	\$1,033	\$990	\$1,040	\$1,040	\$1,040
Cash Distributions First to Second Target	0	0	0	0	0	36	92	122
Cash Distributions Second to Third Target	0	0	0	0	0	0	0	0
Cash Distributions Third to Thereafter Target	0	0	0	0	0	0	0	0
Total Cash Distributions	\$990	\$999	\$1,033	\$1,033	\$990	\$1,076	\$1,132	\$1,162
Total Cash Distributions per Unit	\$2.300	\$2.320	\$2.400	\$2.400	\$2.300	\$2.500	\$2.630	\$2.700
Weighted Average Units Outstanding	430	430	430	430	430	430	430	430
General Partner Unit Cash Distributions								
Cash Distributions prior to First Target	\$743	\$750	\$775	\$775	\$743	\$781	\$781	\$781
Cash Distributions First to Second Target	0	0	0	0	0	27	69	92
Cash Distributions Second to Third Target	0	0	0	0	0	0	0	0
Cash Distributions Third to Thereafter Target	0	0	0	0	0	0	0	0
Total Cash Distributions	\$743	\$750	\$775	\$775	\$743	\$808	\$850	\$872
Total Cash Distributions per Unit	\$2.300	\$2.320	\$2.400	\$2.400	\$2.300	\$2.500	\$2.630	\$2.700
Weighted Average Units Outstanding	323	323	323	323	323	323	323	323
GP Incentive Distributions								
Cash Distributions prior to First Target	--	--	--	--	--	--	--	--
Cash Distributions First to Second Target	\$0	\$0	\$0	\$0	\$0	\$217	\$580	\$807
Cash Distributions Second to Third Target	0	0	0	0	0	0	0	0
Cash Distributions Third to Thereafter Target	0	0	0	0	0	0	0	0
Total Cash Distributions	\$0	\$0	\$0	\$0	\$0	\$217	\$580	\$807
Total Cash Distributions per Unit (Sr, Jr & GP)	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.061	\$0.151	\$0.194
Weighted Average Units Outstanding (Sr, Jr & GP)	3,245	3,245	3,245	3,245	3,245	3,548	3,851	4,154

[LOGO APPEARS HERE]

Unit Reference Value Analysis

Cumulative Incremental DPU per Unit Calculation

PROJECT INTENSE HEAT
Cumulative Incremental DPU per Unit Calculation
(In thousands, except as otherwise indicated)

Units to Receive DPUs	Projected for the Year Ending September 30,							
	15 Year Weather Case				30 Year Weather Case			
	1999E	2000E	2001E	2002E	1999E	2000E	2001E	2002E
Senior Subordinated Units (includes DPUs)	2,491	2,491	2,491	2,491	2,491	2,794	3,097	3,400
Junior Subordinated Units	430	430	430	430	430	430	430	430
General Partner Units	323	323	323	323	323	323	323	323
Total Units	3,245	3,245	3,245	3,245	3,245	3,548	3,851	4,154
Cumulative Incremental DPU per Unit								
DPUs Distributed	0	0	0	0	0	303	303	303
DPU per Outstanding Unit	0.000	0.000	0.000	0.000	0.000	0.093	0.085	0.079
Cumulative Incremental DPU per Unit	0.000	0.000	0.000	0.000	0.000	0.093	0.187	0.280

[LOGO APPEARS HERE]
Unit Reference Value Analysis
Unit Reference Value Analysis (Downside Case)

PROJECT INTENSE HEAT
Unit Reference Value Analysis (Downside Case)

Common Unit (1)	Downside Case							
	Projected for the Year Ending September 30,				Terminal Value (3)	Total NPV	Liquidity Discount (4)	Adjusted NPV
	1999E	2000E	2001E	2002E				
Cash Distributions	\$2.30	\$2.30	\$2.30	\$2.30	\$19.17			
Period	0.50	1.50	2.50	3.50	4.00			
NPV @ 12.00%	\$2.17	\$1.94	\$1.73	\$1.55	\$12.18	\$19.57	--	\$19.57
Senior Subordinated Unit (2)								
Cash Distributions	\$1.15	\$2.30	\$2.30	\$2.30	\$15.86			
Period	0.75	1.50	2.50	3.50	4.00			
NPV @ 14.50% (250 bps spread to Common)	\$1.04	\$1.88	\$1.64	\$1.43	\$9.23	\$15.22	--	\$15.22
Junior Subordinated / General Partner Unit (2)								
Cash Distributions	\$1.15	\$2.30	\$2.30	\$2.30	\$14.84			
Period	0.75	1.50	2.50	3.50	4.00			
NPV @ 15.50% (350 bps spread to Common)	\$1.03	\$1.85	\$1.60	\$1.39	\$8.34	\$14.22	22.0%	\$11.09

- (1) Common Unit discount rate is derived by using the midpoint discount rate between the appropriate discount rates required to calculate a net present value equal to the 1/22/99 closing price of \$19.00 using flat \$2.20 and \$2.30 distributions representing Star stand alone and Star pro forma, respectively.
- (2) Senior Subordinated and Junior Subordinated / General Partner Units are assumed to receive no distributions for the third and fourth fiscal quarters of 1999E.
- (3) Terminal value is calculated as a perpetuity by dividing 2002E distribution

by the discount rate.

- (4) The Junior Subordinated and General Partner Unit discount is determined by using a 25% liquidity discount for both Units and a 10% control premium for a General Partner Unit. The weighted average based upon pro forma Unit ownership is a discount of 22%.

Dain Rauscher Wessels

Page 14

[LOGO APPEARS HERE]
Unit Reference Value Analysis
Common Unit Reference Value Analysis
(15 Year Weather Case)

PROJECT INTENSE HEAT
Common Unit Reference Value Analysis (15 Year Weather Case)

Common Unit (1)	15 Year Weather Case				Terminal Value (2)	Total NPV
	Projected for the Year Ending September 30,					
	1999E	2000E	2001E	2002E		
Cash Distributions	\$2.30	\$2.32	\$2.40	\$2.40	\$23.41	
Period	0.50	1.50	2.50	3.50	4.00	
NPV @ 10.25%	\$2.19	\$2.00	\$1.88	\$1.71	\$15.85	\$23.63

- (1) Common Unit discount rate is a Dain Rauscher Wessels assumed yield based upon growth rate in distributions in the 15 year weather case.
(2) Terminal value is calculated as a perpetuity by dividing 2002E distribution by the discount rate.

Dain Rauscher Wessels

Page 15

[LOGO APPEARS HERE]
Unit Reference Value Analysis
Senior Subordinated Unit Reference Value Analysis
(15 Year Weather Case)

PROJECT INTENSE HEAT
Senior Subordinated Unit Reference Value Analysis (15 Year Weather Case)

Senior Subordinated Unit Distributions (1)	15 Year Weather Case				Terminal Value (2)	Total NPV
	Projected for the Year Ending September 30,					
	1999E	2000E	2001E	2002E		
Cash Distributions	\$1.15	\$2.32	\$2.40	\$2.40	\$19.59	

Period	0.75	1.50	2.50	3.50	4.00	
NPV @ 12.25% (200 bps spread to Common)	\$1.05	\$1.95	\$1.80	\$1.60	\$12.34	\$18.75
Deferred Participation Unit (DPU)						

Cumulative Incremental DPU per Unit	0.000	0.000	0.000	0.000		
Cash Distributions per Fractional Unit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Period	0.50	1.50	2.50	3.50	4.00	
NPV @ 14.25% (400 bps spread to Common)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GP Incentive Distributions						

Cash Distributions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Period	0.50	1.50	2.50	3.50	4.00	
NPV @ 14.75% (450 bps spread to Common)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Total Net Present Value per Unit	\$1.05	\$1.95	\$1.80	\$1.60	\$12.34	\$18.75

- (1) Senior Subordinated Units are assumed to receive no distributions for the third and fourth fiscal quarters of 1999E.
- (2) Terminal value is calculated as a perpetuity by dividing 2002E distribution by the discount rate.

=====
Dain Rauscher Wessels

Page 16

[LOGO APPEARS HERE]
Unit Reference Value Analysis
Junior Subordinated / General Partner Unit Reference Value Analysis
(15 Year Weather Case)

PROJECT INTENSE HEAT								
Junior Subordinated / General Partner Unit Reference Value Analysis (15 Year Weather Case)								
15 Year Weather Case								
Junior Subordinated / GP Unit Distributions (1)	Projected for the Year Ending September 30,				Terminal Value (2)	Total NPV	Liquidity Discount (3)	Adjusted NPV
	1999E	2000E	2001E	2002E				
Cash Distributions	\$1.15	\$2.32	\$2.40	\$2.40	\$18.11			
Period	0.75	1.50	2.50	3.50	4.00			
NPV @ 13.25% (300 bps spread to Common)	\$1.05	\$1.92	\$1.76	\$1.55	\$11.01	\$17.29	22%	\$13.49
Deferred Participation Unit (DPU)								

Cumulative Incremental DPU per Unit	0.000	0.000	0.000	0.000				
Cash Distributions per Fractional Unit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			
Period	0.50	1.50	2.50	3.50	4.00			
NPV @ 14.25% (400 bps spread to Common)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	22%	\$0.00
GP Incentive Distributions								

Cash Distributions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			
Period	0.50	1.50	2.50	3.50	4.00			
NPV @ 14.75% (450 bps spread to Common)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	22%	\$0.00

Total Net Present Value per Unit	\$1.05	\$1.92	\$1.76	\$1.55	\$11.01	\$17.29	22%	\$13.49

-
- (1) Junior / General Partner Subordinated Units are assumed to receive no distributions for the third and fourth fiscal quarters of 1999E.
 - (2) Terminal value is calculated as a perpetuity by dividing 2002E distribution by the discount rate.
 - (3) The Junior Subordinated and General Partner Unit discount is determined by using a 25% liquidity discount for both Units and a 10% control premium for a General Partner Unit. The weighted average based upon pro forma Unit ownership is a discount of 22%.
-

[LOGO APPEARS HERE]
 Unit Reference Value Analysis
 Common Unit Reference Value Analysis
 (30 Year Weather Case)

PROJECT INTENSE HEAT
 Common Unit Reference Value Analysis (30 Year Weather Case)

Common Unit (1)	30 Year Weather Case				Terminal Value (2)	Total NPV
	Projected for the Year Ending September 30,					
	1999E	2000E	2001E	2002E		
Cash Distributions	\$2.30	\$2.50	\$2.63	\$2.70	\$27.69	
Period	0.50	1.50	2.50	3.50	4.00	
NPV @ 9.75%	\$2.20	\$2.17	\$2.08	\$1.95	\$19.09	\$27.49

- (1) Common Unit discount rate is a Dain Rauscher Wessels assumed yield based upon the growth rate in distributions in the 30 year weather case.
 - (2) Terminal value is calculated as a perpetuity by dividing 2002E distribution by the discount rate.
-

[LOGO APPEARS HERE]
 Unit Reference Value Analysis
 Senior Subordinated Unit Reference Value Analysis
 (30 Year Weather Case)

PROJECT INTENSE HEAT
 Senior Subordinated Unit Reference Value Analysis (30 Year Weather Case)

Projected for the Year	30 Year Weather Case			
	1999E	2000E	2001E	2002E
Cash Distributions	\$2.30	\$2.50	\$2.63	\$2.70
Period	0.50	1.50	2.50	3.50
NPV @ 9.75%	\$2.20	\$2.17	\$2.08	\$1.95

Senior Subordinated Unit Distributions (1)	Ending September 30,				Terminal	Total
	1999E	2000E	2001E	2002E	Value (2)	NPV
Cash Distributions	\$1.15	\$2.50	\$2.63	\$2.70	\$24.55	
Period	0.75	1.50	2.50	3.50	4.00	
NPV @ 11.00% (125 bps spread to Common)	\$1.06	\$2.14	\$2.03	\$1.87	\$16.17	\$23.27
Deferred Participation Unit (DPU)						
Cumulative Incremental DPU per Unit	0.000	0.093	0.187	0.280		
Cash Distributions per Fractional Unit	\$0.00	\$0.23	\$0.49	\$0.76	\$5.50	
Period	0.50	1.50	2.50	3.50	4.00	
NPV @ 13.75% (400 bps spread to Common)	\$0.00	\$0.19	\$0.36	\$0.48	\$3.29	\$4.32
GP Incentive Distributions						
Cash Distributions	\$0.00	\$0.06	\$0.15	\$0.19	\$1.36	
Period	0.50	1.50	2.50	3.50	4.00	
NPV @ 14.25% (450 bps spread to Common)	\$0.00	\$0.05	\$0.11	\$0.12	\$0.80	\$1.08
Total Net Present Value per Unit	\$1.06	\$2.38	\$2.49	\$2.48	\$20.25	\$28.67

(1) Senior Subordinated Units are assumed to receive no distributions for the third and fourth fiscal quarters of 1999E.

(2) Terminal value is calculated as a perpetuity by dividing 2002E distribution by the discount rate.

[LOGO APPEARS HERE]
Unit Reference Value Analysis
Junior Subordinated / General Partner Unit Reference Value Analysis
(30 Year Weather Case)

PROJECT INTENSE HEAT								
Junior Subordinated / General Partner Unit Reference Value Analysis (30 Year Weather Case)								
Junior Subordinated / GP Unit Distributions (1)	30 Year Weather Case				Terminal	Total	Liquidity Discount (3)	Adjusted NPV
	Projected for the Year Ending September 30,							
	1999E	2000E	2001E	2002E	Value (2)	NPV		
Cash Distributions	\$1.15	\$2.50	\$2.63	\$2.70	\$22.98			
Period	0.75	1.50	2.50	3.50	4.00			
NPV @ 11.75% (200 bps spread to Common)	\$1.06	\$2.12	\$1.99	\$1.83	\$14.73	\$21.73	22%	\$16.95
Deferred Participation Unit (DPU)								
Cumulative Incremental DPU per Unit	0.000	0.093	0.187	0.280				
Cash Distributions per Fractional Unit	\$0.00	\$0.23	\$0.49	\$0.76	\$5.50			
Period	0.50	1.50	2.50	3.50	4.00			
NPV @ 13.75% (400 bps spread to Common)	\$0.00	\$0.19	\$0.36	\$0.48	\$3.29	\$4.32	22%	\$3.37
GP Incentive Distributions								
Cash Distributions	\$0.00	\$0.06	\$0.15	\$0.19	\$1.36			
Period	0.50	1.50	2.50	3.50	4.00			

NPV @ 14.25% (450 bps spread to Common) \$0.00 \$0.05 \$0.11 \$0.12 \$0.80 \$1.08 22% \$0.84

 Total Net Present Value per Unit \$1.06 \$2.36 \$2.46 \$2.43 \$18.82 \$27.13 22% \$21.16

-
- (1) Junior / General Partner Subordinated Units are assumed to receive no distributions for the third and fourth fiscal quarters of 1999E.
 - (2) Terminal value is calculated as a perpetuity by dividing 2002E distribution by the discount rate.
 - (3) The Junior Subordinated and General Partner Unit discount is determined by using a 25% liquidity discount for both Units and a 10% control premium for a General Partner Unit. The weighted average based upon pro forma Unit ownership is a discount of 22%.
-

[LOGO APPEARS HERE]
 Unit Reference Value Analysis
 Common Unit Reference Value Analysis
 (Dain Rauscher Wessels Case)

PROJECT INTENSE HEAT
 Common Unit Reference Value Analysis (Dain Rauscher Wessels Case)

Common Unit (1)	Dain Rauscher Wessels Case					NPV	
	Projected for the Year Ending September 30,				Terminal Value (2)		Total
	1999E	2000E	2001E	2002E			
Cash Distributions	\$2.30	\$2.30	\$2.30	\$2.40	\$20.87		
Period	0.50	1.50	2.50	3.50	4.00		
NPV @ 11.50%	\$2.18	\$1.95	\$1.75	\$1.64	\$13.50	\$21.03	

Note: Dain Rauscher Wessels Case assumes distributions of \$2.30, \$2.30, \$2.30 and \$2.40 for the years ending 1999E, 2000E, 2001E and 2002E, respectively.

- (1) Common Unit discount rate is a Dain Rauscher Wessels assumed yield based upon the growth rate in distributions in the Dain Rauscher Wessels case.
 - (2) Terminal value is calculated as a perpetuity by dividing 2002E distribution by the discount rate.
-

[LOGO APPEARS HERE]
 Unit Reference Value Analysis
 Senior Subordinated Unit Reference Value Analysis
 (Dain Rauscher Wessels Case)

PROJECT INTENSE HEAT
Senior Subordinated Unit Reference Value Analysis (Dain Rauscher Wessels Case)

Senior Subordinated Unit Distributions (1)	Dain Rauscher Wessels Case					
	Projected for the Year Ending September 30,				Terminal	Total
	1999E	2000E	2001E	2002E	Value (2)	NPV
Cash Distributions	\$1.15	\$2.30	\$2.30	\$2.40	\$17.45	
Period	0.75	1.50	2.50	3.50	4.00	
NPV @ 13.75% (225 bps spread to Common)	\$1.04	\$1.90	\$1.67	\$1.53	\$10.43	\$16.56
Deferred Participation Unit (DPU)						
Cumulative Incremental DPU per Unit	0.000	0.000	0.000	0.000		
Cash Distributions per Fractional Unit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Period	0.50	1.50	2.50	3.50	4.00	
NPV @ 15.50% (400 bps spread to Common)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GP Incentive Distributions						
Cash Distributions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Period	0.50	1.50	2.50	3.50	4.00	
NPV @ 16.00% (450 bps spread to Common)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Net Present Value per Unit	\$1.04	\$1.90	\$1.67	\$1.53	\$10.43	\$16.56

Note: Dain Rauscher Wessels Case assumes distributions of \$2.30, \$2.30, \$2.30 and \$2.40 for the years ending 1999E, 2000E, 2001E and 2002E, respectively.

- (1) Senior Subordinated Units are assumed to receive no distributions for the third and fourth fiscal quarters of 1999E.
- (2) Terminal value is calculated as a perpetuity by dividing 2002E distribution by the discount rate.

[LOGO APPEARS HERE]
Unit Reference Value Analysis
Junior Subordinated / General Partner Unit Reference Value Analysis
(Dain Rauscher Wessels Case)

PROJECT INTENSE HEAT
Junior Subordinated / General Partner Unit Reference Value Analysis (Dain Rauscher Wessels Case)

Junior Subordinated / GP Unit Distributions (1)	Dain Rauscher Wessels Case							
	Projected for the Year Ending September 30,				Terminal	Total	Liquidity	Adjusted
	1999E	2000E	2001E	2002E	Value (2)	NPV	Discount (3)	NPV
Cash Distributions	\$1.15	\$2.30	\$2.30	\$2.40	\$16.27			

Shares / Units Outstanding	26,463	---	2,491	753	3,245	
Valuation per Share / Unit (1)	\$ 1.000	\$21.026	\$16.561	\$12.017		
Market Value of Equity	\$26,463	---	\$41,262	\$ 9,054	\$50,316	90.1%
Principal Amount of Debt at 9/30/98 (pre-transaction)						
11.96% Senior Notes	60,000				60,000	
14.10% Senior Notes	3,100				3,100	
14.10% Subordinated Notes	3,100				3,100	
10.13% Subordinated & Senior Subordinated Notes	50,000				50,000	
9.38% Subordinated & Senior Subordinated Notes	75,000				75,000	
12.25% Subordinated & Senior Subordinated Notes	81,250				81,250	
8.00% Acq. & Other Notes	14,435				14,435	
8.25% Existing Credit Facility	0				0	
Total Principal Amount of Debt	\$286,885				\$286,885	
Liquidation Value of Preferred Stock at 9/30/98 (2)						
14.33% Preferred Stock	\$ 4,167				\$ 4,167	
12.88% Preferred Stock	30,000				27,600	
Total Liquidation Value of Preferred Stock	\$34,167				\$31,767	
Debt and Preferred Stock Exchange (Common Units Issued)						
Common Units Issued in Exchange	---	103				
Dain Rauscher Wessels Reference Value per Unit	---	\$21.026				
Total Value of Units Issued	---	\$2,161			2,161	
Market Value of Capitalization						
Total Value of Equity, Debt & Preferred	\$347,515				\$371,129	
Less: Excess Cash (pre-transaction)	(10,111)				(10,111)	
Market Value of Capitalization	\$337,404				\$361,018	7.0%

(1) Petro historical value per share is the closing market price on 1/22/99 and the Star pro forma value per Unit is based on the Unit Reference Value Analysis (Dain Rauscher Wessels Case), [See Unit Reference Value Analysis Summary on page 9].

(2) Petro value for Preferred Stock is liquidation value at September 30, 1998, except pro forma value for the 12.88% Preferred, which is 92% of liquidation value.

[LOGO OF PETRO APPEARS HERE] Historical and Pro Forma MVE and MVC Comparison
Petro Historical and Pro Forma Adjusted MVE and
MVC Summary

PROJECT INTENSE HEAT
Star Historical and Pro Forma Adjusted Market Value of Equity and Market Value
of Capitalization Summary
(In thousands, except as otherwise indicated)

Market Value of Equity	Historical Market Value of Equity and Market Value of Capitalization				
	Common Units	Sub Units	Implied GP Units	Total Units	
Units Outstanding	3,859	2,396	128	6,383	
Valuation per Unit (1)	\$19.000	\$9.500	\$16.150		
Market Value of Equity	\$73,321	\$22,763	\$2,062	\$98,145	
Market Value of Capitalization					
Market Value of Equity				\$98,145	
Total Debt (2)				109,770	
Less: Excess Cash (2)				(35)	
Market Value of Capitalization				\$207,880	
Pro Forma Adjusted Market Value of Equity and Market Value of Capitalization					
	Common	Sr Sub	Jr Sub / GP	Total	Percent

Market Value of Equity	Units	Units	Units	Units	Change
Units Outstanding	12,909	2,491	753	16,154	
Valuation per Unit (1)	\$21.026	\$16.561	\$12.017		
Market Value of Equity	\$271,425	\$41,262	\$9,054	\$321,742	227.8%
Market Value of Capitalization					
Market Value of Equity				\$321,742	
Total Debt (2)				283,851	
Less: Excess Cash (2)				(536)	
Market Value of Capitalization				\$605,057	191.1%

(1) Star historical value per Common Unit is the closing market price on 1/22/99 and the Star value per Subordinated Unit is the value of a Common Unit less a 25% liquidity discount and a 25% subordination discount. The value of an implied General Partner Unit is the value of a Common Unit less a 25% liquidity discount plus a 10% control premium. The value of each pro forma Star Unit is based on the Unit Reference Value Analysis (Dain Rauscher Wessels Case).

(2) Total debt and excess cash for historical is based on the Star September 30, 1998 balance sheet and for pro forma is based on the Star September 30, 1998 pro forma balance sheet.

[LOGO OF PETRO APPEARS HERE] Project Intense Heat

Discounted Cash Flow Analysis

[LOGO OF PETRO APPEARS HERE] Discounted Cash Flow Analysis
Petro Stand-Alone Free Cash Flow Projections
(Unlevered)

PETROLEUM HEAT AND POWER CO., INC. Stand-Alone Free Cash Flow Projections (Unlevered) (In thousands, except as otherwise indicated)

	Projected for the Year Ending December 31,					Projected for the Year Ending December 31,				
	Estimated	15 Year Weather Case				Estimated	30 Year Weather Case			
	1998E	1999E	2000E	2001E	2002E	1998E	1999E	2000E	2001E	2002E
Volume (gallons)	324,667	369,707	356,249	343,852	332,333	324,667	380,161	366,323	353,575	341,730
Sales	\$408,019	\$490,828	\$477,965	\$466,187	\$455,287	\$408,019	\$504,120	\$490,912	\$478,817	\$467,624
Cost of Sales	265,526	328,642	318,786	309,754	301,400	265,526	337,106	326,993	317,724	309,151
Gross Profit	142,493	162,186	159,179	156,433	153,887	142,493	167,014	163,919	161,093	158,473
Operating Expenses	111,881	118,794	117,410	116,196	115,118	111,881	121,466	120,052	118,810	117,707
Heating Oil EBITDA	30,612	43,392	41,769	40,237	38,769	30,612	45,548	43,867	42,283	40,766
MLP Distribution	4,367	400	2,772	3,013	3,300	4,367	400	4,586	5,129	5,575

Total EBITDA	34,979	43,792	44,541	43,250	42,069	34,979	45,948	48,453	47,412	46,341
Depreciation and Amortization	27,941	23,500	19,500	15,500	11,500	27,941	23,500	19,500	15,500	11,500
Pretax Income	7,038	20,292	25,041	27,750	30,569	7,038	22,448	28,953	31,912	34,841
Income Tax Expense	400	500	500	500	500	400	500	500	500	500
Net Income	6,638	19,792	24,541	27,250	30,069	6,638	21,948	28,453	31,412	34,341
Plus: Depreciation and Amortization	27,941	23,500	19,500	15,500	11,500	27,941	23,500	19,500	15,500	11,500
Cash Flow	\$34,579	\$43,292	\$44,041	\$42,750	\$41,569	\$34,579	\$45,448	\$47,953	\$46,912	\$45,841
Less: Maintenance Capex	(2,886)	(3,000)	(3,000)	(3,000)	(3,000)	(2,886)	(3,000)	(3,000)	(3,000)	(3,000)
Free Cash Flow	\$31,693	\$40,292	\$41,041	\$39,750	\$38,569	\$31,693	\$42,448	\$44,953	\$43,912	\$42,841

Dain Rauscher Wessels

Page 28

[LOGO OF PETRO APPEARS HERE] Discounted Cash Flow Analysis
Leveraged Weighted Average Cost of Capital
Calculation

PETROLEUM HEAT AND POWER CO., INC.
Leveraged Weighted Average Cost of Capital Calculation

Risk Free Rate

1 Year treasury bill yield (1/22/99) Risk Free Rate (Rf) 4.41%

Expected Return on Equity Market
1 Year treasury bill yield (1/22/99) Rf 4.41%
Historical spread between equity returns and 1-year treasury
bill yield (Ibbotson Associates) S 7.00%

Expected Return on Equity Market (Rm) = Rf+S 11.41%

Cost of Debt
Long-term debt interest rate (Petro estimate) Ir 13.00%
Corporate tax rate t 35.00%
Cost of Debt (Cd) = Ir*(1-t) 8.45%

Unleveraged Beta

Unleveraged beta (Dain Rauscher Wessels estimate) Unleveraged Beta (Ub) 1.25

Leveraged Beta

Target long-term debt / total capitalization Td 60.00%
Target long-term equity / total capitalization Te 40.00%
Debt / equity ratio De 150.00%
Leveraged Beta (B) = Ub*[1+t]*De 2.47

Unleveraged Cost of Equity

Risk free rate Rf 4.41%
Expected return on equity market Rm 11.41%
Unleveraged beta Ub 1.25
Unleveraged Cost of Equity = Rf+Ub(Rm-Rf) 13.16%

Leveraged Cost of Equity

Risk free rate Rf 4.41%
Expected return on equity market Rm 11.41%
Leveraged beta B 2.47
Leveraged Cost of Equity (CeU) = Rf+B(Rm-Rf) 21.69%

Leveraged Weighted Average Cost of Capital

Target long-term debt / total capitalization Td 60.00%
Target long-term equity / total capitalization Te 40.00%
Leveraged cost of equity Ceu 21.69%
Cost of debt Cd 8.45%
Leveraged Weighted Average Cost of Capital (WACC) = (Td*(d)+(Te*CeU) 13.74%

Dain Rauscher Wessels

Page 29

[LOGO OF PETRO APPEARS HERE] Discounted Cash Flow Analysis

Petro Stand-Alone Discounted Cash Flow Analysis
(15 Year Weather Case)

PETROLEUM HEAT AND POWER CO., INC.
Stand-Alone Discounted Cash Flow Analysis (15 Year Weather Case)
(In thousands, except as otherwise indicated)

	Projected for the Year Ending December 31,				Terminal Value @ 7.0 x EBITDA	Total Enterprise Value	Less: Total Debt & Pref. Plus: Working Capital (1)	Total Equity Value	Total Equity Value per Share (2)
	1999E	2000E	2001E	2002E					
Unlevered Free Cash Flow Period	\$40,292 0.50	\$41,041 1.50	\$39,750 2.50	\$38,569 3.50	\$294,483 4.00				
Discounted Cash Flow @ 12.0%	\$38,072	\$34,625	\$29,943	\$25,940	\$187,149	\$315,730	(\$310,941)	\$4,789	\$0.18
@ 13.0%	\$37,904	\$34,166	\$29,285	\$25,146	\$180,612	\$307,112	(\$310,941)	(\$3,829)	(\$0.14)
@ 14.0%	\$37,737	\$33,718	\$28,647	\$24,382	\$174,358	\$298,841	(\$310,941)	(\$12,100)	(\$0.46)
@ 15.0%	\$37,572	\$33,279	\$28,028	\$23,648	\$168,372	\$290,899	(\$310,941)	(\$20,042)	(\$0.76)
@ 16.0%	\$37,410	\$32,850	\$27,428	\$22,942	\$162,640	\$283,270	(\$310,941)	(\$27,671)	(\$1.05)

- (1) Total debt, preferred stock and working capital at September 30, 1998.
(2) Per share numbers are based upon shares outstanding of 26,463.

[LOGO OF PETRO APPEARS HERE] Discounted Cash Flow Analysis
Petro Stand-Alone Discounted Cash Flow Analysis
(30 Year Weather Case)

PETROLEUM HEAT AND POWER CO., INC.
Stand-Alone Discounted Cash Flow Analysis (30 Year Weather Case)
(In thousands, except as otherwise indicated)

	Projected for the Year Ending December 31,				Terminal Value @ 7.0 x EBITDA	Total Enterprise Value	Less: Total Debt & Pref. Plus: Working Capital (1)	Total Equity Value	Total Equity Value per Share (2)
	1999E	2000E	2001E	2002E					
Unlevered Free Cash Flow Period	\$42,448 0.50	\$44,953 1.50	\$43,912 2.50	\$42,841 3.50	\$324,387 4.00				
Discounted Cash Flow @ 12.0%	\$40,110	\$37,926	\$33,078	\$28,814	\$206,154	\$346,080	(\$310,941)	\$35,139	\$1.33
@ 13.0%	\$39,932	\$37,423	\$32,351	\$27,931	\$198,953	\$336,589	(\$310,941)	\$25,648	\$0.97
@ 14.0%	\$39,756	\$36,932	\$31,646	\$27,083	\$192,063	\$327,480	(\$310,941)	\$16,539	\$0.62
@ 15.0%	\$39,583	\$36,451	\$30,963	\$26,267	\$185,469	\$318,734	(\$310,941)	\$7,793	\$0.29
@ 16.0%	\$39,412	\$35,981	\$30,300	\$25,483	\$179,156	\$310,332	(\$310,941)	(\$609)	(\$0.02)

- (1) Total debt, preferred stock and working capital at September 30, 1998.
(2) Per share numbers are based upon shares outstanding of 26,463.

[LOGO OF PETRO APPEARS HERE] Discounted Cash Flow Analysis
 Stand-Alone Discounted Cash
 Flow Analysis Matrix

PETROLEUM HEAT AND POWER CO., INC.
 Stand-Alone Discounted Cash Flow Analysis Matrix
 (In thousands, except as otherwise indicated)

Discounted Cash Flow	Terminal Value Multiples (EBITDA)					
	15 Year Weather Case			30 Year Weather Case		
	6.0 x	7.0 x	8.0 x	6.0 x	7.0 x	8.0 x
@ 12.0%	(\$0.83)	\$0.18	\$1.19	\$0.21	\$1.33	\$2.44
@ 13.0%	(\$1.12)	(\$0.14)	\$0.83	(\$0.10)	\$0.97	\$2.04
@ 14.0%	(\$1.40)	(\$0.46)	\$0.48	(\$0.41)	\$0.62	\$1.66
@ 15.0%	(\$1.67)	(\$0.76)	\$0.15	(\$0.71)	\$0.29	\$1.30
@ 16.0%	(\$1.92)	(\$1.05)	(\$0.17)	(\$0.99)	(\$0.02)	\$0.94

Note: Per share numbers are based upon shares outstanding of 26,463.

Dain Rauscher Wessels

Page 32

[LOGO OF PETRO APPEARS HERE] Project Intense Heat

Relative Contribution Analysis

Dain Rauscher Wessels

Page 33

[LOGO OF PETRO APPEARS HERE] Relative Contribution Analysis
 (Not Adjusted for Pro Forma Unit
 Class Value Difference)

PROJECT INTENSE HEAT
 Relative Contribution Analysis
 (Not Adjusted for Pro Forma Unit Class Value Difference)
 (In thousands, except as otherwise indicated)

Star Stand-Alone Distributable Cash Flow	Projected for the Year Ending September 30,		
	Normalized 1998E	15 Year Weather	
		Estimated 1999E	Normalized 1999E
EBITDA	\$22,316	\$20,093	\$22,674
Interest Expense	(8,497)	(8,515)	(8,515)
Maintenance Capex	(2,610)	(2,553)	(2,553)
Other	(25)	(25)	(25)
Distributable Cash Flow	\$11,184	\$ 9,000	\$11,581
Distribution to Star Common			

Cash Distribution to Star Common Units	\$ 8,490	\$ 8,490	\$ 8,490
Distribution per Common Unit	\$ 2.20	\$ 2.20	\$ 2.20
Weighted Avg. Star Common Units Outstanding	3,859	3,859	3,859

Distribution to Star Sub Units (Petro)

Cash Distribution to Star Sub Units	\$ 2,694	\$510	\$ 3,091
Weighted Avg. Star Sub Units Outstanding	2,396	2,396	2,396
Cash Distribution per Star Sub Unit	\$ 1.12	\$ 0.21	\$ 1.29

Petro Distributable Cash Flow

EBITDA	\$44,749	\$43,613	\$45,013
Pro Forma Synergies	500	500	500
Preferred Dividends	(5,026)	(4,432)	(4,432)
Interest Expense	(30,732)	(30,470)	(30,470)
Maintenance Capex	(2,886)	(3,000)	(3,000)
Taxes	(400)	(500)	(500)
Distributable Cash Flow	\$ 6,205	\$5,711	\$7,111
Cash Distribution to Star Sub Units	2,694	510	3,091
Total Distributable Cash Flow	\$ 8,899	\$ 6,221	\$10,202

Star Pro Forma Units Outstanding

Star	3,859	3,859	3,859
Petro	3,245	3,245	3,245
Total Units	7,104	7,104	7,104

Star Relative Contribution

Distributable Cash Flow Contribution	48.8%	57.7%	45.4%
Percent of Pro Forma Units Received	54.3%	54.3%	54.3%

Petro Relative Contribution

Distributable Cash Flow Contribution	51.2%	42.3%	54.6%
Percent of Pro Forma Units Received	45.7%	45.7%	45.7%

[LOGO OF PETRO APPEARS HERE] Relative Contribution Analysis
(Adjusted for Pro Forma Unit
Class Value Difference)

PROJECT INTENSE HEAT
Relative Contribution Analysis
(Adjusted for Pro Forma Unit Class Value Difference)
(In thousands, except as otherwise indicated)

	Projected for the Year Ending September 30,		
	Normalized 1998E	Estimated 1999E	Normalized 15 Year Weather 1999E
Star Stand-Alone Distributable Cash Flow			
EBITDA	\$22,316	\$20,093	\$22,674
Interest Expense	(\$8,497)	(8,515)	(8,515)
Maintenance Capex	(\$2,610)	(2,553)	(2,553)
Other	(25)	(25)	(25)
Distributable Cash Flow	\$11,184	\$9,000	\$11,581
Distribution to Star Common			
Cash Distribution to Star Common Units	\$8,490	\$8,490	\$8,490
Distribution per Common Unit	\$2.20	\$2.20	\$2.20
Weighted Avg. Star Common Units Outstanding	3,859	3,859	3,859
Distribution to Star Sub Units (Petro)			
Cash Distribution to Star Sub Units	\$2,694	\$510	\$3,091
Weighted Avg. Star Sub Units Outstanding	2,396	2,396	2,396
Cash Distribution per Star Sub Unit	\$1.12	\$0.21	\$1.29
Petro Distributable Cash Flow			
EBITDA	\$44,749	\$43,613	\$45,013

Pro Forma Synergies	500	500	500
Preferred Dividends	(5,026)	(4,432)	(4,432)
Interest Expense	(30,732)	(30,470)	(30,470)
Maintenance Capex	(2,886)	(3,000)	(3,000)
Taxes	(400)	(500)	(500)
	-----	-----	-----
Distributable Cash Flow	\$6,205	\$5,711	\$7,111
Cash Distribution to Star Sub Units	\$2,694	\$ 510	\$3,091
	-----	-----	-----
Total Distributable Cash Flow	\$8,899	\$6,221	\$10,202
	=====	=====	=====
Pro Forma Unit Class Value Adjustment			

Pro Forma Senior Subordinated Units	2,491	2,491	2,491
Senior Subordinated / Common Unit Value Ratio (1)	0.79	0.79	0.79
Adjusted Senior Subordinated Units	1,962	1,962	1,962
Pro Forma Junior Subordinated & GP Units	753	753	753
Junior Subordinated & GP / Common Unit Value Ratio (1)	0.57	0.57	0.57
Adjusted Junior Subordinated & GP Units	431	431	431
Total Star Units Received by Petro (Value Adjusted)	2,393	2,393	2,393
Star Pro Forma Units Outstanding			

Star	3,859	3,859	3,859
Petro (Adjusted)	2,393	2,393	2,393
	-----	-----	-----
Total Units	6,252	6,252	6,252
Star Relative Contribution			

Distributable Cash Flow Contribution	48.8%	57.7%	45.4%
Percent of Pro Forma Units Received	61.7%	61.7%	61.7%
Petro Relative Contribution			

Distributable Cash Flow Contribution	51.2%	42.3%	54.6%
Percent of Pro Forma Units Received	38.3%	38.3%	38.3%

(1) Value ratio is based on the Dain Rauscher Wessels Case.

Dain Rauscher Wessels

Page 35

[LOGO OF PETRO APPEARS HERE] Project Intense Heat

Net Asset Value Analysis

Dain Rauscher Wessels

Page 36

[LOGO OF PETRO APPEARS HERE] Net Asset Value Analysis
Home Heating Oil Business Valuation

PETROLEUM HEAT AND POWER CO., INC.
Home Heating Oil Business Valuation
(In thousands, except as otherwise indicated)

Method 1

Method 2

Petro 1998E Normalized EBITDA (1) \$44,749
Mean EBITDA Multiple 4.2 x
Total Enterprise Value \$187,946
Petro Size Premium 10.0%
Total Adjusted Enterprise Value \$206,740

Petro 1998E Normalized Gallons 384,390
Mean Acquisition Cost per Gallon \$0.84
Total Enterprise Value \$322,888
Petro Size Premium 10.0%
Total Adjusted Enterprise Value \$355,176

Methodology

Petro
Acquisitions
1996-1997
Ten Largest

Methodology

Petro
Acquisitions
1996-1997
Ten Largest

Method 3

Petro 1998E Forecasted Customers

335,000

Mean Acquisition Cost per Customer	\$1,194
Total Enterprise Value	\$399,990
Petro Size Premium	10.0%
Total Adjusted Enterprise Value	\$439,989

Methodology Petro
Acquisitions
1996-1997
Ten Largest

Method 4	Method 5
Petro 1998E Normalized EBITDA (1) \$44,749	Petro LTM 12/31/98 EBITDA (1) \$30,612
Mean EBITDA Multiple 6.1 x	Mean EBITDA Multiple 11.0 x
Total Enterprise Value 272,969	Total Enterprise Value \$336,732
Petro Size Premium 10.0%	
Total Adjusted Enterprise Value \$300,266	

Methodology Star Gas Methodology Selected Energy
Acquisitions Marketing &
1994-1998 Distribution
M&A Analysis

Method 6

Petro LTM 12/31/98 EBITDA (1)	\$30,612
Consolidator Growth Rate Factor	66.3
Petro EBITDA CAGR (2)	6.3%
Implied EBITDA Multiple	4.2 x
Total Enterprise Value	\$127,863

Methodology Selected
Industry
Consolidators

- (1) Excludes Star Gas distributions.
(2) Petro EBITDA compound annual growth rate (CAGR) from 1999E to 2002E, assuming 15 year weather and \$15.0 million of acquisitions in 1999E and \$25.0 million per year thereafter.

Dain Rauscher Wessels

Page 37

[LOGO OF PETRO APPEARS HERE] Net Asset Value Analysis
Net Asset Value Summary

PETROLEUM HEAT AND POWER CO., INC.
Net Asset Value Summary
(In thousands, except as otherwise indicated)

Home Heating Oil Business	Method 1	Method 2	Method 3	Method 4
Total Enterprise Value (See Previous Page)	\$206,740	\$355,176	\$439,989	\$300,266
Investment in Star				
Total Subordinated Units	2,396	2,396	2,396	2,396
Implied GP Units	128	128	128	128
Total Implied Units	2,524	2,524	2,524	2,524
Current Common Unit Price 01/22/99	\$19.000	\$19.000	\$19.000	\$19.000
Subordinated Unit Discount	50%	50%	50%	50%
Implied GP Unit Discount	15%	15%	15%	15%
Value per Subordinated Unit	\$9.50	\$9.50	\$9.50	\$9.50
Value per Implied GP Unit	\$16.15	\$16.15	\$16.15	\$16.15
Total Value of Investment in Star	\$24,824	\$24,824	\$24,824	\$24,824
GROSS ASSET VALUE	\$231,565	\$380,001	\$464,813	\$325,090
Principal Amount of Debt at 9/30/98				
11.96% Senior Notes	\$60,000	\$60,000	\$60,000	\$60,000
14.10% Senior Notes	3,100	3,100	3,100	3,100
14.10% Subordinated Notes	3,100	3,100	3,100	3,100
10.13% Subordinated & Senior Subordinated Notes	50,000	50,000	50,000	50,000
9.38% Subordinated & Senior Subordinated Notes	75,000	75,000	75,000	75,000
12.25% Subordinated & Senior Subordinated Notes	81,250	81,250	81,250	81,250
8.00% Acq. & Other Notes	14,435	14,435	14,435	14,435
8.25% Existing Credit Facility	0	0	0	0

Total Principal Amount of Debt	\$286,885	\$286,885	\$286,885	\$286,885
Liquidation Value of Preferred Stock at 9/30/98				
14.33% Preferred Stock	\$4,167	\$4,167	\$4,167	\$4,167
12.88% Preferred Stock	30,000	30,000	30,000	30,000
Total Liquidation Value of Preferred Stock	\$34,167	\$34,167	\$34,167	\$34,167
Prepayment Penalties & Other Liabilities				
Prepayment Penalties on Outstanding Debt (1)	\$22,951	\$22,951	\$22,951	\$22,951
Other Long-Term Liabilities	10,686	10,686	10,686	10,686
Working Capital & Cash Escrow Adjustment	(10,111)	(10,111)	(10,111)	(10,111)
Liquidation Transaction Costs	5,000	5,000	5,000	5,000
Total Prepayment Penalties & Other Liabilities	\$28,526	\$28,526	\$28,526	\$28,526
NET ASSET VALUE (2)	\$0	\$30,423	\$115,236	\$0
NET ASSET VALUE PER SHARE	\$0.00	\$1.15	\$4.35	\$0.00
TOTAL SHARES OUTSTANDING	26,463	26,463	26,463	26,463

Home Heating Oil Business	Method 5	Method 6	Mean	Median
Total Enterprise Value (See Previous Page)	\$336,732	\$127,863		
Investment in Star				
Total Subordinated Units	2,396	2,396		
Implied GP Units	128	128		
Total Implied Units	2,524	2,524		
Current Common Unit Price 01/22/99	\$19.000	\$19.000		
Subordinated Unit Discount	50%	50%		
Implied GP Unit Discount	15%	15%		
Value per Subordinated Unit	\$9.50	\$9.50		
Value per Implied GP Unit	\$16.15	\$16.15		
Total Value of Investment in Star	\$24,824	\$24,824		
GROSS ASSET VALUE	\$361,556	\$152,688		
Principal Amount of Debt at 9/30/98				
11.96% Senior Notes	\$60,000	\$60,000		
14.10% Senior Notes	3,100	3,100		
14.10% Subordinated Notes	3,100	3,100		
10.13% Subordinated & Senior Subordinated Notes	50,000	50,000		
9.38% Subordinated & Senior Subordinated Notes	75,000	75,000		
12.25% Subordinated & Senior Subordinated Notes	81,250	81,250		
8.00% Acq. & Other Notes	14,435	14,435		
8.25% Existing Credit Facility	0	0		
Total Principal Amount of Debt	\$286,885	\$286,885		
Liquidation Value of Preferred Stock at 9/30/98				
14.33% Preferred Stock	\$4,167	\$4,167		
12.88% Preferred Stock	30,000	30,000		
Total Liquidation Value of Preferred Stock	\$34,167	\$34,167		
Prepayment Penalties & Other Liabilities				
Prepayment Penalties on Outstanding Debt (1)	\$22,951	\$22,951		
Other Long-Term Liabilities	10,686	10,686		
Working Capital & Cash Escrow Adjustment	(10,111)	(10,111)		
Liquidation Transaction Costs	5,000	5,000		
Total Prepayment Penalties & Other Liabilities	\$28,526	\$28,526		
NET ASSET VALUE (2)	\$11,979	\$0		
NET ASSET VALUE PER SHARE	\$0.45	\$0.00	\$0.99	\$0.23
TOTAL SHARES OUTSTANDING	26,463	26,463		
			Excluding Method 3	
			\$0.32	\$0.00

- (1) Assumes all debt is prepaid at 108% of par.
(2) Due to a common stockholders' limited liability, the lowest net asset value possible is zero.

Getty Petroleum Marketing Inc.
Meteor Industries, Inc.
Midcoast Energy Resources, Inc.

Streicher Mobile Fueling, Inc.
TransMontaigne Inc.
World Fuel Services Corporation

Dain Rauscher Wessels

Page 39

[LOGO OF PETRO APPEARS HERE] Energy and Fuel Marketing and Distribution
Companies
Market Value of Equity to Latest Twelve
Months Net Income from Operations

=====
[BAR GRAPH APPEARS HERE]

Trans- Montaigne	Midcoast Energy Resources	Meteor industries	World Fuel Services	Getty Petroleum Marketing	Streicher Mobile Fueling	Mean	Petroleum Heat and Power Co.
29.3x	14.1x	10.8x	8.7x	NM	NM	15.7x	NM

Note: Market data as of 1/22/99.

Source: Factset Data Systems and publicly available information.

Dain Rauscher Wessels

Page 40

[LOGO OF PETRO APPEARS HERE] Energy and Fuel Marketing and Distribution
Companies
Market Value of Equity to Latest Twelve Months Net
Income from Operations

=====
[BAR GRAPH APPEARS HERE]

Trans- Montaigne	Midcoast Energy Resources	Meteor industries	World Fuel Services	Getty Petroleum Marketing	Streicher Mobile Fueling	Mean	Petroleum Heat and Power Co. (1)
12.1x	10.0x	6.4x	6.4x	3.8x	NM	7.7x	14.7x

Note: Market data as of 1/22/99.

Source: Factset Data Systems and publicly available information.

(1) Petro latest twelve months cash flow from operations includes Star Gas
distributions.

Dain Rauscher Wessels

Page 41

[LOGO OF PETRO APPEARS HERE] Energy and Fuel Marketing and Distribution
Companies
Market Value of Equity to Tangible Book Value of
Equity

=====
[BAR GRAPH APPEARS HERE]

Trans- Montaigne	Midcoast Energy Resources	Streicher Mobile Fueling	Meteor industries	World Fuel Services	Getty Petroleum Marketing	Mean	Petroleum Heat and Power Co.
---------------------	---------------------------------	--------------------------------	----------------------	---------------------------	---------------------------------	------	------------------------------------

2.1x	1.9x	1.9x	1.6x	1.6x	0.7X	1.6x	NM
------	------	------	------	------	------	------	----

Note: Market data as of 1/22/99.
Source: Factset Data Systems and publicly available information.

[LOGO OF PETRO APPEARS HERE] Energy and Fuel Marketing and Distribution
Companies
Market Value of Capitalization to Latest Twelve
Months Revenues

=====

[THE FOLLOWING IS REPRESENTED BY A BAR GRAPH]

Midcoast Energy Resources	Streicher Mobile Fueling	Meteor Industries	Trans-Montaigne	World Fuel Services	Getty Petroleum Marketing	Mean	Petroleum Heat and Power Co.
0.9x	0.4x	0.2x	0.2x	0.2x	0.1x	0.3x	0.7x

Note: Market data as of 1/22/99.
Source: Factset Data Systems and publicly available information.

=====

[LOGO OF PETRO APPEARS HERE] Energy and Fuel Marketing and Distribution
Companies
Market Value of Capitalization to Latest
Twelve Months EBITDA

=====

[BAR GRAPH APPEARS HERE]

Streicher Mobile Fueling	Midcoast Energy Resources	Trans-Montaigne	Meteor industries	World Fuel Services	Getty Petroleum Marketing	Mean	Petroleum Heat and Power Co. (1)
23.9x	12.9x	11.4x	5.7x	5.1x	3.8x	10.5x	8.3x

Note: Market data as of 1/22/99.
Source: Factset Data Systems and publicly available information.
(1) Petro latest twelve months EBITDA includes Star Gas distributions and excludes non-recurring expenses.

[LOGO OF PETRO APPEARS HERE] Energy and Fuel Marketing and Distribution
Companies
Market Value of Capitalization to Latest Twelve
Months EBIT

=====

[BAR GRAPH APPEARS HERE]

Trans- Montaigne	Midcoast Energy Resources	Meteor industries	World Fuel Services	Getty Petroleum Marketing	Streicher Mobile Fueling	Mean	Petroleum Heat and Power Co. (1)
---------------------	---------------------------------	----------------------	---------------------------	---------------------------------	--------------------------------	------	---

15.9x	15.8x	7.9x	5.7x	NM	NM	11.3x	NM
-------	-------	------	------	----	----	-------	----

Note: Market data as of 1/22/99.
Source: Factset Data Systems and publicly available information.

Dain Rauscher Wessels

Page 45

[LOGO OF PETRO APPEARS HERE] Project Intense Heat

=====
Comparable Company Trading Analysis
Propane Master Limited Partnerships

Amerigas Partners, L.P.	Heritage Propane Partners, L.P.
Cornerstone Propane Partners, L.P.	Suburban Propane Partners, L.P.
Ferrellgas Partners, L.P.	

Dain Rauscher Wessels

Page 46

[LOGO OF PETRO APPEARS HERE] Propane Master Limited Partnerships
Percentage of 52 Week High Common Unit Price

=====
[BAR GRAPH APPEARS HERE]

Suburban Propane Partners	Heritage Propane Partners	Amerigas Partners	Ferrellgas Partners	Cornerstone Propane Partners	Mean	Star Gas Partners (current)	Star Gas Partners (1 day prior) (1)
---------------------------------	---------------------------------	----------------------	------------------------	------------------------------------	------	-----------------------------------	--

96.9%	94.4%	90.7%	86.8%	78.1%	89.4%	76.8%	85.1%
-------	-------	-------	-------	-------	-------	-------	-------

Note: Market data as of 1/22/99.

Source: Factset Data Systems.

(1) Percentage of 52 week high one day prior to announcement of merger on August 13, 1998.

Dain Rauscher Wessels

Page 47

[LOGO OF PETRO APPEARS HERE] Propane Master Limited Partnerships
Current Yield

=====
[BAR GRAPH APPEARS HERE]

Cornerstone Propane Partners	Suburban Propane Partners	Ferrellgas Partners	Amerigas Partners	Heritage Propane Partners	Mean	Star Gas Partners (\$2.20 per Unit)	Star Gas Partners (\$2.30 per Unit)
------------------------------------	---------------------------------	------------------------	----------------------	---------------------------------	------	--	--

11.8%	10.3%	10.1%	9.0%	8.9%	10.0%	11.6%	12.1%
-------	-------	-------	------	------	-------	-------	-------

Note: Market data as of 1/22/99.

Source: Factset Data Systems and publicly available information.

[LOGO OF PETRO APPEARS HERE] Propane Master Limited Partnerships
Historical Yields

=====

[LINE GRAPH APPEARS HERE]

Source: Factset Data Systems and publicly available information.

[LOGO OF PETRO APPEARS HERE] Propane Master Limited Partnerships
Historical Yields vs. 10-Year Treasury

=====

[LINE GRAPH APPEARS HERE]

Source: Factset Data Systems and publicly available information.

(1) Peer group includes Amerigas Partners, Cornerstone Propane Partners, Ferrellgas Partners, Heritage Propane Partners and Suburban Propane Partners.

[LOGO OF PETRO APPEARS HERE] Propane Master Limited Partnerships
Yield Spread to Treasury

=====

[LINE GRAPH APPEARS HERE]

Source: Factset Data Systems and publicly available information.

(1) Peer group includes Amerigas Partners, Cornerstone Propane Partners, Ferrellgas Partners, Heritage Propane Partners and Suburban Propane Partners.

[LOGO OF PETRO APPEARS HERE] Propane Master Limited Partnerships
Adjusted Market Value of Capitalization (1)

=====

In Millions

[BAR GRAPH APPEARS HERE]

Amerigas Partners	Ferrellgas Partners	Suburban Propane Partners	Cornerstone Propane Partners	Heritage Propane Partners	Mean	Star Gas Partners Historical (2)	Star Gas Partners Pro Forma (2)
-------------------	---------------------	---------------------------	------------------------------	---------------------------	------	----------------------------------	---------------------------------

\$1,593	\$1,108	\$907	\$508	\$370	\$897	\$208	\$605
---------	---------	-------	-------	-------	-------	-------	-------

Note: Market data as of 1/22/99.

Source: Factset Data Systems, publicly available information and Petroleum Heat and Power Co., Inc.

- (1) Adjusted Market Value of Capitalization (MVC) is defined as adjusted market value of equity (common units multiplied by current common unit price, plus subordinated units multiplied by current common unit price less a 25% liquidity discount and a 10% subordination discount, plus implied GP units multiplied by current common unit price less a 25% liquidity discount plus a 10% control premium) plus book value of total debt, less cash and equivalents in excess of a 1.0 working capital ratio.
- (2) Adjusted MVC for Star Gas historical is calculated based upon the definition above, less an additional 15% subordination discount on subordinated units. The adjusted MVC for Star Gas pro forma is based upon the Unit Reference

[LOGO APPEARS HERE] Propane Master Limited Partnerships
Adjusted Market Value of Capitalization(1)
to Latest Twelve Months EBITDA

=====
[BAR GRAPH APPEARS HERE]

Cornerstone Propane Partners	Ferrellgas Partners	Amerigas Partners	Heritage Propane Partners	Suburban Propane Partners	Mean	Star Gas Partners Historical (2)
------------------------------------	------------------------	----------------------	---------------------------------	---------------------------------	------	---

11.0x	11.0x	10.6x	9.8x	9.0x	10.3x	11.0x
-------	-------	-------	------	------	-------	-------

Note: Market data as of 1/22/99.

Source: Factset Data Systems and publicly available information.

(1) Adjusted Market Value of Capitalization (MVC) is defined as adjusted market value of equity (common units multiplied by current common unit price, plus subordinated units multiplied by current common unit price less a 25% liquidity discount and a 10% subordination discount, plus implied GP units multiplied by current common unit price less a 25% liquidity discount plus a 10% control premium) plus book value of total debt, less cash and equivalents in excess of a 1.0 working capital ratio.

(2) Adjusted MVC for Star Gas historical is calculated based upon the definition above, less an additional 15% subordination discount on subordinated units.

[LOGO OF PETRO APPEARS HERE] Propane Master Limited Partnerships
Adjusted Market Value of Equity(1)
to Latest Twelve Months Cash Flow from
Operations

Amerigas Partners	Cornerstone Propane Partners	Ferrellgas Partners	Heritage Propane Partners	Suburban Propane Partners	Mean	Star Gas Partners Historical (2)
----------------------	------------------------------------	------------------------	---------------------------------	---------------------------------	------	---

10.7x	9.5x	8.9x	7.5x	7.2x	8.7x	8.8x
-------	------	------	------	------	------	------

Note: Market data as of 1/22/99.

Source: Factset Data Systems and publicly available information.

(1) Adjusted Market Value of Equity (MVE) is defined common units multiplied by current common unit price, plus subordinated units multiplied by current common unit price less a 25% liquidity discount and a 10% subordination discount, plus implied GP units multiplied by current common unit price less a 25% liquidity discount plus a 10% control premium.

(2) Adjusted MVE for Star Gas historical is calculated based upon the definition above, less an additional 15% subordination discount on subordinated units.

[LOGO OF PETRO APPEARS HERE] Propane Master Limited Partnerships
Total Debt to Adjusted Market Value of
Capitalization (1)

=====

[BAR CHART APPEARS HERE]

Suburban Propane Partners	Ferrellgas Partners	Heritage Propane Partners	Cornerstone Propane Partners	Amerigas Partners	Mean	Star Gas Partners Historical	Star Gas Partners Pro Forma
---------------------------------	------------------------	---------------------------------	------------------------------------	----------------------	------	------------------------------------	-----------------------------------

55.5%	53.6%	53.6%	51.8%	45.1%	51.9%	52.8%	46.9%
-------	-------	-------	-------	-------	-------	-------	-------

Note: Market data as of 1/22/99.

Source: Factset Data Systems, publicly available information and Petroleum Heat and Power Co., Inc.

(1) Adjusted Market Value of Capitalization (MVC) is defined as adjusted market value of equity (common units multiplied by current common unit price, plus subordinated units multiplied by current common unit price less a 25% liquidity discount and a 10% subordination discount, plus implied GP units multiplied by current common unit price less a 25% liquidity discount plus a 10% control premium) plus book value of total debt, less cash and equivalents in excess of a 1.0 working capital ratio.

(2) Adjusted MVC for Star Gas historical is calculated based upon the definition above, less an additional 15% subordination discount on subordinated units. The adjusted MVC for Star Gas pro forma is based upon the Unit Reference Value Analysis (Dain Rauscher Wessels Case), [See Unit Reference Value Analysis on page 9].

Dain Rauscher Wessels

Page 55

[LOGO OF PETRO APPEARS HERE] Propane Master Limited Partnerships
Total Debt to Total Book Capitalization

=====

[BAR CHART APPEARS HERE]

Ferrellgas Partners	Heritage Propane Partners	Suburban Propane Partners	Amerigas Partners	Cornerstone Propane Partners	Mean	Star Gas Partners Historical	Star Gas Partners Pro Forma
------------------------	---------------------------------	---------------------------------	----------------------	------------------------------------	------	------------------------------------	-----------------------------------

109.2%	89.2%	86.8%	70.6%	49.9%	81.1%	65.7%	103.0%
--------	-------	-------	-------	-------	-------	-------	--------

Source: Publicly available information and Petroleum Heat and Power Co., Inc.

(1) Pro forma total debt to total book capitalization for Star Gas is estimated at September 30, 1998.

Dain Rauscher Wessels

Page 56

[LOGO OF PETRO APPEARS HERE] Propane Master Limited Partnerships
Latest Twelve Months EBITDA to Interest
Expense (Interest Coverage)

=====

[BAR CHART APPEARS HERE]

Suburban Propane Partners	Heritage Propane Partners	Cornerstone Propane Partners	Amerigas Partners	Ferrellgas Partners	Mean	Star Gas Partners Historical	Star Gas Partners Pro Forma
---------------------------------	---------------------------------	------------------------------------	----------------------	------------------------	------	------------------------------------	-----------------------------------

2.7x	2.5x	2.4x	2.3x	2.1x	2.4x	2.4x	2.1x
------	------	------	------	------	------	------	------

 Source: Publicly available information and Petroleum Heat and Power Co., Inc.
 (1) Pro forma EBITDA to interest expense for Star Gas is estimated for the
 year ended September 30, 1998.

 Dain Rauscher Wessels

Page 57

[LOGO OF PETRO APPEARS HERE] Propane Master Limited Partnerships
 Total Debt to Latest Twelve Months EBITDA

=====

[BAR CHART APPEARS HERE]

Ferrellgas Partners	Cornerstone Propane Partners	Heritage Propane Partners	Suburban Propane Partners	Amerigas Partners	Mean	Star Gas Partners Historical	Star Gas Partners Pro Forma (1)
---------------------	------------------------------	---------------------------	---------------------------	-------------------	------	------------------------------	---------------------------------

5.9x	5.7x	5.3x	5.0x	4.8x	5.3x	5.8x	5.7x
------	------	------	------	------	------	------	------

 Source: Publicly available information and Petroleum Heat and Power Co., Inc.
 (1) Pro forma total debt to EBITDA for Star Gas is estimated at and for the
 year ended September 30, 1998.

 Dain Rauscher Wessels

Page 58

[LOGO OF PETRO APPEARS HERE] Propane Master Limited Partnerships
 Latest Twelve Months Profitability Margins

=====

[BAR CHART APPEARS HERE]

	Amerigas Partners	Heritage Propane Partners	Suburban Propane Partners	Ferrellgas Partners	Cornerstone Propane Partners	Mean	Star Gas Partners
Gross Profit	36.3%	23.8%	20.7%	20.0%	7.7%	21.7%	22.4%
EBITDA	16.4%	20.7%	15.1%	15.6%	5.9%	14.8%	16.9%
EBIT	9.5%	12.9%	9.4%	8.7%	3.5%	8.8%	6.5%

 Source: Publicly available information.

 Dain Rauscher Wessels

Page 59

[LOGO OF PETRO APPEARS HERE] Propane Master Limited Partnerships
 Latest Twelve Months Retail Gallons

=====

[BAR CHART APPEARS HERE]

Millions of Gallons

Amerigas Partners	Ferrellgas Partners	Suburban Propane Partners	Cornerstone Propane Partners	Heritage Propane Partners	Mean	Star Gas Partners Historical	Star Gas Partners Pro Forma
-------------------	---------------------	---------------------------	------------------------------	---------------------------	------	------------------------------	-----------------------------

785.0	650.2	530.0	233.1	149.5	496.6	98.9	453.0
							[Home Heating Oil Increment (354.1)]

Source: Publicly available information.

[LOGO OF PETRO APPEARS] Propane Master Limited Partnerships
 Latest Twelve Months Sales Percentage by Customer Type

[BAR CHART APPEARS HERE]

Residential

Cornerstone Propane Partners	Ferrellgas Partners	Heritage Propane Partners	Amerigas Propane Partners	Suburban Propane Partners	Mean	Star Gas Partners
------------------------------	---------------------	---------------------------	---------------------------	---------------------------	------	-------------------

57.0%	56.0%	55.0%	40.5%	37.7%	49.3%	54.0%
-------	-------	-------	-------	-------	-------	-------

Commercial / Industrial

Suburban Propane Partners	Amerigas Propane Partners	Ferrellgas Propane Partners	Heritage Propane Partners	Cornerstone Propane Partners	Mean	Star Gas Partners
---------------------------	---------------------------	-----------------------------	---------------------------	------------------------------	------	-------------------

39.7%	36.7%	31.0%	26.0%	23.0%	31.3%	19.0%
-------	-------	-------	-------	-------	-------	-------

Agricultural

Ferrellgas Propane Partners	Cornerstone Propane Partners	Amerigas Propane Partners	Suburban Propane Partners	Heritage Propane Partners	Mean	Star Gas Partners
-----------------------------	------------------------------	---------------------------	---------------------------	---------------------------	------	-------------------

13.0%	11.0%	8.9%	6.6%	N/A	9.9%	19.0%
-------	-------	------	------	-----	------	-------

Other

Heritage Propane Partners	Suburban Propane Partners	Amerigas Propane Partners	Cornerstone Propane Partners	Ferrellgas Propane Partners	Mean	Star Gas Partners
---------------------------	---------------------------	---------------------------	------------------------------	-----------------------------	------	-------------------

19.0%	15.9%	13.9%	9.0%	N/A	14.5%	8.0%
-------	-------	-------	------	-----	-------	------

Source: Publicly available information.

[LOGO OF PETRO APPEARS HERE] Propane Master Limited Partnerships
 Latest Twelve Months Operating Results per Retail Gallon

[BAR CHART APPEARS HERE]

Amerigas Propane Partners	Heritage Propane Partners	Cornerstone Propane Partners	Suburban Propane Partners	Ferrellgas Propane Partners	Mean	Star Gas Propane Partners
---------------------------	---------------------------	------------------------------	---------------------------	-----------------------------	------	---------------------------

Gross Profit	\$0.42	\$0.29	\$0.26	\$0.26	\$0.20	\$0.29	\$0.25
--------------	--------	--------	--------	--------	--------	--------	--------

EBITDA	\$0.19	\$0.25	\$0.20	\$0.19	\$0.15	\$0.20	\$0.19
SG&A	\$0.23	\$0.04	\$0.06	\$0.07	\$0.03	\$0.09	\$0.06

Source: Publicly available information.

[LOGO OF PETRO APPEARS HERE] Propane Master Limited Partnerships
Latest Twelve Months Operating Results per Branch

[BAR CHART APPEARS HERE]

	Cornerstone Propane Partners	Suburban Propane Partners	Amerigas Partners	Heritage Propane Partners	Ferrellgas Partners	Mean	Star Gas Partners
Revenue	\$2,797	\$1,963	\$1,524	\$1,244	\$746	\$1,655	\$931
Gross Profit	\$215	\$406	\$553	\$296	\$150	\$324	\$208
EBITDA	\$165	\$297	\$251	\$258	\$116	\$217	\$158

Source: Publicly available information.

[LOGO OF PETRO APPEARS HERE] Project Intense Heat

Comparable Transactions Analysis

[LOGO OF PETRO APPEARS HERE] Comparable Transactions Analysis
Selected Energy Marketing & Distribution Merger &
Acquisition Transactions
(1994 - Present)

PROJECT INTENSE HEAT
Selected Energy Marketing & Distribution Merger & Acquisition Transactions
(1994 - Present)

Date Effective	Acquiror Name	Target Name	Transaction Enterprise Value (1) (\$ mil.)	Transaction Enterprise Value /	
				LTM EBITDA	LTM EBIT
05/31/94	Valero Energy Corporation	Valero Natural Gas Partners, L.P.	\$865.6	14.6 x	21.4 x
07/01/94	Associated Natural Gas Corporation	Grand Valley Gas Company	53.8	7.3 x	10.9 x
07/13/94	K N Energy, Inc.	American Oil and Gas Company	410.9	10.9 x	20.5 x
12/15/94	Panhandle Eastern Corp.	Associated Natural Gas Corporation	750.7	9.6 x	15.2 x
03/14/95	Natural Gas Clearinghouse	Trident NGL Holding, Inc.	719.3	9.8 x	18.2 x
05/15/95	LG&E Energy Corporation	Hadson Corporation	143.0	11.9 x	NM
08/05/97	El Paso Natural Gas Company	Eastex Energy, Inc.	35.6	NM	NM
04/15/97	PacifiCorp Holdings, Inc.	TPC Corporation	388.7	13.4 x	23.3 x

11/18/97	Enron Corp.	Enron Global Power & Pipelines L.L.C.	829.1	14.3 x	14.3 x
03/06/98	Kinder Morgan Energy Partners, L.P.	Santa Fe Pacific Pipeline Partners, L.P.	1464.9	10.9 x	13.0 x
10/16/98	CMS Energy Corporation	Continental Natural Gas, Inc.	150.4	NM	NM
Pending	ONEOK, Inc.	Southwest Gas Corporation	1764.3	7.4 x	11.8 x

		Mean	\$631.3	11.0 x	16.5 x
		Median	565.1	10.9 x	15.2 x
		High	1764.3	14.6 x	23.3 x
		Low	35.6	7.3 x	10.9 x

Pending	Star Gas Partners, L.P.	Petroleum Heat and Power Co., Inc. (2)	\$361.00	10.3 x	NM

Date Effective	Acquiror Name	Target Name	Transaction Equity Value (\$ mil.)	Transaction Equity Value /	
				LTM Net Income	Tangible Book Value
05/31/94	Valero Energy Corporation	Valero Natural Gas Partners, L.P.	\$230.4	55.3 x	4.3 x
07/01/94	Associated Natural Gas Corporation	Grand Valley Gas Company	56.7	26.5 x	3.5 x
07/13/94	K N Energy, Inc.	American Oil and Gas Company	302.1	54.8 x	1.6 x
12/15/94	Panhandle Eastern Corp.	Associated Natural Gas Corporation	577.5	19.5 x	2.8 x
03/14/95	Natural Gas Clearinghouse	Trident NGL Holding, Inc.	333.7	50.3 x	1.4 x
05/15/95	LG&E Energy Corporation	Hudson Corporation	143.0	NM	NM
08/05/97	El Paso Natural Gas Company	Eastex Energy, Inc.	34.2	NM	2.2 x
04/15/97	PacifiCorp Holdings, Inc.	TPC Corporation	241.4	47.9 x	2.5 x
11/18/97	Enron Corp.	Enron Global Power & Pipelines L.L.C.	865.3	15.4 x	2.5 x
03/06/98	Kinder Morgan Energy Partners, L.P.	Santa Fe Pacific Pipeline Partners, L.P.	1163.1	21.3 x	4.3 x
10/16/98	CMS Energy Corporation	Continental Natural Gas, Inc.	63.2	NM	1.5 x
Pending	ONEOK, Inc.	Southwest Gas Corporation	864.0	18.9 x	1.9 x

		Mean	\$406.2	34.4 x	2.6 x
		Median	271.8	26.5 x	2.5 x
		High	1163.1	55.3 x	4.3 x
		Low	34.2	15.4 x	1.4 x

Pending	Star Gas Partners, L.P.	Petroleum Heat and Power Co., Inc. (2)	\$50.3	NM	NM

Source: Securities Data Company, publicly available information and Petroleum Heat and Power Co., Inc.

(1) Transaction enterprise value is defined as common equity purchase price plus total debt and preferred stock, less cash and equivalents, excluding fees and expenses. The stock is valued using the closing price on the effective date of the transaction.

(2) Petro market value of capitalization and market value of equity are based on the Unit Reference Value Analysis (Dain Rauscher Wessels Case), [See Unit Reference Value Analysis Summary on page 9]. LTM EBITDA includes Star Gas distributions and excludes non-recurring expenses.

[LOGO OF PETRO APPEARS HERE] Comparable Transactions Analysis
Petro Acquisitions Summary

PROJECT INTENSE HEAT Petro Acquisitions Summary (Dollar and gallon amounts in thousands, except per gallon and per customer amounts)								
	Total Companies Acquired	Total Acquisition Costs	Target LTM EBITDA Mean EBITDA	Mean Multiple	Total Gallons Acquired	Mean Acquisition Cost per Gallon	Total Customers Acquired	Mean Acquisition Cost per Customer
Petro 1996 - 1997 Acquisitions								
Ten Largest	10	\$33,465	\$7,848	4.2 x	40,446	\$0.84	31,358	\$1,194
Excluding Ten Largest	14	8,629	2,064	4.1 x	13,730	0.55	14,224	630

Petroleum Heat and Power Co., Inc.								
Normalized 1998E EBITDA		\$336,194(1)	\$44,749(2)	7.5 x	384,390	\$0.87	335,000	\$1,004
Estimated 1998E EBITDA		336,194(1)	30,612(2)	11.0 x				

(1) Acquisition cost is based on the Pro Forma Market Value of Capitalization Analysis (Dain Rauscher Wessels Case), [See Petro Historical and Pro Forma Adjusted MVE and MVC Summary on page 25] less Petro's investment in Star. The value of Petro's investment in Star is the most recent closing market price of a Star Common Unit less a structural subordination discount of 48% multiplied by Petro's total implied Star units.

(2) EBITDA excludes Star Gas distributions and non-recurring expenses.

[LOGO OF PETRO APPEARS HERE] Comparable Transactions Analysis
1996 - 1997 Petro Acquisitions (Ten Largest)

PROJECT INTENSE HEAT
1996 - 1997 Petro Acquisitions (Ten Largest)
(Dollar and gallon amounts in thousands, except per gallon and per customer amounts)

Date	Company Acquired	Total Acquisition Costs	Target LTM EBITDA (Pro Forma Petro Ownership)		Total Gallons Acquired	Acquisition Cost per Gallon	Total Customers Acquired	Acquisition Cost per Customer
			EBITDA	Multiple				
02/01/96	Seaman	\$ 7,134	\$ 1,552	4.6 x	7,522	\$ 0.95	7,806	\$ 914
01/11/96	Garrison	5,242	1,154	4.5 x	5,925	0.88	6,575	797
01/19/96	Cibro	4,368	1,087	4.0 x	6,200	0.70	2,426	1,800
10/18/96	Bergen	3,202	718	4.5 x	5,501	0.58	1,593	2,010
04/14/97	Mugullian Fuel	2,802	638	4.4 x	3,000	0.93	2,570	1,090
04/01/96	McDowell	2,723	669	4.1 x	2,675	1.02	2,305	1,182
08/29/97	Oil Burner Utility	2,633	603	4.4 x	3,500	0.75	1,590	1,656
09/10/97	Romary	2,252	545	4.1 x	2,348	0.96	2,210	1,019
09/29/97	T.W. Perry	1,619	439	3.7 x	2,118	0.76	2,461	658
06/26/97	Bellorno	1,489	443	3.4 x	1,657	0.90	1,822	817
Total		\$ 33,465	\$ 7,848	---	40,446	---	31,358	---
Mean		3,346	785	4.2 x	4,045	\$ 0.84	3,136	\$ 1,194
Weighted Average		---	---	4.3 x	---	0.83	---	1,067
Median		2,763	654	4.2 x	3,250	0.89	2,366	1,055
High		7,134	1,552	4.6 x	7,522	1.02	7,806	2,010
Low		1,489	439	3.4 x	1,657	0.58	1,590	658

Source: Petroleum Heat and Power Co., Inc.

[LOGO OF PETRO APPEARS HERE] Comparable Transactions Analysis
1996 - 1997 Petro Acquisitions
(Excluding Ten Largest)

PROJECT INTENSE HEAT
1996 - 1997 Petro Acquisitions (Excluding Ten Largest)
(Dollar and gallon amounts in thousands, except per gallon and per customer amounts)

Date	Company Acquired	Total Acquisition Costs	Target LTM EBITDA (Pro Forma Petro Ownership)		Total Gallons Acquired	Acquisition Cost per Gallon	Total Customers Acquired	Acquisition Cost per Customer
			EBITDA	Multiple				
11/24/97	Shreve	\$1,457	\$300	4.9 x	2,425	\$0.60	2,782	\$524
09/11/96	Flynn	1,038	232	4.5 x	1,316	0.79	1,070	970
12/18/97	Genovese	1,011	281	3.6 x	---	---	1,054	959
10/31/96	Hy-Test	813	177	4.6 x	1,468	0.55	1,269	641
01/15/97	Oils Inc.	748	188	4.0 x	1,189	0.63	826	905
10/01/97	Millbrook	527	112	4.7 x	908	0.58	900	586
07/10/97	Good	521	117	4.5 x	1,200	0.43	1,559	334
12/26/96	Sherman	493	103	4.8 x	564	0.87	475	1,037
12/30/96	Grasso	423	116	3.6 x	1,118	0.38	1,080	392
05/14/97	Alderfer Heating	401	111	3.6 x	787	0.51	740	542
12/27/96	Matco	368	97	3.8 x	988	0.37	722	510
12/18/96	Dexter Bros.	332	99	3.4 x	786	0.42	700	474
09/24/96	Farren	264	69	3.8 x	481	0.55	520	507
10/18/96	Highstown	233	62	3.8 x	500	0.47	527	443
Total		\$8,629	\$2,064	---	13,730	---	14,224	---
Mean		616	147	4.1 x	1,056	\$0.55	1,016	\$630
Weighted Average		---	---	4.2 x	---	0.63	---	607
Median		507	114	3.9 x	988	0.55	863	533
High		1,457	300	4.9 x	2,425	0.87	2,782	1,037

Source: Petroleum Heat and Power Co., Inc.

Dain Rauscher Wessels

Page 68

[LOGO OF PETRO APPEARS HERE] Comparable Transactions Analysis
1994 - 1998 Star Gas Partners Acquisitions

PROJECT INTENSE HEAT
1994 - 1998 Star Gas Partners Acquisitions
(Dollar amounts in thousands)

Date	Company Acquired	Total Acquisition Costs	Target LTM EBITDA	
			EBITDA	Multiple
06/15/94	Loveland	\$700	\$127	5.5 x
11/24/94	Baystate	1,450	209	6.9 x
09/12/95	Debolt	950	151	6.3 x
03/22/96	Bob White L.P. Gas / Mitchell Bottle Gas	1,500	263	5.7 x
07/22/96	Fuzzy Moore	850	147	5.8 x
10/22/97	Pearl Gas Co.	24,127	3,288	7.3 x
02/20/98	Tri-County Gas	550	108	5.1 x
05/28/98	Knowles LP Gas	3,000	426	7.0 x
05/28/98	Tioga Petroleum	1,200	257	4.7 x
07/30/98	Lowe Bros & Dad, Inc.	3,750	602	6.2 x
08/11/98	Myers Appliance	1,200	191	6.3 x

	Total	\$39,277	\$5,769	---
	Mean	3,571	524	6.1 x
	Weighted Average	---	---	6.8 x
	Median	1,200	209	6.2 x
	High	24,127	3,288	7.3 x
	Low	550	108	4.7 x

Petroleum Heat and Power Co., Inc.				
	Normalized 1998E EBITDA	\$336,194 (1)	\$44,749 (2)	7.5 x
	Estimated 1998E EBITDA	336,194 (1)	30,612 (2)	11.0 x

Source: Star Gas Partners, L.P. and Petroleum Heat and Power Co., Inc.

- Acquisition cost is based on the Pro Forma Market Value of Capitalization Analysis (Dain Rauscher Wessels Case), [See Petro Historical and Pro Forma Adjusted MVE and MVC Summary on page 25] less Petro's investment in Star. The value of Petro's investment in Star is the most recent closing market price of a Star Common Unit less a structural subordination discount of 48% multiplied by Petro's total implied Star units.
- EBITDA excludes Star Gas distributions and non-recurring expenses.

Dain Rauscher Wessels

Page 69

[LOGO OF PETRO APPEARS HERE] Project Intense Heat

[LOGO OF PETRO APPEARS HERE] Merger Premiums Analysis
 Selected Energy Industry Merger & Acquisition
 Transactions
 (1994 - Present, Stock-for-Stock,
 \$100 - \$500.00 million)

PROJECT INTENSE HEAT
 Selected Energy Industry Merger & Acquisition Transactions
 (1994 - Present, Stock-for-Stock, \$100 - \$500 million)

Date Announced	Acquiror Name	Target Name	Transaction	Transaction	Premium / Discount to:		
			Enterprise Value (1) (\$ mil.)	Equity Value per Share	1 day prior	1 week prior	4 weeks prior
03/24/94	K N Energy, Inc.	American Oil and Gas Company	\$366.8	11.05	4.0%	4.0%	5.2%
05/23/94	Dresser Industries, Inc.	Wheatley TXT Corp.	204.6	14.70	25.1%	25.1%	32.1%
06/02/94	J Ray McDermott S.A.	Offshore Pipelines, Inc.	354.4	21.88	14.4%	23.3%	35.7%
06/13/94	Noble Drilling Corporation	Chiles Offshore Drilling Company	200.2	5.25	5.0%	2.4%	23.5%
09/20/94	Parker & Parsley Petroleum Company	Tide West Oil Company	141.0	14.24	-0.1%	21.2%	16.2%
05/03/95	Barrett Resources Corporation	Plains Petroleum Company	299.6	30.23	34.3%	38.2%	39.0%
11/20/95	Tidewater, Inc.	Hornbeck Offshore Services, Inc.	291.5	21.67	40.9%	40.9%	46.9%
01/25/96	ENSCO International Incorporated	Dual Drilling (Mosvold Shipping)	325.2	14.22	8.9%	13.2%	23.7%
04/17/97	Baker Hughes Incorporated	Drilex International, Inc.	133.6	17.58	31.4%	37.9%	59.8%
06/10/97	Halliburton Company	NUMAR Corporation	328.9	39.62	91.0%	99.4%	95.7%
06/20/97	Forcenergy Inc.	Convest Energy Corporation	101.5	9.44	11.1%	11.1%	18.9%
07/07/97	Meridian Resource Corporation	Cairn Energy USA, Inc.	233.6	13.30	22.3%	29.0%	26.7%
11/13/97	Chesapeake Energy Corporation	Hugoton Energy Corporation	377.0	13.33	7.7%	11.0%	26.9%
05/12/98	Lomak Petroleum, Inc.	Domain Energy Corporation	224.6	14.50	65.7%	69.3%	21.5%
08/03/98	CMS Energy Corporation	Continental Natural Gas, Inc.	172.3	10.00	8.8%	35.6%	42.9%
Mean			\$250.3		24.7%	30.8%	34.3%
Median			233.6		14.4%	25.1%	26.9%
High			377.0		91.0%	99.4%	95.7%
Low			101.5		-0.1%	2.4%	5.2%
08/14/98	Star Gas Partners, L.P.	Petroleum Heat and Power Co., Inc. (Senior Subordinated Unit / Implied Reference Value per Petro Share) (2)					
Prior to Announcement				\$1.95	3.9%	11.3%	7.4%
Current (3)				\$1.95	94.7%	94.7%	94.7%

Source: Securities Data Company, publicly available information and Petroleum Heat and Power Co., Inc.

(1) Transaction Enterprise Value is defined as common equity purchase price plus total debt and preferred stock, less cash and equivalents, excluding fees and expenses. The stock is valued using the closing price on the last full trading day prior to announcement.

(2) The Senior Subordinated Unit Implied Reference Value per Petro share is based on the Unit Reference Value Analysis (Dain) Rauscher Wessels Case), [See Unit Reference Value Analysis Summary on page 9].

(3) Based on the closing price of \$1.00 on January 22, 1999.

[LOGO OF PETRO APPEARS HERE] Merger Premiums Analysis
 Selected Recent All Industries Merger &
 Acquisition Transactions
 (1998 - Present, Stock-for-Stock,
 \$100 - \$500 million)

PROJECT INTENSE HEAT
Selected Recent All Industries Merger & Acquisition Transactions
(1998 - Present, Stock-for-Stock, \$100 - \$500 million)

Date Announced	Acquiror Name	Target Name	Transaction	Transaction	Premium / Discount to:		
			Enterprise	Equity	1 day	1 week	4 weeks
			Value (\$ mil.)	Value per Share	prior	prior	prior
01/01/98	ConAgra Inc	GoodMark Foods Inc	\$230.6	\$28.58	54.5%	75.9%	69.4%
01/14/98	Suiza Foods Corp	Continental Can Co Inc	334.4	40.65	45.8%	74.4%	71.2%
01/20/98	World Access Inc	NACT Telecommunications (GST)	144.6	17.50	12.0%	12.5%	16.7%
01/26/98	USA Waste Services Inc	TransAmerican Waste Industries	156.7	2.18	51.4%	36.6%	78.6%
02/02/98	BMC Software Inc	BGS Systems Inc	288.5	45.00	23.3%	32.4%	42.9%
02/02/98	Romac International Inc	Source Services Corp	431.1	31.93	51.1%	56.7%	50.2%
02/04/98	Primus Telecommunications	TresCom International Inc	142.6	10.80	25.2%	30.9%	51.5%
02/13/98	Regions Financial Corp	First Community Banking Svcs	137.7	48.05	29.9%	37.3%	52.5%
02/18/98	United Bankshares Inc, WV	Fed One Bancorp, Wheeling, WV	407.2	36.47	8.9%	22.1%	10.5%
02/18/98	Tarragon Realty Investors	National Income Realty Trust	246.1	19.82	22.9%	17.9%	20.1%
02/19/98	PLATINUM Technology Inc	Mastering Inc	180.5	12.50	31.6%	25.0%	33.3%
02/23/98	Network Associates Inc	Trusted Information Systems	255.5	20.19	59.9%	84.6%	92.3%
02/24/98	Baxter International Inc	Somatogen Inc	175.5	9.00	35.8%	39.8%	92.0%
03/02/98	Unitrode Corp	Benchmark Microelectronics Inc	145.1	18.81	15.8%	14.0%	67.2%
03/02/98	Siebel Systems Inc	Scopus Technology Inc	455.9	22.39	58.5%	93.6%	100.1%
03/02/98	Huhtamaki Oy (Ahlgrens)	Sealright Co Inc	200.7	11.00	-2.2%	-1.1%	-5.4%
03/03/98	Hubco Inc, Mahwah, New Jersey	Community Financial Hldg, NJ	144.8	25.28	1.1%	2.7%	16.2%
03/06/98	USB Holding Co Inc	Tappan Zee Financial Inc	127.9	16.80	-11.6%	-10.1%	-11.6%
03/16/98	PLATINUM Technology Inc	Logic Works Inc	190.3	15.32	13.0%	36.2%	57.1%
03/19/98	JeffBanks Inc, Philadelphia, PA	Regent Bancshares Corp, PA	213.4	14.85	6.1%	6.1%	6.1%
03/25/98	Fidelity National Financial	Matrix Capital Corp	496.9	27.95	45.2%	64.4%	74.7%
03/26/98	Aviation Sales	Whitehall Corp	139.9	22.57	2.6%	-2.9%	9.1%
03/27/98	Dover Downs Entertainment Inc	Grand Prix Assoc Of Long Beach	115.0	18.31	11.8%	22.1%	21.6%
03/31/98	Omnicare Inc	IBAH Inc	153.8	5.75	12.2%	61.4%	58.6%
04/06/98	Applied Power Inc	Zero Corp	301.0	33.63	16.5%	18.0%	33.2%
04/09/98	Complete Business Solutions	Claremont Technology Group Inc	278.5	27.00	21.3%	77.0%	118.2%
04/14/98	Anchor Financial Corp	ComSouth Bankshares Inc	229.0	33.00	9.3%	17.9%	20.0%
04/15/98	Giant Industries Inc	Holly Corp	318.8	27.43	3.0%	2.5%	-1.2%
04/16/98	Phoenix Technologies Ltd	Award Software International	101.8	16.08	12.8%	21.3%	53.1%
04/23/98	Ambanc Holding Co, Amsterdam, NY	AFSALA Bancorp Inc, NY	161.3	21.00	1.2%	2.4%	1.2%
04/27/98	Bright Horizons Holdings Inc	CorporateFamily Solutions Inc	114.3	23.69	-21.4%	-22.3%	-7.5%
05/11/98	Fairchild Corp	Banner Aerospace Inc	482.5	12.10	1.4%	0.3%	2.4%
05/12/98	Lomax Petroleum, Inc.	Domain Energy Corporation	224.6	14.50	65.7%	69.3%	21.5%
05/19/98	Quantum Corp	ATL Products Inc (Odetics)	353.1	29.00	8.4%	19.0%	45.0%
05/29/98	Valley National Bancorp, NJ	Wayne Bancorp Inc, Wayne, NJ	401.4	34.38	40.3%	43.2%	49.5%
06/02/98	State Financial Services Corp	Home Bancorp of Elgin, Elgin, IL	395.2	19.05	11.3%	11.3%	8.9%
06/04/98	PMC Commercial Trust	Supertel Hospitality Inc	113.4	12.15	-6.5%	-5.6%	-4.7%
06/04/98	World Access Inc	Telco Systems Inc	183.4	17.00	77.8%	65.9%	63.9%
06/12/98	Davel Communications Group Inc	PhoneTel Technologies Inc	226.3	3.08	64.3%	69.9%	208.0%
06/22/98	Reptron Electronics	All American Semiconductor Inc	103.7	2.72	13.9%	32.0%	61.3%
06/22/98	Learning Co Inc	Broderbund Software Inc	287.2	20.00	21.2%	16.4%	19.0%
06/24/98	Mylan Laboratories Inc	Penederim Inc	190.5	21.89	39.0%	39.5%	88.3%
06/25/98	German American Bancorp, IN	1st Bancorp, Vincennes, Indiana	166.0	50.94	65.7%	69.3%	21.5%
06/29/98	Philadelphia Suburban Corp	Consumers Water Co	466.6	30.46	25.6%	33.1%	42.5%
07/01/98	Metzler Group Inc	Leceg Inc	272.6	21.98	46.5%	49.0%	41.8%
07/02/98	Union Planters Corp, Memphis, TN	First Mutual Bancorp, Illinois	375.8	18.50	5.7%	4.2%	9.6%
07/06/98	Davel Communications Group Inc	Peoples Telephone Co Inc	209.6	5.86	87.5%	80.3%	118.0%
07/09/98	Zebra Technologies Corp	Eltron International Inc	282.2	36.00	25.8%	34.6%	57.4%
07/13/98	Medtronic Inc	AVECOR Cardiovascular Inc	107.8	13.00	31.6%	76.3%	114.4%
07/23/98	HBO & Co	IMNET Systems Inc	245.9	25.29	55.6%	59.3%	62.5%
07/23/98	Digital Microwave Corp	Innova Corp	116.4	6.83	16.2%	36.5%	30.0%
08/02/98	Cohoes Savings Bank, NY	SFS Bancorp Inc, Schenectady, NY	196.9	35.00	75.0%	60.9%	66.7%
08/03/98	CMS Energy Corporation	Continental Natural Gas, Inc.	172.3	10.00	8.8%	35.6%	42.9%
08/10/98	BB&T Corp, Winston-Salem, NC	Scott & Stringfellow Financial	143.5	34.44	19.8%	28.7%	35.0%
08/17/98	MAF Bancorp, Clarendon Hills, IL	Westco Bancorp Inc, IL	318.5	30.86	14.3%	8.3%	6.4%

Dain Rauscher Wessels

Page 72

[LOGO OF PETRO APPEARS HERE] MERGER PREMIUMS ANALYSIS
Selected Recent All Industries Merger & Acquisition Transactions
(1998 - Present, Stock-for-Stock, \$100 - \$500 million)

PROJECT INTENSE HEAT
Selected Recent All Industries Merger & Acquisition Transactions
(1998 - Present, Stock-for-Stock, \$100 - \$500 million)

Date Announced	Acquiror Name	Target Name	Transaction	Transaction	Premium / Discount to:		
			Enterprise	Equity	1 day	1 week	4 weeks
			Value (\$ mil.)	Value per Share	prior	prior	prior
08/17/98	MAF Bancorp, Clarendon Hills, IL	Westco Bancorp Inc, IL	\$318.5	\$30.86	14.3%	8.3%	6.4%
09/02/98	Sanmina Corp	Altron Inc	189.5	12.39	16.6%	6.5%	7.7%
09/02/98	USWeb Corp	CKS Group Inc	317.3	21.66	53.3%	30.3%	23.7%
09/02/98	Rent-Way Inc	Home Choice Holdings Inc	289.7	13.60	7.2%	4.1%	7.7%
09/04/98	F&M Bancorp, Frederick, MD	Monocacy Bancshares Inc	315.0	45.93	43.5%	39.2%	43.5%
09/14/98	Qwest Commun Int Inc	Icon CMT Corp	184.2	12.00	65.5%	60.0%	-4.0%
09/17/98	Commerce Bancorp, New Jersey	Prestige Financial Corp	339.2	16.25	25.0%	47.7%	31.3%
09/22/98	Transcontinental Realty Inv	Continental Mtg & Equity Trust	292.2	15.50	-3.1%	-6.1%	-3.1%
09/22/98	United National Bancorp, NJ	Raritan Bancorp	439.8	38.43	16.5%	52.2%	31.7%

09/28/98	Fifth Third Bancorp, OH	Enterprise Federal Bancorp, OH	293.6	43.59	51.6%	49.7%	74.4%
09/28/98	Fidelity Financial of Ohio Inc	Glenway Financial Corp.	265.8	19.88	-8.6%	-0.6%	-0.6%
10/07/98	Western Bancorp, California	PNB Financial Group	299.0	29.63	7.7%	-1.3%	-0.4%
10/14/98	First Finan Corp, Providence, RI	Mayflower Co-Operative Bank	118.8	22.10	10.5%	26.3%	2.8%
10/19/98	Sunrise Assisted Living Inc	Karrington Health Inc	176.8	11.88	31.1%	26.7%	98.0%
10/21/98	Southwest Bancorporation, TX	Fort Bend Holding, Rosenberg, TX	344.4	21.75	14.5%	14.5%	7.4%
10/25/98	Watson Pharmaceuticals Inc	TheraTech Inc	291.9	13.91	42.7%	68.6%	50.4%
10/27/98	Wachovia Corp, Winston-Salem, NC	Interstate/Johnson Lane Inc	280.5	32.00	-5.9%	12.3%	5.8%
10/28/98	Lumonics Inc	General Scanning Inc	105.4	7.66	49.5%	80.3%	39.3%
10/29/98	Eclipsys Corp	Transition Systems Inc	219.5	13.58	57.5%	49.9%	72.5%
11/02/98	ServiceMaster Co	LandCARE USA Inc	244.4	11.00	37.5%	35.4%	79.6%
11/09/98	MGM Grand Inc (Tracinda Corp)	Primadonna Resorts Inc	492.1	9.28	3.1%	32.6%	86.8%
11/10/98	American Express Co	Rockford Industries Inc	108.3	11.88	9.2%	28.4%	137.6%
11/11/98	Carolina Power & Light Co	North Carolina Natural Gas	433.4	35.00	48.1%	41.1%	47.8%
11/11/98	Webster Finl Corp, Waterbury, CT	Village Bancorp Inc	248.1	23.50	11.9%	17.5%	16.8%
11/16/98	American Tower Corp	Omniamerica Inc	384.3	20.90	19.4%	12.2%	-0.3%
11/19/98	American Retirement Corp	Assisted Living Concepts Inc	409.8	14.66	10.7%	10.1%	18.5%
12/03/98	Fairchild Corp	Banner Aerospace Inc	333.9	11.00	25.7%	41.9%	40.8%
12/03/98	Automatic Data Processing Inc	Vincam Group Inc	287.7	18.18	24.3%	26.4%	39.2%
12/04/98	Lakeland Bancorp Inc, NJ	High Point Financial Corp	282.9	18.60	37.8%	35.3%	39.1%
12/09/98	Cadence Design Systems Inc	Quickturn Design Systems Inc	264.9	15.00	23.1%	33.3%	36.4%
12/10/98	BT Financial Corp, Johnstown, PA	First Philson Financial Corp	257.6	46.26	39.7%	45.1%	46.3%
12/15/98	Quintiles Transnational Corp	Pharmaceutical Marketing Svcs	251.1	15.40	29.7%	28.3%	43.3%
12/17/98	Sky Financial Group Inc	Wood Bancorp, Bowling Green, OH	186.9	20.57	29.6%	44.4%	51.0%
12/18/98	Valley National Bancorp, NJ	Ramapo Financial Corp	380.3	12.33	51.7%	64.3%	76.1%
01/05/99	Anchor Bancorp Wisconsin Inc	FCB Financial Corp, Neenah, WI	442.3	44.15	57.7%	63.5%	50.9%
01/06/99	Marriott International Inc	ExecuStay Corp	129.9	13.00	-4.1%	-0.5%	2.0%
01/11/99	Metamor Worldwide Inc	SPR Inc	319.8	22.80	28.0%	29.1%	26.7%
01/19/99	Newport News Shipbuilding Inc	Avondale Industries Inc	468.1	35.50	32.1%	32.1%	24.6%
01/19/99	Dura Automotive Systems (Onex)	Excel Industries Inc	495.5	26.18	25.4%	41.0%	55.1%

Mean	\$261.20	26.5%	33.2%	41.7%
Median	253.3	23.2%	32.2%	39.2%
High	496.9	87.5%	93.6%	208.0%
Low	101.8	-21.4%	-22.3%	-11.6%

08/14/98	Star Gas Partners, L.P.	Petroleum Heat and Power Co., Inc. (Senior Subordinated Unit / Implied Reference Value per Petro Share) (2)					
		Prior to Announcement	\$1.95	3.9%	11.3%	7.4%	
		Current (3)	\$1.95	94.7%	94.7%	94.7%	

Source: Securities Data Company, publicly available information and Petroleum Heat and Power Co., Inc.

(1) Transaction Enterprise Value is defined as common equity purchase price plus total debt and preferred stock, less cash and equivalents, excluding fees and expenses. The stock is valued using the closing price on the last full trading day prior to announcement.

(2) The Senior Subordinated Unit Implied Reference Value per Petro share is based on the Unit Reference Value Analysis (Dain Rauscher Wessels Case), [See Unit Reference Value Analysis Summary on page 9].

(3) Based on the closing price of \$1.00 on January 22, 1999.

[LOGO OF PETRO APPEARS HERE] Project Intense Heat

Price and Volume Data

[LOGO OF PETRO APPEARS HERE] Price and Volume Data
First Trading Day of Class A Common Shares
(July 29, 1992) - Present Petro Weekly Stock
Price / Volume

=====

[LINE GRAPH APPEARS HERE]

Source: Factset Data Systems and publicly available information.

=====

Dain Rauscher Wessels

Page 75

[LOGO OF PETRO APPEARS HERE] Price and Volume Data
IPO (December 14, 1995) - Present Star Gas Daily
Unit Price / Volume

=====

X

=====

Dain Rauscher Wessels

Page 76

[LOGO OF PETRO APPEARS HERE] Price and Volume Data
1997 - Present Relative Price Performance

=====

X

=====

Dain Rauscher Wessels

Page 77

[LOGO OF PETRO APPEARS HERE] Price and Volume Data
Relative Price Performance Since Announcement of

=====

[LINE GRAPH APPEARS HERE]

Source: Factset Data Systems.

- (1) Energy & Fuel Marketing & Distribution peer group includes Getty Petroleum Marketing, Meteor Industries, Midcoast Energy Resources, Streicher Mobile Fueling, TransMontaigne and World Fuel Services Corporation.
- (2) Propane MLP peer group includes Amerigas Partners, Cornerstone Propane Partners, Ferrellgas Partners, Heritage Propane Partners and Suburban Propane Partners.

=====

Dain Rauscher Wessels

Page 78

[LOGO OF PETRO APPEARS HERE] Price and Volume Data
1997 - Present Total Return/1/

=====

=====

X

=====

=====

Dain Rauscher Wessels

Page 79

[LOGO OF PETRO APPEARS HERE] Price and Volume Data
1997 - Present Total Return/1/

=====

=====

X

=====

=====

Dain Rauscher Wessels

Page 80

[LOGO OF PETRO APPEARS HERE] Price and Volume Data
Commodity Price Performance Since Announcement of
Merger (August 14, 1998)

=====

=====

X

=====

=====

FAIRNESS OPINION PRESENTATION TO THE
SPECIAL COMMITTEE OF THE BOARD OF DIRECTORS OF
STAR GAS CORPORATION

CONFIDENTIAL

A.G. EDWARDS & SONS, INC.
INVESTMENT BANKING

February 10, 1999

TABLE OF CONTENTS

	Section -----
Introduction.....	I
Review of Events to Date.....	II
Summary of the Transaction.....	III
Summary Observations and Conclusions.....	IV

Appendices are separately bound:

Appendix I Analyses Performed Under 30-Year Weather Scenario

Appendix II Analyses Performed Under 15-Year Weather Scenario

INTRODUCTION

TRANSACTION PROPOSAL

[_] During 1997, Star Gas Partners Corporation (the "General Partner") and Petroleum Heat and Power Co., Inc. ("Petro") discussed the idea of a possible acquisition of Petro by Star Gas Partners, L.P. ("Star Gas" or the "Partnership"). The overall transaction (the "Transaction") consists of the following four principal parts:

- The acquisition of Petro by the Partnership;
- A public offering of equity by the Partnership and a private offering of debt by Petro and the redemption of certain debt and preferred stock of Petro (the "Financings");
- The withdrawal of Star Gas Corporation as the general partner of the Partnership and Star Gas Propane, L.P. (the "Operating Partnership"), and the election of Star Gas LLC as the new general partner; and
- Amending the Agreement of Limited Partnership of the Partnership and the Operating Partnership in order to consummate the Transaction.

A.G. Edwards'
Engagement

[_] By letter engagement, dated March 23, 1998, A.G. Edwards & Sons, Inc. ("A.G. Edwards") was engaged by the Special Committee (the "Special Committee") of the Board of Directors of the General Partner (the "Board")

to act as its financial advisor with respect to the Transaction and to issue the Special Committee an opinion as to the fairness, from a financial point of view, to the public common unitholders of Star (the "Public Common Unitholders"), of the Transaction (the "Fairness Opinion").

[_] The preparation of a fairness opinion is not susceptible to partial analyses or summary. In rendering its Fairness Opinion, A.G. Edwards applied its judgment to a variety of complex analyses and assumptions. A.G. Edwards may have given various analyses more or less weight than other analyses, and may have deemed various assumptions more or less probable than other assumptions. The assumptions made and the judgments applied by A.G. Edwards in rendering its opinion are not readily susceptible to description beyond that set forth in the written text of the Fairness Opinion itself.

Page 1

INTRODUCTION
(continued)

As part of its engagement, A.G. Edwards' activities included, but were not limited to, the following:

- [_] A review of the Form S-4 Registration Statement and exhibits thereto, including the Amended and Restated Agreement and Plan of Merger, the Exchange Agreement, the Amended and Restated Agreement of Limited Partnership and the Conveyance and Contribution Agreements.
- [_] A review of certain publicly-available Partnership and Petro historical audited financial statements and certain unaudited interim financial statements.
- [_] A review of certain financial analyses and forecasts of the Partnership prepared by and reviewed with management of the General Partner and the views of management of the General Partner regarding the Partnership's past and current business operations, results thereof, financial condition and future prospects, including the impact of the Transaction, as well as information relating to the retail propane distribution industry and the potential strategic, financial and operational benefits and challenges anticipated from the Transaction;
- [_] A review of certain financial analyses and forecasts of Petro prepared by and reviewed with management of Petro and the views of management of Petro regarding Petro's past and current business operations, results thereof, financial condition and future prospects, including the impact of the Transaction, as well as information relating to the retail home heating oil distribution industry and the potential strategic, financial and operational benefits and challenges anticipated from the Transaction;
- [_] A review of the pro forma impact of the Transaction on the Partnership and Petro;
- [_] A review of the publicly reported historical price and trading activity for the Partnership's Common Units and Petro's Class A Common Stock, including a comparison of certain financial and stock market information for the Partnership with similar publicly available information for certain other companies, the securities of which are publicly traded;

Page 2

INTRODUCTION
(continued)

- [_] A review of the current market environment generally, and the retail propane distribution environment and the retail home heating oil distribution environment in particular;
- [_] A review of information relating to the financial terms of certain transactions, including selected mergers and acquisition transactions;
- [_] Conversations with PaineWebber regarding the nature and extent of development of the terms of the Transaction; and

[_] A review of such other information, financial studies, analyses and investigations, and financial, economic and market criteria that A.G. Edwards considered relevant.

NATURE OF INFORMATION REVIEWED AND PRESENTED

[_] In rendering its Fairness Opinion, A.G. Edwards has relied upon and assumed, without independent verification, the completion of the Financings and the Transaction in accordance with the Amended and Restated Agreement and Plan of Merger, and the accuracy and completeness of all financial and other information, publicly available, furnished to, or otherwise discussed with A.G. Edwards for the purposes of the Fairness Opinion. With respect to financial projections and other information provided to or otherwise discussed with A.G. Edwards, A.G. Edwards assumed and was advised by the management of the General Partner and Petro, respectively, that such projections and other information were reasonably prepared on a basis that reflects the best currently available estimates and judgments of the management of the General Partner and Petro, respectively. A.G. Edwards reviewed numerous sets of projections for Petro and analyzed what it believed were certain of the major assumptions embedded within Petro's projections. A.G. Edwards used two sets of projections for Petro to perform its analyses. A.G. Edwards used a set of projections based on 30-year weather and a set of projections based on 15-year weather. The Special Committee did not, however, engage A.G. Edwards to, and therefore A.G. Edwards did not verify the accuracy or completeness of any such information. A.G. Edwards has relied upon the assurances of the management of the General Partner and Petro that the respective managements are not aware of any facts that would make such information inaccurate or misleading.

Page 3

INTRODUCTION (continued)

- [_] In performing its analyses, A.G. Edwards made numerous assumptions with respect to the retail propane distribution industry and the retail home heating oil distribution industry, and general business and economic conditions which are beyond the control of the Partnership and Petro. The analyses performed by A.G. Edwards are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than suggested by such analyses. Such analyses were prepared solely as part of A.G. Edwards' analysis of the fairness, from a financial point of view, to the Public Common Unitholders of the Transaction.
- [_] This presentation is for the private use of the Special Committee and may not be distributed to any other parties without A.G. Edwards' written permission. THE ANALYSES PRESENTED HEREIN RELATE TO THE FAIRNESS OPINION TO BE ISSUED BY A.G. EDWARDS, BUT DO NOT COMPRISE THE FAIRNESS OPINION.
- [_] A.G. Edwards' Fairness Opinion, in any event, is limited to the fairness, from a financial point of view, to the Public Common Unitholders of the Transaction. The Fairness Opinion does not constitute a recommendation to any Public Common Unitholders as to how to vote with respect to the Transaction. The Fairness Opinion does not represent tax or legal advice. The summary description of the analysis described herein, is qualified in its entirety by reference to the full text of the Fairness Opinion.
- [_] The Fairness Opinion is necessarily based upon financial and other conditions and circumstances existing and disclosed to it as of February 10, 1999 (except market data, which was as of February 3, 1999.)

ASSUMPTIONS

- [_] In rendering its Fairness Opinion, A.G. Edwards has assumed that the Transaction will be consummated on the terms contained in the Form S-4 Registration Statement and exhibits thereto, including the Amended and Restated Agreement and the Plan of Merger, the Exchange Agreement, the Amended and Restated Agreement of Limited Partnership and the

Conveyance and Contribution Agreements, without any waiver of any material terms or conditions by the Partnership or Petro. The assumption that the Financings are consummated in accordance with the closing conditions of the Amended and Restated Agreement and Plan of Merger is a material assumption. A.G. Edwards has also assumed that the withdrawal of Star Gas Corporation as the general partner and the election of Star Gas LLC as the new general partner will have no financial impact on the public Common Unitholders.

Page 4

REVIEW OF EVENTS TO DATE

February 11, 1998 [_] A. G. Edwards presented its qualifications to the Special Committee and its legal counsel, Baker & Botts.

March 23, 1998 [_] Special Committee engaged A. G. Edwards.

March 23, 1998 [_] A. G. Edwards met with members of the Partnership's management and Petro's management and submitted a preliminary data request list.

 [_] A. G. Edwards began due diligence review with management and other representatives of the Partnership and of Petro.

March 30, 1998 [_] A. G. Edwards received data related to its preliminary data request list.

April 28, 1998 [_] Special Committee and A. G. Edwards met to discuss the Transaction.

May 4, 1998 [_] A. G. Edwards submitted a preliminary status report (the "Preliminary Status Report") to the Special Committee.

May 7, 1998 [_] Special Committee and A. G. Edwards met with Petro's management and PaineWebber to discuss the Transaction and the Preliminary Status Report.

May 8, 1998 [_] A. G. Edwards continued onsite diligence at Petro.

May 19, 1998 [_] A. G. Edwards met with PaineWebber and Petro's management to discuss the Transaction.

May 20, 1998 [_] Special Committee, Baker & Botts and A. G. Edwards held a conference call to discuss the Transaction.

May 26, 1998 [_] A. G. Edwards, submitted a revised proposal (the "Preliminary Draft Proposal") to the Special Committee, which was subsequently forwarded to Petro at the Committee's request.

Page 5

REVIEW OF EVENTS TO DATE
(continued)

JULY 28, 1998 [_] A.G.Edwards submitted another revised proposal (the "Revised Proposal") on the behalf of the Special Committee to the Board, the Petro Board and PaineWebber.

AUGUST 11, 1998 [_] The Special Committee approved the Revised Proposal.

AUGUST 13, 1998 [_] The Petro Board approved the Revised Proposal.

AUGUST 14, 1998 [_] The Partnership and Petro announced the agreement in principle.

AUGUST AND SEPTEMBER [_] The Special Committee, with assistance from Baker

& Botts and A.G. Edwards, negotiated the terms of a definitive Agreement and Plan of Merger and Exchange Agreement with Petro, Andrews & Kurth and PaineWebber.

OCTOBER 16, 1998

Special Committee meeting to review documents and consider and act upon the legal agreements necessary to implement the Transaction.

- The Committee had the opportunity to review, with Baker & Botts and A.G. Edwards, the following:

Draft dated October 13, 1998 of the Form S-4 Registration Statement

Draft dated October 8, 1998 of the Agreement and Plan of Merger

Draft dated October 6, 1998 of the Amended and Restated Agreement of Limited Partnership

Draft dated October 7, 1998 of the Exchange Agreement

Draft dated October 9, 1998 of the Conveyance and Contribution Agreements

A.G. Edwards delivered its Fairness Opinion dated October 16, 1998.

Page 6

REVIEW OF EVENTS OF DATE
(continued)

OCTOBER 22, 1998

The Partnership files the Form S-4 Registration Statement

DECEMBER 3, 1998

The Partnership files the Form S-3 Registration Statement

DECEMBER 22, 1998

The Partnership files Amendment No. 1 to the Form S-4 Registration Statement to incorporate responses to the SEC's initial comment letter

JANUARY 13, 1999

The Special Committee, represented by William Nicoletti, and A.G. Edwards met with Petro and PaineWebber at Petro's request. Petro proposed a change to the merger agreement such that the amount of equity raised in the Refinancing Transaction would be increased from \$140 million to \$170 million and the amount of debt raised in the Refinancing Transaction would be decreased from \$120 million to \$90 million (the "Investment Grade Change").

JANUARY 18, 1999

The Special Committee and A.G. Edwards held a conference call to discuss the Investment Grade Change. The Special Committee rejected the change and suggested that it would only consider the change if it included a reduction in the purchase price.

JANUARY 21, 1999

The Partnership files Amendment No. 2 to Form S-4 Registration Statement to incorporate responses to the SEC's second comment letter

JANUARY 25, 1999

The Special Committee, A.G. Edwards, Petro and PaineWebber received a letter from Thomas Edelman outlining a proposal that included the Investment Grade Change in return for, among other things, a 10% reduction in the conversion ratio. The proposal also included a modest increase in the Cost of Capital Test,

but only if Petro was successful in obtaining a purchase price discount from its preferred or other senior security holders.

Page 7

REVIEW OF EVENTS TO DATE
(continued)

- JANUARY 26, 1999 [_] The Special Committee, Baker & Botts and A.G. Edwards held a conference call to discuss the Edelman proposal. The Special Committee agreed, with certain modifications, to approve the Edelman proposal subject to a re-evaluation of, among others, the Cost of Capital Trust; the 1999 Distribution Test for the Senior Subordinated, Junior Subordinated and GP units; the DPU test; and the working capital test.
- FEBRUARY 4, 1999 [_] The Partnership files Amendment No. 3 to the Form S-4 Registration Statement both to incorporate the SEC's third comment letter and to reflect the proposed changes to the merger agreement.
- FEBRUARY 10, 1999 [_] Special Committee meeting to review documents and consider and act upon the legal agreements necessary to implement the Transaction.
- The Committee had the opportunity to review, with Baker & Botts and A.G. Edwards, the following:
- [_] Draft dated February 4, 1999 of the Form S-4 Registration Statement
 - [_] Draft dated February 3, 1999 of the Amended and Restated Agreement and Plan of Merger
 - [_] Draft dated February 3, 1999 of the Amended and Restated Agreement of Limited Partnership
 - [_] Draft dated February 3, 1999 of the Exchange Agreement
 - [_] Draft dated October 22, 1998 of the Conveyance and Contribution Agreements

Page 8

SUMMARY OF THE TRANSACTION
PRO FORMA STAR GAS UNITS OUTSTANDING
(IN THOUSANDS EXCEPT PER SHARE AND PER UNIT)

- [_] There are currently 6,383 Star Gas units outstanding comprised of 3,859 common units, 2,396 subordinated units and 128 implied general partner ("GP") units. The subordinated units and GP units are currently assets of Petro.
- [_] There are currently 26,463 shares of Petro common stock outstanding held by public shareholders and "affiliates." The public holds 14,327 Class A shares, 11 Class B shares and 291 Class C shares. The "affiliates" hold 11,834 shares which include 9,528 Class A shares and 2,306 Class C shares.
- [_] Each shareholder of Petro will receive a certain number of units in Star Gas such that the implied consideration paid for each Petro share averages \$1.91 based on A.G. Edwards' estimates of the value of the units being offered to Petro as consideration.
- [_] All of the publicly held 14,327 Class A shares and 291 Class C shares, and a portion of the "affiliate" held Class A shares (5,243) and Class C shares (1,328) will receive .11758 units of newly created senior subordinated units for each share (1,719 units to the public and 773 units to the "affiliates", 2,492 units in total) with an attached

Contingent Unit ("CU"). See the following page for a discussion of the Contingent Units. A.G. Edwards estimates an implied value for these units of \$16.22/unit. The remaining "affiliates" of Petro not receiving senior subordinated units, who hold a total of 5,262 shares, will receive .14318 units for a total of 753 junior subordinated and GP units, both of which will also include attached CUs. A.G. Edwards estimates an implied value for these units of \$13.35/unit.

[_] The 2,396 subordinated units and 128 GP units currently owned by Petro will effectively be retired in the Transaction

SUMMARY OF THE TRANSACTION
 PRO FORMA STAR GAS UNITS OUTSTANDING
 (IN THOUSANDS)
 (continued)

DESCRIPTION OF CONTINGENT UNITS

[_] During the five year period, beginning with the first full four quarters following the Merger, the senior subordinated units, junior subordinated units and general partner interests will have the right to receive up to 909,000 senior subordinated units upon Petro meeting a "Contingent Unit Test." Each time the Contingent Unit Test is met (but not more frequently than once every four quarter period), the senior subordinated units, junior subordinated units and general partner interests will receive an aggregate of 303,000 senior subordinated units, subject to a maximum of 909,000 senior subordinated units. The Contingent Unit Test will be met during any four quarter period when distributable cash flow per unit attributable to Petro exceeds \$2.90.

SUMMARY OF THE TRANSACTION
 ALLOCATION OF CURRENT PETRO SHARES OUTSTANDING
 (IN THOUSANDS)

	Class A	Class C	Total

Groups Receiving Senior Sub			

Public	14,327	291	14,618
Affiliates	5,243	1,328	6,572
-----	-----	-----	-----
Total Receiving Senior Sub	19,570	1,619	21,190
Groups Receiving Junior Sub and GP			

Affiliates	4,284	978	5,262
-----	-----	-----	-----
Sub Total	23,855	2,598	26,452
	=====	=====	
Class B			11

Total Shares including Class B			26,463
			=====

SUMMARY OF THE TRANSACTION

PRO FORMA STAR GAS UNITS OUTSTANDING
PRE-FINANCING ASSUMPTIONS
(IN THOUSANDS)

Type of Units	Current	Issued to Petro			Pro Forma
		Public	Affiliates	Retired	
Common	3,859	-	-	-	3,859
Senior Subordinated	-	1,719	773	-	2,492
Subordinated	2,396	-	-	(2,396)	-
Junior Subordinated & New General Partner	-	-	753	-	753
Old General Partner	128	-	-	(128)	-
	6,383				7,104

Page 12

SUMMARY OF THE TRANSACTION
EQUITY PURCHASE PRICE CALCULATION
IMPLIED EQUITY VALUE OF PETRO'S ASSETS
(UNITS IN THOUSANDS, \$ IN THOUSANDS, EXCEPT PER UNIT AMOUNTS)

Event	Value of Securities Issued to and Retired from Petro		
Issuance of Senior Subordinated Units to Public Petro Shareholders	1,719	x	\$16.22
			\$27,879
Issuance of Senior Subordinated Units to Affiliate Petro Shareholders	773	x	\$16.22
			\$12,540
Issuance of Junior Subordinated & General Partner Units to Affiliate Petro Shareholders	753	x	\$13.35
			\$10,059
PURCHASE PRICE OF PETRO'S EQUITY			\$50,478
Divided by 26,452 shares of Petro's Common Stock = (Excludes 11 Class B Shares)			\$1.91 per share
Retire Subordinated Units held by Petro	(2,396)	x	\$13.35
			(\$31,988)
Retire Old General Partner Units held by Petro	(128)	x	\$19.08 (a)
			(\$2,435)
EQUITY VALUE OF PETRO'S HEATING OIL ASSETS			\$16,054

(a) Star 20-day average common unit price through 2/3/99.

Page 13

SUMMARY OBSERVATIONS AND CONCLUSIONS

POTENTIAL STRUCTURAL AND QUALITATIVE ADVANTAGES AND DISADVANTAGES TO THE PUBLIC COMMON UNITHOLDERS.

- [_] Potential advantages to Public Common Unitholders
 - Increase in the MQD to \$2.30
 - Priority in payment of MQD and arrearages over Senior Subordinated, Junior Subordinated and G.P. unitholders during subordination period
 - Distributions on Senior Subordinated, Junior Subordinated and G.P. units limited to amount of distributable cash generated during subordination period
 - Conversion of Contingent Units based on actual results versus adjusted for normal weather
 - Earliest date on which the subordination period would end extended to October 2002
 - Potentially a greater number of acquisition growth opportunities in the retail home heating oil distribution industry than in the retail propane distribution industry and at historically lower acquisition multiples
 - Increase in market capitalization with potential for more liquidity
 - Diversifies geographic customer base

- [_] Potential disadvantage to Public Common Unitholders
 - Petro is several times the Partnership's size, thus changing the nature of the Partnership's business
 - Petro's history of operational and financial difficulties
 - Increases seasonality and weather risk
 - Taxable income will increase at a greater rate
 - No assurance that Petro can continue improvements (reduce attrition and improve profit margins) while making attractive acquisitions
 - Potential dilution in the event the Partnership pro forma for the Transaction fails to meet its projections

Page 14

SUMMARY OF OBSERVATIONS AND CONCLUSIONS

(continued)

Implied Unit Value Analysis

- [_] A. G. Edwards calculated a range of values for the Senior Subordinated, Junior Subordinated and General Partner units, based on a required rate of return, trading yield, and discount to the common units. (See Appendix D - "Implied Unit Value Analysis")

ESTIMATED UNIT PRICES SUMMARY

SENIOR SUBORDINATED UNITS

		Range

Required rate of return (a)	20.0% - 30.0%	\$12.96 - 16.72
Trading yield (b)	12.5% - 14.5%	\$15.86 - 18.40
Discount to common units (c)	10.0% - 20.0%	\$15.26 - 17.17
	Range	\$12.96 - 18.40
	Adjusted Range (d)	\$15.26 - 17.17

	Assumed value (e)	\$16.22

JUNIOR SUBORDINATED AND GP UNITS

		Range

Required rate of return (a)	35.0% - 45.0%	\$ 9.19 - 11.50
Trading yield (b)	15.0% - 17.0%	\$13.53 - 15.33
Discount to common units (c)	25.0% - 35.0%	\$12.40 - 14.31

Range \$ 9.19 - 15.33
Adjusted Range (d) \$12.40 - 14.31

Assumed value (f) \$13.35

- (a) Represents required rate of return during subordination period, which is assumed to continue through the end of fiscal 2002. Thereafter, the rate of return is assumed to equal that of the common units, for a blended required rate of return of 13.0% to 16.5% for the Senior sub and 18.4% to 22.6% for the Junior sub and GP units.
- (b) Based on a \$2.30 annualized MQD.
- (c) Based on a discount to the common unit's average closing price for the last 20 trading days as of 2/3/99 of \$19.08.
- (d) Represents the middle values of both the range of highs and lows.
- (e) Implied required rate of return, trading yield and discount to common at a unit price of \$16.22 are 21.1% during subordination (13.3% blended), 14.2%, and 15.0%, respectively.
- (f) Implied required rate of return, trading yield and discount to common at a unit price of \$13.35 are 28.8% during subordination (16.0% blended), 17.2%, and 30.0%, respectively.

Page 15

SUMMARY OBSERVATIONS AND CONCLUSIONS
(continued)

PRO FORMA MERGER
ANALYSIS

[_] A.G. Edwards analyzed the impact of the Transaction on the Partnership's distributable cash flow per unit, the related accretion, common unit coverage and total unit coverage on a pro forma basis. (See Appendix E - "Pro Forma Merger Analysis")

	15-YEAR WEATHER		30-YEAR WEATHER	
	STAR GAS STAND-ALONE	PRO FORMA	STAR GAS STAND-ALONE	PRO FORMA

DCF PER UNIT				
1998 Actual	\$1.30	\$1.44	\$1.30	\$1.44
1999 Adjusted for Actual (a)	1.41	1.96	1.51	2.07
2000 Projected	1.77	2.14	2.02	2.39
ACCRETION / DILUTION				
1998 Actual		\$0.13		\$0.13
1999 Adjusted for Actual (a)		0.56		0.56
2000 Projected		0.37		0.37
COMMON UNIT COVERAGE				
1998 Actual	0.98x	0.78x	0.98x	0.78x
1999 Adjusted for Actual (a)	1.04	1.06	1.13	1.12
2000 Projected	1.27	1.14	1.49	1.29
TOTAL UNIT COVERAGE				
1998 Actual	0.59x	0.62x	0.59x	0.62x
1999 Adjusted for Actual (a)	0.64	0.85	0.68	0.90
2000 Projected	0.80	0.93	0.92	1.04

(a) Adjusted to include actual results through January 21, 1999.

Page 16

SUMMARY OF OBSERVATIONS AND CONCLUSIONS
(continued)

MERGER PREMIUMS TO MARKET VALUE ANALYSIS

[_] A.G. Edwards analyzed the premium of the consideration to be received by Petro Common Stockholders and compared the premium to Petro's current and historical prices. These premiums were compared to premiums paid in acquisitions of majority or remaining interests announced and completed between January 1, 1996 and February 3, 1999 where the target's share price one week prior to the announcement date was either (i) equal to or less than \$5, (ii) greater than \$5 and less than \$10, or (iii) equal to or greater than \$10. (See Appendix F - "Merger Premiums to Market Value Analysis")

[_] Premiums were calculated one day, one week, four weeks, three months and one year prior to the announcement of the agreement in principle for each merger.

COMPARISON OF PREMIUMS PAID

Premium to stock price prior to announcement of the transaction on August 14th:	Petro at \$1.91 per Unit Offer Price	Mean of Transactions Equal to or Less Than \$5	Mean of Transactions Greater Than \$5 and Less Than \$10	Mean of Transactions Equal to or Greater Than \$10
One day prior:	1.9%	57.8%	34.3%	28.4%
One week prior:	9.1%	68.5%	43.2%	32.9%
Four weeks prior:	-7.4%	71.1%	50.1%	39.4%
Three months prior:	19.8%	71.8%	63.6%	54.7%
One year prior:	-36.3%	51.9%	51.3%	72.1%
	-----	-----	-----	-----
Maximum	19.8%	71.8%	63.6%	72.1%
Minimum	-36.3%	51.9%	34.3%	28.4%
	-----	-----	-----	-----

[_] The premium to Petro's current stock price (\$1.00 as of February 3, 1999) was 91.0%.

Page 17

SUMMARY OF OBSERVATIONS AND CONCLUSIONS
(continued)

RELATIVE CONTRIBUTION ANALYSIS

[_] A.G. Edwards analyzed the relative pro forma contribution of both Star Gas and Petro to the ownership of capital in the pro forma entity based on Star Gas' and Petro's historical results from operations and their respective projections. (See Appendix G - "Relative Contribution Analysis")

	GROSS PROFIT			
	15-Year Weather		30-Year Weather	
	Star Gas	Petro	Star Gas	Petro
1996.....	24.3%	75.7%	24.3%	75.7%
1997.....	29.4%	70.6%	29.4%	70.6%
1998.....	28.9%	71.1%	28.9%	71.1%
1999 Adjusted for Actual....	29.1%	70.9%	28.9%	71.1%
2000 Project.....	29.7%	70.3%	29.5%	70.5%

	EBITDA			
	15-Year Weather		30-Year Weather	
	Star Gas	Petro	Star Gas	Petro

1996.....	31.3%	68.7%	31.3%	68.7%
1997.....	39.8%	60.2%	39.8%	60.2%
1998.....	35.1%	64.9%	35.1%	64.9%
1999 Adjusted for Actual....	32.0%	68.0%	32.2%	67.8%
2000 Project.....	34.1%	65.9%	34.4%	65.6%

SUMMARY OF OBSERVATIONS AND CONCLUSIONS

(continued)

[_] For its gross profit and EBITDA contributions, Star Gas is expected to receive approximately 34.8% of the pro forma implied firm value.

IMPLIED FIRM VALUE

[PIE CHART APPEARS HERE]

SUMMARY OF OBSERVATION AND CONCLUSIONS

(continued)

DISCOUNTED CASH FLOW ANALYSIS

[_] A.G. Edwards performed discounted cash flow analyses for Petro, Star Gas and Star Gas Pro Forma. For Petro, A.G. Edwards used projected tax-adjusted operating cash flows for 1999 through 2002, terminal values calculated on 2002 operating cash flow, and discount rates based on the related weighted average cost of capital. For Star Gas and Star Gas Pro Forma, A.G. Edwards used projected DCF for 1999 through 2002, terminal values calculated on 2002 DCF and discount rates based on the related cost of equity. (See Appendix H -"Discounted Cash Flow Analysis")

PETRO STAND ALONE												
15 YEAR	TERMINAL VALUE OPERATING CASH FLOW MULTIPLE					30 YEAR	TERMINAL VALUE OPERATING CASH FLOW MULTIPLE					
	8.0x	8.5x	9.0x	9.5x	10.0x		8.0x	8.5x	9.0x	9.5x	10.0x	
WACC	WACC											
13.4%	(\$40,163)	(\$30,848)	(\$21,534)	(\$12,219)	(\$2,904)	13.4%	(\$25,454)	(\$15,542)	(\$5,630)	\$ 4,282	\$ 14,194	
13.6%	(41,742)	(32,500)	(23,259)	(14,017)	(4,775)	13.6%	(27,131)	(17,297)	(7,463)	2,372	12,206	
13.9%	(43,307)	(34,137)	(24,967)	(15,797)	(6,628)	13.9%	(28,793)	(19,036)	(9,278)	479	10,237	

STAR GAS STAND ALONE												
15 YEAR	TERMINAL VALUE DCF MULTIPLE					30 YEAR	TERMINAL VALUE DCF MULTIPLE					
	8.5x	9.0x	9.5x	10.0x	10.5x		8.0x	8.5x	9.0x	9.5x	10.0x	
Cost of Equity	Cost of Equity											
9.5%	\$77,230	\$80,338	\$83,447	\$86,555	\$89,664	9.5%	\$79,410	\$82,745	\$86,080	\$89,415	\$92,749	
9.9%	76,359	79,427	82,495	85,563	88,631	9.9%	78,519	81,811	85,102	88,394	91,685	
10.3%	75,502	78,530	81,559	84,587	87,616	10.3%	77,642	80,891	84,140	87,389	90,638	

15 YEAR	TERMINAL VALUE DCF MULTIPLE					30 YEAR	TERMINAL VALUE DCF MULTIPLE				
	8.5x	9.0x	9.5x	10.0x	10.5x		8.0x	8.5x	9.0x	9.5x	10.0x
Cost of Equity						Cost of Equity					
9.5%	\$92,737	\$96,408	\$100,079	\$103,750	\$107,421	9.5%	\$94,817	\$98,730	\$102,642	\$106,555	\$110,467
9.9%	91,701	95,324	98,948	102,571	106,194	9.9%	93,764	97,626	101,488	105,349	109,211
10.3%	90,682	94,258	97,834	101,411	104,987	10.3%	92,728	96,539	100,351	104,163	107,974

Page 20

SUMMARY OF OBSERVATIONS AND CONCLUSIONS
(continued)

COMPARABLE TRANSACTIONS ANALYSIS

[_] A.G. Edwards noted that public disclosure regarding transactions in the retail home heating oil distribution industry was extremely limited.

[_] A.G. Edwards analyzed the financial terms related to divestitures by Petro of certain of its retail home heating oil branches and compared them to the implied multiples of the aggregate purchase price of Petro's heating oil assets.

[_] Petro has sold three branches for an average EBITDA multiple of 9.0x.

[_] A.G. Edwards calculated the purchase price of Petro's heating oil assets and calculated multiples based on Petro's EBITDAs (See Appendix I - "Comparable Transaction Analysis")

Purchase Price of Heating Oil Assets

Equity purchase price of heating oil assets including SIRs	\$ 16,054
Cost of Debt to be Redeemed (\$206,250 + \$2,844 premium)	209,094
Cost of Debt to be Assumed	80,501
Cost of Preferred stock at Redemption Value	31,767
Consent Fees	1,961
Transaction Fees	19,139
Aggregate purchase price of heating oil assets	\$358,516

MULTIPLES

	15 - YEAR		30 - YEAR		Notes
	Value	Multiple	Value	Multiple	
Actual 4 quarters ended 9/30/98 EBITDA (a)	34,929	10.3x	34,929	10.3x	As a multiple of aggregate transaction value
Adjusted for actual 1999 EBITDA (a)	43,475	8.2x	44,415	8.1x	As a multiple of aggregate transaction value
Projected 2000 EBITDA (a)	45,978	7.8x	48,195	7.4x	As a multiple of aggregate transaction value

(a) Calculated as gross profit minus SG&A expense and direct delivery expense.

Page 21

SUMMARY OF OBSERVATION AND CONCLUSIONS
(continued)

PUBLIC PARTNERSHIP ANALYSIS

[_] A.G. Edwards compared certain financial and market information of Star Gas on a historical and pro forma basis to that of certain public propane master limited partnerships which A.G. Edwards deemed relevant for the purposes of this analysis. A.G. Edwards reviewed the trading multiples of a total of five master limited partnerships. (See Appendix J - "Public Partnership Analysis")

[_] The selected propane master limited partnerships are as follows:
 - AmeriGas Partners, L.P. - Heritage Propane Partners, L.P.
 - Cornerstone Propane Partners, L.P. - Suburban Propane Partners, L.P.
 - Ferrellgas Partners, L.P.

[_] No partnership used in the analysis is identical to Star Gas.

 PUBLIC COMPARABLE PARTNERSHIPS (a)

	STAR		PRO FORMA STAR		PUBLIC PARTNERSHIP	PUBLIC PARTNERSHIP
	15 - Year	30 - Year	15 - Year	30 - Year	MEDIANS	RANGES
Yield	12.2%	12.2%	12.7%	12.7%	10.4%	8.6% to 12.3%
Market capitalization/LTM EBITDA	11.9x	11.9x	10.3x	10.3x	11.5x	9.1x to 13.2x
Market capitalization/1999E EBITDA	11.0x	10.7x	8.7x	8.4x	9.8x	8.6x to 11.3x
Equity Market Cap/LTM DCF	13.8x	13.8x	12.6x	12.6x	13.2x	9.6x to 15.5x
Equity Market Cap/1999E DCF (c)	12.5x	11.9x	8.9x	8.5x	10.5x	9.9x to 12.2x

- (a) Public comparable partnerships include: APU, CNO, FGP, HPG and SPH.
 (b) Market capitalization/adjusted for actual 1999 EBITDA for Star and Pro Forma Star.
 (c) Equity market cap/adjusted for actual 1999 EBITDA for Star and Pro Forma Star.

Appendix I to

FAIRNESS OPINION PRESENTATION TO THE
SPECIAL COMMITTEE OF THE BOARD OF DIRECTORS OF
STAR GAS CORPORATION

Analyses performed under 30-year weather scenario

CONFIDENTIAL

A.G. EDWARDS & SONS, INC.
INVESTMENT BANKING

February 10, 1999

TABLE OF CONTENTS

	Section -----
Overview of Petroleum Heat and Power Co., Inc.....	A
Overview of Star Gas Partners, L.P.....	B
Summary of the Transaction.....	C
Implied Unit Value Analysis.....	D
Pro Forma Merger Analysis.....	E
Merger Premiums to Market Value Analysis.....	F
Relative Contribution Analysis.....	G
Discounted Cash Flow Analysis.....	H
Comparable Transactions Analysis.....	I
Public Partnership Analysis.....	J
Pro Forma Model.....	K

OVERVIEW OF PETROLEUM HEAT AND POWER CO., INC. ("PETRO")
SELECTED FINANCIAL DATA
(\$ IN THOUSANDS)

	HISTORICAL YEARS ENDED DECEMBER 31,						
	1993	%	1994 (a)	%	1995 (a)	%	1996
Net sales	\$538,526	100.0%	\$546,677	100.0%	\$609,507	100.0%	\$608,161
Cost of sales	366,810	68.1%	362,981	66.4%	387,825	63.6%	427,388
Gross profit	171,717	31.9%	183,696	33.6%	221,682	36.4%	180,773
SG&A expenses	93,379	17.3%	95,314	17.4%	128,295	21.0%	105,601

Direct delivery expense	29,902	5.6%	32,995	6.0%	36,634	6.0%	33,102
Restructuring charges	-		-		-		1,150
Star transaction expenses	-		-		-		-
Corporate identity expenses	-		-		-		2,659
Pension curtailment expense	-		-		-		557
Amortization of customer lists	23,183	4.3%	19,748	3.6%	20,527	3.4%	18,611
Depreciation of plant and equipment	5,933	1.1%	6,469	1.2%	12,374	2.0%	6,574
Amortization of deferred charges	5,548	1.0%	6,177	1.1%	6,142	1.0%	4,760
Provision for supplemental benefits	264	0.0%	373	0.1%	1,407	0.2%	873
Operating income (loss)	13,509	2.5%	22,619	4.1%	16,303	2.7%	6,886
Interest expense, net	(20,508)	-3.8%	(23,766)	-4.3%	(38,792)	-6.4%	(32,412)
Other income (expense)	(165)	0.0%	109	0.0%	218	0.0%	1,842
Loss before income taxes, equity interest and extraordinary item	(7,164)	-1.3%	(1,038)	-0.2%	(22,271)	-3.7%	(23,684)
Income taxes	400	0.1%	600	0.1%	500	0.1%	500
Loss before equity interest and extraordinary item	(7,564)	-1.4%	(1,638)	-0.3%	(22,771)	-3.7%	(24,184)
Share of income (loss) of Gas	-	0.0%	(1,973)	-0.4%	728	0.1%	2,283
Extraordinary item-loss on early extinguishment of debt	(867)	-0.2%	(655)	-0.1%	(1,436)	-0.2%	(6,414)
Net loss	(8,431)	-1.6%	(4,266)	-0.8%	(23,479)	-3.9%	(28,315)
Preferred stock dividends	(3,367)	-0.6%	(3,510)	-0.6%	(3,263)	-0.5%	(2,389)
Net loss to common	(\$11,798)	-2.2%	(\$7,776)	-1.4%	(\$26,742)	-4.4%	(\$30,704)
Net loss per share	(\$0.55)		(\$0.36)		(\$1.06)		(\$1.02)
Weighted average shares outstanding (b)	21,538		21,745		25,309		25,581
EBITDA (c)	\$48,437	9.0%	\$55,387	10.1%	\$56,753	9.3%	\$42,070
Adjusted net loss to common	(10,931)	-2.0% (d)	(7,121)	-1.3% (e)	(25,306)	-4.2% (f)	(22,583)
Adjusted net loss per share	(\$0.51)		(\$0.33)		(\$1.00)		(\$0.88)
Acquisition capital expenditures	\$15,399		\$26,411		\$26,438		\$28,493
Maintenance capital expenditures (i)	3,000		3,000		3,000		3,000
EBITDA/total assets	18.9%		13.9%		15.9%		15.3%
Distributable cash flow	24,528		28,020		14,461		6,158

HISTORICAL YEARS ENDED DECEMBER 31,

	%	1997	%	1998	%
Net sales	100.0%	\$548,141	100.0%	\$408,019	100.0%
Cost of sales	70.3%	379,748	69.3%	265,526	65.1%
Gross profit	29.7%	168,393	30.7%	142,493	34.9%
SG&A expenses	17.4%	102,377	18.7%	87,268	21.4%
Direct delivery expense	5.4%	30,006	5.5%	24,613	6.0%
Restructuring charges	0.2%	2,850	0.5%	535	0.1%
Star transaction expenses	-	-	-	4,823	1.2%
Corporate identity expenses	0.4%	4,136	0.8%	152	0.0%
Pension curtailment expense	0.1%	654	0.1%	-	0.0%
Amortization of customer lists	3.1%	17,903	3.3%	17,117	4.2%
Depreciation of plant and equipment	1.1%	7,204	1.3%	6,969	1.7%
Amortization of deferred charges	0.8%	4,639	0.8%	2,451	0.6%
Provision for supplemental benefits	0.1%	565	0.1%	358	0.1%
Operating income (loss)	1.1%	(1,941)	-0.4%	(1,793)	-0.4%
Interest expense, net	-5.3%	(31,668)	-5.8%	(30,732)	-7.5%
Other income (expense)	0.3%	11,445	2.1%	1,292	-0.3%
Loss before income taxes, equity interest and extraordinary item	-3.9%	(22,164)	-4.0%	(33,817)	-8.3%
Income taxes	0.1%	500	0.1%	400	0.1%
Loss before equity interest and extraordinary item	-4.0%	(22,664)	-4.1%	(34,217)	-8.4%
Share of income (loss) of Gas	0.4%	(235)	0.0%	(1,120)	-0.3%
Extraordinary item-loss on early extinguishment of debt	-1.1%	-	-	-	-
Net loss	-4.7%	(22,899)	-4.2%	(35,337)	-8.7%
Preferred stock dividends	-0.4%	(4,644)	-0.8%	(4,814)	-1.2%
Net loss to common	-5.0%	(\$27,543)	-5.0%	(\$40,151)	-9.8%
Net loss per share		(\$1.06)		(\$1.52)	
Weighted average shares outstanding (b)		26,039		26,463	
EBITDA (c)	6.9%	\$36,010	6.6%	\$30,612	
Adjusted net loss to common	-3.7% (g)	(35,439)	-6.5% (h)	(39,616)	
Adjusted net loss per share		(\$1.36)		(\$1.50)	
Acquisition capital expenditures		\$16,252		\$0	
Maintenance capital expenditures (i)		3,000		3,000	
EBITDA/total assets		14.5%		15.3%	
Distributable cash flow		842		(3,520)	

- (a) Star Gas operations consolidated into Petro.
- (b) Weighted shares do not include Class B shares.
- (c) Calculated as gross profit minus SG&A expense and direct delivery expense.
- (d) Excludes \$867 for early extinguishment of debt.
- (e) Excludes \$655 for early extinguishment of debt.
- (f) Excludes \$1,436 for early extinguishment of debt.
- (g) Excludes \$6,414 for early extinguishment of debt.
- (h) Excludes \$11,400 gain on sale of TLC.
- (i) Management's estimates.

Page A-1

OVERVIEW OF PETRO
 EBITDA RECONCILIATION: 1997(a)
 (\$ IN THOUSANDS)

		PETRO

1997 Actual EBITDA		\$36,010
NORMALIZING ADJUSTMENTS:		
Weather was 3.8% warmer than 30-year normal		
3.8% of 1997 budgeted retail gallons	13,482 gallons	
Gross profit margin		\$0.4545
Delivery and garage cost savings		(\$0.0814)

Net impact per gallon		\$0.3731
\$ impact		5,030
Insurance reserve		2,000

1997 Normalized EBITDA		\$43,040
		=====

(a) Management's assumptions.

Page A-2

OVERVIEW OF PETRO
 EBITDA RECONCILIATION: 1997-1998(a)
 (\$ IN THOUSANDS)

		PETRO

1997 Normalized EBITDA		\$43,040
Volume Adjustments for 1998		
Sale of TLC Division in 1997	(16,926) gallons	
Attrition in 1998 (4.1%)	(17,375)	
1997 Acquisitions	9,828	

	(24,473) gallons	
	e	
Gross Profit Margin Increase	\$0.1700/gallon (b)	(4,159)
Inflation	\$0.006 per gallon on 395,086 gallons (c)	2,371
		(3,662)

Operating Cost Reductions (d)	5,850
Non-Budgeted Operating Expense Eliminations (e)	3,460
Normalized 1998 EBITDA Budget	----- \$46,900 =====

- (a) Management's assumptions.
- (b) Represents the average gross profit per gallon (\$4700 per gallon) offset by \$.30 per gallon reduction in operating expenses.
- (c) Actual gross profit margin increase achieved in first quarter of 1998 was \$5.9 million (156 million gallons @ \$0.037/gallon).
- (d) Represents already accomplished reductions as of 12/31/97 in branch, regional and corporate expenses in excess of normal indexing related to volume reductions as well as 1% productivity improvements.
- (e) Represent specific operating expense eliminations that have already been accomplished.

Page A-3

OVERVIEW OF PETRO
EBITDA RECONCILIATION: NON-BUDGETED OPERATING EXPENSE ELIMINATIONS
(\$ IN THOUSANDS)

	BASE EXPENSE -----
Exton PA Facility Rent	\$ 500
Corporate Staff Reductions - Salary & Benefits	
Alex Tyshovnytsky	310
Allen Levenson	279
Joe Massoud	310
Total Staff Reductions	900
Wage Freeze - Non-Union	1,373
Wage Freeze - Union	687
Total	----- \$3,460

Page A-4

OVERVIEW OF PETRO
EBITDA RECONCILIATION: 1998(a)
(\$ IN THOUSANDS)

	PETRO -----
Normalized 1998 EBITDA Budget	\$46,900
Weather was 18.2% warmer than 30-year normal (17.7% volume variance)	
17.7% of 1998 budgeted retail gallons	70,096 gallons
Gross profit margin	\$0.4761
Delivery and garage cost savings	(\$0.1046)
Net impact per gallon	----- \$0.3715

\$ impact	(26,041)
Margin Improvement (\$0.0288/gallon)	9,385
Additional Non-Budgeted Operating Expense Eliminations	368

Actual 1998 EBITDA	\$30,612
	=====

(a) Management's assumptions.

Page A-5

OVERVIEW OF PETRO
EBITDA RECONCILIATION: 1998-1999(a)
(\$ IN THOUSANDS)

	PETRO

Normalized 1998 EBITDA Budget	\$46,900
Attrition (3.8%) and Inflation (3.0%) partially offset by \$0.01 Margin Increase in 1999	(1,352)
Acquisition Growth	
\$15,000 of acquisitions at 4.75x multiple using half-year convention (b)	1,579
Actual results through January 21, 1999	(2,712)

1999 Adjusted for Actual	\$44,415
	=====

(a) Management's assumptions.
(b) A.G. Edwards' assumptions.

Page A-6

OVERVIEW OF PETRO
EBITDA SUMMARY
(\$ IN THOUSANDS)

	PETRO

1997 Actual	\$36,010
1997 Normalized	\$43,040
Normalized 1998 Budget	\$46,900
Actual LTM through 9/30/98	\$34,929
Actual 1998	\$30,612
1999 Adjusted for Actual	\$44,415

Page A-7

OVERVIEW OF PETRO
EBITDA PROJECTIONS
(\$ IN THOUSANDS)

	ACTUAL LTM 9/98	ACTUAL 1998	NORMALIZED 1998	ADJUSTED FOR ACTUAL 1999	PROJECTED		
					2000	2001	2002
EBITDA	\$34,929	\$30,612	\$46,900	\$44,415	\$48,195	\$50,649	\$52,834

MAJOR ASSUMPTIONS FOR 1999-2002

[] 30 Year Weather

[] Flat Attrition.

[] \$15 million in 1999 and \$30 million in 2000 to 2002 of acquisitions at 4.75x EBITDA multiple using half-year convention.

[] Increase in gross profit margin of \$0.01 in 1999 and \$0.005 annually in 2000 to 2002.

Page A-8

OVERVIEW OF PETRO
ATTRITION ANALYSIS

Year	Average Accounts		Absolute Account Losses		Loss Rate		Gains		Net Attrition Rate	
	Total	Base Business, excl. Acquisitions	Total	Base Business, excl. Acquisitions	Total	Base	Accounts	%	Total	Base Business
1993	391,454	352,576	70,127	56,459	17.9%	16.0%	47,090	12.0%	-5.9%	-4.0%
1994	386,235	354,786	57,442	46,386	14.9%	13.1%	35,380	9.2%	-5.7%	-3.9%
1995	381,842	344,342	59,550	46,366	15.6%	13.5%	34,516	9.0%	-6.6%	-4.5%
1996	386,398	354,471	60,084	48,860	15.5%	13.8%	39,192	10.1%	-5.4%	-3.7%
1997	366,421	342,738	60,407	52,581	16.5%	15.3%	39,561	10.8%	-5.8%	-4.5%
Mean	382,470	349,783	61,522	50,130	16.1%	14.3%	39,148	10.2%	-5.9%	-4.1%
1998	338,314	318,893	49,968	46,485	14.8%	14.6%	38,699	11.4%	-3.3%	-2.7%

Page A-9

OVERVIEW OF PETRO
ACQUISITION HISTORY
(\$ IN THOUSANDS)

Date Acquired	Company	Purchase Price	EBITDA	EBITDA Multiple	Acquired Gallorage	Cost per Gallon
1/26/93	Houck Service	\$ 663.9	\$ 245.0	2.7x	807.2	\$ 0.823
1/28/93	Harris and Gans	1,607.9	475.0	3.4x	2,599.6	0.619
5/28/93	Goodrich	2,397.7	672.0	3.6x	4,156.0	0.577
6/4/93	Warren	2,965.0	712.0	4.2x	14,448.3	0.205
6/23/93	Savin	1,655.4	403.0	4.1x	2,769.0	0.598
6/25/93	Baylis and Baylis	989.3	251.0	3.9x	1,224.7	0.808
7/28/93	Agway	1,660.6	315.0	5.3x	2,708.5	0.613
9/28/93	Garden State	1,015.2	312.0	3.3x	1,408.0	0.721
9/29/93	Essex	866.3	234.0	3.7x	2,649.4	0.327

1993 Totals	\$ 13,821	\$ 3,619	3.8x	32,771	\$ 0.422	
1/7/94	Petrilla Oil	\$ 189.5	\$ 53.4	3.5x	329.0	\$ 0.576
3/8/94	Rettig	1,813.0	466.0	3.9x	4,930.0	0.368
6/30/94	Deblois Oil	15,374.6	2,909.0	5.3x	19,869.0	0.774
7/26/94	Herbert Fuel	5,133.0	882.0	5.8x	6,103.0	0.841
7/28/94	Trico Fuel	3,126.3	930.0	3.4x	4,091.0	0.764
9/1/94	Sickley	1,261.4	355.0	3.6x	1,702.0	0.741
9/13/94	Sinkler	4,880.0	948.0	5.1x	7,433.0	0.657
12/1/94	Ryan	2,954.3	528.0	5.6x	4,804.0	0.615
12/2/94	Fowler	182.8	37.4	4.9x	354.0	0.516
1994 Totals	\$ 34,915	\$ 7,109	4.9x	49,615	\$ 0.704	
3/30/95	Reliable Oil	\$ 6,065.6	\$1,183.0	5.1x	10,102.2	\$ 0.600
5/24/95	Rosetta (Waldman)	3,413.2	684.0	5.0x	5,153.6	0.662
5/24/95	Rosetta (Price)	789.4	153.0	5.2x	1,309.5	0.603
7/27/95	Slocum	643.8	198.0	3.3x	742.6	0.867
8/23/95	Contex	1,856.8	448.0	4.1x	2,503.2	0.742
8/31/95	Rackliffe	546.2	139.0	3.9x	904.0	0.604
9/1/95	A-One	5,184.2	1,164.0	4.5x	5,900.0	0.879
9/11/95	Reading Merchants	4,260.0	656.0	6.5x	3,613.0	1.179
10/25/95	Franklin Fuel	293.5	76.0	3.9x	445.0	0.660
11/17/95	Home Fuel	2,158.9	430.0	5.0x	6,072.3	0.356
12/19/95	Texaco	3,854.8	1,071.0	3.6x	5,845.1	0.659
1995 Totals	\$ 29,066	\$ 6,202	4.7x	42,590	\$ 0.682	

Page A-10

OVERVIEW OF PETRO
ACQUISITION HISTORY
(\$ IN THOUSANDS)
(continued)

DATE ACQUIRED	COMPANY	PURCHASE PRICE	EBITDA	EBITDA MULTIPLE	ACQUIRED GALLONAGE	COST PER GALLON
1/11/96	Garrison	\$5,242.5	\$1,154.0	4.5x	6,017.0	\$0.871
1/19/96	Cibro	4,367.6	1,087.0	4.0x	6,200.0	0.704
2/1/96	Seaman	7,133.7	1,552.0	4.6x	7,522.0	0.948
4/1/96	McDowell	2,723.5	669.0	4.1x	2,675.0	1.018
9/11/96	Flynn	1,038.0	232.0	4.5x	1,316.0	0.789
9/24/96	Farren	263.6	69.0	3.8x	481.0	0.548
10/18/96	Bergen	3,202.5	718.0	4.5x	5,933.0	0.540
10/18/96	Hightstown	233.5	62.0	3.8x	500.0	0.467
10/31/96	Hy-Test	813.4	177.0	4.6x	1,468.0	0.554
12/18/96	Dexter	331.9	99.0	3.4x	796.0	0.417
12/26/96	Sherman	492.5	103.0	4.8x	564.0	0.873
12/27/96	Malco	369.2	97.0	3.8x	988.0	0.374
12/30/96	Grasso	422.9	116.0	3.6x	1,212.0	0.349
1996 TOTALS		\$ 26,635	\$ 6,135	4.3x	35,672	\$0.747
1/15/97	Oils Inc	\$ 747.6	\$ 188.0	4.0x	1,189.0	0.629
4/14/97	Mugullian Fuel	2,801.9	638.0	4.4x	3,000.0	0.934
5/14/97	Alderfer Heating	401.1	111.0	3.6x	787.0	0.510
6/26/97	Bellomo	1,488.8	443.0	3.4x	1,657.0	0.898
7/10/97	Good	521.4	117.0	4.5x	1,200.0	0.434
8/29/97	Oil Burner	2,633.1	603.0	4.4x	3,500.0	0.752
9/10/97	Romary	2,252.5	545.0	4.1x	2,348.0	0.959
9/29/97	T. W. Perry	1,619.3	439.0	3.7x	2,118.0	0.765
10/1/97	MillBrook	527.5	112.0	4.7x	908.0	0.581
11/24/97	Shreve	1,457.0	300.0	4.9x	2,425.0	0.601
12/18/97	Genovese	1,010.8	281.0	3.6x	1,522.0	0.664
1997 TOTALS		\$ 15,461	\$ 3,777	4.1x	20,654	0.749
5 YEAR TOTALS		\$119,898	\$ 26,842	4.5x	\$181,302	0.661

Page A-11

A.G. Edwards noted that public disclosure regarding transactions in the retail home heating oil distribution industry was extremely limited. A.G. Edwards analyzed the financial terms related to the divestitures by Petro of certain of its retail home heating oil branches.

OVERVIEW OF PETRO
DIVESTITURE HISTORY
(\$ IN THOUSANDS)

DATE DIVESTED	BRANCH	PURCHASER	PURCHASE PRICE	EBITDA	EBITDA MULTIPLE	ACQUIRED GALLONAGE	COST PER GALLON
3/30/95	New Hampshire	Bellemore Heating Oil, Inc.	\$1,477	\$150	9.8x	6,060	\$0.244
6/28/96	Punderson	Ultramar Energy, Inc.	\$4,073	\$443	9.2x	6,900	\$0.590
11/4/97	TLC	Heating Oil Partners, L.P.	\$16,100	\$2,005	8.0x	23,000	\$0.700
				MEAN:	9.0x		

Page A-12

OVERVIEW OF PETRO
MARGIN ANALYSIS
(Volume in gallons; gallons and \$ in thousands, except margins)

	FISCAL YEARS ENDED DECEMBER 31,					
	1993	1994	1995	1996	1997	1998
RETAIL (a)						
Volume	355,347	360,207	343,759	375,121	338,478	269,405
Margin	\$ 0.4883	\$ 0.5030	\$ 0.5027	\$ 0.4993		
	\$ 0.5196	\$ 0.5542				
Gross profit	\$173,501	\$181,202	\$ 172,811	\$ 187,290	\$ 175,867	\$ 149,311
COMMERCIAL						
Volume	81,515	79,514	75,476	81,020	71,813	55,262
Margin	\$ 0.2301	\$ 0.2416	\$ 0.2458	\$ 0.2471	\$ 0.2452	\$ 0.2642
Gross profit	\$ 18,755	\$ 19,214	\$ 18,554	\$ 20,018	\$ 17,607	\$ 14,602
PROPANE						
Volume	6,625	7,435	5,538	-	-	-
Margin	\$ 0.5352	\$ 0.5730	\$ 0.5805	\$ 0.0000	\$ 0.0000	\$ 0.0000
Gross profit	\$ 3,546	\$ 4,260	\$ 3,215	-	-	-
OTHER PETROLEUM PRODUCTS						
Volume	36,406	35,709	31,228	32,026	29,855	29,790
Margin	\$ 0.1424	\$ 0.1417	\$ 0.1481	\$ 0.1401	\$ 0.1424	\$ 0.1380
Gross profit	\$ 5,183	\$ 5,061	\$ 4,624	\$ 4,487	\$ 4,251	\$ 4,112
TOTAL PETROLEUM PRODUCTS						
Volume	479,893	482,865	456,001	488,167	440,146	354,457
Margin	\$ 0.4188	\$ 0.4344	\$ 0.4368	\$ 0.4339	\$ 0.4492	\$ 0.4740
Gross profit	\$200,985	\$209,737	\$ 199,204	\$ 211,795	\$ 197,725	\$ 168,025
DISCOUNTS	\$ 1,294	\$ 1,200	944	1,084	802	572
Net service loss	(\$34,243)	(\$37,941)	(\$33,822)	(\$37,386)	(\$35,184)	(\$30,963)
Net installation income	3,681	4,944	4,364	5,280	5,050	4,859
Gross profit (loss)	(\$30,562)	(\$32,997)	(\$29,458)	(\$32,106)	(\$30,134)	(\$26,104)

Gas gross profit	-	\$ 5,756	\$ 50,992	-	-	-
Total gross profit	<u>\$171,717</u>	<u>\$183,696</u>	<u>\$ 221,682</u>	<u>\$ 180,773</u>	<u>\$ 168,393</u>	<u>\$ 142,493</u>

(a) Includes protected price volumes

Page A-13

OVERVIEW OF PETRO
DISCOUNTED CASH FLOW ANALYSIS
WEIGHTED AVERAGE COST OF CAPITAL DERIVATION
(\$ IN MILLIONS)

COMPARABLE COMPANY	LEVERED BETA (A)	TOTAL MARKET VAL. DEBT (BK = MKT)	UNIT PRICE AT (2/3/99)	TOTAL UNITS OUT. (MIL)	IMPLIED MARKET VALUE OF EQUITY	TOTAL DEBT/TOTAL EQUITY	TOTAL DEBT AS % OF TOTAL CAPITAL	UN-LEVERED BETA
AmeriGas Partners, L.P.	0.44	\$719.0	\$23,625	41.9	\$1,009.8	71.2%	41.6%	0.257
Cornerstone Propane Partners, L.P.	0.55	263.1	17,500	19.9	355.6	74.0%	42.5%	0.316
Ferrellgas Partners, L.P.	0.47	594.3	18,688	31.3	596.8	99.6%	49.9%	0.235
Heritage Propane Partners, L.P.	0.48	198.3	23,750	8.6	207.9	95.4%	48.8%	0.246
National Propane Partners, L.P.	0.76	139.2	5,063	11.2	58.0	239.8%	70.6%	0.224
Star Gas Partners, L.P.	0.51	115.7	18,063	6.3	115.3	100.4%	50.1%	0.255
Suburban Propane Partners, L.P.	0.44	428.2	19,188	28.7	562.4	76.1%	43.2%	0.250

Petro's capitalization - at market			
Comparable group's average unlevered beta:	0.25	Total debt (b)	\$309.3 92.1%
		Common equity	26.7 7.9%
Petro's debt - to - common equity ratio:	1160.3%		
Petro's debt as a percent of total capital (b):	92.1%		\$335.9 100.0%
Comparable group's beta relevered for Petro's capital structure:	3.209		

DERIVATION OF WEIGHTED AVERAGE COST OF CAPITAL:	MARKET RISK PREMIUM RANGE (E)		
	11.3%	12.3%	13.3%
Petro's theoretical levered beta (d):	3.209		
Assumed % of common equity in Petro's capital structure:	7.9%		
Risk - free rate of return (c):	4.8%		
Petro's cost of common equity range (at various market risk premiums):	41.1%	44.3%	47.5%
Petro's assumed tax rate:	0.0%		
Assumed % of debt in capital structure (b):	92.1%		
Petro's estimated cost of debt (f):	11.0%		
Petro's estimated after - tax cost of debt:	11.0%	11.0%	11.0%
Petro's weighted average cost of capital range (g):	13.4%	13.6%	13.9%

(a) Source: Bloomberg, 143 week (maximum weekly time period allowed, or the number of weeks available, which may be less than 143) adjusted beta relative to the S&P 500 index.

(b) Includes preferred stock.

(c) Ten - year Treasury rate on February 3, 1999.

(d) Bloomberg's reported beta for Petro is .70.

(e) Ibbotson Associates 1998. Total returns for small company stocks of 17.7% minus the risk-free rate.

(f) Based on Petro's current debt structure.

OVERVIEW OF PETRO
SUMMARY OF CAPITAL STRUCTURE
(\$ IN THOUSANDS)

	12/31/98 BOOK VALUE	COUPON	2/3/99 MARKET PRICE	MARKET VALUE
DEBT:				
Credit Agreement				
Working Capital facility	\$ 0	7.75%	NA	\$ 0
Acquisition facility	0	7.75%	NA	0
Notes payable				
Notes payable for fuel oil dealer purchasers, etc.	14,301	8.0%-10.0%	NA	14,301
11.85%, 12.17%, 12.18% Senior Notes	60,000	10.90%	NA	60,000
14.1% Subordinated and Senior	6,200	14.10%	NA	6,200
10.125% Subordinated	50,000	10.13%	92.38%	46,188
9.375% Subordinated Debentures	75,000	9.38%	92.38%	69,281
12.25% Subordinated Debentures	81,250	12.25%	97.38%	79,117
TOTAL DEBT	\$ 286,751			\$ 275,087
EFFECTIVE COST OF DEBT				10.7%
PREFERRED STOCK:				
Redeemable preferred stock	\$ 4,167	14.34%	NA	4,167
12.875% Exchangeable preferred stock	30,000	12.88%	NA	30,000
TOTAL PREFERRED STOCK	\$ 34,167			\$ 34,167
EFFECTIVE COST OF PREFERRED STOCK				1.31%
TOTAL DEBT AND PREFERRED STOCK	\$ 320,918			\$ 309,254
EFFECTIVE COST OF DEBT AND PREFERRED STOCK				11.0%

OVERVIEW OF PETRO
SUMMARY OF CAPITAL STRUCTURE
(\$ IN THOUSANDS EXCEPT PER SHARE)
(continued)

	12/31/98 SHARES OUT.	2/3/99 MARKET PRICE	MARKET VALUE
EQUITY:			
Common stock			
Class A	23,854,751	\$1.000	\$ 23,855
Class B	11,228	17.776 (a)	200
Class C	2,597,519	NA (b)	2,598
TOTAL EQUITY			\$ 26,652
EFFECTIVE COST OF EQUITY			44.3%
TOTAL CAPITALIZATION			\$335,906
WACC			13.6%
Less: Cash			13,804
NET CAPITALIZATION			\$322,102

(a) Market price is calculated as: \$17.50+\$0.2763
(b) Market price is assumed to equal that of the Class A shares, since the Class C shares do not trade.

OVERVIEW OF PETRO

Price and Volume
12/15/95 - 12/31/97

[GRAPH APPEARS HERE]

Page A-17

OVERVIEW OF PETRO

Price and Volume
1/1/98 - 2/3/99

[GRAPH APPEARS HERE]

Page A-18

Overview of Petro
Class A Common Stock Trading History - Volume Distribution
1995-1999 (a)

Price Per Share	1995		1996		1997	
	Volume	%	Volume	%	Volume	%
Greater Than \$9.400						
9.200 9.400	600	100.00%				
9.000 9.200	0	99.99%				
8.800 9.000	49,200	99.99%				
8.600 8.800	6,800	99.41%				
8.400 8.600	67,500	99.33%				
8.200 8.400	289,100	98.54%				
8.000 8.200	161,500	95.13%	1,600	100.00%		
7.800 8.000	873,500	93.22%	47,400	99.96%		
7.600 7.800	245,800	82.92%	236,200	98.87%		
7.400 7.600	193,300	80.02%	185,000	93.44%		
7.200 7.400	1,154,800	77.74%	822,300	89.19%		
7.000 7.200	5,190,500	64.12%	1,507,100	70.28%		
6.800 7.000	246,000	2.90%	815,700	35.63%		
6.600 6.800			498,500	16.88%		
6.400 6.600			129,300	5.42%	417,300	100.00%
6.200 6.400			37,600	2.45%	526,900	96.34%
6.000 6.200			44,100	1.58%	417,700	91.72%
5.800 6.000			24,700	0.57%	110,200	88.06%
5.600 5.800					868,000	87.09%
5.400 5.600					143,300	79.48%
5.200 5.400					92,600	78.22%
5.000 5.200					940,500	77.41%
4.800 5.000					142,200	69.16%
4.600 4.800					20,200	67.92%
4.400 4.600					13,900	67.74%
4.200 4.400					-	67.62%
4.000 4.200					-	67.62%
3.800 4.000					117,100	67.62%
3.600 3.800					370,600	66.59%
3.400 3.600					250,900	63.34%
3.200 3.400					1,236,200	61.14%
3.000 3.200					1,652,500	50.30%
2.800 3.000					2,785,300	35.81%
2.600 2.800					788,500	11.39%
2.400 2.600					430,100	4.47%
2.200 2.400					79,800	0.70%
2.000 2.200						
Implied Offer Price and Pre-Announcement Price						
1.800 2.000						
1.600 1.800						
1.400 1.600						
1.200 1.400						
Market Price						
1.000 1.200						
0.800 1.000						
0.600 0.800						
Less Than \$0.600						
Total Stock for Period	8,478,600		4,349,500		11,403,800	
Cumulative % of Total Traded		25.01%		12.83%		33.63%
% Traded of Current Stock Out (b)		35.54%		18.23%		47.81%
% Traded of Current Float (c)		82.01%		42.07%		110.30%
Wtd. Average Stock Price	\$7.31		\$7.07		\$3.90	

Price Per Share	1998		1999 (a)		1995-1999 (a)		
	Volume	%	Volume	%	Volume	%	
Greater Than \$9.400							
9.200					600	100.00%	
9.000					-	100.00%	
8.800					49,200	100.00%	
8.600					6,800	99.85%	
8.400					67,500	99.83%	
8.200					289,100	99.63%	
8.000					163,100	98.78%	
7.800					920,900	98.30%	
7.600					482,000	95.58%	
7.400					378,300	94.16%	
7.200					1,977,100	93.05%	
7.000					6,697,600	87.22%	
6.800					1,061,700	67.46%	
6.600					498,500	64.33%	
6.400					546,600	62.86%	
6.200					564,500	61.25%	
6.000					461,800	59.59%	
5.800					134,900	58.22%	
5.600					868,000	57.83%	
5.400					143,300	55.27%	
5.200					92,600	54.84%	
5.000					940,500	54.57%	
4.800					142,200	51.80%	
4.600					20,200	51.38%	
4.400					13,900	51.32%	
4.200					-	51.28%	
4.000					-	51.28%	
3.800					117,100	51.28%	
3.600					370,600	50.93%	
3.400					250,900	49.84%	
3.200					1,236,200	49.10%	
3.000					1,652,500	45.45%	
2.800		130,000	100.00%		2,915,300	40.58%	
2.600		249,100	98.66%		1,037,600	31.98%	
2.400		270,800	96.08%		700,900	28.92%	
2.200		964,300	93.28%		1,044,100	26.85%	
2.000		345,000	83.32%		345,000	23.77%	

Implied Offer Price and Pre-Announcement Price							

1.800	2.000	1,789,900	79.25%		1,789,900	22.76%	

1.600	1.800	1,097,300	61.25%		1,097,300	17.48%	
1.400	1.600	1,863,200	49.91%		1,863,200	14.24%	
1.200	1.400	130,500	30.65%		130,500	8.75%	

Market Price							

1.000	1.200	1,612,600	29.30%	879,800	100.03%	1,612,600	8.36%

0.800	1.000	946,900	12.63%	576,000	45.93%	946,900	3.61%
0.600	0.800	275,500	2.85%	171,400	10.53%	275,500	0.81%
Less Than \$0.600							

Total Stock for Period		9,675,100		1,627,200		33,907,000	
Cumulative % of Total Traded			28.53%		4.80%		100.00%
% Traded of Current Stock Out (b)			40.56%		6.82%		142.14%
% Traded of Current Float (c)			93.58%		15.74%		327.95%
Wtd. Average Stock Price		\$1.62		\$0.99		\$4.51	

(a) Through February 3, 1999
(b) Based on 23,854,751 Class A shares outstanding
(c) Based on 10,338,925 Class A shares held by institutional and retail public holders

Overview of Petro
Shareholder Analysis (a)

Institutions (b)	Class A		% of Total		Directors and Officers (c)
	Shrs. Held	% of Total	Voting Power		
Dimensional Fund Adv	639,700	2.7%	1.3%	Audrey L. Sevin	
CNA Financial Group	360,900	1.5%	0.7%	Ink P. Sevin	
Barclays Bank plc	340,573	1.4%	0.7%	Phillip Ean Cohen	
Deltac Asset Mgmt	228,528	1.0%	0.5%	Thomas J. Edelman	
Northern Trust	216,622	0.9%	0.4%	Vincent De Palma	
Vanguard Group	215,500	0.9%	0.4%	Hanseatic Corporation (d) (e)	
Bear, Stearns & Co	151,700	0.6%	0.3%	Tortosa (d)	
Mellon Bank	119,904	0.5%	0.2%	Hubertus Langen (d)	
Prudential Insurance	48,200	0.2%	0.1%	Wolfgang Traber (c)	
IBM Retirement Funds	16,300	0.1%	0.0%	Paul Biddelman (e)	
World Asset Management	10,000	0.0%	0.0%	Total Directors & Officers Holdings	
DLJ Corp	4,000	0.0%	0.0%		
Legg Mason	2,000	0.0%	0.0%		
All Institutions (c)	2,353,927	9.9%	4.7%		

Title	Class A Shrs. Held	% of Total	Class C Shrs. Held	% of Total	Total Voting Power	% of Total Voting Power
Director and Secretary of Petro and Star	1,876,863	7.9%	477,716	18.4%	6,654,023	13.4%
Chairman, CEO and Director of Petro	630,227	2.6%	201,641	7.8%	2,646,637	5.3%
Director of Petro	679,262	2.8%	113,423	4.4%	1,813,492	3.6%
Director of Petro and Star	653,312	2.7%	129,019	5.0%	1,943,502	3.9%
VP and GM of New York Region	5,000	0.0%	-	0.0%	5,000	0.0%
	1,777,279	7.5%	298,717	11.5%	4,764,449	9.6%
	-	0.0%	298,717	11.5%	2,987,170	6.0%
	731,473	3.1%	9,038	0.3%	821,853	1.6%
Director of Petro and Star	-	0.0%	-	0.0%	-	0.0%
Director of Petro and Star	2,386	0.0%	-	0.0%	2,386	0.0%
	6,355,802	26.6%	1,528,271	58.8%	21,638,512	43.4%

5% Beneficial Owners and Affiliates	Class A Shrs. Held	% of Total	Class C Shrs. Held	% of Total	Total Voting Power	% of Total Voting Power
Frank Russell Company (f)	2,611,000	10.9%	-	0.0%	2,611,000	5.2%
Schneider Capital	1,372,000	5.8%	-	0.0%	1,372,000	2.8%
Richard O'Connell	1,128,745	4.7%	302,461	11.6%	4,153,355	8.3%
Brentwood Corp	681,873	2.9%	120,985	4.7%	1,891,723	3.8%
Barcel Corporation	605,151	2.5%	151,231	5.8%	2,117,461	4.2%
Gabes S.A.	597,617	2.5%	124,314	4.8%	1,840,757	3.7%
United Capital Corp	90,000	0.4%	-	0.0%	90,000	0.2%
Minneford Corp	73,638	0.3%	12,000	0.5%	193,638	0.4%
Fernando Montero	-	0.0%	35,287	1.4%	352,870	0.7%
M.M. Warburg & Co	-	0.0%	31,308	1.2%	318,080	0.6%
Total 5% Beneficial Holdings	7,160,024	30.0%	778,086	30.0%	14,940,884	30.0%

Summary	Class A	% of Total	Class C	% of Total	Total Voting Power	% of Total Voting Power
Insider Holdings						
Directors and Officers as a Group	6,355,802	26.6%	1,528,271	58.8%	21,638,512	43.4%
5% Beneficial Owners and Affiliates	7,160,024	30.0%	778,086	30.0%	14,940,884	30.0%
	13,515,826	56.7%	2,306,357	88.8%	36,579,396	73.4%
Public Holdings						
Institutional Holdings	2,353,927	9.9%	-	-	2,353,927	4.7%
Retail	7,984,998(g)	33.5%	291,162	11.2%	10,896,618	21.9%
	10,338,925	43.3%	291,162	11.2%	13,250,545	26.6%
Total	23,854,751	100.0%	2,597,519	100.0%	49,829,941	100.0%

- (a) Based on shares outstanding, most recently available data as of 2/04/99 and does not include options to purchase and Class B shares
- (b) Source: Bloomberg and Petro's Proxy
- (c) Does not include 5% beneficial ownership institutions
- (d) Hanseatic Corporation holds shared voting power in Tortosa. Tortosa owned and controlled by Mr. Largen
- (e) Mr. Traber and Mr. Biddelman are executive officers of Hanseatic Corporation.
- (f) Frank Russell Company shares beneficial ownership of 1,943,835 Class A with Schneider Capital
- (g) AGE has 410,788 Class A shares in its system

WHILE PETRO HAD DECENT COVERAGE IN 1996, IT HAS NOT HAD MUCH SUPPORT IN RECENT MONTHS.

OVERVIEW OF PETRO
RESEARCH COVERAGE

RESEARCH COVERAGE	DATE PUBLISHED	ESTIMATES UPDATED
Published Research Reports		
Freeman Securities*	8/17/98	--
KDP Investment Advisors*	8/1/98	--
SAMCO Capital Markets*	8/1/98	--
Bear Stearns	9/5/96	10/18/96
DLJ	8/2/96	--
Paine Webber	7/16/96	11/11/97

EARNINGS ESTIMATES	NUMBER OF ESTIMATES	MEAN 1998	MEAN 1999
IBES	1	(\$1.25)	NA
Nelson	1	(\$1.25)	NA

* Fixed Income research.

Page A-21

OVERVIEW OF STAR GAS PARTNERS, L.P. ("STAR GAS")
SELECTED FINANCIAL DATA
(\$ IN THOUSANDS)

	HISTORICAL YEARS ENDED SEPTEMBER 30,							
	1996	%	1997	%	1997 (A)	%	1998	%
Sales	\$119,634	100.0%	\$135,159	100.0%	\$149,766	100.0%	\$111,685	100.0%
% Growth	17.0%		13.0%		25.2%		-25.4%	
Cost of sales	58,557	48.9%	72,211	53.4%	80,370	53.7%	49,498	44.3%
Gross profit	61,077	51.1%	62,948	46.6%	69,396	46.3%	62,187	55.7%
Operating expenses	41,207	34.4%	43,245	32.0% (c)	46,408	31.0%	43,281	38.8%
Net (loss) on sales of assets	(260)	-0.2%	(295)	-0.2%	(265)	-0.2%	(271)	-0.2%
Depreciation and amortization	9,808	8.2%	10,405	7.7%	11,495	7.7%	11,638	10.4%
Operation income	9,802	8.2%	9,003	6.7%	11,228	7.5%	6,997	6.3%
Interest expense, net	7,124	6.0%	6,966	5.2%	7,766	5.2%	7,927	7.1%
Income (loss) before income taxes	2,678	2.2%	2,037	1.5%	3,462	2.3%	(930)	-0.8%
Income taxes	85	0.1%	25	0.0%	25	0.0%	25	0.0%
General Partners' interest	-	0.0%	40	0.0%	69	0.0%	(19)	0.0%
Net income	\$ 2,593	2.2%	\$ 1,972	1.5%	\$ 3,368	2.2%	\$ (936)	-0.8%
Net income per limited partner unit	\$ 0.49		\$ 0.37		\$ 0.54		\$ (0.16)	
Weighted average L.P. units outstanding	5,271		5,271		6,228		6,035	
EBITDA (d)	\$ 19,870	16.6%	\$ 19,703	14.6%	\$ 22,988	15.3%	\$ 18,906	16.9%
Capital expenditures	\$ 5,332		\$ 5,279		\$ 5,579		\$ 15,100	
Maintenance capital expenditures	2,300		3,100		3,400		2,625	
Distributable cash flow	10,361		9,612		11,797		8,329	
Distributable cash flow per unit	\$ 1.97		\$ 1.82		\$ 1.89		\$ 1.38	
Common distribution coverage	1.8x		1.5x		1.4x		1.0x	
Total distribution coverage	0.9x		0.8x		0.8x		0.6x	

- (a) Proforma for December 16, 1997 common unit offering and the acquisition of Pearl Gas Co.
(b) Growth over 1996
(c) Includes \$350 in special project expenses.
(d) Excludes loss from sale of assets.

Page B-1

OVERVIEW OF STAR GAS
EBITDA RECONCILIATION: 1997 (a)
(\$ in thousands)

=====	
	STAR GAS

1997 Actual EBITDA	\$19,703 (b)
NORMALIZING ADJUSTMENTS.	
Weather	
Residential - 1,125 gallons @ 0.7106 margin	799
Commercial - 277 gallons @ 0.4459 margin	124
Margin	
Residential - 50,832 gallons @ (0.7106 - 0.6995)	(564)
Commercial - 19,864 gallons @ (0.4454 - 0.4348)	(220)
Wholesale - 38,404 gallons @ (0.0975 - 0.0675)	(1,152)
Compensation	(56)
Elimination of strategic expense	902 (c)
Pearl Gas EBITDA	3,012
Pearl Gas acquisition adjustments	273 (d)

1997 Normalized EBITDA	\$22,821
	=====

- (a) Management's assumptions.
- (b) Not pro forma for Pearl Gas acquisition.
- (c) Certain expenses including the exploration of strategic alternatives by Morgan Stanley.
- (d) Certain cost savings, primarily salary and benefit expenses of certain selling shareholders.

Page B-2

OVERVIEW OF STAR GAS
EBITDA RECONCILIATION: 1998 - 1999 (a)
(\$ in thousands)

=====	
	STAR GAS

Normalized 1998 EBITDA Budget	\$ 22,135
Weather	
12.8% warmer than normal	(3,229)

Actual 1998 EBITDA	\$ 18,906
	=====
Normalized 1998 EBITDA Budget	\$ 22,135
Acquisition Growth	
1998 acquisitions	1,585
\$5 million of acquisitions at 6.5x multiple completed on 4/1/99 using half-year convention	385

Actual results through January 21, 1999

(2,986)

1999 EBITDA Projected

\$ 21,119

=====

(a) Management's assumptions.

Page B-3

OVERVIEW OF STAR GAS
EBITDA PROJECTIONS
(\$ IN THOUSANDS)

	ACTUAL 1998	NORMALIZED 1998	ADJUSTED FOR ACTUAL 1999	PROJECTED		
				2000	2001	2002
EBITDA	\$ 18,906	\$ 22,135	\$ 21,119	\$ 25,260	\$ 26,797	\$ 28,335

MAJOR ASSUMPTIONS FOR 1999 - 2002

- [_] 30 Year Weather
- [_] No growth in base business.
- [_] \$5 million in 1999 and \$10 million in 2000 to 2002 of acquisitions at 6.5x EBITDA multiple using half-year convention.
- [_] No increase in gross profit margin.

Page B-4

OVERVIEW OF STAR GAS
ACQUISITION HISTORY
(\$ in thousands)

DATE ACQUIRED	COMPANY	PURCHASE PRICE	EBITDA	EBITDA MULTIPLE	ACQUIRED GALLONAGE	COST PER GALLON
6/15/94	Loveland	\$ 700	\$ 127	5.5x	433	\$1.616
11/24/94	Baystate	\$ 1,450	\$ 209	6.9x	769	\$1.886
9/12/95	Debolt	\$ 950	\$ 151	6.3x	852	\$1.115
3/22/96	Bob White L.P. Gas/ Mitchell Bottle Gas	\$ 1,500	\$ 263	5.7x	898	\$1.671
7/22/96	Fuzzy Moore	\$ 850	\$ 147	5.8x	454	\$1.871
10/22/97	Pearl Gas Co.	\$ 24,126	\$ 3,288	7.3x	14,000	\$1.723
2/20/98	Tri-County Gas	\$ 550	\$ 108	5.1x	320	\$1.720
5/28/98	Knowles LP Gas	\$ 3,000	\$ 426	7.0x	1,021	\$2.939
5/28/98	Tioga Petroleum	\$ 1,200	\$ 257	4.7x	688	\$1.795
7/30/98	Lowe Bros & Dad	\$ 3,750	\$ 602	6.2x	1,965	\$1.908
8/11/98	Myers Propane	\$ 1,200	\$ 191	6.3x	572	\$2.099

4 YEAR TOTALS \$ 39,276 \$ 5,769 6.8x 21,952 \$1.789

OVERVIEW OF STAR GAS
MARGIN ANALYSIS
(VOLUME IN GALLONS, GALLONS AND \$ IN THOUSANDS, EXCEPT MARGINS)

	FISCAL YEARS ENDED SEPTEMBER 30,					
	1993	1994	1995	1996	1997	1998
RESIDENTIAL						
Volume	44,590	48,430	45,235	54,336	49,707	53,720
Margin	\$ 0.6902	\$ 0.6861	\$ 0.6677	\$ 0.6592	\$ 0.7106	\$ 0.6742
Gross profit	\$ 30,777	\$ 33,228	\$ 30,203	\$ 35,818	\$ 35,322	\$ 36,219
COMMERCIAL						
Volume	17,617	19,875	18,831	21,194	19,587	18,901
Margin	\$ 0.4614	\$ 0.4611	\$ 0.4271	\$ 0.4202	\$ 0.4459	\$ 0.4465
Gross profit	\$ 8,129	\$ 9,164	\$ 8,043	\$ 8,906	\$ 8,734	\$ 8,440
AGRICULTURE						
Volume	23,291	16,053	15,080	12,567	17,338	18,437
Margin	\$ 0.2349	\$ 0.2630	\$ 0.2357	\$ 0.2556	\$ 0.2694	\$ 0.2654
Gross profit	\$ 5,471	\$ 4,222	\$ 3,554	\$ 3,212	\$ 4,671	\$ 4,893
MOTOR FUEL & OTHER						
Volume	7,581	8,060	8,056	8,197	8,024	7,812
Margin	\$ 0.4922	\$ 0.5359	\$ 0.5271	\$ 0.5215	\$ 0.5765	\$ 0.6390
Gross profit	\$ 3,731	\$ 4,319	\$ 4,246	\$ 4,275	\$ 4,626	\$ 4,992
WHOLESALE						
Volume	51,493	45,318	38,941	39,025	38,404	25,981
Margin	\$ 0.0619	\$ 0.0680	\$ 0.0568	\$ 0.0704	\$ 0.0975	\$ 0.0639
Gross profit	\$ 3,189	\$ 3,082	\$ 2,212	\$ 2,747	\$ 3,743	\$ 1,661
TOTAL PROPANE						
Volume	144,572	137,736	126,143	135,319	133,060	124,851
Margin	\$ 0.3548	\$ 0.3922	\$ 0.3826	\$ 0.4061	\$ 0.4291	\$ 0.4502
Total propane gross profit	\$ 51,297	\$ 54,015	\$ 48,258	\$ 54,958	\$ 57,096	\$ 56,205
APPLIANCES/OTHER						
Revenue	\$ 9,237	\$ 9,454	\$ 7,536	\$ 8,269	\$ 8,043	\$ 8,571
Cost	3,232	3,187	1,935	2,150	2,191	2,589
Gross profit	\$ 6,005	\$ 6,267	\$ 5,601	\$ 6,119	\$ 5,852	\$ 5,982
TOTAL GROSS PROFIT	\$ 57,302	\$ 60,282	\$ 53,859	\$ 61,077	\$ 62,948	\$ 62,187

OVERVIEW OF STAR GAS
DISCOUNTED CASH FLOW ANALYSIS
WEIGHTED AVERAGE COST OF CAPITAL DERIVATION
(\$ IN MILLIONS)

COMPARABLE COMPANY	LEVERED BETA (A)	TOTAL MARKET VAL. DEBT (BK = MKT)	UNIT PRICE AT (2/3/99)	TOTAL UNITS OUT. (MIL)	IMPLIED MARKET VALUE OF EQUITY	TOTAL DEBT/ TOTAL EQUITY	TOTAL DEBT AS % OF TOTAL CAPITAL	UN-LEVERED BETA
AmeriGas Partners, L.P.	0.44	\$719.0	\$23.625	41.9	\$1,009.8	71.2%	41.6%	0.257
Cornerstone Propane Partners, L.P.	0.55	263.1	17.500	19.9	355.6	74.0%	42.5%	0.316
Ferrellgas Partners, L.P.	0.47	594.3	18.688	31.3	596.8	99.6%	49.9%	0.235
Heritage Propane Partners, L.P.	0.48	198.3	23.750	8.6	207.9	95.4%	48.8%	0.246
National Propane Partners, L.P.	0.76	139.2	5.063	11.2	58.0	239.8%	70.6%	0.224
Star Gas Partners, L.P.	0.51	115.7	18.063	6.3	115.3	100.4%	50.1%	0.255
Suburban Propane Partners, L.P.	0.44	428.2	19.188	28.7	562.4	76.1%	43.2%	0.250

Star's capitalization - at market (b)
Total debt \$115.7 50.1%
Common equity 115.3 49.9%

Comparable group's average unlevered beta:

0.25

Star's debt - to - equity ratio (b):

100.4%

\$231.0 100.0%

Star's debt as a percent of total capital (b): 50.1%
 Comparable group's beta relevered for Star's capital structure: 0.409
 =====

DERIVATION OF WEIGHTED AVERAGE COST OF CAPITAL:	MARKET RISK PREMIUM RANGE (D)		
	11.3%	12.3%	13.3%
Star's theoretical levered beta:	0.409		
Assumed % of equity in Star's capital structure (b):	49.9%		
Risk - free rate of return (c):	4.8%		
Star's cost of equity range (at various market risk premiums):	9.5%	9.9%	10.3%
Star's assumed tax rate:	39.6%		
Assumed % of debt in capital structure (b):	50.1%		
Star's estimated cost of debt (e):	7.8%		
Star's estimated after - tax cost of debt:	4.7%	4.7%	4.7%
Star's weighted average cost of capital range (f):	7.1%	7.3%	7.5%

- (a) Source: Bloomberg, 143 week (maximum weekly time period allowed, or the number of weeks available, which may be less than 143) adjusted beta relative to the S&P 500 index.
- (b) Market value of debt is assumed to equal book value.
- (c) Ten - year Treasury rate on February 3, 1999.
- (d) Ibbotson Associates 1998. Total returns for small company stocks of 17.7% minus the risk-free rate.
- (e) Based on Star current debt structure.
- (f) Calculation based upon use of the Capital Asset Pricing Model (CAPM).

Page B-7

OVERVIEW OF STAR GAS
 SUMMARY OF CAPITAL STRUCTURE
 (\$ IN THOUSANDS)

	12/31/98 BOOK VALUE	COUPON	2/3/99 MARKET PRICE	MARKET VALUE
DEBT:				
Credit Agreement				
Working Capital facility	\$ 10,720	7.25%	Not applicable	\$ 10,720
Acquisition facility	9,000	7.25%	Not applicable	9,000
Notes payable				
8.04% First Mortgage Notes	85,000	8.04%	NA	85,000
7.17% First Mortgage Notes	11,000	7.17%	NA	11,000
TOTAL DEBT				\$115,720
EFFECTIVE COST OF DEBT				7.8%
AFTER-TAX COST OF DEBT				4.7%
	12/31/98 SHARES OUT.		2/3/99 MARKET PRICE	MARKET VALUE
EQUITY:				
Common units	3,858,999		\$ 18.063	\$ 69,703
Subordinated units	2,396,078		NA (a)	43,279
General Partner				2,306 (b)
TOTAL EQUITY				\$115,288
EFFECTIVE COST OF EQUITY				9.9%
TOTAL CAPITALIZATION				\$231,008
WACC				7.3%
Less: Cash				\$ 5,831
NET CAPITALIZATION				\$225,177

- (a) Market price assumed to equal common units.
- (b) Implied 2% general partner interest.

Page B-8

OVERVIEW OF STAR GAS

[GRAPH APPEARS HERE]

Page B - 9

OVERVIEW OF STAR GAS

[GRAPH APPEARS HERE]

Page B - 10

OVERVIEW OF STAR GAS
COMMON UNIT TRADING HISTORY - VOLUME DISTRIBUTION
1995 - 1999 (a)

	PRICE PER UNIT	DEC. 15-31 1995		1996		1997	
		VOLUME	%	VOLUME	%	VOLUME	%
GREATER THAN	\$24.800						
	24.400			32,400	100.00%		
	24.200			55,300	99.34%	26,000	100.00%
	24.000			27,200	98.20%	25,800	99.24%
	23.800			436,500	97.65%	38,400	98.49%
	23.600			119,200	88.71%	3,000	97.37%
	23.400			79,500	86.27%	56,900	97.28%
	23.200			105,000	84.64%	194,500	95.62%
	23.000			396,900	82.49%	148,000	89.94%
	22.800			229,200	74.36%	102,100	85.62%
	22.600			96,100	69.67%	184,500	82.64%
	22.400			273,800	67.70%	145,500	77.26%
	22.200	33,400	100.00%	430,500	62.09%	128,000	73.01%
	22.000	762,000	95.80%	510,900	53.28%	217,500	69.27%
	21.800			400,400	42.82%	411,600	62.92%
PRE-ANNOUNCEMENT PRICE	21.600			422,600	34.62%	302,200	50.91%
	21.400			259,400	25.96%	290,200	42.09%
	21.200			214,300	20.65%	372,800	33.62%
	21.000			388,000	16.25%	499,100	22.74%
	20.800			110,900	8.32%	108,000	8.17%
	20.600			137,500	6.05%	34,300	5.01%
	20.400			41,900	3.23%	16,000	4.01%
	20.200			62,800	2.38%	46,500	3.55%
	20.000			53,200	1.09%	22,000	2.19%
	19.800					24,400	1.55%
	19.600					28,600	0.83%
	19.400						
	19.200						
	19.000						
	18.800						
	18.600						
	18.400						
	18.200						
MARKET PRICE	18.000						
	17.800						
	17.600						
	17.400						
	17.200						
	17.000						
	16.800						
	16.600						
	16.400						
	16.200						
	16.000						
	15.800						
	15.600						
	15.400						
	15.200						
	15.000						
	14.800						
	14.600						
	14.400						
LESS THAN	\$14.400						
Total Units for Period		795,400		4,883,500		3,425,900	
Cumulative % of Total Traded			6.24%		38.33%		26.89%
% Traded of Current Units Out. (b)			20.61%		126.55%		88.78%
Wtd. Average Unit Price		\$ 22.11		\$ 22.25		\$ 21.89	

	PRICE PER UNIT	1998		1999 (A)		1995-1999 (A)		
		VOLUME	%	VOLUME	%	VOLUME	%	
GREATER THAN	\$24.800							
24.400	24.600					32,400	100.00%	
24.200	24.400	75,500	100.00%			156,800	99.75%	
24.000	24.200	-	97.92%			53,000	98.51%	
23.800	24.000	-	97.92%			474,900	98.10%	
23.600	23.800	131,200	97.92%			253,400	94.37%	
23.400	23.600	85,600	94.31%			222,000	92.38%	
23.200	23.400	173,700	91.95%			473,200	90.64%	
23.000	23.200	51,400	87.18%			596,300	86.93%	
22.800	23.000	36,200	85.77%			367,500	82.25%	
22.600	22.800	42,700	84.77%			323,300	79.36%	
22.400	22.600	192,300	83.69%			611,600	76.82%	
22.200	22.400	710,900	78.31%			1,302,800	72.02%	
22.000	22.200	256,500	58.75%			1,746,900	61.80%	
21.800	22.000	395,800	51.70%			1,207,800	48.09%	
PRE-ANNOUNCEMENT PRICE	21.600	21.800	243,600	40.81%		968,400	38.61%	
	21.400	21.600	184,500	34.11%		734,100	31.00%	
	21.200	21.400	115,000	29.04%		702,100	25.34%	
	21.000	21.200	178,000	25.87%		1,065,100	19.73%	
	20.800	21.000	77,300	20.98%		296,200	11.37%	
	20.600	20.800	69,100	18.85%		240,900	9.05%	
	20.400	20.600	37,500	16.95%		95,400	7.16%	
	20.200	20.400	44,000	15.92%		153,300	6.41%	
	20.000	20.200	14,300	14.71%		89,500	5.20%	
	19.800	20.000	21,500	14.31%		45,900	4.50%	
	19.600	19.800	14,900	13.72%	3,500	100.00%	43,500	4.14%
	19.400	19.600	-	13.31%	54,800	98.93%	-	3.80%
	19.200	19.400	16,400	13.31%	14,500	82.13%	16,400	3.80%
	19.000	19.200	12,900	12.85%	28,100	77.68%	12,900	3.67%
	18.800	19.000	25,200	12.51%	66,400	71.52%	25,200	3.57%
	18.600	18.800	33,200	11.81%	43,300	51.16%	33,200	3.37%
	18.400	18.600	9,200	10.90%	25,300	37.89%	9,200	3.11%
MARKET PRICE	18.200	18.400	16,900	10.65%	-	30.13%	16,900	3.04%
	18.000	18.200	40,900	10.18%	4,800	30.13%	40,900	2.91%
	17.800	18.000	11,900	9.06%	-	28.66%	11,900	2.58%
	17.600	17.800	10,100	8.73%	-	28.66%	10,100	2.49%
	17.400	17.600	28,100	8.45%	-	28.66%	28,100	2.41%
	17.200	17.400	13,500	7.68%	24,000	28.66%	13,500	2.19%
	17.000	17.200	14,700	7.31%	-	21.31%	14,700	2.09%
	16.800	17.000	-	6.90%	-	21.31%	-	1.97%
	16.600	16.800	12,400	6.90%	-	21.31%	12,400	1.97%
	16.400	16.600	-	6.56%	18,800	21.31%	-	1.87%
	16.200	16.400	-	6.56%	-	15.54%	-	1.87%
	16.000	16.200	-	6.56%	-	15.54%	-	1.87%
	15.800	16.000	27,500	6.56%	-	15.54%	27,500	1.87%
	15.600	15.800	37,400	5.81%	-	15.54%	37,400	1.66%
	15.400	15.600	53,800	4.78%	-	15.54%	53,800	1.36%
	15.200	15.400	-	3.30%	-	15.54%	-	0.94%
	15.000	15.200	-	3.30%	-	15.54%	-	0.94%
	14.800	15.000	41,000	3.30%	-	15.54%	41,000	0.94%
	14.600	14.800	-	2.17%	-	15.54%	-	0.62%
	14.400	14.600	78,900	2.17%	50,708	15.54%	78,900	0.62%
LESS THAN	\$14.400							
Total Units for Period		3,635,500		326,200		12,740,300		
Cumulative % of Total Traded			28.54%		2.56%		100.00%	
% Traded of Current Units Out. (b)			94.21%		8.45%		330.15%	
Wtd. Average Unit Price		\$ 21.39		\$ 18.03		\$ 21.90		

(a) Through February 3, 1999.
(b) Based on 3,858,999 common units outstanding.

Page B-11

OVERVIEW OF STAR GAS
SHAREHOLDER ANALYSIS (a)

INSTITUTIONS (B)	COMMON UNITS HELD	% OF TOTAL
Bear, Stearns & Co.	52,900	1.4%
Graver Bokhof	27,150	0.7%
DLJ Corp.	24,950	0.6%
Paine Webber Group	14,670	0.4%
Advest Group, Inc.	12,015	0.3%
The Vanguard Group	9,800	0.3%
CIBC Oppenheimer	3,500	0.1%
Weiss Peck & Greer	900	0.0%
Legg Mason Wood Walker	500	0.0%

U.S. Trust Co. NY	500	0.0%
Cullen/Frost Bankers	300	0.0%
ALL INSTITUTIONS	147,185	3.8%

DIRECTORS AND OFFICERS	TITLE	COMMON UNITS HELD	% OF TOTAL	SUBORDINATED UNITS HELD	% OF TOTAL
Wolfgang Traber	Star Director and Petro Director	10,400	0.3%	-	0.0%
Richard F. Ambury	V.P. of Finance	525	0.0%	-	0.0%
TOTAL DIRECTORS & OFFICERS HOLDINGS		10,925	0.3%	-	0.0%

GENERAL PARTNER	COMMON UNITS HELD	% OF TOTAL	SUBORDINATED UNITS HELD	% OF TOTAL
Petro	60,727	1.6%	2,396,078	100.0%

SUMMARY				
INSIDER HOLDINGS	COMMON UNITS	% OF TOTAL	SUBORDINATED UNITS	% OF TOTAL
Directors and Officers as a Group	10,925	0.3%	-	0.0%
General Partner	60,727	1.6%	2,396,078	100.0%
	71,652	1.9%	2,396,078	100.0%

PUBLIC HOLDINGS				
INSTITUTIONAL	COMMON UNITS	% OF TOTAL	SUBORDINATED UNITS	% OF TOTAL
RETAIL	144,035	3.7%	-	-
	3,643,312 (c)	94.4%	-	-
	3,787,347	98.1%	-	-
TOTAL UNITS OUTSTANDING	3,858,999	100.0%	2,396,078	100.0%

(a) Based on units outstanding and most recently available data as of 2/04/99.
(b) Source: Bloomberg.

Page B-12

STAR GAS HAS ONGOING RESEARCH COVERAGE BY TWO FIRMS.

OVERVIEW OF STAR GAS
RESEARCH COVERAGE

RESEARCH COVERAGE	DATE PUBLISHED	ESTIMATES UPDATED
Published Research Reports		
A.G. Edwards - Buy	1/5/98	2/5/99
PaineWebber - Buy	12/30/97	1/6/99
Lehman	2/7/96	11/4/96

EARNINGS ESTIMATES	NUMBER OF ESTIMATES	MEAN 1998	MEAN 1999
IBES	2	NA	\$0.48
Nelson	2	(\$0.14)	\$0.65
Zacks	2	(\$0.19)	\$0.48

Page B-13

SUMMARY OF THE TRANSACTION
 PRO FORMA STAR GAS UNITS OUTSTANDING
 (IN THOUSANDS EXCEPT PER SHARE AND PER UNIT)

- [_] There are currently 6,383 Star Gas units outstanding comprised of 3,859 common units, 2,396 subordinated units and 128 implied general partner ("GP") units. The subordinated units and GP units are currently assets of Petro.
- [_] There are currently 26,463 shares of Petro common stock outstanding held by public shareholders and "affiliates." The public holds 14,327 Class A shares, 11 Class B shares and 291 Class C shares. The "affiliates" hold 11,834 shares which include 9,528 Class A shares and 2,306 Class C shares.
- [_] Each shareholder of Petro will receive a certain number of units in Star Gas such that the implied consideration paid for each Petro share averages \$1.91 based on A.G. Edwards' estimates of the value of the units being offered to Petro as consideration.
- [_] All of the publicly held 14,327 Class A shares and 291 Class C shares, and a portion of the "affiliate" held Class A shares (5,243) and Class C shares (1,328) will receive .11758 units of newly created senior subordinated units for each share (1,719 units to the public and 773 units to the "affiliates", 2,492 units in total) with an attached Contingent Unit ("CU"). See the following page for a discussion of the Contingent Units. A.G. Edwards estimates an implied value for these units of \$16.22/unit (see page D-3). The remaining "affiliates" of Petro not receiving senior subordinated units, who hold a total of 5,262 shares, will receive .14318 units for a total of 753 junior subordinated and GP units, both of which will also include attached CUs. A.G. Edwards estimates an implied value for these units \$13.55/unit (see page D-6).
- [_] The 2,396 subordinated units and 128 GP units currently owned by Petro will effectively be retired in the Transaction.

SUMMARY OF THE TRANSACTION
 PRO FORMA STAR GAS UNITS OUTSTANDING
 (IN THOUSANDS)
 (continued)

Description of Contingent Units

- [_] During the five year period, beginning with the first full four quarters following the Merger, the senior subordinated units, junior subordinated units and general partner interests will have the right to receive up to 909,000 senior subordinated units upon Petro meeting a "Contingent Unit Test." Each time the Contingent Unit Test is met (but not more frequently than once every four quarter period), the senior subordinated units, junior subordinated units and general partner interests will receive an aggregate of 303,000 senior subordinated units, subject to a maximum of 909,000 senior subordinated units. The Contingent Unit Test will be met during any four quarter period when distributable cash flow per unit attributable to Petro exceeds \$2.90.

SUMMARY OF THE TRANSACTION
 ALLOCATION OF CURRENT PETRO SHARES OUTSTANDING
 (IN THOUSANDS)

	Class A	Class C	Total
	-----	-----	-----
=====			

Groups Receiving Senior Sub			

Public	14,327	291	14,618
Affiliates	5,243	1,328	6,572
	-----	-----	-----
Total Receiving Senior Sub	19,570	1,619	21,190

Groups Receiving Junior Sub and GP			

Affiliates	4,284	978	5,262
	-----	-----	-----
Sub Total	23,855	2,598	26,452
	=====	=====	

Class B			11

Total Shares including Class B			26,463
			=====

Page C-3

SUMMARY OF THE TRANSACTION
PRO FORMA STAR GAS UNITS OUTSTANDING
PRE-FINANCING ASSUMPTIONS
(IN THOUSANDS)

		Issued to Petro			

Type of Units	Current	Public	Affiliates	Retired	Pro Forma
	-----	-----	-----	-----	-----
Common	3,859	-	-	-	3,859
Senior Subordinated	-	1,719	773	-	2,492
Subordinated	2,396	-	-	(2,396)	-
Junior Subordinated & New General Partner	-	-	753	-	753
Old General Partner	128	-	-	(128)	-
	-----				-----
	6,383				7,104

Page C-4

SUMMARY OF THE TRANSACTION
EQUITY PURCHASE PRICE CALCULATION
IMPLIED EQUITY VALUE OF PETRO'S ASSETS
(\$ AND UNITS IN THOUSANDS, EXCEPT PER UNIT AMOUNTS)

	Value of Securities		
	Issued to and Retired from Petro		

Event			

Issuance of Senior Subordinated Units to Public Petro Shareholders	1,719	x	\$16.22
	-----		-----
			\$27,879
Issuance of Senior Subordinated			

Units to Affiliate Petro Shareholders	773	x	\$16.22

			\$12,540
Issuance of Junior Subordinated & General Partner Units to Affiliate Petro Shareholders	753	x	\$13.35

			\$10,059

PURCHASE PRICE OF PETRO'S EQUITY			\$50,478

Dividend by 26,452 shares of Petro's Common stock = (Excludes 11 Class B Shares)			\$1.91 per share

Retire Subordinated Units held by Petro	(2,396)	x	\$13.35

			(\$31,988)
Retire Old General Partner Units held by Petro	(128)	x	\$19.08 (a)

			(\$2,435)

EQUITY VALUE OF PETRO'S HEATING OIL ASSETS			\$16,054

(a) Star 20-day average common unit price through 2/3/99.

Page C-5

SUMMARY OF THE TRANSACTION
PRO FORMA CAPITAL STRUCTURE
12/31/98
(\$ IN THOUSANDS)

	STAR GAS	PETRO	ADJUSTMENTS	PRO FORMA STAR GAS
	-----	-----	-----	-----
DEBT:				
8.04% First Mortgage Notes	\$ 85,000	-	-	\$ 85,000
7.25% WC Revolver	10,720	-	-	10,720
7.25% Acquisition Facility	9,000	-	-	9,000
7.17% First Mortgage Notes	11,000	-	-	11,000
10.90% Senior Notes	-	\$ 60,000	-	60,000
14.10% Senior Notes	-	3,100	-	3,100
14.10% Subordinated Notes	-	3,100	-	3,100
10.13% Sub Notes & Sr Notes	-	50,000	(\$ 50,000)	-
9.38% Sub Notes & Sr Notes	-	75,000	(75,000)	-
12.25% Sub Notes & Sr Notes	-	81,250	(81,250)	-
8.00% Existing Acq Notes Payable	-	14,301	-	14,301
7.5% New Debt	-	-	90,000	90,000
	-----	-----	-----	-----
TOTAL DEBT	\$115,720	\$286,751	(\$116,250)	\$286,221
WEIGHTED AVERAGE COST OF DEBT				8.5%
PREFERRED STOCK:				
14.33% Preferred Stock	\$ 0	\$ 4,167	(\$ 4,167)	\$ 0
12.88% Preferred Stock	-	30,000	(30,000)	-
	-----	-----	-----	-----
	-	\$34,167	(\$34,167)	-

ESTIMATED EQUITY VALUE:

	PRO FORMA UNITS OUT	ESTIMATED UNIT PRICE	ESTIMATED MARKET VALUE
	-----	-----	-----
Common	12,873 (a)	\$18.06 (b)	\$232,510
Senior Subordinated	2,492	16.22	40,412
Junior Subordinated and GP	753	13.35	10,059
	-----		-----
	16,118		\$282,981
TOTAL CAPITALIZATION:			\$569,202
Less: Cash and Cash Collateral			19,635

NET CAPITALIZATION			\$549,567

- (a) Comprised of 3,859 currently outstanding units, 8,911 units to be issued in a common unit offering to close concurrent with the Merger, and 103 units issued as a consent fee in the Refinancing Transaction.
- (b) Current price of Star Gas (2/3/99): \$18.063

Page C-6

DISCOUNTED CASH FLOW ANALYSIS
STAR GAS- PRO FROMA
PRO FORMA WEIGHTED AVERAGE COST OF CAPITAL DERIVATION
(\$ IN MILLIONS)

COMPARABLE COMPANY	LEVERED BETA (A)	TOTAL MARKET VAL. DEBT (BK = MKT)	UNIT PRICE AT (2/3/99)	TOTAL UNITS OUT. (MIL)	IMPLIED MARKET VALUE OF EQUITY	TOTAL DEBT/ TOTAL EQUITY	TOTAL DEBT AS % OF TOTAL CAPITAL	UN- LEVERED BETA
AmeriGas Partners, L.P.	0.44	\$719.0	\$23.625	41.9	\$1,009.8	71.2%	41.6%	0.257
Cornerstone Propane Partners, L.P.	0.55	263.1	17.500	19.9	355.6	74.0%	42.5%	0.316
Ferrellgas Partners, L.P.	0.47	594.3	18.688	31.3	596.8	99.6%	49.9%	0.235
Heritage Propane Partners, L.P.	0.48	198.3	23.750	8.6	207.9	95.4%	48.8%	0.246
National Propane Partners, L.P.	0.76	139.2	5.063	11.2	58.0	239.8%	70.6%	0.224
Star Gas Partners, L.P.	0.51	115.7	18.063	6.3	115.3	100.4%	50.1%	0.255
Suburban Propane Partners, L.P.	0.44	428.2	19.188	28.7	562.4	76.1%	43.2%	0.250

Comparable group's average unlevered beta:	0.25	Pro forma capitalization - at market (b)	
Pro forma debt - to - equity ratio (b):	101.1%	Total debt	\$286.2 50.3%
		Total equity	283.0 49.7%
Pro forma debt as a percent of total capital (b):	50.3%		\$569.2 100.0%
Comparable group's beta relevered for Pro forma capital structure:	0.410		

DERIVATION OF WEIGHTED AVERAGE COST OF CAPITAL:

		MARKET RISK PREMIUM RANGE (D)		
		11.3%	12.3%	13.3%
Pro forma theoretical levered beta:	0.410			
Assumed % of common equity in Pro forma capital structure (b):	49.7%			
Risk - free rate of return (c):	4.8%			
Pro forma cost of common range (at various market risk premiums):		9.5%	9.9%	10.3%
		=====	=====	=====
Pro forma assumed tax rate:	39.6%			
Assumed % of debt in capital structure (b):	50.3%			
Pro forma estimated cost of debt (e):	8.5%			
Pro forma estimated after - tax cost of debt:	5.1%	5.1%	5.1%	5.1%
		-----	-----	-----
Pro forma weighted average cost of capital range (f):		7.3%	7.5%	7.7%
		-----	-----	-----

- (a) Source: Bloomberg, 143 week (maximum weekly time period allowed, or the number of weeks available, which may be less than 143) adjusted beta relative to the S&P 500 index.
- (b) Market value of debt is assumed to equal book value. See page C-6 for equity calculation.
- (c) Ten - year Treasury rate on February 3, 1999.
- (d) Ibbotson Associates 1998. Total returns the small company stocks of 17.7%

minus the risk-free rate.

(e) Based on Pro forma debt structure.

(f) Calculation based upon use of the Capital Asset Pricing Model (CAPM).

IMPLIED UNIT VALUE ANALYSIS
COMMON UNITS

[_] A.G. Edwards calculated a range of values for the Senior Subordinated, Junior Subordinated and General Partner units, based on a required rate of return, trading yield, and discount to the common units.

	1999	2000	2001	2002	THEREAFTER
	----	----	----	----	-----
COMMON UNIT					
Indicated Distribution	\$ 1.15	\$2.30	\$2.30	\$2.30	\$2.30
Cost of Equity (a)	9.5%	9.5%	9.5%	9.5%	9.5%

NPV of future distributions	\$24.31				

	1999	2000	2001	2002	THEREAFTER
	----	----	----	----	-----
COMMON UNIT					
Indicated Distribution	\$ 1.15	\$2.30	\$2.30	\$2.30	\$2.30
Cost of Equity (a)	9.9%	9.9%	9.9%	9.9%	9.9%

NPV of future distributions	\$23.30				

	1999	2000	2001	2002	THEREAFTER
	----	----	----	----	-----
COMMON UNIT					
Indicated Distribution	\$ 1.15	\$2.30	\$2.30	\$2.30	\$2.30
Cost of Equity (a)	10.3%	10.3%	10.3%	10.3%	10.3%

NPV of future distributions	\$22.38				

-----		-----	
AVERAGE PRICE OVER LAST 20 TRADING DAYS ENDED 2/3/99:	\$19.08	CURRENT PRICE (2/3/99):	\$18.06
AVERAGE YIELD (B):	12.1%	CURRENT YIELD (B):	12.7%
-----		-----	

- (a) Per Cost of Capital analysis on page D-2.
- (b) Assumes a \$2.30 distribution.

[_] Certain analysis included in this presentation, including the calculations of the implied value of the senior subordinated, junior subordinated and GP units, require an estimate of the future price of the common units at Closing. To serve as a proxy for this future price, A.G. Edwards used the average common unit closing price for the last 20 trading days ended February 3, 1999. Such price is 14.7% to 21.5% lower than the common units' implied unit value per the above analysis, and 5.6% greater than the common units' most recent closing price on February 3, 1999.

THEORETICAL PRO FORMA COST OF EQUITY FOR COMMON UNITS
(\$ IN MILLIONS)

COMPARABLE COMPANY	LEVERED BETA (A)	TOTAL MARKET VAL. DEBT (BK = MKT)	UNIT PRICE AT (2/3/99)	TOTAL UNITS OUT. (MIL)	IMPLIED MARKET VALUE OF EQUITY	TOTAL DEBT/ TOTAL EQUITY	TOTAL DEBT AS % OF TOTAL CAPITAL	UN-LEVERED BETA
AmeriGas Partners, L.P.	0.44	\$719.0	\$23.625	41.9	\$1,009.8	71.2%	41.6%	0.257
Cornerstone Propane Partners, L.P.	0.55	263.1	17.500	19.9	355.6	74.0%	42.5%	0.316
Ferrellgas Partners, L.P.	0.47	594.3	18.688	31.3	596.8	99.6%	49.9%	0.235
Heritage Propane Partners, L.P.	0.48	198.3	23.750	8.6	207.9	95.4%	48.8%	0.246
National Propane Partners, L.P.	0.76	139.2	5.063	11.2	58.0	239.8%	70.6%	0.224
Star Gas Partners, L.P.	0.51	115.7	18.063	6.3	115.3	100.4%	50.1%	0.255
Suburban Propane Partners, L.P.	0.44	428.2	19.188	28.7	562.4	76.1%	43.2%	0.250

Comparable group's average unlevered beta:	0.25	Pro forma capitalization - at market (b)	
Pro forma debt - to - equity ratio (b):	100.1%	Total debt	\$286.2 50.3%
		Total equity	283.0 49.7%
Pro forma debt as a percent of total capital (b):	50.3%		\$569.2 100.0%
Comparable group's beta relevered for Pro forma capital structure:	0.410		

DERIVATION OF WEIGHTED AVERAGE COST OF CAPITAL:		MARKET RISK PREMIUM RANGE (D)		
		11.3%	12.3%	13.3%
Pro forma theoretical levered beta:	0.410			
Assumed % of equity in Pro forma capital structure (b):	49.7%			
Risk - free rate of return (c):	4.8%			
Pro forma cost of common range (at various market risk premiums):		9.5%	9.9%	10.3%
		====	====	====
Pro forma assumed tax rate:	39.6%			
Assumed % of debt in capital structure (b):	50.3%			
Pro forma estimated cost of debt (e):	8.5%			
Pro forma estimated after - tax cost of debt:	5.1%	5.1%	5.1%	5.1%
		-----	-----	-----
Pro forma weighted average cost of capital range (f):		7.3%	7.5%	7.7%

- (a) Source: Bloomberg, 143 week (maximum weekly time period allowed, or the number of weeks available, which may be less than 143) adjusted beta relative to the S&P 500 index.
- (b) Market value of debt is assumed to equal book value. See page C-6 for equity calculation.
- (c) Ten - year Treasury rate on February 3, 1999.
- (d) Ibbotson Associates 1998. Total returns for the small company stocks of 17.7% minus the risk-free rate.
- (e) Based on Pro forma debt structure.
- (f) Calculation based upon use of the Capital Asset Pricing Model (CAPM).

Page D-2

IMPLIED UNIT VALUE ANALYSIS
SENIOR SUBORDINATED UNITS
REQUIRED RATE OF RETURN

	1999	2000	2001	2002	Thereafter (a)
SENIOR SUBORDINATED UNIT (WITHOUT CU)					
Indicated Distribution	\$ 0.00	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30
Cost of Equity	20.0%	20.0%	20.0%	20.0%	9.9%

NPV of future distributions	\$ 16.72				

CONTINGENT UNIT					
Indicated Distribution (b)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cost of Equity	20.0%	20.0%	20.0%	20.0%	9.9%

NPV of future distributions	\$ 0				

UNIT VALUE OF SENIOR SUBORDINATED UNIT WITH ATTACHED CU	\$ 16.72				

(Each Unit has claim to 1/3,245 of the Contingent Unit.)

	1999	2000	2001	2002	Thereafter(a)
SENIOR SUBORDINATED UNIT (WITHOUT CU)					
Indicated Distribution	\$ 0.00	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30
Cost of Equity	30.0%	30.0%	30.0%	30.0%	9.9%
NPV of future distributions	\$ 12.96				
CONTINGENT UNIT					
Indicated Distribution (b)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cost of Equity	30.0%	30.0%	30.0%	30.0%	9.9%
NPV of future distributions	\$ 0				
UNIT VALUE OF SENIOR SUBORDINATED UNIT WITH ATTACHED CU	\$ 12.96				
(Each Unit has claim to 1/3,245 of the Contingent Unit.)					

(a) Distributions made after 2002 are discounted at the cost of equity for the Common Units, estimated at 9.9% due to the end of the Subordination Period.

(b) Assumes that the Contingent Units Test is not met.

Page D-3

IMPLIED UNIT VALUE ANALYSIS
THEORETICAL PRO FORMA COST OF EQUITY FOR SENIOR SUBORDINATED UNITS
(\$ IN MILLIONS)

Comparable Company	Levered Beta (a)	Total Market Val. Debt (Bk = Mkt)	Unit Price at (2/3/99)	Total Units Out. (Mil)	Implied Market Value of Equity	Total Debt/ Total Equity	Total Debt as % of Total Capital	Un-levered Beta
AmeriGas Partners, L.P.	0.44	\$719.0	\$23.625	41.9	\$1,009.8	71.2%	41.6%	0.257
Cornerstone Propane Partners, L.P.	0.55	263.1	17.500	19.9	355.6	74.0%	42.5%	0.316
Ferrellgas Partners, L.P.	0.47	594.3	18.688	31.3	596.8	99.6%	49.9%	0.235
Heritage Propane Properties, L.P.	0.48	198.3	23.750	8.6	207.9	95.4%	48.8%	0.246
National Propane Partners, L.P.	0.76	139.2	5.063	11.2	58.0	239.8%	70.6%	0.224
Star Gas Partners, L.P.	0.51	115.7	18.063	6.3	115.3	100.4%	50.1%	0.255
Suburban Propane Partners, L.P.	0.44	428.2	19.188	28.7	562.4	76.1%	43.2%	0.250
Comparable group's average unlevered beta				0.25	Pro forma capitalization - at market(b)			
Pro forma adjusted debt-to-subordinated equity ratio(b)				1027.8%	Total debt		\$518.7	91.1%
					Total equity		50.5	8.9%
Pro forma adjusted debt as a percent of total capital(b):				91.1%				
Comparable group's beta relevered for Pro forma capital structure(b):				1,835				
				=====				
DERIVATION OF WEIGHTED AVERAGE COST OF CAPITAL:					Market Risk Premium Range(d)			

					11.3% 12.3% 13.3%			

Pro forma theoretical levered beta:					1.835			
Assumed % of subordinated equity in Pro forma capital structure(b):					8.9%			
Risk-free rate of return(c):					4.8%			
Pro forma cost of equity range (at various market risk premiums):					25.6% 27.4% 29.2%			
					=====			

(a) Source: Bloomberg. 143 week (maximum weekly time period allowed, or the number of weeks available, which may be less than 143) adjusted beta relative to the S&P 500 index.

(b) Market value of debt is assumed to equal book value; for purposes of this calculation only, debt includes the market value of pro forma common units; equity includes only the value of senior subordinated, junior subordinated units, and GP units.

(c) Ten-year Treasury rate on February 3, 1999.

(d) Ibbotson Associates 1998. Total returns for small company stocks of 17.7% minus the risk-free rate.

IMPLIED UNIT VALUE ANALYSIS
JUNIOR SUBORDINATED AND GP UNITS

		Range -----
Required rate of return (a)	35.0%-45.0%	\$ 9.19-11.50
Trading yield (b)	15.0%-17.0%	\$13.53-15.33
Discount to common units (c)	25.0%-35.0%	\$12.40-14.31
	Range	\$ 9.19-15.33
	Adjusted Range (d)	\$12.40-14.31

	Assumed value (e)	\$ 13.35

- (a) Represents required rate of return during subordination period, which is assumed to continue through the end of fiscal 2002. Thereafter, the rate of return is assumed to equal that of the common units, for a blended required rate of return of 18.4% to 22.6%. Cost per unit calculations provided on page D-7.
- (b) Based on a \$2.30 annualized MQD.
- (c) Based on a discount to the common unit's average closing price for the last 20 trading days as of 2/3/99 of \$19.08, as referenced on page D-1.
- (d) Represents the middle values of both the range of highs and lows.
- (e) Implied required rate of return, trading yield and discount to common at a unit price of \$13.35 are 28.8% during subordination (16.0% blended), 17.2%, and 30.0%, respectively.

IMPLIED UNIT VALUE ANALYSIS
JUNIOR SUBORDINATED AND GP UNITS
Required Rate of Return

	1999 ----	2000 ----	2001 ----	2002 ----	Thereafter (a) -----
JUNIOR SUBORDINATED AND GP UNITS					
Indicated Distribution	\$ 0.00	\$2.30	\$2.30	\$2.30	\$2.30
Cost of Equity	35.0%	35.0%	35.0%	35.0%	9.9%

NPV of future distributions	\$11.50				

CONTINGENT UNIT					
Indicated Distribution (b)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cost of Equity (c)	25.0%	25.0%	25.0%	25.0%	9.9%

NPV of future distributions	\$ 0				

UNIT VALUE OF JUNIOR SUBORDINATED AND GP UNIT WITH ATTACHED CU					
	\$11.50				
(Each Unit has claim to 1/3,245 of the Contingent Unit.)					

	1999	2000	2001	2002	Thereafter (a)
	----	----	----	----	-----

JUNIOR SUBORDINATED AND GP UNITS

Indicated Distribution	\$ 0.00	\$2.30	\$2.30	\$2.30	\$2.30
Cost of Equity	45.0%	45.0%	45.0%	45.0%	9.9%
NPV of future distributions	\$ 9.19				

CONTINGENT UNIT

Indicated Distribution (b)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cost of Equity (c)	25.0%	25.0%	25.0%	25.0%	9.9%
NPV of future distributions	\$ 0				

UNIT VALUE OF JUNIOR SUBORDINATED AND GP UNIT WITH ATTACHED CU \$ 9.19
(Each Unit has claim to 1/3,245 of the Contingent Unit.)

- (a) Distributions made after 2002 are discounted at the cost of equity for the Common Units, estimated at 9.9% due to the end of the Subordination Period.
- (b) Assumes that the Contingent Units Test is not met.
- (c) Utilized senior subordinated discount rate as CUs convert to senior subordinated units.

IMPLIED UNIT VALUE ANALYSIS
THEORETICAL PRO FORMA COST OF EQUITY FOR JUNIOR SUBORDINATED AND GP UNITS
(\$ IN MILLIONS)

Comparable Company	Levered Beta (a)	Total Market Val. Debt (Bk = Mkt)	Unit Price at (2/3/99)	Total Units Out. (Mil)	Implied Market Value of Equity	Total Debt/Equity	Total Debt as % of Total Capital	Un-levered Beta
AmeriGas Partners, L.P.	0.44	\$719.0	\$23.625	41.9	\$1,009.8	71.2%	41.6%	0.257
Cornerstone Propane Partners, L.P.	0.55	263.1	17.500	19.9	355.6	74.0%	42.5%	0.316
Ferrellgas Partners, L.P.	0.47	594.3	18.688	31.3	596.8	99.6%	49.9%	0.235
Heritage Propane Properties, L.P.	0.48	198.3	23.750	8.6	207.9	95.4%	48.8%	0.246
National Propane Partners, L.P.	0.76	139.2	5.063	11.2	58.0	239.8%	70.6%	0.224
Star Gas Partners, L.P.	0.51	115.7	18.063	6.3	115.3	100.4%	50.1%	0.255
Suburban Propane Partners, L.P.	0.44	428.2	19.188	28.7	562.4	76.1%	43.2%	0.250

Comparable group's average unlevered beta:	0.25	Pro forma capitalization - at market(b)	
Pro forma adjusted debt-to-junior subordinated equity ratio(b):	5558.7%	Total debt	\$559.1 98.2%
Pro forma adjusted debt as a percent of total capital(b):	98.2%	Total equity	10.1 1.8%
			\$569.2 100.0%

Comparable group's beta relevered for Pro forma capital structure:	8.803
--	-------

DERIVATION OF WEIGHTED AVERAGE COST OF CAPITAL:

		Market Risk Premium Range(d)		
		11.3%	12.3%	13.3%
Pro forma theoretical levered beta:	8.803			
Assumed % of junior subordinated equity in Pro forma capital structure(b):	1.8%			
Risk-free rate of return(c):	4.8%			
Pro forma cost of equity range (at various market risk premiums):		104.3%	113.1%	121.9%

- (a) Source: Bloomberg. 143 week (maximum weekly time period allowed, or the number of weeks available, which may be less than 143) adjusted beta relative to the S&P 500 index.
- (b) Market value of debt is assumed to equal book value; for purposes of this calculation only, debt includes the market value of common and senior subordinated units; equity only includes the value of junior subordinated, and GP units.
- (c) Ten-year Treasury rate on February 3, 1999.

(d) Ibbotson Associates 1998. Total returns for small company stocks of 17.7% minus the risk-free rate.

PRO FORMA MERGER ANALYSIS

[_] A.G. Edwards analyzed the impact of the Transaction on the Partnership's distributable cash flow per unit, the related accretion, common unit coverage and total unit coverage on a pro forma basis.

	STAR GAS STAND-ALONE	STAR GAS PRO FORMA
DCF PER UNIT		
1998 Actual	\$ 1.30	\$ 1.44
1999 Adjusted for Actual (a)	1.51	2.07
2000 Projected	2.02	2.39
ACCRETION/DILUTION		
1998 Actual		\$ 0.13
1999 Adjusted for Actual (a)		0.56
2000 Projected		0.37
COMMON UNIT COVERAGE		
1998 Actual	0.98x	0.78x
1999 Adjusted for Actual (a)	1.13	1.12
2000 Projected	1.49	1.29
TOTAL UNIT COVERAGE		
1998 Actual	0.59x	0.62x
1999 Adjusted for Actual (a)	0.68	0.90
2000 Projected	0.92	1.04

(a) Adjusted to include actual results through January 21, 1999.

MERGER PREMIUMS TO MARKET VALUE ANALYSIS

[_] A.G. Edwards analyzed the premium of the consideration to be received by Petro Common Shareholders and compared the premium to Petro's current and historical prices. These premiums were compared to premiums paid in acquisitions of majority or remaining interests announced and completed between January 1, 1996 and February 3, 1999 where the target's share price one week prior to the announcement date was either (i) equal to or less than \$5, (ii) greater than \$5 and less than \$10, or (iii) equal to or greater than \$10.

[_] Premiums were calculated one day, one week, four weeks, three months and one year prior to the announcement of the agreement in principle for each merger.

COMPARISON OF PREMIUMS PAID

PREMIUM TO STOCK PRICE PRIOR TO ANNOUNCEMENT ON AUGUST 14TH:	PETRO AT \$1.91 PER UNIT OFFER PRICE	MEAN OF TRANSACTIONS EQUAL TO OR LESS THAN \$5	MEAN OF TRANSACTIONS GREATER THAN \$5 AND LESS THAN \$10
One day prior:	1.9%	57.8%	34.3%
One week prior:	9.1%	68.5%	43.2%

Four weeks prior:	-7.4%	71.1%	50.1%
Three months prior:	19.8%	71.8%	63.6%
One year prior:	-36.3%	51.9%	51.3%

Maximum	19.8%	71.8%	63.6%
Minimum	-36.3%	51.9%	34.3%

=====

COMPARISON OF PREMIUMS PAID

PREMIUM TO STOCK PRICE PRIOR TO ANNOUNCEMENT ON AUGUST 14TH:	MEAN OF TRANSACTIONS EQUAL TO OR GREATER THAN \$10
One day prior:	28.4%
One week prior:	32.9%
Four weeks prior:	39.4%
Three months prior:	54.7%
One year prior:	72.1%
Maximum	72.1%
Minimum	28.4%

=====

[_] The premium to Petro's current stock price (\$1.00 as of February 3, 1999) was 91.0%

Page F-1

MERGER PREMIUMS TO MARKET VALUE ANALYSIS
 MERGERS WITH TARGET PRICE EQUAL TO OR LESS THAN \$5 PER SHARE
 ANNOUNCED AND COMPLETED 1/1/96 - 2/3/99

=====

Date Announced	Date Effective	Target Name	Target Business Description	Acquirer Name
01/10/96	06/26/96	American Resource Corp	Gold mining company	REA Gold Corp
01/18/96	08/23/96	AMSERV Healthcare Inc	Pvd temp nursing employment	Star Multi Care Services Inc
01/23/96	05/09/96	Portage Industries Corp	Mnfr extruded plastic sheets	Spartech Corp
02/05/96	09/30/96	Customedix Corp	Mnfr dental, medical products	CUS Acquisition Inc
02/13/96	07/12/96	Medical Innovations Inc	Pvd home health care services	Horizon/CMS Healthcare Corp
02/15/96	04/29/96	LDI Corp	Computer equip leasing svcs	NationsBank Corp, Charlotte, NC
02/28/96	07/11/96	Salton/Maxim Houswares Inc	Mnfr electric housewares, fares	Windmere Corp
03/13/96	09/27/96	DeSolo Inc	Mnfr paints and detergents	Keystone Consolidated Inds Inc
04/16/96	05/31/96	CIS Technologies Inc	Manufacture computers	National Data Corp
04/22/96	06/04/96	Cornerstone Natural Gas Co	Natural gas distribution svcs	El Paso Field Svcs (El Paso)
05/03/96	03/17/98	Homeowners Group Inc	Real estate insurance agency	Cross Country Group Inc
05/06/96	09/03/96	Transisco Industries Inc	Mnfr service railroad equip	Trinity Industries Inc
05/07/96	09/03/96	NMR of America Inc	Pvd medical equip leasing svcs	Medical Resources Inc
05/13/96	08/30/96	MDT Corp	Mnfr sterility assurance equip	Getinge Industries AB
05/15/96	09/10/96	Carlisle Plastics Inc	Mnfr whl plastic prods, resins	Tyco International Ltd
06/03/96	01/09/97	Bio-Dental Technologies Corp	Provide dental research svcs	Zila Inc
06/10/96	07/22/96	Systemed Inc	Pvd medical services	Merck-Medco Managed Care Inc
06/11/96	09/03/96	Computer Identics Corp	Manufacture bar code scanners	Robotic Vision Systems Inc
06/17/96	10/07/96	Scanforms Inc	Mnfr business forms	Big Flower Press Holdings Inc
06/21/96	08/23/96	Computer Petroleum Corp	Information retrieval svcs	United Communications Group
06/24/96	12/05/96	MEM Co Inc	Manufacture toiletries	Renaissance Cosmetics Inc
07/31/96	11/13/96	Calgene Inc	Own and operate greenhouse	Monsarto Co
08/13/96	02/27/97	LaTex Resources Inc	Oil and gas expl prodn	Alliance Resources PLC
09/10/96	01/03/97	GreenStone Industries Inc	Manufacture stationery	Louisiana-Pacific Corp
09/11/96	03/04/97	Cherrpower Inc	Insulation, asbestos abatement	American Eco Corp
09/16/96	12/06/97	Proler International Corp	Whl scrap metals & metals	Schnitzer Steel Industries Inc
09/26/96	01/24/97	General Physics Corp	Provide training services	National Patent Development
10/02/96	12/27/96	Software Publishing Corp	Develop software	Allegro New Media
10/03/96	11/12/97	Pittencrieff Communications	Pvd radio telephone commun svcs	Nextel Communications Inc
10/04/96	12/31/96	Pet Food Warehouse Inc	Own, op pet food stores	Petco Animal Supplies Inc
10/30/96	12/20/96	Pacific Rehab & Sports Med	Own, op rehab hospital	Horizon/CMS Healthcare Corp
11/05/96	03/14/97	Panatech Research & Development	Manufacture semiconductors	Harbour Group Ltd
11/25/96	02/28/97	American Studios Inc	Pvd photography services	PCA International Inc
12/06/96	03/18/97	MaxServ Inc (Sears Roebuck)	Pvd technical info support svc	Sears Roebuck & Co
12/09/96	02/28/97	Houston Biotechnology Inc	Mnfr monoclonal antibodies	Medarex Inc
12/18/96	09/29/97	Aircoa Hotel Partners LP	Real estate agency	Regal Hotel Management Inc
01/24/97	07/02/97	INCSTAR Corp (Sonin Biomedical)	Mnfr diagnostic substances	American Standard Inc
01/28/97	05/21/97	Calgene Inc (Monsarto Co)	Own and operate greenhouse	Monsarto Co
01/30/97	08/12/97	AST Research Inc	Mnfr computers, dvlp software	Samsung Electronics Co Ltd
02/07/97	08/01/97	MS Financial (MS Diversified)	Pvd financial credit services	Search Financial Services Inc
02/11/97	07/31/97	Serv-Tech Inc	Maintenance and cleaning svcs	Philip Environmental Inc
03/04/97	06/27/97	Audio King Corp	Own, op consumer elcdn stores	Ultimate Electronics Inc
04/15/97	06/30/97	Kurzweil Applied Intelligence	Electronic computing equip	Lernout & Hauspie Speech
04/30/97	07/25/97	Arden Industrial Products Inc	Whl fasteners	Park-Ohio Industries Inc

Premium

Date Announced	Acquirer Business Description	Value of Transaction (\$ mil)	Enterprise Value (\$ mil)	1 Day Prior to Annc. Date	1 Week Prior to Annc. Date	4 Week Prior to Annc. Date	3 Months Prior to Annc. Date	1 Year Prior to Annc. Date
01/10/96	Gold mining company	77.5	76.353	30.77	23.50	27.03		
01/18/96	Pvd home health care services	9.2	7.895	14.56	27.29	20.59	-4.67	20.42
01/23/96	Manufacture plastic products	15.8	17.540	46.67	78.98	78.98	134.67	193.33
02/05/96	Investment company	3.6	15.103	22.58	26.67	5.56	19.00	-18.98
02/13/96	Pvd nursing care services	30.3	41.725	13.85	18.40	5.71	5.71	37.67
02/15/96	Bank hldg corpvd finl svcs	28.1	288.893	31.20	21.48	49.09	26.15	5.81
02/28/96	Mnfr personal care appliances	21.1	53.442	-0.19	12.84	3.81	1.65	-9.05
03/13/96	Manufacture steel wire	36.1	40.529	65.41	53.00	80.00	118.57	53.00
04/16/96	Pvd info, transaction svcs	99.3	112.471	50.50	30.16	30.16	-5.57	33.78
04/22/96	Own, op oil and gas pipelines	96.6	97.614	28.00	29.73	100.00	134.15	182.35
05/03/96	Pvd homeowner memberships svcs	11.4	14.968	22.07	26.77	93.88	135.43	17.71
05/06/96	Mnfr transp equip, parts	44.7	51.126	15.56	36.84	28.40	57.58	271.43
05/07/96	Own, op diagnostic imaging ctrs	40.4	57.369	41.43	86.79	90.39	98.08	37.56
05/13/96	Mnfr sterilizing equipment	70.3	69.457	12.82	22.22	4.76	15.79	-6.38
05/15/96	Mnfr fire protection systems	122.4	273.282	38.20	38.20	41.83	73.94	31.51
06/03/96	Mnfr, whl pharmaceuticals	40.3	48.477	64.99	43.28	109.42	194.49	65.09
06/10/96	Health insurance company	64.8	60.646	-4.00	4.35	9.09	-23.81	-56.36
06/11/96	Mnfr 2-D, 3-D vision-based sys	42.0	40.881	63.11	54.53	54.53	72.71	19.84
06/17/96	Pvd advertising, marketing svcs	27.5	15.661	61.40	61.40	58.62	70.37	130.00
06/21/96	Publish newsletters	12.0	11.548	28.33	46.67	71.11	105.33	208.00
06/24/96	Investor group	38.2	29.577	13.21	81.82	90.48	93.55	114.29
07/31/96	Mnfr agro cherris, manmade fibers	50.0	584.080	64.10	80.28	39.13	31.96	14.29
08/13/96	Oilo and gas exploration, prodn	27.1	44.759	181.14	202.77	181.14	228.00	107.16
09/10/96	Mnfr lumber plywood, pulp	29.2	40.823	33.33	52.73	58.49	42.37	50.00
09/11/96	Pvd engineering services	50.0	36.189	48.06	48.06	45.88	50.30	65.33
09/16/96	Manufacture steel products	42.5	68.146	132.26	125.00	148.28	33.33	9.09
09/26/96	Mnfr contact lenses	26.1	70.360	16.57	31.61	36.00	23.64	45.71
10/02/96	Pvd software services	25.2	8.786	14.86	10.90	60.80	-88.09	
10/03/96	Pvd cellular telephone svcs	116.3	159.860	8.95	14.40	30.74	-13.08	29.14
10/04/96	Own and operate pet stores	60.7	55.986	22.93	26.00	48.24	48.24	57.50
10/30/96	Pvd nursing care services	72.7	75.706	67.74	62.50	48.57	60.00	6.12
11/05/96	Mnfr steel cutting tools	29.2	26.218	55.56	55.56	51.35		
11/25/96	Pvd photo processing services	66.3	67.650	50.48	110.53	166.67	-65.28	-73.33
12/06/96	Department stores finl svcs	46.0	87.263	19.23	67.57	55.00	67.57	129.63
12/09/96	Manufacture pharmaceuticals	8.6	8.700	52.00	62.13	52.00	-93.01	-92.05
12/18/96	Own, op hotels	5.9	166.329	1233.33	1233.33	1233.33	1354.55	1042.86
01/24/97	Transportation, building prod	106.3	102.865	42.93	53.21	68.53		
01/28/97	Mnfr agro cherris, manmade fibers	242.6	567.548	62.03	60.00	60.00	60.00	42.22
01/30/97	Mnfr consumer electronics	495.8	558.108	16.76	8.00	20.00	23.43	-31.43
02/07/97	Pvd business credit services	17.2	102.602	20.00	46.67	10.00	1.54	-70.67
02/11/97	Provide waste management svcs	73.4	54.956	32.00	60.00	88.57	129.57	12.34
03/04/97	Own, op radio, TV, elecdn stores	6.0	12.363	60.00	68.00	68.00	68.00	-18.05
04/15/97	Mnfr speech tech products	51.3	50.582	83.83	69.69	66.49	84.00	63.65
04/30/97	Mnfr forged and mechned parts	42.0	44.995	41.18	50.00	37.14	20.00	26.32

MERGER PREMIUMS TO MARKET VALUE ANALYSIS

MERGERS WITH TARGET PRICE EQUAL TO OR LESS THAN \$5 PER SHARE

ANNOUNCED AND COMPLETED 1/1/96 - 2/3/99

(CONTINUED)

DATE ANNOUNCED	DATE EFFECTIVE	TARGET NAME	TARGET BUSINESS DESCRIPTION	ACQUIROR NAME
05/01/97	08/01/97	Cryenco Sciences Inc	Mnfr liquid gas storage tanks	Chart Industries Inc
05/08/97	09/10/97	Imex Medical Systems Inc	Mnfr fetal diagnostic instr	Nicolet Biomedical Inc
06/16/97	09/30/97	Frederick's of Hollywood, Inc.	Women's clothing stores	Investor Group
06/24/97	07/25/97	Jillians Entertainment Corp	Own, op billiards clubs	JW Childs Equity Partners LP
07/22/97	12/16/97	Box Worldwide Inc	Pvd interactive TV svcs	TCI Music (Tele-Communications)
07/23/97	12/02/97	Rudy's Restaurant Group	Own and operate restaurants	Berahana Inc
08/01/97	09/26/97	Community Care of America Inc	Own, op nursing homes	Integrated Health Services Inc
08/07/97	12/02/97	Magnetic Technologies Corp	Manufacture copiers printers	SPS Technologies Inc
08/14/97	12/31/97	Allied Capital Advisers Inc	Investment advisory svcs	Allied Capital Lending Corp
09/02/97	12/03/97	Ground Round Restaurants	Own and operate restaurants	CRR Holdings LLC
09/04/97	12/30/97	Cinergi Pictures Entertainment	Pvd motion picture prodn svcs	Investor Group
09/26/97	09/26/97	Laclede Steel Co	Own, operate steel works	Birmingham Steel Corp
10/10/97	01/07/98	Puro Water Group Inc	Whl bottled water	United States Filter Corp
10/13/97	03/19/98	Integrated Brands Inc	Produce ice cream	Yogan Fruz World-Wide Inc
11/03/97	02/25/98	Individual Inc	Pvd on-line info retrieval svcs	Desktop Data Inc
11/04/97	01/12/98	Computer Vision Corp	Mnfr computers, peripherals	Parametric Technology Corp
11/12/97	03/03/98	PureTec Corp	Manufacture plastic products	Teloni-Plex Inc
11/24/97	01/07/98	General Host Corp	Own, op specialty retail stores	Cypress Group LLC
12/02/97	03/17/98	Stadyn Inc	Mnfr electromedical equipment	Rehabilitcare Inc
12/12/97	02/13/98	Impact Systems Inc	Paper prodn control systems	Voith Sulzer Paper Technology
12/12/97	09/10/98	Timber Lodge Steakhouse Inc	Own, op restaurants	Santa Barbara Restaurant Group
12/15/97	02/24/98	MetroGolf Inc	Own, op golf centers	Family Golf Centers Inc
12/22/97	05/20/98	Artistic Greetings Inc	Mnfr personalized stationery	MDC Communications Corp
12/23/97	03/20/98	American Paging Inc	Pvd wireless messaging svcs	Telephone and Data Systems Inc
12/23/97	01/27/98	Hi-Lo Automotive Inc	Own, op auto parts stores	O'Reilly Automotive Inc
01/13/98	07/31/98	Bird Corp	Manufacture building products	CertainTeed Corp
01/16/98	02/26/98	Ophthalmic Imaging Systems Inc	Mnfr, design, market imaging sys	Premier Laser Systems
01/26/98	05/06/98	TransAmerican Waste Industries	Pvd waste management services	USA Waste Services Inc
02/09/98	06/18/98	American Waste Services	Provide waste management svcs	USA Waste Services Inc
02/19/98	10/15/98	Casino Magic Corp	Own, operate casinos	Hollywood Park Inc
02/23/98	06/26/98	CorrScript Inc	Pvd pharmaceutical mgnt svcs	Omnicare Inc
03/02/98	04/30/98	First Alert Inc	Mnfr fire and burglar alarms	Sunbeam Corp
03/31/98	06/29/98	IBAH Inc	Mnfr pharmaceutical products	Omnicare Inc
04/09/98	07/29/98	Spec's Music Inc	Record and video retail stores	Camelot Music Holdings
04/10/98	06/26/98	Dataflex Corp	Whl microcomputer equipment	CompuCom SystemsInc(Safeguard)

04/22/98	06/29/98	Accel Graphics Inc	Mnfr graphics accelerators	Evans & Sutherland Computer
04/23/98	07/31/98	Morrison Restaurants Inc	Own, operate eating places	Piccadilly Cafeterias Inc
05/05/98	09/25/98	Allied Digital Technologies Co	Mnfr multi media software prod	Investor Group
05/07/98	07/31/98	Innovative Tech Systems Inc	Dvlp facilities mgnt software	Peregine Systems Inc
05/11/98	07/14/98	Micronics Computers Inc	Mnfr system boards	Diamond Multimedia Systems Inc
05/12/98	08/24/98	Virus Research Institute Inc	Mnfr biological products	T Cell Sciences Inc
05/19/98	11/16/98	GTI Corp (Telemetrix PLC)	Mnfr electronic components	Technitrol Inc
05/20/98	09/15/98	InnoServ Technologies	Pvd med equip repair svcs	GE Medical Systems
05/22/98	07/22/98	Pete's Brewing Co	Produce beer	Carrbrinus Co
05/29/98	08/17/98	Arch Petroleum Inc	Oil, gas mining	Pogo Producing Co
06/02/98	10/08/98	RF Power Products	Mnfr, whl RF power delivery sys	Advanced Energy Industries

DATE ANNOUNCE	ACQUIROR BUSINESS DESCRIPTION	VALUE OF TRANSACTION (\$ MIL)	ENTERPRISE VALUE (\$MIL)	PREMIUM		
				1 DAY PRIOR TO ANNC. DATE	1 WEEK PRIOR TO ANNC. DATE	4 WEEKS PRIOR TO ANNC. DATE
05/01/97	Mnfr process control instrmnts	19.2	27.904	69.23	76.00	72.55
05/08/97	Investment company	9.3	10.238	7.90	2.76	2.76
06/16/97	Investor group	69.4	57.007	48.85	44.47	25.95
06/24/97	Investment company	4.7	7.007	14.29	77.78	45.46
07/22/97	Pvd communications services	36.1	36.101	20.00	54.84	152.63
07/23/97	Own and operate restaurants	18.8	18.936	50.94	70.21	72.04
08/01/97	Pvd specialty healthcare svcs	94.0	89.996	23.08	18.52	88.24
08/07/97	Mnfr industrial fasteners	16.8	15.984	25.00	25.00	33.33
08/14/97	Closed-end mgnt investment co	49.5	44.111	10.41	4.68	10.41
09/02/97	Investment company	17.5	56.945	10.00	10.00	-5.71
09/04/97	Investor group	16.3	59.794	26.90	24.75	56.60
09/26/97	Manufacture steel, steel prod	15.0	131.767	106.45	106.45	106.45
10/10/97	Mnfr water treatment equip	25.7	30.186	33.95	47.69	44.00
10/13/97	Produce frozen yogurt	46.8	51.274	69.94	106.35	167.50
11/03/97	Pvd info retrieval svcs	86.8	79.390	0.92	14.93	-7.02
11/04/97	Develop, wholesale software	250.3	460.128	28.31	69.92	18.63
11/12/97	Mnfr plastic	324.6	281.484	28.74	34.94	31.77
11/24/97	Investment bank	326.2	278.128	60.00	62.96	79.59
12/02/97	Mnfr electromedical equip	22.5	22.867	47.38	47.38	89.49
12/12/97	Provide paper tech dvlp svcs	28.6	28.467	57.14	49.15	44.26
12/12/97	Own, op fast food restaurant	30.4	30.925	74.13	74.13	81.19
12/15/97	Own and operate golf courses	6.6	18.428	20.00	20.00	-11.11
12/22/97	Provide marketing services	33.6	35.618	28.45	47.10	52.00
12/23/97	Pvd telecommunications svcs	9.1	217.941	17.65	33.33	29.03
12/23/97	Own, op auto supply stores	42.5	89.680	-14.07	12.26	24.29
01/13/98	Mnfr asbestos, fiberglass prods	39.2	27.821	25.71	18.92	29.41
01/16/98	Mnfr, whl laser sys, alarms	1.3	7.006	16.67	27.27	40.00
01/26/98	Pvd waste disposal services	142.3	156.717	51.42	36.57	78.59
02/09/98	Pvd waste disposal services	122.1	106.919	100.00	156.00	166.67
02/19/98	Own, op garning company	344.8	308.423	34.52	32.07	32.07
02/23/98	Whl, retail pharmaceuticals	68.4	68.415	26.56	67.24	52.70
03/02/98	Mnfr, whl household appliances	129.2	171.213	68.00	90.91	110.00
03/31/98	Whl, retail pharmaceuticals	154.3	153.807	12.20	61.40	58.62
04/09/98	Own, op chain record stores	26.8	25.276	30.37	65.00	65.00
04/10/98	Manufacture computer equipment	25.2	46.850	8.43	9.33	23.77
04/22/98	Mnfr computer graphics system	55.9	41.933	13.58	22.67	21.05
04/23/98	Own and operate cafeterias	46.2	5.412	45.46	73.91	81.82
05/05/98	Investor group	69.2	110.009	14.29	14.29	37.93
05/07/98	Dulp service desk software	75.7	72.285	8.04	10.88	25.78
05/11/98	Manufacture multimedia systems	31.7	12.967	37.54	15.29	50.77
05/12/98	Mnfr vaccines, related products	62.6	60.225	91.64	75.67	81.72
05/19/98	Mnfr electronic components	33.7	36.727	1.22	34.05	-2.75
05/20/98	Mnfr diagnostic imaging equip	13.1	11.596	30.77	32.04	42.66
05/22/98	Produce, wholesale beer	69.4	51.299	6.25	39.73	41.67
05/29/98	Oil and gas exploration, prodrn	114.0	100.081	0.13	5.47	-3.53
06/02/98	Mnfr power delivery systems	60.8	173.871	251.61	354.17	431.71

DATE ANNOUNCE	3 MONTHS PRIOR TO ANNC. DATE	1 YEAR PRIOR TO ANNC. DATE
05/01/97	41.94	-26.67
05/08/97	-30.32	-32.50
06/16/97	93.75	85.07
06/24/97	220.00	166.67
07/22/97	231.03	41.18
07/23/97	60.00	5.26
08/01/97		
08/07/97	42.85	33.33
08/14/97	8.97	-28.00
09/02/97	14.78	-34.00
09/04/97	236.00	26.00
09/26/97	113.33	88.24
10/10/97	44.00	
10/13/97	501.33	381.07
11/03/97	47.71	-6.00
11/04/97	14.33	-55.09
11/12/97	143.48	69.70
11/24/97	51.72	77.69
12/02/97	100.45	152.95
12/12/97	69.23	109.52
12/12/97	94.32	139.43
12/15/97	-25.00	-75.51
12/22/97	47.10	21.60
12/23/97	17.65	-47.37
12/23/97	17.97	74.00
01/13/98	37.50	-8.33
01/16/98	75.00	-63.16
01/26/98	55.02	70.15
02/09/98	-79.08	-56.76
02/19/98	72.95	-19.29
02/23/98	80.10	-57.69
03/02/98		
03/31/98	53.33	-9.80
04/09/98	340.00	230.00
04/10/98	21.48	49.09
04/22/98	62.83	-38.67
04/23/98	77.78	8.11
05/05/98	86.05	158.06
05/07/98	62.15	301.52
05/11/98	30.67	-16.60
05/12/98	46.44	9.83
05/19/98	-34.74	-53.21

05/20/98	21.43	130.51
05/22/98	45.83	6.33
05/29/98	4.00	-17.67
06/02/98		

MERGER PREMIUMS TO MARKET VALUE ANALYSIS
 MERGERS WITH TARGET PRICE EQUAL TO OR LESS THAN \$5 PER SHARE
 ANNOUNCED AND COMPLETED 1/1/96 - 2/3/99
 (continued)

Date Announced	Date Effective	Target Name	Target Business Description	Acquiror Name
07/06/98	12/23/98	Peoples Telephone Co Inc	Own op public pay telephones	Davel Communications Group Inc
07/07/98	09/21/98	Republic Engineered Steels	Mnfr cold-finished steel prods	Investor Group
07/09/98	10/09/98	American Materials & Techs	Mnfr advanced composites	Cytec Industries
07/14/98	12/08/98	Consep Inc	Manufacture pesticides	Verdant Brands Inc
07/14/98	09/18/98	DEP Corp	Manufacture personal care prod	Henkel KGaA
07/20/98	10/01/98	US SerVis Inc	Dvp, design, whl software	HBO & Co
07/23/98	10/08/98	Innova Corp	Mnfr millimeter wave radios	Digital Microwave Corp
07/29/98	09/11/98	E-Z Serve Group	Whl and retail gasoline	EBC Texas Acquisition Corp
08/19/98	12/16/98	Peerless Group Inc	Develop computer software	Jack Henry & Associates Inc
08/26/98	01/12/99	Lion Brewery Inc	Produce beer	Malt Acquiring Inc
09/21/98	10/30/98	Gamma Biologicals Inc	Mnfr blood transfusion prod	Immucor Inc
09/23/98	11/13/98	Golden Eagle Group Inc	Pvd transp logistics svcs	USFreightways Corp
09/23/98	12/17/98	J&L Speciality Steel Inc	Mnfr steel, steel products	Usinor SA
10/07/98	12/31/98	Red Brick Systems Inc	Develop software	Informix Corp
10/12/98	12/11/98	Consilium Inc	Develop software	Applied Materials Inc
10/13/98	12/31/98	DataWorks Corp	Dvlp computer integrated sys	Platinum Software Corp
10/22/98	12/08/98	Lab Specialists of America Inc	Provide laboratory testing svc	Kroll-O'Gara Co
11/02/98	12/30/98	Intl Manufacturing Svcs Inc	Pvd electn manufacturing svcs	Celestica Inc(Onex Corp)
11/12/98	01/18/99	Hills Stores Co	Own, op dept stores, shoe stores	Ames Department Stores Inc
12/03/98	01/22/99	Microdyne Corp	Mnfr, whl telemetry products	L-3 Communications Holdings
12/29/98	12/29/98	Crowley Milner & Co	Own, op department stores	Value City Department Stores

Date Announced	Acquiror Business Description	Value of Enterprise		Premium		
		Transaction (\$mil)	Value (\$mil)	1 Day Prior to Annc. Date	1 Week Prior to Annc. Date	4 Weeks Prior to Annc. Date
07/06/98	Pvd pay telephone common svcs	114.5	209.603	87.52	80.31	118.05
07/07/98	Investor group	417.8	409.392	56.76	68.12	45.00
07/09/98	Manufacture chemicals	34.8	35.050	100.00	100.00	81.13
07/14/98	Mnfr, wholesale fertilizers	12.4	18.480	-7.20	10.84	5.01
07/14/98	Mnfr, whl chemicals, detergents	89.7	90.606	31.25	95.35	78.72
07/20/98	Dvlp healthcare software	60.7	42.528	151.62	85.98	151.62
07/23/98	Mnfr telecommunications prod	115.7	116.449	16.17	36.50	30.00
07/29/98	Investment firm	43.2	107.882	37.14	20.00	20.00
08/19/98	Develop computer software	37.0	35.447	50.97	59.14	47.20
08/26/98	Investor group	18.3	14.413	13.94	27.46	21.29
09/21/98	Mnfr blood reagent products	25.6	25.310	87.83	127.37	23.43
09/23/98	Provide trucking services	30.2	35.062	223.64	184.80	223.64
09/23/98	Manufacture, wholesale steel	115.0	526.238	100.00	112.50	37.84
10/07/98	Dvlp management software	33.6	26.470	15.82	22.64	12.69
10/12/98	Mnfr wafer fabrication systems	45.2	41.319	145.71	145.71	145.71
10/13/98	Develop modular software	96.5	74.994	23.72	54.20	23.72
10/22/98	Pvd security prod svcs	38.5	35.716	57.65	90.37	57.65
11/02/98	Mnfr memory prod power sys	173.2	163.891	42.93	172.56	83.13
11/12/98	Operate department stores	23.1	644.965	14.29	9.09	-11.11
12/03/98	Mnfr communications sys	90.0	73.077	15.94	60.00	44.14
12/29/98	Own, op variety stores	0.3	78.243	390.48	296.15	194.29
		Mean:		57.8%	68.5%	71.1%

Date Announced	3 Months Prior to Annc. Date	1 Year Prior to Annc. Date
07/06/98	-72.74	-57.77
07/07/98	87.10	427.27
07/09/98	104.26	35.21
07/14/98	-20.00	-56.52
07/14/98	75.00	236.00
07/20/98	289.09	256.67
07/23/98	-59.82	
07/29/98	20.00	-20.00
08/19/98	41.88	13.23
08/26/98	19.37	48.91
09/21/98		
09/23/98	137.33	109.41
09/23/98	9.76	-48.70
10/07/98	-39.48	-64.61
10/12/98	76.41	-4.44
10/13/98	-48.35	-64.77
10/22/98	48.47	24.64
11/02/98	43.02	-32.60
11/12/98	-53.85	-59.32
12/03/98	66.67	-27.27
12/29/98	243.47	49.33
		71.8%
		51.9%

Source: Securities Data Company, Inc; Three-month and one-year premiums calculated using security prices from FactSet Research Systems, Inc. Commercial banks and other similar financial institutions were excluded for the purpose of this analysis.

Page F-4

MERGER PREMIUMS TO MARKET VALUE ANALYSIS
 MERGERS WITH TARGET PRICE BETWEEN \$5 AND \$10 PER SHARE

Announced and Completed 1/1/96 - 2/3/99

Date Announced	Date Effective	Target Name	Target Business Description	Acquiror Business Description
01/03/96	08/28/96	International Jensen Inc	Mnfr radios and televisions	Recoton Corp
01/08/96	05/31/96	Medalist Industries Inc	Mnfr screws, bolts	Illinois Tool Works Inc
01/11/96	07/30/96	Golf Enterprises Inc	Own, op golf course, club, shop	National Golf Properties Inc
01/16/96	02/26/96	KBL Healthcare Acq Corp	Healthcare venture capital co	Multicare Cos Inc
01/16/96	04/10/96	Orthopedic Technology Inc	Manufacture surgical supplies	Deputy Inc (Corange Ltd)
01/24/96	03/29/96	TGV Software Inc	Develop software	Cisco Systems Inc
01/29/96	04/08/96	Varitronic Systems Inc	Mnfr typewriters	WH Brady Co
02/08/96	07/31/96	Citizens Security Group Inc	Insurance holding company	Meridian Insurance Group
03/04/96	06/27/96	Storage Properties Inc	Own and operate warehouses	Public Storage Inc
03/13/96	04/18/96	CAPCO Automotive Products Corp	Mnfr automobile parts	Eaton Corp
04/03/96	06/17/96	E&B Maine Inc	Ret, whl marine accessories	West Marine Inc
04/15/96	11/22/96	Multi-Market Radio Inc	Own, op radio broadcasting stns	SFX Broadcasting Inc
04/22/96	07/18/96	Duplex Products Inc	Manufacture business forms	Reynolds & Reynolds Co
04/22/96	08/07/96	Ideon Group Inc	Operate ret mail order house	CUC International Inc
04/25/96	10/01/96	Sterling Chemicals Inc	Mnfr commodity chemicals	Investor Group
04/29/96	09/09/96	Crocker Realty Trust Inc	REIT	Highwoods Properties Inc
05/16/96	08/20/96	Professional Sports Care Mngmt.	Own, op physical therapy clinic	HealthSouth Corp
05/20/96	08/29/96	Financing for Science Intl Inc	Pvd business credit services	Finova Group Inc
05/22/96	08/02/96	Network Express Inc	Mnfr telecommunication equip	Cabletron Systems Inc
05/24/96	09/04/96	Clinton Gas Systems Inc	Oil and gas exploration, prod	JointEnergy Dvlp Investments
06/10/96	08/23/96	Bailey Corp	Manufacture rubber products	Vernco Acquisition Corp
06/14/96	09/13/96	Bugaboo Creek Steak House Inc	Own, op restaurants	Longhom Steaks Inc
06/21/96	09/26/96	Applied Bioscience Intl (IMS)	Provide medical testing svcs	Pharmaceutical Product Dvlp
07/10/96	09/25/96	Brooktree Corp	Manufacture semiconductors	Rockwell International Corp
07/03/96	09/05/97	Golden Poultry Co Inc	Produce, wholesale poultry	GoldKist Inc
07/11/96	10/11/96	Fay's Inc	Own and operate drug stores	Thrift Drug Inc (JC Penney Co)
07/12/96	10/10/96	ADCO Technologies Inc	Mnfr adhesives and sealants	Astor Chemicals
07/12/96	10/23/96	Supercuts Inc	Operate barber shops	Regis Corporation
07/19/96	08/30/96	FluoroScan Imaging Systems	Mnfr, whl x-ray imaging device	Hologic Designs
08/02/96	11/07/96	Colonial Data Technologies	Manufacture telecommun equip	US Order Inc
08/26/96	12/20/96	Home Shopping Network (Liberty)	Own, op TV Broadcasting statn	Silver King Communication Inc
09/09/96	09/23/96	Crocker Realty Trust Inc	REIT	Highwoods Properties Inc
09/10/96	12/05/96	Acquitron Medical Inc	Manufacture apnea monitors	Nellcor Puritan-Bernett
09/11/96	12/02/96	ReadiCare Inc	Own and operate HMO's	HealthSouth Corp
09/16/96	11/07/97	Centerior Energy Corp	Electric utility holding co	Ohio Edison Co
09/24/96	01/02/97	Datalogix International	Develop business software	Oracle Corp
10/01/96	04/25/97	Cosmetic Center Inc	Operate cosmetic stores	Prestige Fragrance & Cosmetics
10/10/96	02/21/97	Knogo North America Inc	Mnfr search, navigation equip	Video Sentry Corp
10/10/96	11/27/96	WCI Steel (Renco Group Inc)	Manufacture steel	Renco Group Inc
10/17/96	02/27/97	Triad Systems Corp	Develop turnkey computer sys	Investor Group
11/06/96	03/07/97	Midland Financial Group Inc	Fire, marine, casualty ins co	Progressive Corp
11/06/96	12/11/96	Union Switch & Signal Inc	Manufacture railroad equip	Ansaldo Transport SpA
11/11/96	03/17/97	AHI Healthcare Systems Inc	Pvd physician contracting svcs	FPA Medical Management Inc
11/13/96	12/12/96	Edmark Corp	Develop Educational Software	IBM Corp
11/18/96	03/27/97	Tyco Toys Inc	Manufacture and wholesale toys	Mattel Inc

Acquiror Business Description	Value of Transaction (\$mil)	Enterprise Premium			
		Value (\$mil)	1 Day Prior to Ann. Date	1 Week Prior to Ann. Date	4 Weeks Prior to Ann. Date
Mnfr audio, video equipment	109.1	109.595	29.41	57.14	49.15
Mnfr indl fasteners, tools	55.4	91.567	127.20	136.67	110.37
Real estate investment trust	82.9	141.614	37.14	45.46	45.46
Own, op nursing care facilities	126.9	126.755	25.11	43.42	58.92
Mnfr orthopedic devices	45.2	44.871	26.45	43.89	49.03
Mnfr inter-networking systems	92.4	71.540	41.55	70.63	73.00
Mnfr indl labeling machines	42.5	43.333	79.49	79.49	62.79
Insurance holding company	22.6	26.703	88.68	108.33	117.39
Real estate investment trust	22.8	1293.505	10.94	16.44	15.29
Manufacture automotive parts	128.9	140.935	66.67	72.41	78.57
Own, op boat dealerships	30.6	49.597	4.67	20.00	7.14
Own, op radio bakstg stations	104.0	89.166	11.11	29.87	19.05
Pvd comm phy sys & bus forms svcs	90.1	85.540	1.05	28.86	36.71
Provide discount club svcs	381.8	382.225	38.46	54.29	36.17
Investor group	798.4	791.162	29.73	47.69	47.69
Real Estate investment trust	537.5	531.940	10.20	11.60	13.03
Own, op outpatient surgery ctr	64.8	54.952	13.74	29.05	34.21
Pvd Financial services	39.2	193.919	4.49	6.67	12.53
Mnfr, whl, install LAN, WAN	118.4	112.039	-10.64	19.97	39.01
Investment firm	38.4	52.887	3.85	14.89	31.71
Investment holding company	47.8	106.359	5.46	6.06	11.11
Own and operate steakhouses	48.5	55.641	9.19	16.02	10.82
Pvd co?? phy research svcs	491.5	483.418	75.34	82.86	77.78
Mnfr aircraft, defense systems	261.8	273.377	42.86	64.38	16.51

Produce, wholesale poultry	521	209.708	52.00	50.00	39.02
Own and operate drug stores	277.9	352.368	27.50	61.91	61.91
Mnfr specialty chemicals	53.8	54.141	28.13	51.85	57.69
Operate hairstyling salons	175.1	174.379	55.29	53.04	60.00
Mnfr and whl X-ray systems	59.1	53.882	116.00	109.35	70.10
Pvd equip rental, leasing svcs	186.5	176.021	20.00	33.33	-6.80
Operate television stations	1216.9	1069.458	38.95	62.46	62.46
Real estate investment trust	76.1	557.561	18.80	20.30	21.85
Mnfr elect?patient monitors	56.6	56.176	18.06	21.53	40.07
Own, op outpatient surgery dr	73.9	70.736	66.79	55.42	55.42
Electric utility	1612.6	6202.925	42.82	40.52	42.82
Develop database software	80.0	63.045	28.00	42.22	56.10
Own and op retail stores	32.8	30.680	17.39	45.33	103.47
Provide electrical services	48.8	45.572	-3.38	13.31	7.45
Mnfr steel products	56.5	437.182	17.65	29.03	77.78
Investor group	193.1	225.973	68.18	60.87	89.74
Insurance holding company	47.2	72.692	30.91	24.14	
Mnfr train and transp equip	27.1	135.632	3.57	3.57	
Pvd health care mgmt services	117.0	103.179	10.90	34.00	23.69
Mnfr computers, office equip	123.8	81.322	35.52	63.16	31.92
Mnfr, whl games, toys	737.4	1073.147	73.69	80.12	94.53

Acquiror Business Description	3 Months Prior to Annc Date	1 Year Prior to Annc Date
Mnfr audio, video equipment	46.67	12.82
Mnfr indl fasteners, tools	-43.20	-43.20
Real estate investment trust	-7.69	6.67
Own, op nursing care facilities		
Mnfr orthopedic devices		
Mnfr inter-networking systems	73.00	
Mnfr indl labeling machines	94.44	89.19
Insurance holding company	25.00	25.00
Real estate investment trust	-58.88	-50.59
Manufacture automotive parts	24.22	-13.04
Own, op boat dealerships	100.00	3.45
Own, op radio bakstg stations	28.21	56.25
Pvd comm phy sys & bus forms svcs	48.84	41.18
Provide discount club svcs	38.46	-22.30
Investor group	29.73	-7.69
Real estate investment trust	24.17	
Own, op outpatient surgery ctr	620.95	-36.92
Pvd financial services	17.70	108.98
Mnfr, whl, install LAN, WAN	119.00	-20.36
Investment firm	12.50	80.00
Investment holding company	55.56	68.67
Own and operate steakhouses	-60.93	-30.62
Pvd comm phy research svcs	77.78	204.76
Mnfr aircraft, defense systems	71.43	-13.04
Produce, wholesale poultry	29.55	142.55
Own and operate drug stores	82.14	72.88
Mnfr specialty chemicals	368.57	105.00
Operate hairstyling salons	99.25	50.86
Mnfr and whl X-ray systems	134.62	131.63
Pvd equip rental, leasing svcs	-45.86	13.68
Operate television stations	-6.55	27.23
Real estate investment trust	5.02	58.40
Mnfr elect?patient monitors	23.34	22.43
Own, op outpatient surgery dr	66.83	120.65
Electric utility	50.21	2.49
Develop database software	14.29	-55.24
Own and op retail stores	64.97	-3.11
Provide electrical services		
Mnfr steel products	90.48	105.13
Investor group	72.09	68.18
Insurance holding company	-2.70	-5.26
Mnfr train and transp equip	-6.45	9.43
Pvd health care mgmt services	34.00	-34.37
Mnfr computers, office equip	5.08	-61.73
Mnfr, whl games, toys	-33.82	-26.30

MERGER PREMIUMS TO MARKET VALUE ANALYSIS
Mergers with Target Price between \$5 and \$10 per share
ANNOUNCED AND COMPLETED 1/1/96 - 2/3/99
(continued)

DATE ANNOUNCED	DATE EFFECTIVE	TARGET NAME	TARGET BUSINESS DESCRIPTION	ACQUIROR NAME
12/10/96	04/01/97	Softdesk Inc	Develop, wholesale CAD software	Autodesk Inc
12/23/96	05/09/97	Star Sight Telecast Inc	Pvd cable programming svcs	Gemstar International Group
12/26/96	04/16/97	Royce Laboratories Inc	Mnfr pharmaceuticals products	Watson Pharmaceuticals Inc.
01/17/97	04/24/97	American Recreation Centers	Own, op bowling, rec centers	AMF Bowling Centers (AMF Group)
01/27/97	07/24/97	Cardiometrics Inc	Mnfr surgical, medical equip	EndoSonic Group
02/11/97	05/29/97	Fractal Design Corp	Develop graphics software	MetaTools Inc
02/11/97	03/24/97	Innotech Inc	Mnfr electro-medical prods	Johnson & Johnson
02/18/97	07/01/98	Contour Medical (Retirement)	Mnfr surgical supplies	Sun Healthcare Group Inc
02/18/97	07/01/98	Retirement Care Associates Inc	Own, operate nursing homes	Sun Healthcare Group Inc
03/06/97	07/31/97	Allwaste Inc	Pvd asbestos treatment svcs	Philip Environmental Inc
03/06/97	08/13/97	Crop Growers Corp	Insurance agency	Fireman's Fund Insurance Co
03/11/97	04/15/97	TPC Corp	Pvd gas transmission svcs	PacifiCorp Holdings Inc
03/21/97	06/12/97	CrossComm Corp	Mnfr computer networking equip	Olicom A/S
03/27/97	03/27/97	Strober Organization Inc	Wholesale building materials	Hamilton Acquisition LLC
03/31/97	06/03/97	Peak Technologies Group Inc	Whl integrated systems	Moore Corp Ltd

04/10/97	06/13/97	ERO Inc	Manufacture toys	Hedstrom Corp(Hedstrom Hldgs)
04/10/97	06/26/97	Microcom Inc	Mnfr data comm products	Compaq Computer Corp
04/18/97	07/10/97	LIVE Entertainment Inc	Whl, retail recorded music	Investor Group
05/30/97	07/09/97	Integrated Living Communities	Pvd nursing, personal care svcs	Whitehall Street Real Estate
05/30/97	10/16/97	National Picture and Frame Co	Mnfr picture, mirror frames	Colonnade Capital LLC
06/03/97	09/08/97	Physician Corp of America	Own and operate HMO's	Humana Inc
06/05/97	07/14/97	DIGEX Inc	Develop Internet software	Intermedia Communications Inc
06/20/97	10/23/97	Conwest Energy Corp	Oil and gas exploration prodn	Forcenergy Inc
07/02/97	10/28/97	Calnetics Corp	Manufacture plastic products	Summa Industries Inc
07/03/97	09/26/97	Krystal Co	Own, op fast food restaurants	Port Royal Holdings Inc
07/10/97	11/18/97	Airways Corp	Passenger airline	AirTran Holdings Inc
07/14/97	10/28/97	Katz Media Group	Advertising agency	Investor Group
07/24/97	10/28/97	Astrotech International Corp	Pvd storage tank maintenance	ITEQ Inc
07/25/97	12/01/97	Homegate Hospitality Inc	Own and operate hotels	Prime Hospitality Corp
07/25/97	08/28/97	Imo Industries Inc	Mnfr industrial controls, pumps	Constellation Capital Partners
07/31/97	09/29/97	Interactive Group Inc	Dvlp, whl comp integrated sys	DataWorks Corp
08/04/97	12/31/97	Belmont Homes Inc	Mnfr prefabricated houses	Cavalier Homes Inc
08/04/97	11/19/97	Gynecare Inc	Pvd biotech prod dvlp services	Johnson & Johnson
08/14/97	12/18/97	Technology Service Group Inc	Mnfr cellular telephone	Eloote
08/25/97	10/03/97	BioWhittaker Inc	Mnfr, whl medical testing prods	Cambrex Corp
08/25/97	01/23/98	PerSeptive Biosystems Inc	Mnfr chromatography equipment	Perkin-Elmer Corp
09/17/97	12/12/97	Designer Holdings(New Rio LLC)	Dvlp, mkt designer sportswear	Warraco Group
09/23/97	01/22/98	El Chico Restaurant Inc	Own and operate restaurants	Investor Group
09/26/97	02/03/98	Sagebrush Inc	Own and operate eating places	WSMP Inc
09/26/97	04/28/98	Skyline Chili Inc	Operate, franchise restaurants	Investor Group
09/29/97	11/26/97	CompuRAD Inc	Pvd healthcare software	Lumisys Inc
10/01/97	12/05/97	Alpine Lace Brands Inc	Whl dairy products, cheese	Land O'Lakes Inc
10/15/97	11/21/97	Thompson PBE Inc	Whl automotive paint, supplies	FinishMaster Inc(Lacey Distn)
10/20/97	01/29/98	Cruise America Inc	Own, op trailer dealership	Budget Group Inc
11/07/97	05/28/98	Medicus Systems Corp	Develop, whl medical software	QuadraMed Corp
11/17/97	03/10/98	Shared Technologies Fairchild	Mnfr telecommunications equip	Intermedia Communications Inc
11/17/97	03/02/98	Visigenic Software Inc	Dvlp database access software	Borland International Inc
11/21/97	01/20/98	New Jersey Steel(Von Roll)	Mnfr steel reinforcing bars	Co-Steel Inc

DATE ANNOUNCED	ACQUIROR BUSINESS DESCRIPTION	VALUE OF ENTERPRISE		PREMIUM		
		TRANSACTION (\$ MIL)	VALUE (\$ MIL)	1 DAY PRIOR TO ANNC. DATE	1 WEEK PRIOR TO ANNC. DATE	4 WEEKS PRIOR TO ANNC. DATE
12/10/96	Design drafting software	91.7	98.442	60.00	66.76	146.67
12/23/96	Mnfr simplified VCR programmer	273.1	266.569	17.86	20.84	44.28
12/26/96	Mnfr pharmaceutical products	84.2	81.639	0.57	22.91	18.52
01/17/97	Own, op bowling centers	70.7	63.830	15.25	33.33	70.00
01/27/97	Mnfr image processing equip	56.8	37.872	18.28	13.81	47.12
02/11/97	Develop software	140.2	136.069	44.97	40.44	0.99
02/11/97	Mnfr medical equip and prods	135.6	116.561	54.93	64.18	54.93
02/18/97	Pvd long-term healthcare svcs	55.2	72.823	21.43	47.83	58.14
02/18/97	Pvd long-term healthcare svcs	305.9	292.435	19.44	14.67	21.13
03/06/97	Provide waste management svcs	506.7	534.883	48.22	63.35	95.22
03/06/97	Insurance company	82.1	89.061	20.59	15.49	41.38
03/11/97	Pvd telephone comun services	408.5	398.392	52.17	65.05	55.48
03/21/97	Mnfr communications equipment	84.6	77.829	74.32	70.17	70.17
03/27/97	Investment company	33.4	30.937		3.23	2.13
03/31/97	Mnfr manifold business forms	169.8	192.090	108.70	97.26	65.52
04/10/97	Manufacture games and toys	203.6	201.739	12.50	16.88	30.44
04/10/97	Manufacture personal computers	267.6	273.087	54.76	91.18	35.42
04/18/97	Investor group	53.1	98.981	6.67	6.67	50.00
05/30/97	Real estate development firm	79.7	78.553	26.90	21.05	50.82
05/30/97	Private equity firm	60.3	67.073	31.51	28.00	28.00
06/03/97	Own and operate HMOs	405.1	260.352	12.00	12.00	23.08
06/05/97	Pvd telecommunications svcs	171.6	166.838	19.54	35.95	31.65
06/20/97	Oil, gas exploration and prodn	102.0	101.521	11.06	11.06	18.93
07/02/97	Mnfr plastic conveyor parts	23.4	26.363	30.67	33.64	25.11
07/03/97	Investment company	145.4	145.677	132.00	169.77	176.19
07/10/97	Passenger airline	63.7	75.936	26.74	29.76	32.93
07/14/97	Investor group	371.9	362.128	44.26	69.23	93.41
07/24/97	Prvds treatment for liqds, gas	116.7	147.176	45.70	63.40	78.41
07/25/97	Own, operate, franchise hotels	133.2	123.069	30.25	33.77	28.56
07/25/97	Investment company	117.3	430.169	18.74	20.00	22.61
07/31/97	Dvlp computer integrated sys	55.0	59.004	54.40	44.75	71.56
08/04/97	Manufacture mobile homes	74.0	68.986	-17.90	0.65	9.47
08/04/97	Mnfr medical equip and prods	70.5	65.680	-2.82	1.66	37.67
08/14/97	Mnfr public common products	32.9	35.485	-4.55	7.14	41.89
08/25/97	Mnfr speciality chemicals	130.5	130.017	17.77	38.87	47.68
08/25/97	Mnfr analytical instruments	288.1	339.306	16.80	24.88	50.42
08/17/97	Mnfr women's intimate apparel	353.6	290.492	17.28	50.36	58.49
09/23/97	Investor group	49.2	58.650	64.52	75.86	104.00
08/26/97	Produce prepared sandwiches	39.4	41.395	15.87	13.38	21.20
09/26/97	Investor group	22.9	26.661		1.89	5.88
09/29/97	Mnfr medical imaging equipment	25.0	23.321	1.32	3.43	1.32
10/01/97	Produce butter, milk and meats	48.4	59.309	15.87	48.98	46.00
10/15/97	Whl automotive paint, coatings	69.3	116.683	25.49	33.33	42.22
10/20/97	Pvd passenger car rental svcs	59.3	144.263	17.95	13.70	39.87
11/07/97	Pvd info sys for healthcare	23.3	46.930	36.36	39.54	25.00
11/17/97	Pvd telecommunications svcs	503.6	585.377	66.67	106.90	163.74
11/17/97	Develop software	148.4	130.467	92.00	64.00	92.00
11/21/97	Mnfr steel and steel products	173.5	176.789	162.86	170.59	166.67

DATE ANNOUNCE	3 MONTHS PRIOR TO ANNC. DATE	1 YEAR PRIOR TO ANNC. DATE
12/10/96	111.43	-32.73
12/23/96	16.22	94.60
12/26/96	30.95	-36.21
01/17/97	58.14	33.33
01/27/97		
02/11/97	-6.82	-18.25
02/11/97	400.00	-50.95
02/18/97		
02/18/97	91.11	3.79
03/06/97	122.44	128.80
03/06/97	57.69	-2.38
03/11/97	652.84	946.63
03/21/97	70.10	-9.57
03/27/97	4.35	37.14
03/31/97	50.00	-1.37
04/10/97	47.54	73.08
04/10/97	35.42	-43.48
04/18/97		

05/30/97	73.58	
05/30/97	22.29	18.52
06/03/97	65.93	-45.63
06/05/97	20.93	
06/20/97	84.20	89.99
07/02/97	20.00	-13.53
07/03/97	167.77	182.93
07/10/97	-7.66	-39.47
07/14/97	255.93	120.00
07/24/97	96.49	149.83
07/25/97	83.26	
07/25/97	116.92	44.62
07/31/97	137.54	131.60
08/04/97	2.30	-42.22
08/04/97	37.67	73.89
08/14/97	23.48	-34.40
08/25/97	8.19	63.23
08/25/97	92.78	68.27
08/17/97	7.32	-51.65
09/23/97	39.73	54.55
08/26/97		
09/26/97	8.00	18.68
09/29/97	3.50	-4.46
10/01/97	60.53	43.22
10/15/97	45.45	10.34
10/20/97	36.28	64.67
11/07/97	-96.00	
11/17/97		
11/17/97	19.27	-41.25
11/21/97	148.65	411.11

Page F - 6

Merger Premiums to Market Value Analysis
Mergers with Target Price Between \$5 and \$10 per Share
Announced and Completed 1/1/96--2/3/99
(continued)

Date Announced	Date Effective	Target Name	Target Business Description
11/24/97	02/03/98	Communication Central Inc.	Pvd telecommunications svcs
12/19/97	06/03/98	Eclipse Telecommunications Inc	Pvd radiotelecommunication svc
12/29/97	03/17/98	Heartstream, Inc	Mnfr defibrillators
01/06/98	03/02/98	DBA Systems, Inc	Dvlp digital imaging systems
01/14/98	05/02/98	Meridian Point Realty Trust	Real estate investment trust
01/15/98	06/11/98	OHM Corp	Operates hazardous waste sites
01/16/98	02/25/98	Checkmate Electronics Inc	Mgfr, whl payment systems
01/21/98	05/15/98	BKC Semiconductors, Inc	Mfg semiconductor devices
01/22/98	09/29/98	BT Office Products Int'l Inc	Whl office stationery supplies
01/28/98	03/05/98	Sun Coast Industries Inc	Mnfr plastic products
01/29/98	06/05/98	Monroe Inc	Mnfr., whl concrete, sand, gravel
01/29/98	05/21/98	ProSource Inc (Onex Corp)	Wholesale groceries
02/04/98	06/09/98	TresCom International Inc	Pvd communications svcs
02/10/98	06/30/98	Ryan Beck & Co., Livingston, NJ	Securities brokerage firm
02/17/98	08/17/98	Bell Sports Corp	Mnfr bicycle equip., accessories
02/24/98	05/04/98	Somstogen Inc	Dvlp human blood substitutes
02/25/98	09/30/98	FAC Realty Trust Inc	REIT, own, op, shopping centers
03/02/98	04/30/98	Signature Brands USA Inc	Mnfr, whl consumer housewares
03/05/98	05/20/98	Intelligent Electronics Inc	Whl, ret computer systems
03/06/98	04/30/98	Proxima Corp	Mnfr PC liq crys display prods
03/10/98	06/19/98	Concorn Inc	Manufacture radio filters
03/16/98	07/10/98	International Murex Tech Corp	Mnfr in-vitro test systems
04/03/98	07/21/98	Bertucci's Inc	Own and operate restaurants
04/15/98	05/29/98	Simulation Sciences Inc	Dvlp simulation software
04/28/98	07/20/98	Hein-Werner Corp	Mnfr automotive service equip
04/29/98	09/25/98	Group 1 Software Inc	Develop software
05/04/98	06/10/98	Farah Inc	Mnfr, ret family apparel
05/07/98	06/30/98	InTone Systems International	Pvd systems integration svcs
05/29/98	10/20/98	Emerging Communications Inc	Pvd local telephone svcs
05/29/98	08/06/98	Mid-America Realty Investments	Real estate investment trust
06/01/98	08/28/98	PST Vans Inc	Trucking company
06/11/98	07/02/98	Imo Industries Inc	Mnfr industrial controls, pumps
07/14/98	10/26/98	New West Eyeworks Inc	Own, op eyeglass stores
07/24/98	12/23/98	Information Storage Devices	Mnfr voice recorded circuits
07/28/98	09/10/98	CyberMedia Inc	Dvlp, whl support software prod
08/03/98	10/16/98	Continental Natural Gas Inc	Gas utility
08/12/98	12/15/98	Walshire Assurance	Insurance company
08/26/98	01/08/99	Toastmaster Inc	Mnfr electric consumer appl
09/14/98	09/14/98	Ion CMT Corp	Pvd Internet svcs, products
10/01/98	01/07/99	Richey Electronics Inc	Whl electronic components
10/29/98	12/31/98	Transition Systems Inc	Develop healthcare software
11/02/98	12/10/98	AquaPenn Spring Water Co Inc	Produce, whl spring water
11/10/98	12/22/98	Intensive Healthcare Corp	Pvd acute, long-term care svcs
11/10/98	12/16/98	Steel of West Virginia Inc	Manufacture steel products

Date Announced	Date Effective	Target Name	Acquiror Name
11/24/97	02/03/98	Communication Central Inc.	Davel Communication Group Inc
12/19/97	06/03/98	Eclipse Telecommunications Inc	IXC Communications, Inc
12/29/97	03/17/98	Heartstream, Inc	Hewlett Packard Co

01/06/98	03/02/98	DBA Systems, Inc	Titan Corp
01/14/98	05/02/98	Meridian Point Realty Trust	EastGroup Properties
01/15/98	06/11/98	OHM Corp	International Technology Corp
01/16/98	02/25/98	Checkmate Electronics Inc	International Verified Inc
01/21/98	05/15/98	BKC Semiconductors, Inc	Microsemi Corp
01/22/98	09/29/98	BT Office Products Int'l Inc	Buhmann NV
01/28/98	03/05/98	Sun Coast Industries Inc	Kerr Group Inc
01/29/98	06/05/98	Monroe Inc	US Aggregates Inc
01/29/98	05/21/98	ProSource Inc (Onex Corp)	AmeriServe Food Distn Inc
02/04/98	06/09/98	TresCom International Inc	Primus Telecommunications
02/10/98	06/30/98	Ryan Beck & Co., Livingston, NJ	BankAtlantic Bancorp, Florida
02/17/98	08/17/98	Bell Sports Corp	HB Acquisition Corp
02/24/98	05/04/98	Somstogen Inc	Baxter International Inc
02/25/98	09/30/98	FAC Realty Trust Inc	Prometheus Southeast Retail
03/02/98	04/30/98	Signature Brands USA Inc	Sunbeam Corp
03/05/98	05/20/98	Intelligent Electronics Inc	Xerox Corp
03/06/98	04/30/98	Proxima Corp	ASK AS
03/10/98	06/19/98	Concorn Inc	Communications Instruments Inc
03/16/98	07/10/98	International Murex Tech Corp	Abbott Laboratories
04/03/98	07/21/98	Bertucci's Inc	NE Restaurant Co Inc
04/15/98	05/29/98	Simulation Sciences Inc	Siebe PLC
04/28/98	07/20/98	Hein-Werner Corp	Snap-On Inc
04/29/98	09/25/98	Group 1 Software Inc	COMNET Corp
05/04/98	06/10/98	Farah Inc	Tropical Sportswear Intl Corp
05/07/98	06/30/98	InTone Systems International	Anis Corp
05/29/98	10/20/98	Emerging Communications Inc	Innovative Communication Co
05/29/98	08/06/98	Mid-America Realty Investments	Bradley Real Estate Inc
06/01/98	08/28/98	FST Vans Inc	US Xpress Enterprises Inc
06/11/98	07/02/98	Imo Industries Inc	Constellation Capital Partners
07/14/98	10/26/98	New West Eyeworks Inc	National Vision Associates Ltd
07/24/98	12/23/98	Information Storage Devices	Windbond Electronic Corp
07/28/98	09/10/98	CyberMedia Inc	Network Associates Inc
08/03/98	10/16/98	Continental Natural Gas Inc	CMS Energy Corp
08/12/98	12/15/98	Walshire Assurance	Kingsway Financial Services
08/26/98	01/08/99	Toastmaster Inc	Salton/Maxim Housewares Inc
09/14/98	09/14/98	Ion CMT Corp	Qwest Commun Int Inc
10/01/98	01/07/99	Richey Electronics Inc	Arrow Electronics Inc
10/29/98	12/31/98	Transition Systems Inc	Eclipsys Corp
11/02/98	12/10/98	AquaPenn Spring Water Co Inc	Danone Group
11/10/98	12/22/98	Intensive Healthcare Corp	Select Medical Corp
11/10/98	12/16/98	Steel of West Virginia Inc	Roanoke Electric Steel

Date Announced	Date Effective	Target Name	Acquiror Business Description
11/24/97	02/03/98	Communication Central Inc.	Pvd pay telephone commun svcs
12/19/97	06/03/98	Eclipse Telecommunications Inc	Pvd long distance svcs
12/29/97	03/17/98	Heartstream, Inc	Mnfr computer testing equip
01/06/98	03/02/98	DBA Systems, Inc	Pvd Computer sys design svcs
01/14/98	05/02/98	Meridian Point Realty Trust	Real Estate investment trust
01/15/98	06/11/98	OHM Corp	Pollution control engineering
01/16/98	02/25/98	Checkmate Electronics Inc	Mnfr, whl electric payment sys
01/21/98	05/15/98	BKC Semiconductors, Inc	Mnfr semi-conductor products
01/22/98	09/29/98	BT Office Products Int'l Inc	Mnfr folding paperboard boxes
01/28/98	03/05/98	Sun Coast Industries Inc	Mnfr plastic packaging prods
01/29/98	06/05/98	Monroe Inc	Manufacture building products
01/29/98	05/21/98	ProSource Inc (Onex Corp)	Wholesale food products
02/04/98	06/09/98	TresCom International Inc	Pvd telecommunications svcs
02/10/98	06/30/98	Ryan Beck & Co., Livingston, NJ	Savings and loan
02/17/98	08/17/98	Bell Sports Corp	Investment firm
02/24/98	05/04/98	Somstogen Inc	Mnfr health care products
02/25/98	09/30/98	FAC Realty Trust Inc	Real estate investment trust
03/02/98	04/30/98	Signature Brands USA Inc	Mnfr, whl household appliances
03/05/98	05/20/98	Intelligent Electronics Inc	Mnfr business machine, fin co
03/06/98	04/30/98	Proxima Corp	Mnfr liquid crystal displays
03/10/98	06/19/98	Concorn Inc	Mnfr, whl relay systems
03/16/98	07/10/98	International Murex Tech Corp	Mnfr pharmaceuticals, med equip
04/03/98	07/21/98	Bertucci's Inc	Own, operate restaurants
04/15/98	05/29/98	Simulation Sciences Inc	Mnfr appliance controls
04/28/98	07/20/98	Hein-Werner Corp	Manufacture tools
04/29/98	09/25/98	Group 1 Software Inc	Pvd dat processing svcs
05/04/98	06/10/98	Farah Inc	Mnfr, whl mens sportswear
05/07/98	06/30/98	InTone Systems International	Pvd computer related services
05/29/98	10/20/98	Emerging Communications Inc	Investment company
05/29/98	08/06/98	Mid-America Realty Investments	Real estate investment trust
06/01/98	08/28/98	FST Vans Inc	Trucking company
06/11/98	07/02/98	Imo Industries Inc	Investment company
07/14/98	10/26/98	New West Eyeworks Inc	Own, op optical goods stores
07/24/98	12/23/98	Information Storage Devices	Mnfr electronic equipment
07/28/98	09/10/98	CyberMedia Inc	Develop network software
08/03/98	10/16/98	Continental Natural Gas Inc	Electric and gas utility
08/12/98	12/15/98	Walshire Assurance	Pvd non-standard auto ins svcs
08/26/98	01/08/99	Toastmaster Inc	Mnfr electric housewares, fans
09/14/98	09/14/98	Ion CMT Corp	Pvd telephone commun svcs
10/01/98	01/07/99	Richey Electronics Inc	Whl electronic components
10/29/98	12/31/98	Transition Systems Inc	Pvd data processing svcs
11/02/98	12/10/98	AquaPenn Spring Water Co Inc	Produce, whl milk, cookies, jams
11/10/98	12/22/98	Intensive Healthcare Corp	Own, op acute hospitals
11/10/98	12/16/98	Steel of West Virginia Inc	Mnfr steel bar products

Date Announced	Date Effective	Target Name	Value of Transaction (\$ mil)	Enterprise Value (\$ mil)	Premium	
					1 Day Prior to Ann. Date	1 Week Prior to Ann. Date
11/24/97	02/03/98	Communication Central Inc.	102.4	133.097	30.23	25.37
12/19/97	06/03/98	Eclipse Telecommunications Inc	122.2	122.055	18.02	19.92
12/29/97	03/17/98	Heartstream, Inc	130.6	110.930	-6.71	18.17
01/06/98	03/02/98	DBA Systems, Inc	37.9	28.993	38.40	44.29

01/14/98	05/02/98	Meridian Point Realty Trust	51.7	41.121	38.78	65.85
01/15/98	06/11/98	OHM Corp	326.8	343.050	24.21	45.08
01/16/98	02/25/98	Checkmate Electronics Inc	47.2	46.947	4.83	9.37
01/21/98	05/15/98	BKC Semiconductors, Inc	13.3	15.905	66.73	59.48
01/22/98	09/29/98	BT Office Products Int'l Inc	138.1	689.726	32.53	78.86
01/28/98	03/05/98	Sun Coast Industries Inc	45.5	63.493	56.36	62.26
01/29/98	06/05/98	Monroe Inc	50.3	60.903	5.07	10.46
01/29/98	05/21/98	ProSource Inc (Onex Corp)	343.3	293.910	126.42	106.90
02/04/98	06/09/98	TresCom International Inc	134.7	142.626	25.17	30.86
02/10/98	06/30/98	Ryan Beck & Co., Livingston, NJ	35.9	37.324	23.21	21.29
02/17/98	08/17/98	Bell Sports Corp	165.7	228.365	13.89	13.10
02/24/98	05/04/98	Somstogen Inc	232.9	175.471	35.85	39.81
02/25/98	09/30/98	FAC Realty Trust Inc	100.0	348.946	7.04	21.60
03/02/98	04/30/98	Signature Brands USA Inc	81.7	246.680	57.14	60.98
03/05/98	05/20/98	Intelligent Electronics Inc	342.4	298.936	5.74	19.22
03/06/98	04/30/98	Proxima Corp	82.9	70.022	31.34	25.71
03/10/98	06/19/98	Concorn Inc	51.7	44.470	33.33	31.65
03/16/98	07/10/98	International Murex Tech Corp	232.7	236.760	21.64	38.21
04/03/98	07/21/98	Bertucci's Inc	96.5	104.175	35.48	35.48
04/15/98	05/29/98	Simulation Sciences Inc	146.5	99.747	24.03	16.79
04/28/98	07/20/98	Hein-Werner Corp	37.5	32.296	52.73	65.25
04/29/98	09/25/98	Group 1 Software Inc	11.8	61.592	71.60	61.51
05/04/98	06/10/98	Farah Inc	93.6	144.521	33.33	44.00
05/07/98	06/30/98	InTone Systems International	44.9	39.672	18.80	14.97
05/29/98	10/20/98	Emerging Communications Inc	112.3	243.057	46.43	42.61
05/29/98	08/06/98	Mid-America Realty Investments	153.2	148.756	5.00	6.33
06/01/98	08/28/98	PST Vans Inc	83.9	85.603	32.80	35.82
06/11/98	07/02/98	Imo Industries Inc	9.1 np		-1.05	4.44
07/14/98	10/26/98	New West Eyeworks Inc	76.7	81.111	23.81	33.33
07/24/98	12/23/98	Information Storage Devices	66.3	68.384	46.34	36.36
07/28/98	09/10/98	CyberMedia Inc	130.1	108.150	25.62	38.18
08/03/98	10/16/98	Continental Natural Gas Inc	154.2	172.276	8.81	35.59
08/12/98	12/15/98	Walshire Assurance	43.1	42.346	10.00	53.49
08/26/98	01/08/99	Toastmaster Inc	101.2	93.699	3.70	21.74
09/14/98	09/14/98	Ion CMT Corp	202.9	184.188	65.52	60.00
10/01/98	01/07/99	Richey Electronics Inc	101.8	183.792	52.73	68.00
10/29/98	12/31/98	Transition Systems Inc	284.7	219.529	57.50	49.89
11/02/98	12/10/98	AquaPenn Spring Water Co Inc	110.3	110.450	34.19	100.00
11/10/98	12/22/98	Intensive Healthcare Corp	115.2	111.767	54.00	64.42
11/10/98	12/16/98	Steel of West Virginia Inc	116.8	116.113	75.51	100.00
				Mean:	34.3%	43.2%

Date Announced	Date Effective	Target Name	Premium		
			4 Weeks Prior to Ann. Date	3 Months Prior to Ann. Date	1 Year Prior to Ann. Date
11/24/97	02/03/98	Communication Central Inc.	12.00	918.18	630.43
12/19/97	06/03/98	Eclipse Telecommunications Inc	14.39	-7.10	16.13
12/29/97	03/17/98	Heartstream, Inc	-8.64	10.80	-13.10
01/06/98	03/02/98	DBA Systems, Inc	25.58	5.59	57.77
01/14/98	05/02/98	Meridian Point Realty Trust	88.89		
01/15/98	06/11/98	OHM Corp		36.77	31.36
01/16/98	02/25/98	Checkmate Electronics Inc	37.52	10.22	-29.86
01/21/98	05/15/98	BKC Semiconductors, Inc	66.73	-58.79	-33.31
01/22/98	09/29/98	BT Office Products Int'l Inc	78.86	30.18	44.74
01/28/98	03/05/98	Sun Coast Industries Inc	84.95	115.00	244.00
01/29/98	06/05/98	Monroe Inc	6.37	-3.19	74.06
01/29/98	05/21/98	ProSource Inc (Onex Corp)	100.00		
02/04/98	06/09/98	TresCom International Inc	51.52	332.00	415.82
02/10/98	06/30/98	Ryan Beck & Co., Livingston, NJ	25.20	38.57	104.21
02/17/98	08/17/98	Bell Sports Corp	8.61	15.49	90.70
02/24/98	05/04/98	Somstogen Inc	92.00	58.24	-31.43
02/25/98	09/30/98	FAC Realty Trust Inc	29.92	31.03	46.15
03/02/98	04/30/98	Signature Brands USA Inc	106.25	73.68	103.08
03/05/98	05/20/98	Intelligent Electronics Inc	34.37	44.76	125.19
03/06/98	04/30/98	Proxima Corp	23.94	58.56	44.26
03/10/98	06/19/98	Concorn Inc	36.84	36.84	62.50
03/16/98	07/10/98	International Murex Tech Corp	50.73	-97.44	-96.56
04/03/98	07/21/98	Bertucci's Inc	35.48	58.49	86.67
04/15/98	05/29/98	Simulation Sciences Inc	11.11	-26.61	6.67
04/28/98	07/20/98	Hein-Werner Corp	80.00	83.27	96.00
04/29/98	09/25/98	Group 1 Software Inc	71.60	71.63	66.42
05/04/98	06/10/98	Farah Inc	39.81	60.00	-10.00
05/07/98	06/30/98	InTone Systems International	28.43		
05/29/98	10/20/98	Emerging Communications Inc	54.72	34.43	
05/29/98	08/06/98	Mid-America Realty Investments	2.44	1.20	9.09
06/01/98	08/28/98	PST Vans Inc	10.67	24.50	159.83
06/11/98	07/02/98	Imo Industries Inc	2.55		
07/14/98	10/26/98	New West Eyeworks Inc	30.00	14.29	62.50
07/24/98	12/23/98	Information Storage Devices	44.58	27.66	-38.78
07/28/98	09/10/98	CyberMedia Inc	117.14	8.57	-34.48
08/03/98	10/16/98	Continental Natural Gas Inc	46.79	6.67	-11.60
08/12/98	12/15/98	Walshire Assurance	22.22	8.20	-18.52
08/26/98	01/08/99	Toastmaster Inc	36.59	13.13	100.00
09/14/98	09/14/98	Ion CMT Corp	-4.00	-25.97	
10/01/98	01/07/99	Richey Electronics Inc	127.03	33.33	4.35
10/29/98	12/31/98	Transition Systems Inc	72.50	37.52	-31.24
11/02/98	12/10/98	AquaPenn Spring Water Co Inc	160.00	101.94	
11/10/98	12/22/98	Intensive Healthcare Corp	92.50	75.09	20.38
11/10/98	12/16/98	Steel of West Virginia Inc	79.17	38.71	2.38
		Mean:	50.1%	63.6%	51.3%

Source: Securites Data Company, Inc. Three-month and one-year premiums calculated using security prices from FactSet Research Systems, Inc. Commercial banks and other similar financial institutions were excluded for the purpose of this analysis.

Merger Premiums to Market Value Analysis
Mergers with Target Price Equal to or Greater than \$10 per Share
Announced and Completed 1/1/96--2/3/99

Date Announced	Date Effective	Target Name	Target Business Description
01/05/96	07/01/96	Safety Fund Corp	Closed-end investment fund
01/08/96	04/30/96	Local Corp	Mnfr defense electronics
01/08/96	03/04/96	US Delivery Systems Inc	Pvd courier services
01/09/96	04/30/96	Technslysis Corp	Develop software
01/18/96	07/02/96	Covita Corp	Manufacture medical equipment
01/22/96	04/11/96	Premier Industrial Corp	Whl electronic parts and equip
01/24/96	08/08/96	National Lodging Corp	Own and operate casinos
01/25/96	06/12/96	Dual Drilling (Mosrold Shippy)	Oil and gas drilling
01/30/96	05/31/96	Daig Corporation	Mnfr pacemakers
01/31/96	03/04/96	Tivoli Systems Inc	Dvlp systems mgmt software
02/01/96	04/12/96	Health Wise of America Inc	Own and operate HMO
02/05/96	04/30/96	DiMark Inc	Pvd database marketing svcs
02/07/96	05/07/96	Pyxis Corp	Provide med equip leasing svcs
02/12/96	05/01/96	Duracraft Corp	Mnfr electric housewares
02/13/96	09/18/96	Citicasters(American Finl Grp)	Own, op TV, radio stations
02/14/96	03/20/96	Helene Curtis Industries Inc	Mnfr perfumes, cosmetics
02/15/96	05/14/96	Andros Inc	Mnfr infrared gas analyzers
02/16/96	05/30/96	Circle K Corp	Operate convenience stores
02/16/96	06/13/96	Fortum Group Inc	Own, operate nursing homes
02/20/96	07/24/96	Davidson & Associates Inc	Develop educational software
02/20/96	07/24/96	Sierra On-Line Inc	Develop software for games
02/23/96	07/01/96	Cray Research Inc	Manufacture supercomputers
02/26/96	09/16/96	Sterile Concepts Inc.	Mnfr sterilized surgical trays
02/26/96	06/18/96	Tide West Oil Co	Oil and gas exploration, prodn
02/27/96	05/24/96	Brandon Systems Corp	Personnel agency, consulting
02/29/96	07/10/96	Big O Tires Inc	Own, operate tire stores
03/04/96	04/08/96	Guardsman Products Inc	Mnfr coatings, cleaning prod
03/07/96	07/03/96	Acme-Cleveland Corp	Mnfr metal cutting tools
03/11/96	08/02/96	Life Partners Group Inc	Life insurance holding company
03/18/96	07/01/96	Athena Neurosciences Inc	Manufacture pharmaceuticals
03/18/96	08/30/96	Microtek Medical Inc	Mnfr whl surgical supplier
03/25/96	07/01/96	InStant Inc	Mnfr surgical instrumentation
03/26/96	08/09/96	DeBartolo Realty Corp	Real estate investment trust
03/28/96	08/01/96	Stop & Shop Cos	Own, op supermarkets
03/29/96	04/26/96	Great American Mgmt & Invt Inc	Invt advice and financial svcs
03/29/96	07/08/96	Hayes Wheels International Inc	Mnfr motor vehicle parts
03/29/96	08/07/96	MediSense Inc	Mnfr blood monitoring systems
03/29/96	09/03/96	Regional Acceptance Corp	Pvd consumer financing svcs
04/01/96	04/01/97	Pacific Telesis Group	Pvd telecommun svcs,hldg co
04/01/96	07/19/96	US Healthcare Inc	Own and operate HMO's
04/02/96	08/15/96	Teledyne Inc	Manufacture aviation products
04/08/96	08/16/96	Cellular Communications Inc	Operate cellular telephone sys
04/10/96	10/15/96	Waterhouse Investor Services	Discount brokerage holding co
04/17/96	07/31/96	Tucker Drilling Co Inc	Oil & gas contract drilling
04/22/96	07/10/96	StrataCom Inc	Manufacture telecommun equip
04/22/96	06/03/96	Westcott Communications Inc	Pvd motion picture prodc svcs
04/29/96	03/27/97	Paul Revere Corp(Textron Inc)	Individual disability ins co

Date Announced	Date Effective	Target Name	Acquiror Name
01/05/96	07/01/96	Safety Fund Corp	CFX Corp, Keene, New Hampshire
01/08/96	04/30/96	Local Corp	Lockheed Martin Corp
01/08/96	03/04/96	US Delivery Systems Inc	Corporate Express Inc
01/09/96	04/30/96	Technslysis Corp	CompuWare Corp
01/18/96	07/02/96	Covita Corp	Pfizer Inc
01/22/96	04/11/96	Premier Industrial Corp	Farnell Electronics PLC
01/24/96	08/08/96	National Lodging Corp	Chartwell Leisure Associates
01/25/96	06/12/96	Dual Drilling (Mosrold Shippy)	ENSCO International Inc
01/30/96	05/31/96	Daig Corporation	St Jude Medical Inc
01/31/96	03/04/96	Tivoli Systems Inc	IBM Corp
02/01/96	04/12/96	Health Wise of America Inc	United HealthCare Corp
02/05/96	04/30/96	DiMark Inc	Harte-Hanks Inc
02/07/96	05/07/96	Pyxis Corp	Cardinal Health Inc
02/12/96	05/01/96	Duracraft Corp	Honeywell Inc
02/13/96	09/18/96	Citicasters(American Finl Grp)	Jacor Communications Inc
02/14/96	03/20/96	Helene Curtis Industries Inc	Unilever NV
02/15/96	05/14/96	Andros Inc	Genstar Capital Partners II LP
02/16/96	05/30/96	Circle K Corp	Tosco Corp
02/16/96	06/13/96	Fortum Group Inc	Marriott International Inc
02/20/96	07/24/96	Davidson & Associates Inc	CUC International Inc
02/20/96	07/24/96	Sierra On-Line Inc	CUC International Inc
02/23/96	07/01/96	Cray Research Inc	Silicon Graphics Inc
02/26/96	09/16/96	Sterile Concepts Inc.	Mexcom Medical Inc
02/26/96	06/18/96	Tide West Oil Co	HS Resources Inc
02/27/96	05/24/96	Brandon Systems Corp	Interim Services Inc
02/29/96	07/10/96	Big O Tires Inc	TBC Corp
03/04/96	04/08/96	Guardsman Products Inc	Lilly Industries Inc
03/07/96	07/03/96	Acme-Cleveland Corp	Danaher Corp
03/11/96	08/02/96	Life Partners Group Inc	Conseco Inc
03/18/96	07/01/96	Athena Neurosciences Inc	Elan Corp PLC
03/18/96	08/30/96	Microtek Medical Inc	Isolyser Co Inc
03/25/96	07/01/96	InStant Inc	Medronic Inc
03/26/96	08/09/96	DeBartolo Realty Corp	Simon Property Group Inc
03/28/96	08/01/96	Stop & Shop Cos	Konindjike Ahold NV
03/29/96	04/26/96	Great American Mgmt & Invt Inc	Equity Holdings, Chicago, IL
03/29/96	07/08/96	Hayes Wheels International Inc	Motor Wheel Corp

03/29/96	08/07/96	MediSense Inc	Abbott Laboratories
03/29/96	09/03/96	Regional Acceptance Corp	Southern Natl, Winston-Salem, NC
04/01/96	04/01/97	Pacific Telesis Group	SBC Communications Inc
04/01/96	07/19/96	US Healthcare Inc	Aetna Life & Casualty Co
04/02/96	08/15/96	Teledyne Inc	Allegheny Ludlum Corp
04/08/96	08/16/96	Cellular Communications Inc	AirTouch Communications
04/10/96	10/15/96	Waterhouse Investor Services	Toronto-Dominion Bank
04/17/96	07/31/96	Tucker Drilling Co Inc	Patterson Energy Inc
04/22/96	07/10/96	StrataCom Inc	Cisco Systems Inc
04/22/96	06/03/96	Westcott Communications Inc	K-III Communications Corp
04/29/96	03/27/97	Paul Revere Corp(Textron Inc)	Provident Cos

Date Announced	Date Effective	Target Name	Acquiror Business Description
01/05/96	07/01/96	Safety Fund Corp	Savings and loan
01/08/96	04/30/96	Local Corp	Mnfr aerospace systems, prod
01/08/96	03/04/96	US Delivery Systems Inc	Retail office supplies
01/09/96	04/30/96	Technslysis Corp	Dvlp, whl software systems
01/18/96	07/02/96	Covita Corp	Manufacture pharmaceuticals
01/22/96	04/11/96	Premier Industrial Corp	Mnfr, whl electronic components
01/24/96	08/08/96	National Lodging Corp	Own and operate hotels
01/25/96	06/12/96	Dual Drilling (Mosrold Shippg)	Pvd oil, gas drilling svcs
01/30/96	05/31/96	Daig Corporation	Mnfr heart valves, x-ray equip
01/31/96	03/04/96	Tivoli Systems Inc	Mnfr computers, office equip
02/01/96	04/12/96	Health Wise of America Inc	Own and operate HMOs
02/05/96	04/30/96	DiMark Inc	Pvd direct marketing services
02/07/96	05/07/96	Pyxis Corp	Whl pharmaceutical products
02/12/96	05/01/96	Duracraft Corp	Mnfr automation, control sys
02/13/96	09/18/96	Citicasters(American Finl Grp)	Own, op radio bdcstg stations
02/14/96	03/20/96	Helene Curtis Industries Inc	Produce foods; holding company
02/15/96	05/14/96	Andros Inc	Investment firm
02/16/96	05/30/96	Circle K Corp	Petroleum refining
02/16/96	06/13/96	Fortum Group Inc	Own, op hotels, restaurants
02/20/96	07/24/96	Davidson & Associates Inc	Provide discount club svcs
02/20/96	07/24/96	Sierra On-Line Inc	Provide discount club svcs
02/23/96	07/01/96	Cray Research Inc	Manufacture computer systems
02/26/96	09/16/96	Sterile Concepts Inc.	Mnfr surgical instruments
02/26/96	06/18/96	Tide West Oil Co	Oil and gas exploration, prodn
02/27/96	05/24/96	Brandon Systems Corp	Pvd human resource solutions
02/29/96	07/10/96	Big O Tires Inc	Whl tires, automobile parts
03/04/96	04/08/96	Guardsman Products Inc	Mnfr industrial finishings
03/07/96	07/03/96	Acme-Cleveland Corp	Mnfr tools, control equipment
03/11/96	08/02/96	Life Partners Group Inc	Insurance holding company
03/18/96	07/01/96	Athena Neurosciences Inc	Mnfr drug delivery systems
03/18/96	08/30/96	Microtek Medical Inc	Mnfr surgical supplies
03/25/96	07/01/96	InStant Inc	Mnfr medical technology prods
03/26/96	08/09/96	DeBartolo Realty Corp	Real estate investment trust
03/28/96	08/01/96	Stop & Shop Cos	Own, operate supermarkets
03/29/96	04/26/96	Great American Mgmt & Invt Inc	Investment firm
03/29/96	07/08/96	Hayes Wheels International Inc	Manufacture automotive parts
03/29/96	08/07/96	MediSense Inc	Mnfr pharmaceuticals, med equip
03/29/96	09/03/96	Regional Acceptance Corp	Bank holding company
04/01/96	04/01/97	Pacific Telesis Group	Provide telecommun services
04/01/96	07/19/96	US Healthcare Inc	Insurance company
04/02/96	08/15/96	Teledyne Inc	Mnfr specialty materials, metal
04/08/96	08/16/96	Cellular Communications Inc	Pvd telecommunications svcs
04/10/96	10/15/96	Waterhouse Investor Services	Bank holding company
04/17/96	07/31/96	Tucker Drilling Co Inc	Pvd contract drilling services
04/22/96	07/10/96	StrataCom Inc	Mnfr inter-networking systems
04/22/96	06/03/96	Westcott Communications Inc	Publishing company
04/29/96	03/27/97	Paul Revere Corp(Textron Inc)	Pvd accident, health insurance

Date Announced	Date Effective	Target Name	Value of Transaction (\$ mil)	Enterprise Value (\$ mil)	Premium	
					1 Day Prior to Annc. Date	1 Week Prior to Annc. Date
01/05/96	07/01/96	Safety Fund Corp	28.3	206.254	3.53	10.06
01/08/96	04/30/96	Local Corp	8762.4	8322.778	4.83	7.42
01/08/96	03/04/96	US Delivery Systems Inc	428.7	456.041	9.57	8.62
01/09/96	04/30/96	Technslysis Corp	32.6	28.793	12.00	16.67
01/18/96	07/02/96	Covita Corp	78.5	78.525	-2.38	2.50
01/22/96	04/11/96	Premier Industrial Corp	2722.7	2720.926	37.17	35.75
01/24/96	08/08/96	National Lodging Corp	57.0	21.745	34.12	26.67
01/25/96	06/12/96	Dual Drilling (Mosrold Shippg)	224.7	325.221	8.86	13.19
01/30/96	05/31/96	Daig Corporation	441.3	419.982	20.17	22.72
01/31/96	03/04/96	Tivoli Systems Inc	709.8	688.025	25.83	25.00
02/01/96	04/12/96	Health Wise of America Inc	271.1	268.539	8.35	9.07
02/05/96	04/30/96	DiMark Inc	151.8	145.080	1.70	1.70
02/07/96	05/07/96	Pyxis Corp	907.3	870.021	53.27	60.93
02/12/96	05/01/96	Duracraft Corp	286.7	295.828	58.18	50.00
02/13/96	09/18/96	Citicasters(American Finl Grp)	767.6	746.538	9.26	15.69
02/14/96	03/20/96	Helene Curtis Industries Inc	737.4	882.125	18.64	30.23
02/15/96	05/14/96	Andros Inc	92.6	61.211	16.13	24.14
02/16/96	05/30/96	Circle K Corp	983.0	951.573	45.85	42.47
02/16/96	06/13/96	Fortum Group Inc	622.3	598.837	4.00	8.33
02/20/96	07/24/96	Davidson & Associates Inc	1145.0	1141.542	72.30	87.50
02/20/96	07/24/96	Sierra On-Line Inc	911.0	964.417	69.33	71.70
02/23/96	07/01/96	Cray Research Inc	770.0	776.916	18.81	21.21
02/26/96	09/16/96	Sterile Concepts Inc.	140.2	145.644	53.85	60.00
02/26/96	06/18/96	Tide West Oil Co	201.3	199.612	44.64	44.64
02/27/96	05/24/96	Brandon Systems Corp	165.2	162.698	32.21	39.41
02/29/96	07/10/96	Big O Tires Inc	56.6	69.316	5.60	7.32

03/04/96	04/08/96	Guardsman Products Inc	227.8	247.933	32.37	32.37
03/07/96	07/03/96	Acme-Cleveland Corp	204.4	193.807	50.00	55.84
03/11/96	08/02/96	Life Partners Group Inc	838.8	721.523	35.48	34.40
03/18/96	07/01/96	Athena Neurosciences Inc	601.3	477.778	20.66	16.80
03/18/96	08/30/96	Microtek Medical Inc	108.6	104.862	37.50	40.63
03/25/96	07/01/96	InStant Inc	233.7	204.707	1.03	9.14
03/26/96	08/09/96	DeBartolo Realty Corp	2962.1	2782.114	11.59	16.57
03/28/96	08/01/96	Stop & Shop Cos	2870.8	3029.714	25.23	27.01
03/29/96	04/26/96	Great American Mgmt & Invt Inc	63.3	746.409	2.56	4.17
03/29/96	07/08/96	Hayes Wheels International Inc	563.8	695.070	29.29	33.33
03/29/96	08/07/96	MediSense Inc	821.6	797.412	48.76	42.76
03/29/96	09/03/96	Regional Acceptance Corp	160.7	261.856	9.33	6.60
04/01/96	04/01/97	Pacific Telesis Group	16490.0	22421.022	38.70	36.24
04/01/96	07/19/96	US Healthcare Inc	8939.0	7793.337	24.25	21.28
04/02/96	08/15/96	Teledyne Inc	2097.5	2442.365	113.55	115.12
04/08/96	08/16/96	Cellular Communications Inc	1657.4	2910.441	7.45	7.84
04/10/96	10/15/96	Waterhouse Investor Services	526.0	551.243	15.15	19.69
04/17/96	07/31/96	Tucker Drilling Co Inc	23.3	15.863	4.68	7.13
04/22/96	07/10/96	StrataCom Inc	4933.5	4738.078	48.39	59.72
04/22/96	06/03/96	Westcott Communications Inc	438.9	421.637	43.33	57.80
04/29/96	03/27/97	Paul Revere Corp(Textron Inc)	1177.1	1213.109	7.22	5.58

Date Announced	Date Effective	Target Name	Premium		
			4 Weeks Prior to Annc. Date	3 Months Prior to Annc. Date	1 Year Prior to Annc. Date
01/05/96	07/01/96	Safety Fund Corp			
01/08/96	04/30/96	Local Corp	8.19		
01/08/96	03/04/96	US Delivery Systems Inc	32.63	30.57	123.01
01/09/96	04/30/96	Technalysis Corp	16.67	9.80	30.23
01/18/96	07/02/96	Covita Corp	-2.38	24.24	148.48
01/22/96	04/11/96	Premier Industrial Corp	34.37	18.63	65.64
01/24/96	08/08/96	National Lodging Corp		46.15	42.50
01/25/96	06/12/96	Dual Drilling (Mosrold Shippg)	23.66	51.68	72.36
01/30/96	05/31/96	Daig Corporation	26.77		
01/31/96	03/04/96	Tivoli Systems Inc		49.31	
02/01/96	04/12/96	Health Wise of America Inc	18.63	32.13	15.26
02/05/96	04/30/96	DiMark Inc	0.84	16.50	33.93
02/07/96	05/07/96	Pyxis Corp	66.48	67.93	10.35
02/12/96	05/01/96	Duracraft Corp	68.12	82.20	16.78
02/13/96	09/18/96	Citicasters(American Finl Grp)	28.26	349.52	337.04
02/14/96	03/20/96	Helene Curtis Industries Inc	71.78		
02/15/96	05/14/96	Andros Inc	35.85	12.50	4.35
02/16/96	05/30/96	Circle K Corp	68.82	548.63	830.11
02/16/96	06/13/96	Fortum Group Inc	44.44		
02/20/96	07/24/96	Davidson & Associates Inc	67.76	30.12	129.77
02/20/96	07/24/96	Sierra On-Line Inc	50.38	65.51	160.60
02/23/96	07/01/96	Cray Research Inc	20.60	34.83	83.21
02/26/96	09/16/96	Sterile Concepts Inc.	55.34		
02/26/96	06/18/96	Tide West Oil Co	51.52		
02/27/96	05/24/96	Brandon Systems Corp	29.77	554.88	758.54
02/29/96	07/10/96	Big O Tires Inc	12.82	23.36	22.22
03/04/96	04/08/96	Guardsman Products Inc	57.27		
03/07/96	07/03/96	Acme-Cleveland Corp	56.86		
03/11/96	08/02/96	Life Partners Group Inc	55.56	69.70	-1.75
03/18/96	07/01/96	Athena Neurosciences Inc	40.39	73.81	220.88
03/18/96	08/30/96	Microtek Medical Inc	43.90	129.19	201.85
03/25/96	07/01/96	InStant Inc	5.87	228.93	
03/26/96	08/09/96	DeBartolo Realty Corp	25.54	23.17	15.54
03/28/96	08/01/96	Stop & Shop Cos	45.65		
03/29/96	04/26/96	Great American Mgmt & Invt Inc	3.63	2.04	41.34
03/29/96	07/08/96	Hayes Wheels International Inc	43.02	24.88	62.03
03/29/96	08/07/96	MediSense Inc	39.00	42.29	123.60
03/29/96	09/03/96	Regional Acceptance Corp	25.41	9.33	6.60
04/01/96	04/01/97	Pacific Telesis Group	33.88	14.04	27.24
04/01/96	07/19/96	US Healthcare Inc	18.75	23.91	28.81
04/02/96	08/15/96	Teledyne Inc	108.97	35.44	39.31
04/08/96	08/16/96	Cellular Communications Inc	6.28	94.69	87.23
04/10/96	10/15/96	Waterhouse Investor Services	65.22		
04/17/96	07/31/96	Tucker Drilling Co Inc	10.05	34.13	71.68
04/22/96	07/10/96	StrataCom Inc	79.69	57.00	192.99
04/22/96	06/03/96	Westcott Communications Inc	56.36	37.05	45.15
04/29/96	03/27/97	Paul Revere Corp(Textron Inc)	8.50		

Page F-8

MERGER PREMIUMS TO MARKET VALUE ANALYSIS
 MERGER WITH TARGET PRICE EQUAL TO OR GREATER THAN \$10 PER SHARE
 ANNOUNCED AND COMPLETED 1/1/96 - 2/3/99
 (continued)

Date Announced	Date Effective	Target Name	Target Business Description	Acquiror Name
04/30/96	08/12/96	UUNet Technologies Inc	Internet service provider	MFS Communications Co Inc.

05/01/96	06/28/96	Quartum Health Resources Inc	Provide home health care svcs	Olsten Corp
05/01/96	08/21/96	Uniroyal Chemical Co	Mnfr pesticides, rubber chere	Crompton & Knowles Corp
05/07/96	07/03/96	Guaranty National Corp	Insurance company	Orion Capital Corp
05/07/96	08/14/96	Kahler Realty Corp	Real estate investment trust	Tiger Real Estate Fund LP
05/10/96	08/22/96	Cycare Systems Inc	Provide accounting services	HBO & Co
05/10/96	12/11/96	Transnational Re Corp	Property reinsurance company	PXRE Corp
05/13/96	08/15/96	MICOM Communications Corp	Mnfr communications equipment	Northern Telecom Ltd(BCE Inc)
05/14/96	09/05/96	Caremark International Inc	Pvd home health care services	MedPartners/Mullikin Inc
05/15/96	08/23/96	Davis Water & Waste Industries	Water distn and treatment prod	United States Filter Corp
05/16/96	11/15/96	A+ Network Inc	Pvd paging services	Metrocall Inc
05/20/96	07/23/96	AmenData Technologies Inc	Whl computer, peripherals	General Electric Capital Svcs
05/20/96	12/30/96	Continental Waste Industries	Pvd waste disposal services	Republic Industries Inc
05/20/96	10/31/96	Sterling Healthcare Group Inc	Own, op doctors' offices	FPA Medical Management Inc
05/24/96	07/02/96	Masland Corp	Mnfr motor vehicle parts	Lear Corp
05/27/96	02/16/97	SyStemix Inc(Novartis AG)	Mnfr, dvlp cellular processes	Novartis AG
05/31/96	12/19/96	Addington Resources Inc	Bituminous coal mining	Republic Industries Inc
05/31/96	08/30/96	Image Industries Inc	Pvd plastic recycling svcs	Maxim Group Inc
06/03/96	08/05/96	Hedel Broadcasting Corp	Own, op radio bdcstg stations	Clear Channel Communications
06/03/96	09/30/96	Univar Corp	Whl chemicals, pesticides	Pakhoed Holding NV
06/04/96	09/20/96	HomeTown Buffet Inc	Own and operate restaurants	Buffets Inc
06/06/96	10/01/96	AT&T Capital Corp(AT&T Corp)	Pvd leasing, financing services	Investor Group
06/06/96	12/18/96	Bally Entertainment Corp	Own, op casino hotels	Hilton Hotels Corp
06/06/96	07/09/96	FinishMaster Inc(Maxco Inc)	Whl automotive paint, coatings	Lacy Distribution Inc(LDI Ltd)
06/10/96	08/23/96	Orbit Semiconductor Inc	Manufacture semiconductors	DII Group Inc
06/11/96	07/23/96	Community Health Systems Inc	Own and operate hospitals	Forstmann Little & Co
06/14/96	08/23/96	Brenco Inc	Ball and roller bearings	Varten Corp
06/17/96	11/19/96	Ferril DataComm Networks Inc	Mnfr data communications equip	Bay Networks Inc
06/18/96	09/30/96	Builders Warehouse Assn Inc	Pvd LAN design services	Osicom Technologies Inc
06/20/96	12/31/96	Infinity Broadcasting Corp	Own, op radio broadcasting svcs	Westinghouse Electric Corp
06/20/96	09/16/96	Public Storage Properties X	Pvd warehousing storage svcs	Public Storage Inc
06/20/96	09/16/96	Public Storage Properties XII	Rent storage space	Public Storage Inc
06/24/96	09/03/96	Sanifill Inc	Provide waste management svcs	USA Waste Services Inc
06/28/96	10/02/96	National Re Corp	Fire, casualty insurance co	General Re Corp
06/28/96	09/27/96	Salem Corp	Whl industrial mach and equip	Investor Group
07/01/96	10/04/96	Landmark Graphics Corp	Dvlp CAE sys for geoscientists	Halliburton Co
07/01/96	03/25/97	Renaissance Commun Corp	Own and operate TV stations	Tribune Co
07/02/96	08/08/96	Ambar Inc	Pvd oil and gas field services	Beacon Group Energy Investment
07/17/96	01/22/97	New World Commun GP(Ma(co)	Operate television stations	News Corp Ltd
07/19/96	07/01/97	Portland General Corp	Electric utility holding co	Enron Corp
07/19/96	08/27/97	Reorex Corp	Mnfr petrochemical products	Huntsman Corp
07/22/96	10/03/96	Global Natural Resources Inc	Oil and gas exploration prodn	Seagull Energy Corp
07/22/96	10/25/96	Telebil Corp	Mnfr data transmission equip	Cisco Systems Inc
07/22/96	07/29/97	United Cities Gas Co	Gas utility	Atinos Energy Corp
07/23/96	02/19/97	Osborn Communications Corp	Own, op radio and TV stations	Capstar Broadcasting Partners
07/24/96	10/11/96	PCI Services Inc	Pvd product packaging services	Cardinal Health Inc
08/02/96	11/29/96	First Colony Corp	Insurance holding company	General Electric Capital Corp
08/05/96	04/07/97	EZ Communications Inc	Own, operate radio stations	American Radio Systems Corp

Premium

Date Announced	Date Effective	Acquirer Business Description	Value of Transaction (\$ mil)	Enterprise Value (\$ mil)	1 Day Prior to Annc. Date	1 Week Prior To Annc. Date	4 Weeks Prior To Annc. Date
04/30/96	08/12/96	Pvd telephone communs svcs	2060.9	2037.023	27.59	39.91	125.91
05/01/96	08/28/96	Pvd temporary personel svcs	270.2	301.169	23.65	29.32	60.18
05/01/96	08/21/96	Mnfr chemicals, dyes, flavors	1463.4	1326.163	27.66	44.58	55.84
05/07/96	07/03/96	Insurance company, holding co	85.1	361.073	15.63	15.63	22.31
05/07/96	08/14/96	Real estate investment trust	222.7	212.811	9.68	13.33	9.68
05/10/96	08/22/96	Dvlp healthcare software	277.1	252.048	6.33	8.99	61.02
05/10/96	12/11/96	Reinsurance company	133.1	165.348	12.47	16.52	8.70
05/13/96	08/15/96	Mnfr telecommunications equip	138.3	144.308	-14.29	9.09	58.35
05/14/96	09/05/96	Pvd management health svcs	2707.8	3139.099	9.95	16.00	18.17
05/15/96	08/23/96	Mnfr water treatment equip	100.8	109.499	36.18	59.03	62.30
05/15/96	11/15/96	Pvd local paging services	345.4	342.749	36.13	40.67	63.88
05/20/96	07/23/96	Pvd financing services	454.8	734.654	4.07	25.49	47.13
05/20/96	12/30/96	Provide waste disposal svcs	354.4	360.348	66.73	62.18	82.04
05/20/96	10/31/96	Pvd health care mgmt services	157.5	172.338	-3.07	3.67	13.09
05/24/96	07/??/96	Mnfr automobile seats	413.5	444.870	6.12	18.18	30.00
05/27/96	02/16/97	Manufacture pharmaceuticals	107.6	401.596	4.70	69.57	59.18
05/31/96	12/19/96	Provide waste disposal svcs	317.8	358.730	24.88	43.93	50.30
05/31/96	08/30/96	Own, op floor covering fran	105.1	152.440	17.00	15.84	23.16
06/03/96	08/05/96	Own, op TV, radio station	315.3	370.095	2.22	4.55	2.22
06/03/96	09/30/96	Pvd freight transp services	331.8	605.298	57.17	54.06	58.78
06/04/96	09/20/96	Own and operate restaurants	174.0	195.943	-3.27	7.38	2.67
06/06/96	10/01/96	Investor group	2128.6	9188.700	37.41	38.46	42.29
06/06/96	12/18/96	Own, operate hotels	3138.1	3108.891	59.03	74.81	72.18
06/06/96	07/09/96	Whl industrial machinery equip	62.6	111.128	30.42	27.76	42.27
06/10/96	08/23/96	Mnfr electronic components	118.3	105.053	37.78	36.10	57.18
06/11/96	07/23/96	Investment company	1080.0	1267.498	20.23	19.89	18.86
06/14/96	08/23/96	Mnfr customtubular products	161.4	164.889	30.96	30.30	20.56
06/14/96	11/19/96	Mnfr, whl data networking prods	117.6	124.136	7.50	2.99	6.17
06/18/96	09/30/96	Mnfr communications equipment	69.3	73.342	9.67	15.95	35.32
06/20/96	12/31/96	Mnfr elec defense electri equip	4737.8	4153.297	12.76	10.82	15.27
06/20/96	09/16/96	Real estate investment trust	50.2	39.475	13.85	13.08	10.83
06/20/96	09/16/96	Real estate investment trust	55.2	37.663	14.56	14.56	15.30
06/24/96	09/03/96	Pvd waste disposal services	1236.9	1604.447	-1.02	3.86	1.63
06/28/96	10/02/96	Insurance holding company	904.6	1110.321	45.21	65.63	60.61
06/28/96	09/27/96	Investor group	46.6	31.813	21.96	23.46	11.73
07/01/96	10/04/96	Mnfr oil field machinery	586.7	531.762	65.51	77.00	68.80
07/01/96	03/25/97	Publish newspaper, cable TV sys	1094.4	1118.676	11.63	19.01	20.50
07/02/96	08/08/96	Investment firm	66.6	81.363	24.14	17.07	50.00
07/17/96	01/22/97	Publish newspapers, magazines	2173.0	4241.936	67.66	71.63	60.15
07/19/96	07/01/97	Own, operate gas pipelines	2901.7	2982.291	23.13	21.54	19.48
07/19/96	08/27/97	Mnfr petrochemicals	606.8	494.486	75.34	60.00	56.10
07/22/96	10/03/96	Own, op gas pipelines	525.6	526.491	11.23	13.04	13.04
07/22/96	10/25/96	Mnfr inter-networking systems	196.3	196.203	22.76	22.76	4.71
07/22/96	07/29/97	Natural gas distribution svcs	496.5	508.192	52.21	64.29	69.67
07/23/96	02/19/97	Own, operate radio stations	89.9	110.806	28.13	50.00	38.20
07/24/96	10/11/96	Whl pharmaceutical products	208.0	209.588	44.00	42.89	23.84
08/02/96	11/29/96	Pvd consumer financing svcs	1799.2	2011.939	37.71	32.66	39.04
08/05/96	04/07/97	Own, op radio bdcstg station	687.3	623.194	45.54	56.36	89.20

Date Announced	Date Effective	3 Months Prior to Annc. Date	1 Year Prior to Annc. Date
04/30/96	08/12/96	58.86	
05/01/96	08/28/96	54.90	9.27

05/01/96	08/21/96	64.38	25.00
05/07/96	07/03/96	26.50	12.98
05/07/96	08/14/96	46.24	88.89
05/10/96	08/22/96	79.49	101.69
05/10/96	12/11/96	0.81	22.75
05/13/96	08/15/96	57.38	74.55
05/14/96	09/05/96	25.81	81.93
05/15/96	08/23/96	111.57	207.74
05/15/96	11/15/96	72.24	53.45
05/20/96	07/23/96	62.03	109.84
05/20/96	12/30/96	117.56	223.19
05/20/96	10/31/96		
05/24/96	07/??/96	77.78	84.07
05/27/96	02/16/97	39.29	59.18
05/31/96	12/19/96	69.84	58.73
05/31/96	08/30/96		
06/03/96	08/05/96	162.86	253.85
06/03/96	09/30/96	80.93	55.60
06/04/96	09/20/96	25.85	20.66
06/06/96	10/01/96		
06/06/96	12/18/96	81.78	175.95
06/06/96	07/09/96	42.27	9.82
06/10/96	08/23/96	69.09	-22.50
06/11/96	07/23/96	22.35	49.64
06/14/96	08/23/96	34.42	30.67
06/14/96	11/19/96		
06/18/96	09/30/96	37.08	370.00
06/20/96	12/31/96		
06/20/96	09/16/96	5.26	20.40
06/20/96	09/16/96	15.30	27.66
06/24/96	09/03/96	26.37	55.38
06/28/96	10/02/96	57.04	60.61
06/28/96	09/27/96	30.72	-11.50
07/01/96	10/04/96	93.09	24.94
07/01/96	03/25/97	423.64	150.43
07/02/96	08/08/96	73.49	311.43
07/17/96	01/22/97	49.06	28.53
07/19/96	07/01/97	23.68	58.43
07/19/96	08/27/97	19.63	16.36
07/22/96	10/03/96	17.83	73.80
07/22/96	10/25/96	101.51	196.67
07/22/96	07/29/97	56.85	69.70
07/23/96	02/19/97	44.75	108.54
07/24/96	10/11/96	16.10	158.00
08/02/96	11/29/96	41.07	45.33
08/05/96	04/07/97	142.56	162.78

Page F-9

Merger Premiums to Market Value Analysis
Mergers with Target Price Equal to or Greater than \$10 per Share
Announced and Completed 1/1/96-2/3/99
(continued)

Date Announced	Date Effective	Target Name	Target Business Description	Acquiror Name
08/05/96	02/14/97	FHP International Corp	Own and operate HMOs	PacifCare Health Systems Inc.
08/07/96	10/03/96	Douglas & Lorrason Co	Wholesale motor vehicles	Magna International Inc
08/08/96	09/17/96	Roto-Rooter Inc (Chemed Corp)	Provide plumbing services, prod	Chemed Corp
08/09/96	08/06/97	NorAmEnergy Corp	Oil and gas exploration, prodn	Houston Industries Inc
08/12/96	03/02/98	Atlantic Energy (Conoco)	Public utility holding co	Delmarva Power & Light
08/14/96	11/25/96	American Re Corp	Property, casualty insurance co	Muenchener Ruedeversicherungs
08/14/96	11/07/96	Payco American Corp	Credit collection services	OSI Holdings Corp
08/14/96	10/24/96	Redman Industries Inc	Manufacture mobile homes	Champion Enterprises Inc
08/15/96	09/26/96	Orchard Supply Hardware Stores	Own, op home improvement ctrs	Sears Roebuck & Co
08/19/96	09/20/96	CasTech Aluminum Group Inc	Mnfr aluminum sheets	Commonwealth Aluminum Corp
08/19/96	12/16/96	Griffin Gaming & Equipment	Own, op gaming facilities	Sun International Hotels Ltd
08/22/96	10/29/96	Meta Software Inc	Develop software	Avanti Corp
08/26/96	12/17/96	American Travellers Corp	Insurance company	Conseco Inc
08/26/96	12/31/96	Bankers Life Holdings (Conseco)	Life ins co; holding company	Conseco Inc
08/26/96	03/04/97	Capitol American Financial	Pvd accident, life ins svcs	Conseco Inc
08/26/96	11/14/96	Career Horizons Inc	Pvd temporary personnel svcs	AccuStaff Inc
08/26/96	12/31/96	MFS Communications Co Inc	Pvd telephone communs svcs	WorldCom Inc
08/26/96	01/09/97	Spreckels Industries Inc	Produce sugar, mfr indust prod	Columbus McKinnon Corp
08/29/96	11/08/96	Red Lions Hotels (Red Lion Inn)	Own, op hotels	Doubletree Corp
09/02/96	03/06/97	Arcadian Corp	Mnfr phosphatic fertilizers	Potash Corp of Saskatchewan
09/09/96	12/23/96	Big B Inc (Revco DS Inc)	Drug, grocery retail stores	Revco DS Inc
09/12/96	12/31/96	Duracell International Inc	Manufacture alkaline batteries	Gillette Co
09/23/96	12/04/96	Diamond Shamrock Inc	Mnfr, wholesale petroleum	Ultramar Corp
09/24/96	12/09/96	GMS Inc	Develop software	HBO & Co
09/26/96	02/28/97	Providence Journal Co	Own, op TV broadcasting stns	AH Belo Corp
09/26/96	12/23/96	Transport Holdings	Insurance holding company	Conseco Inc
09/30/96	09/27/97	Belden & Blake Corp	Oil and gas exploration, prodn	Texas Pacific Group Inc
10/01/96	12/31/96	South West Property Trust Inc	Real estate investment trust	United Dominion Realty Tr Inc
10/02/96	02/03/97	Baby Superstore Inc	Own, op children's wear stores	Toys R' Us Inc
10/03/96	02/07/97	TSX Corporation	Mnfr communications equipment	ANTEC Corp
10/03/96	02/13/97	Kinder-Care Learning Centers	Operate day care centers	Kohlberg Kravis Roberts & Co
10/03/96	12/31/96	LXE (Electromagnetic Sciences)	Mnfr microwave components	Electromagnetic Sciences Inc
10/07/96	12/11/96	August Inc	Mnfr electr, hardware prods	Thomas & Betts Corp
10/07/96	12/02/96	Cheyenne Software Inc	Develop computer software	Computer Associates Intl Inc
10/08/96	11/22/96	Super Food Services Inc	Wholesale food products	Nash Finch Co
10/10/96	01/31/97	Gelman Sciences Inc	Mnfr medical filter devices	Fall Corp
10/14/96	06/26/98	Pacific Enterprises Inc	Natural gas utility	Envos Corp (Sempra Energy)
10/14/96	12/12/96	Thrifty Payless Holdings Inc	Own, op drug store chain	Rite Aid Corp
10/15/96	06/03/97	Conrail Inc	Own, op freight railroad lines	Investor Group
10/15/96	12/23/96	FlightSafety International	Mnfr flight simulators	Berkshire Hathaway Inc
10/17/96	01/30/97	O'nds HealthCorp	Own, operate hospitals	Tenet Healthcare Corp
10/21/96	03/31/97	Detroit & Canada Tunnel Corp	Pvd tunnel operation services	Investor Group

10/23/96	04/16/97	Syratech Corp	Manufacture silver flatware	Thomas H. Lee Equity Fund III
10/28/96	05/07/97	Cooper & Chyan Technology Inc	Develop software	Cadence Design Systems Inc
10/28/96	01/15/97	Loctite Corp	Mnfr adhesives & sealants	Henkel KGaA
10/29/96	05/29/97	Wireless Cable of Atlanta	Pvd wireless cable communs svc	BellSouth Corp

Acquiror Business Description	Value of Transaction (\$ mil)	Enterprise Value (\$ mil)	Premium				
			1 Day Prior to Annc. Date	1 Week Prior to Annc. Date	4 Weeks Prior to Annc. Date	3 Months Prior to Annc. Date	1 Year Prior to Annc. Date
Own and operate HMO's	2000.1	2,161,889	19.37	27.37	19.10	24.96	41.20
Mnfr auto parts, accessories	134.6	213,954	39.33	90.77	103.28	125.45	121.43
Mnfr chems janitorial equip	93.6	220,326	12.33	220.326	11.19	20.15	25.19
Electric utility holding co	3648.8	3,750,590	35.72	46.52	41.69	48.23	143.32
Electric and gas utility	951.1	2,155,874	5.34	3.83	3.09	5.34	-0.47
Provide reinsurance services	3967.8	3,830,429	26.21	41.69	44.04	49.86	79.93
Investment holding firm	161.9	154,646	19.15	17.90	60.00	64.71	77.78
Mnfr single-family houses	341.9	391,852	6.29	11.71	26.39	21.73	102.26
Department stores, fml svcs	423.7	412,744	17.65	25.56	28.44	8.95	137.29
Manufacture aluminum prods	328.7	322,740	37.82	57.69	45.13	41.38	3.14
Own, operate hotels	309.6	345,195	88.88	88.88	69.28	52.07	52.07
Develop software	139.3	136,900	18.00	0.48	1.48	-27.49	
Insurance holding company	868.3	968,714	30.09	37.35	81.17	61.36	230.54
Insurance holding company	120.8	1,534,747	14.94	10.50	11.73	25.79	31.58
Insurance holding company	715.5	695,104	50.84	51.60	56.31	53.14	65.76
Provide staffing services	1010.3	835,758	34.40	33.88	63.98	147.63	145.64
Pvd telecommunication svcs	13595.7	14,885,504	58.82	59.96	86.96	66.27	142.14
Mnfr industrial chains, hoists	259.4	248,369	23.87	24.68	29.73	45.45	178.26
Own, operate hotel mgt co	1174.1	1,129,012	28.60	33.55	31.38		
Manufacture potash	1723.3	1,424,486	24.66	20.99	26.96	30.18	36.21
Own, operate drug stores	335.4	401.153	36.63	66.27	58.62	68.29	10.40
Mnfr shaving razors and blades	7231.9	7,764,776	19.84	29.75	30.11	33.80	37.31
Mnfr refined petroleum prods	860.9	1,807,572	-3.90	1.11	5.71	0.68	15.70
Dvlp healthcare software	242.6	235,095	56.35	57.50	86.26	125.52	64.80
Newspapers, radio, TV stations	1429.6	1,617,143	58.38	64.43	65.49	109.89	
Insurance holding company	299.9	242,623	25.80	35.27	32.18	41.52	
Investment holding company	405.7	404,194	32.52	27.81	31.71	21.35	42.11
Real estate investment trust	547.8	526,405	9.31	9.31	13.39	12.37	18.98
Own, op retail toy stores	382.2	501,916	17.99	21.82	25.07	43.21	-46.86
Mnfr commun network products	254.3	214,629	10.00	18.63	26.04	-22.41	3.16
Leverage buyout firm	571.0	510,009	17.83	18.75	26.67	22.58	34.51
Mnfr microwave components	14.8	81,560	22.09	14.13	19.32	23.58	28.10
Mnfr electronic connectors	570.1	611,782	32.83	30.49	45.94	54.06	49.89
Develop applications software	1247.6	1,199,601	32.61	34.81	30.48		
Wholesale groceries	164.2	262,843	37.78	36.26	39.17	51.22	26.53
Mnfr filters, separations equip	297.7	292,223	80.47	57.91	49.42	65.43	58.81
Electric and gas utility	2870.0	4,159,400	7.43	8.72	11.87		
Own, operate drug stores	2394.0	2,367,729	26.91	28.65	37.18	62.23	
Investor group	10435.9	12,532,430	61.97	60.28	60.28	74.24	61.40
Property, casualty insurance co	1518.1	1,555,157	13.96	10.80	10.80		
Own, op hospitals	3123.4	2,875,478	9.61	19.48	16.56	40.56	57.21
Investor group	36.5	33,327	64.89	74.19	54.29	64.89	110.73
Pvd fund mgmt svcs	304.4	335,621	21.19	28.00	29.29	31.28	62.03
Develop CAD software	474.8	452,041	2.54	1.73	31.84	63.54	
Mnfr, whl chemicals, detergents	1289.1	2,118,282	31.89	36.70	34.81	41.86	33.33
Pvd telecommunication svcs	44.7	37,948	89.88	80.83	80.83	20.57	83.04

MERGER PREMIUMS TO MARKET VALUE ANALYSIS
 MERGERS WITH TARGET PRICE EQUAL TO OR GREATER THAN \$10 PER SHARE
 ANNOUNCED AND COMPLETED 1/1/96-2/3/99
 (continued)

DATE ANNOUNCED	DATE EFFECTIVE	TARGET NAME	TARGET BUSINESS DESCRIPTION	ACQUIROR NAME	ACQUIROR BUSINESS DESCRIPTION
10/30/96	04/08/97	Vons Cos Inc	Own and operate supermarkets	Safeway Inc	Own, op grocery store
10/31/96	07/01/97	California Jockey Club/Bay	Own, op horse racing tracks	Patriot American Hospitality	Real estate investment trust
10/31/96	12/18/96	Kash N' Karry Food Stores Inc	Own and operate supermarkets	Food Lion Inc.	Own and operate super-markets
11/04/96	02/27/97	Eckend Corp	Operate retail drug stores	JC Penney Co	Department stores
11/11/96	04/30/97	PHH Corp	Pvd auto, truck leasing svcs	HFS Inc	Own, op hotel franchises
11/12/96	06/12/97	Leslie's Poolmart	Own, op swimming pool stores	Investor Group	Investor group
11/12/96	02/27/97	SQA Inc	Whl software	Rational Software Corp	Dvlp component-based software
11/13/96	01/20/97	Medex Inc	Mnfr drug infusion products	FCY Inc	Mnfr engineered polymer prods
11/18/96	01/02/97	Sudbury Inc	Mnfr automotive parts	Internet Corp	Ductile, gray iron castings
11/25/96	01/09/97	Opal Inc	Mnfr special industry equip	Applied Materials Inc	Mnfr wafer fabrication systems
11/25/96	06/18/97	PanEnergy Corp	Oil and gas exploration prodn	Duke Power Co	Electric utility
11/26/96	12/30/96	Amor All Products (McKesson)	Mnfr cleaners and waves	Clorox Co	Manufacture household bleach
11/27/96	03/27/97	Central Tractor Farm & Country	Own, op tractor hardware stores	JW Childs Equity Partners LP	Investment company
11/27/96	12/27/96	Central Tractor Farm & Country	Own, op tractor hardware stores	JW Childs Equity Partners LP	Investment company
11/27/96	01/16/97	Milgray Electronics Inc	Whl electric equip	Bell Industries Inc	Mnfr electronic computer

11/27/96	03/19/97	Owen Healthcare Inc	Wholesale pharmaceuticals	Cardinal Health Inc	prods Whl pharmaceutical prod- ucts
11/29/96	04/30/97	Chicago Dock and Canal Trust	Real estate investment trust	CityFront Center LLC	Real estate investment trust
11/29/96	01/06/97	ElectroStar Inc	Mnfr printed circuit boards	Tyco International Ltd	Mnfr fire protection systems
12/02/96	01/30/97	Eastbay Inc	Own, operate mail order bus	Venator Group Inc	Own, op variety stores
12/02/96	03/03/97	Health Images Inc	Provide magnetic imaging svcs	HealthSouth Corp	Own, op outpatient surgery ctr
12/05/96	02/26/97	Barefoot Inc	Provide lawn care services	ServiceMaster LP	Pvd mgnt svcs
12/05/96	03/27/97	Cavco Industries Inc	Mnfr mobile homes	Centex Corp	Construct bldgs, RE dvlp firm
12/05/96	04/11/97	Public Storage Properties XIV	Real estate investment trust	Public Storage Inc	Real estate investment trust
12/05/96	04/11/97	Public Storage Properties XV	Real estate investment trust	Public Storage Inc	Real estate investment trust
12/05/96	05/05/97	Santa Fe Pacific Gold Corp	Gold mining co	Newmont Mining Corp	Gold, coal mining oil, gas expl
12/05/96	01/10/97	Zycon Corp	Mnfr printed circuit boards	Hadco Corp	Mnfr computer circuit boards
12/11/96	02/21/97	Alexander & Alexander Services	Pvd insurance brokerage svcs	Aon Corp	Insurance holding company
12/16/96	01/27/97	Eljer Industries Inc	Manufacture plumbing fixtures	Zum Industries Inc	Mnfr environmental equipment
12/16/96	04/16/97	Paragon Group Inc	Real estate investment trust	Camden Property Trust	Real estate investment trust
12/16/96	05/30/97	Pioneer Financial Services	Life, health, accident ins svcs	Conseco Inc	Insurance holding company
12/16/96	01/27/97	Tylan General Inc	Mnfr gas measure equipment	Millipore Corp	Mnfr analytical prod- ucts
12/17/96	08/01/97	McDonnell Douglas Corp	Mnfr aerospace, defense equip	Boeing Co	Mnfr aircraft, aero- space equip
12/19/96	03/25/97	IWC Resources Corp	Water utility holding company	NIPSCO Industries Inc	Electric, gas utility hldg co
12/30/96	05/29/98	LILCO	Electric utility	Brooklyn Union Gas Co	Gas utility
01/07/97	02/25/97	American Medical Response Inc	Provide ambulance services	Medi/Trans Inc (Laidlaw Inc)	Pvd ambulance svcs
01/07/97	02/10/97	Bonray Drilling Corp	On-shore oil and gas drilling	DLB Oil & Gas Inc	Oil and gas exploration prodn
01/13/97	04/25/97	OpenVision Technologies Inc	Mnfr software, pvd pro- gramming	Veritas Software Corp	Dvlp bus applications software
01/13/97	09/02/97	Zurich Reinsurance Centre	Insurance agency	Zurich Versicherungs GmbH	Insurance holding com- pany
01/14/97	04/01/97	Oxford Resources Corp	Pvd passenger car leasing svcs	Barnett Banks, Jacksonville, FL	Commerical bank
01/14/97	04/30/97	Tencor Instruments Inc	Mnfr test instruments	KLA Instruments Corp	Mnfr measuring devices
01/15/97	08/06/97	Value Health Inc	Provide health plan services	Columbia/HCA Healthcare Corp	Own, operate hospitals
01/16/97	02/28/97	Epic Design Technology Inc	Develop CAD software	Synopsys Inc	Develop automation software
01/16/97	05/30/97	Wellsford Residential Ppty	Real estate investment trust	Equity Residential Pptys Trust	Real estate investment trust
01/17/97	06/17/97	Avenco Corp	Fire, marine, casualty ins co	HCC Insurance Holdings Inc	Provide insurance services
01/17/97	04/11/97	Studio Plus Hotels Inc	Own, operate hotels, motels	Extended Stay America Inc	Own, op hotels
01/20/97	06/27/97	First USA Inc	Pvd credit card svcs	BANC ONE Corp, Columbus, Ohio	Bank holding company

DATE ANNOUNCED	DATE EFFECTIVE	VALUE OF TRANSACTION (\$ MIL)	ENTERPRISES VALUE (\$MIL)	PREMIUM				
				1 DAY PRIOR TO ANNC. DATE	1 WEEK PRIOR TO ANNC. DATE	4 WEEKS PRIOR TO ANNC. DATE	3 MONTHS PRIOR TO ANNC. DATE	1 YEAR PRIOR TO ANNC DATE
10/30/96	04/08/97	2251.6	3092.969	26.80	21.52	25.71	32.96	115.49
10/31/96	07/01/97	199.7	185.790	87.23	88.57	103.08	268.67	300.61
10/31/96	12/18/96	347.1	342.271	9.47	33.33	6.67	-7.96	13.66
11/04/96	02/27/97	3298.5	3216.527	21.21	28.44	29.63	56.42	67.66
11/11/96	04/30/97	1809.5	6273.958	60.98	65.00	69.23	83.33	120.00
11/12/96	06/12/97	112.8	124.193	26.09	31.82	31.82	13.73	5.45
11/12/96	02/27/97	315.8	273.700	39.44	28.23	39.44	73.06	
11/13/96	01/20/97	150.6	147.438	54.10	57.98	66.74	106.59	123.81
11/18/96	01/02/97	155.4	145.122	19.05	25.00	9.89	14.94	53.85
11/25/96	01/09/97	189.6	146.567	52.58	64.44	105.56	23.33	270.00
11/25/96	06/18/97	7666.8	9955.409	18.34	22.70	30.29	48.15	80.18
11/26/96	12/30/96	410.1	355.099	9.09	13.97	13.97	27.27	4.60
11/27/96	03/27/97	56.7	172.740	17.53	17.53	18.75	42.50	67.65
11/27/96	12/27/96	81.0	166.959	15.46	15.46	16.67	40.00	64.71
11/27/96	01/16/97	100.0	135.176	8.40	16.99	20.57		
11/27/96	03/19/97	544.1	481.667	64.89	100.86	87.25		
11/29/96	04/30/97	177.9	176.494	22.32	22.70	22.70	68.07	150.00
11/29/96	01/06/97	111.0	119.210	7.69	27.27	16.67	40.00	
12/02/96	01/30/97	146.0	142.812	26.32	28.00	23.08		
12/02/96	03/03/97	263.7	259.674	7.39	27.85	34.24	57.93	116.52
12/05/96	02/26/97	230.9	246.105	25.49	28.00	42.22	60.00	31.96
12/05/96	03/27/97	76.2	104.851	13.23	20.23	30.49	39.87	130.11
12/05/96	04/11/97	82.4	56.913	29.19	30.82	31.65	32.48	49.64
12/05/96	04/11/97	79.1	54.218	29.19	28.40	32.48	34.19	46.48
12/05/96	05/05/97	2505.5	2862.135	59.75	66.77	63.18	45.92	50.26
12/05/96	01/10/97	211.7	240.896	12.50	46.94	94.60	105.71	39.81
12/11/96	02/21/97	1227.4	1131.321	6.06	8.53	9.38	8.53	-16.67
12/16/96	01/27/97	175.6	254.314	77.78	84.62	90.10	140.00	146.15
12/16/96	04/16/97	624.8	619.148	9.71	12.25	14.00	19.61	7.29
12/16/96	05/30/97	564.0	531.203	47.37	50.34	63.50		
12/16/96	01/27/97	147.7	150.717	39.13	26.73	26.73	16.36	13.27
12/17/96	08/01/97	13359.0	15830.056	0.62	22.71	20.08	22.41	41.33
12/19/96	03/25/97	290.6	418.564	31.96	39.13	45.46	64.10	64.10
12/30/97	05/29/98	4725.5	8325.506	32.28	33.14	28.96	49.66	56.52
01/07/97	02/25/97	1011.1	1179.050	21.21	23.08	36.75		
01/07/97	02/10/97	12.7	13.609	11.11	11.11	30.44	105.13	179.07
01/13/97	04/25/97	365.7	355.210	43.67	46.46	50.86	46.49	
01/13/97	09/03/97	319.0	932.988	17.07	18.52	11.63	18.03	20.50
01/14/97	04/01/97	561.0	2075.950	10.03	23.53	28.05	52.37	76.86
01/14/97	04/30/97	1343.6	1268.039	33.06	42.22	70.21	113.33	109.15
01/15/97	08/06/97	1132.3	1007.303	1.24	0.61		17.14	-22.64
01/16/97	02/28/97	455.4	435.639	-0.60	8.52	23.63	30.09	23.01
01/16/97	05/30/97	995.5	792.153	7.58	9.21	9.77		
01/17/97	06/17/97	246.8	295.317	47.74	55.78	89.26	80.35	86.21
01/17/97	04/11/97	295.9	261.224	54.96	51.12	37.48	28.79	40.68
01/20/97	06/27/97	7304.3	7972.547	43.16	53.05	50.85	80.64	126.89

MERGER PREMIUMS TO MARKET VALUE ANALYSIS
 MERGERS WITH TARGET PRICE EQUAL TO OR GREATER THAN \$10 PER SHARE
 Announced and Completed 1/1/96 - 2/3/99
 (continued)

DATE ANNOUNCED	DATE EFFECTIVE	TARGET NAME	TARGET BUSINESS DESCRIPTION	ACQUIROR NAME
01/20/97	04/08/97	Target Therapeutic Inc	Mnfr, whl mini-surgical devices	Boston Scientific Corp
01/21/97	06/26/97	InPhyNet Medical Management	Pvd physician management svcs	MedPartners Inc
01/21/97	07/09/97	Maico Consolidated Grp (Maico)	Mnfr cosmetics, beauty products	Maico Holdings Inc
01/22/97	03/05/97	Norand Corp	Mnfr electronic info systems	Western Atlas Inc
01/23/97	05/19/97	Amphenol Corp	Manufactures connectors	Kohlberg Kravis Roberts & Co
01/23/97	06/02/98	ESELCO Inc	Electric utility	Wisconsin Energy Corp
01/27/97	03/07/97	Measures Corp	Mnfr process control systems	Honeywell Inc
01/27/97	06/30/97	Revco DS Inc	Own, operate drug stores	CVS Corp
02/03/97	03/10/97	Kysor Industrial Corp	Manfr vehicle components	Scotsman Industries Inc
02/05/97	05/31/97	Morgan Stanley Group Inc	Investment bank	Dean Witter Discover & Co
02/10/97	03/31/97	TheraTx Inc	Own, op nursing care facilities	Vencor Inc
02/11/97	06/13/97	AMISYS Managed Care Systems	Pvd integrated systems svcs	HBO & Co
02/13/97	05/20/97	Reflectone Inc	Manufacture flight simulators	British Aerospace Holdings
02/13/97	06/17/97	USLIFE Corp	Life insurance company	American General Corp
02/14/97	10/29/97	Horizon/CMS Healthcare Corp	Pvd nursing care services	HealthSouth Corp
02/14/97	09/17/97	UNC Inc	Mnfr aircraft components	Greenwich Air Services Inc
02/14/97	06/25/97	Winthrop Resources Corp	Provide computer leasing svcs	TCF Finl Corp Minneapolis, MN
02/18/97	06/27/97	Destec Energy Inc	Electric utility	NGC Corp
02/20/97	12/09/97	NHP Inc (Apartment Investment)	Own, op apartment buildings	Apartment Investment & Mgmt Co
02/24/97	07/01/97	Security-Connecticut Corp	Insurance holding company	ReliaStar Financial Corp, MN
02/25/97	08/05/98	Fina Inc	Mnfr petroleum refined prods	Petrofina SA
02/26/97	07/02/97	Petrolite Corp	Mnfr fuel additives, waxes	Baker Hughes Inc
02/26/97	06/12/97	US Robotics Corp	Mnfr common products, systems	3 Com Corp
02/27/97	06/13/97	Production Operators Corp	Provide oil an gas field svcs	Camco International Inc
02/28/97	08/01/97	Healthsource Inc	Own and operate HMO's	CIGNA Corp
03/03/97	05/30/97	BHC Financial Inc	Provide date processing svcs	Flsav Inc
03/07/97	08/01/97	Micro Bio-Medics Inc	Whl, mnfr medical group	Herry Schein Inc
03/10/97	09/02/97	Greenwich Air Services Inc	Manufacture aircraft engines	General Electric Co
03/14/97	06/26/97	Enterprise Systems Inc	Develop hospital mgmt software	HBO & Co
03/17/97	08/20/97	Heritage Media Corp	Own, op radio and TV stations	News Corp Ltd
03/19/97	07/11/97	American List Corp	Pvd mail advertising svcs	Synder Communications Inc
03/20/97	06/17/97	Falcon Building Products Inc	Manufacture air compressors	InvestCorp
03/24/97	04/28/97	MDL Information Systems	Pvd scientific info svcs	Elsevier Science
03/24/97	08/05/97	OnTrak Systems Inc	Mnfrs semiconductor cap equip	Lam Research Corp
03/25/97	05/07/97	Foodbrands America Inc	Produce sausages, prepared meat	IBP Inc (Occidental Petroleum)
03/25/97	07/10/97	Phamis Inc	Pvd integrated systems design	IDX Systems Corp
03/26/97	09/03/97	Argyle Television Inc	Own, op television stations	Hearst Broadcasting Group
03/31/97	06/30/97	Cascade Communications Corp	Mnfr frame relays	Ascend Communications Inc
04/07/97	09/02/97	Alek Brown Inc	Securities brokerage firm	Bankers Trust New York Corp
04/07/97	07/30/97	Pure Atria Corp	Dvlp custom computer programs	Rational Software Corp
04/08/97	06/12/97	Premiere Radio Networks Inc	Own, op radio bdcstg stations	Jacor Communications Inc
04/09/97	06/24/97	Public Storage Properties XVI	Real estate investment trust	Public Storage Inc
04/09/97	06/24/97	Public Storage Ppties XVIII	Real estate investment trust	Public Storage Inc
04/09/97	06/24/97	Public Storage Properties XIX	Real estate investment trust	Public Storage Inc
04/09/97	05/13/97	Stan Corp	Mnfr, whl automotive parts	Tomkins PLC

DATE ANNOUNCED	ACQUIROR BUSINESS DESCRIPTION	VALUE OF ENTERPRISE		PREMIUM		
		TRANSACTION (\$ mil)	VALUE (\$ mil)	1 DAY PRIOR TO ANNC. DATE	1 WEEK PRIOR TO ANNC. DATE	4 WEEKS PRIOR TO ANNC. DATE
01/20/97	Manufacture catheters	1218.3	1183.387	63.65	65.86	93.68
01/21/97	Pvd medical services to HMO's	369.7	364.333	-0.80	12.84	25.38
01/21/97	Mnfr toilet preparations	116.8	980.318	23.50	23.50	27.62
01/22/97	Pvd oil, gas exploration svcs	320.8	316.140	72.90	87.41	94.20
01/23/97	Leverage buyout firm	1390.4	1385.987	12.43	16.85	26.06
01/23/97	Electric, gas utility, hldg co	74.3	95.651	50.85	49.58	69.52
01/27/97	Mnfr automation, control sys	597.0	587.362	44.33	42.13	45.83
01/27/97	Own and operate drug stores	3911.7	3969.974	7.57	11.47	17.69
02/03/97	Mnfr refrigeration equipment	359.2	385.364	16.22	17.01	24.64
02/05/97	Securities brokerage firm	10573.0	51167.742	11.08	12.80	13.81
02/10/97	Provide healthcare services	378.2	539.628	30.29	35.45	59.07
02/11/97	Dvlp healthcare software	170.6	146.516	38.58	44.26	43.09
02/13/97	Whl aircraft, aircraft equip	41.1	98.003	20.00	18.52	25.49
02/13/97	Insurance holding company	2374.4	2353.339	20.95	22.80	43.25
02/14/97	Own, op outpatient surgery ctr	1651.3	1612.877	27.65	40.04	36.08
02/14/97	Manufacture aircraft engines	442.7	752.153	37.93	41.18	36.36
02/14/97	Savings and loan	334.7	350.727	7.65	20.00	23.03
02/18/97	Wholesale natural gas products	1222.4	1235.070	82.32	80.42	63.40
02/20/97	Real estate investment trust	114.5	370.576	28.26	25.21	16.86
02/24/97	Insurance company	545.4	503.520	43.65	45.10	36.38
02/25/97	Produce whl petroleum	257.0	2427.107	19.70	18.52	21.52
02/26/97	Mnfr oil, gas field machinery	710.9	709.813	62.67	83.46	78.10
02/26/97	Pvd network computer svcs	6510.7	6596.645	11.38	13.22	0.37
02/27/97	Mnfr oil, gas field equipment	609.6	616.802	22.90	13.02	15.93
02/28/97	Insurance company	1652.7	1545.420	28.89	32.82	64.15
03/03/97	Pvd finl data processing svcs	220.6	247.837	67.50	60.00	82.31
03/07/97	Whl med supplies	136.1	113.124	12.19	12.19	10.44
03/10/97	Electrical, construction prod	519.2	789.392	21.57	33.33	34.78
03/14/97	Dvlp healthcare software	275.2	254.539	15.29	13.75	30.00
03/17/97	Publish newspapers, magazines	1351.8	1348.407	69.07	72.63	69.01
03/19/97	Pvd outsources marketing svcs	117.1	117.721	17.32	28.05	8.81
03/20/97	Investor group	584.5	496.471	43.43	49.47	52.69
03/24/97	Publish scientific journals	310.7	299.206	85.51	43.82	54.22

03/24/97	Mnfr equip to mnfr semiconduct	217.9	200.189	-0.85	2.96	13.92
03/25/97	Produce beef and prok products	657.5	634.736	47.40	50.97	61.38
03/25/97	Mnfr health care info systems	142.8	140.394	18.93	23.00	26.47
03/26/97	Own, op radio stations	322.2	487.367	15.22	16.48	14.60
03/31/97	Mnfr wide area network equip	3529.3	3445.088	28.28	46.70	21.08
04/07/97	Bank holding company	2077.4	2055.265	65.00	50.04	17.70
04/07/97	Dvlp component-based software	958.4	949.495	18.54	23.31	23.77
04/08/97	Own, op radio hdstg stations	208.9	155.812	17.37	19.23	19.23
04/09/97	Real estate investment trust	84.2	82.136	6.01	5.32	2.62
04/09/97	Real estate investment trust	78.6	82.657	4.97	7.12	2.90
04/09/97	Real estate investment trust	67.9	66.650	4.89	3.25	3.25
04/09/97	Mnfr, whl plumbing fixtures	574.0	593.708	29.32	48.28	49.57

DATE ANNOUNCED	3 MONTHS PRIOR TO ANNC. DATE	1 YEAR PRIOR TO ANNC. DATE
01/20/97	76.90	50.39
01/21/97	43.30	8.77
01/21/97	36.04	69.62
01/22/97	74.03	150.47
01/23/97	31.65	16.85
01/23/97		
01/27/97	37.25	18.14
01/27/97	40.73	50.79
02/03/97	48.28	79.17
02/05/97		
02/10/97	73.16	50.33
02/11/97	62.96	8.64
02/13/97	28.00	33.33
02/13/97	68.33	57.20
02/14/97	-32.28	-0.66
02/14/97	66.67	96.72
02/14/97		
02/19/97	37.46	73.20
02/20/97	16.00	12.69
02/24/97	57.86	105.22
02/25/97	25.33	23.39
02/26/97	38.64	128.04
02/26/97	-6.80	16.35
02/27/97	25.65	79.22
02/28/97	150.96	107.14
03/03/97	112.70	92.81
03/07/97	3.94	14.93
03/10/97	30.53	-16.78
03/14/97	51.67	16.88
03/17/97	45.13	21.03
03/19/97	-0.47	27.27
03/20/97	24.56	97.22
03/24/97	79.02	50.59
03/24/97	62.24	81.49
03/25/97	71.74	36.64
03/25/97	95.22	30.14
03/26/97	8.16	22.54
03/31/97	-33.97	-18.89
04/07/97		
04/07/97	-23.49	-40.10
04/08/97	32.96	36.58
04/09/97	2.62	17.71
04/09/97	-0.38	15.00
04/09/97	-2.82	16.96
04/09/97	40.98	79.17

Page F-12

MERGER PREMIUMS TO MARKET VALUE ANALYSIS
 MERGERS WITH TARGET PRICE EQUAL TO OR GREATER THAN \$10 PER SHARE
 ANNOUNCED AND COMPLETED 1/1/96 - 2/3/99
 (Continued)

DATE ANNOUNCED	DATE EFFECTIVE	TARGET NAME	TARGET BUSINESS DESCRIPTION	ACQUIROR NAME
04/09/97	07/21/97	Tambrands Inc	Mnfr feminine hygiene products	Procter & Gamble
04/14/97	11/12/97	APL Ltd	Shipping ,trucking company	Neptune Orient Lines Ltd
04/14/97	09/03/97	United Waste Systems Inc	Provide waste management svcs	USA Waste Services Inc
04/14/97	01/05/98	Wyndham Hotel Corp	Own and operate hotels	Patriot Amer Hosp/Wyndham Intl
04/16/97	01/30/98	Steck-Vaughn Publishing Corp	Publish books, magazines	Harcourt General Inc
04/17/97	07/14/97	Drilex International Inc	Pvd prod, svcs used in drilling	Baker Hughes Inc
04/19/97	04/21/97	Vitalink Pharmacy Services Inc	Pvd health and allied svcs	Manor Care Inc
04/21/97	05/28/97	Goulds Pumps Inc	Mnfr centrifugal pumps	ITT Industries Inc
04/21/97	06/10/97	National Education Corp	Vocational training services	Harcourt General Inc
04/22/97	09/04/97	International Family Ent Inc	Provide cable television svcs	Fox Kids Worldwide Inc
04/23/97	06/25/97	VenFone Inc	Electronic funds transfer mach	Hewlett-Packard Co
04/30/97	06/03/97	GKN Sister Metals Inc(GKN PLC)	Mnfr automotive, metal parts	GKN PLC
05/01/97	07/30/97	David White Inc	Mnfr, whl surveying instruments	???? Partners
05/05/97	08/13/97	Fort Howard Corp	Mnfr sanitary tissue products	James River Corp of Virginia
05/05/97	08/01/97	Logicon Inc	Pvd computer svcs to military	Northrop Grumman Corp
05/05/97	08/19/97	Riser Foods Inc	Own, op grocery stores	Grant Eagle Inc
05/05/97	06/13/97	Vivra Inc	Provide home health care svcs	Incentive AB
05/06/97	08/15/97	BBN Corp	Mnfr computer integrated sys	GTE Corp
05/06/97	07/22/97	BWIP Inc	Mnfr fluid transfer equip	Durco International Inc
05/06/97	01/05/98	Physicians Health Services Inc	Own and operate HMO's	Foundation Health Systems Inc
05/06/97	07/25/97	Varsity Spirit	Pvd cheerleading training svcs	Riddell Sports Inc
05/07/97	06/03/98	Reliable Life Insurance Co	Insurance company	Inttrin Inc
05/07/97	08/26/97	Transitional Hospitals Corp	Own, op psychiatric hospitals	Vencor Inc
05/08/97	11/04/97	Living Centers of America Inc	Pvd long-term health care svcs	Apollo Management LP

05/12/97	10/16/97	Dynamics Corp of America	Mnfr electrical appliances	CTS Corp
05/12/97	09/09/97	Smith's Food & Drug Centers	Own and operate supermarkets	Fred Meyer Inc
05/13/97	08/26/97	Autumn Software Inc	Dvlp sales, mktg info software	BAAN Co NV
05/13/97	08/28/97	Inbrand Corp	Mnfr incontinence products	Tyco International Ltd
05/14/97	11/18/97	Erron Global Power & Pipelines	Pvd gas transmission svcs	Erron Corp
05/20/97	09/02/97	Keystone International Inc	Mnfr indl flow control prod	Tyco International Ltd
05/21/97	08/14/97	Howell Industries Inc	Mnfr automotive parts	Oxford Automotive Inc
05/21/97	05/04/98	KU Energy Corp	Electric utility holding co	LG&E Energy Corp
05/22/97	07/31/97	Biopsys Medical Inc	Mnfr surgical, medical instr	Johnson & Johnson
05/22/97	07/09/98	Chapparral Steel Co(Texas Ind)	Mnfr primary steel products	Texas Industries Inc
05/22/97	11/20/97	Mail Boxes Etc	Pvd franchised postal services	US Office Products Co
05/23/97	10/06/97	Palmer Wireless Inc	Pvd telephone services	Price Communications Corp
05/27/97	08/08/97	Alamco Inc	Oil & gas exploration, prod	Columbia Natural Resources Inc
05/27/97	12/18/97	HFS Inc	Own, op hotel franchises	CUC International Inc
05/28/97	02/10/98	CommNet Cellular Inc	Cellular telephone services	Blackstone Capital Partners
05/29/97	07/03/97	Fibreboard Corp	Mnfr fibreboard, paperboard	Owens Corning
06/02/97	07/15/97	Acordia Inc (Anthem Inc)	Pvd insurance brokerage svcs	Anthem Inc
06/03/97	01/15/98	Faulding Inc (FH Faulding & Co)	Mnfr pharmaceuticals	FH Faulding & Co Ltd
06/04/97	07/28/97	Mexico Inc	Develop educational software	Electronic Arts Inc
06/06/97	10/14/97	Telco Communications Group Inc	Pvd switch-based telecom svcs	Excel Communications Inc
06/09/97	10/01/97	American States Financial Corp	Fire and marine insurance co	SAFECO Corp
06/09/97	09/12/97	Amrion Inc	Own, op food stores	Whole Foods Market Inc
06/09/97	07/15/97	Prime Service Inc	Pvd const equip rental svcs	Atlas Copco North America Inc

DATE ANNOUNCED	ACQUIROR BUSINESS DESCRIPTION	VALUE OF TRANSACTION (\$ MIL)	ENTERPRISE VALUE (\$MIL)	PREMIUMS		
				1 DAY PRIOR TO ANNC. DATE	1 WEEK PRIOR TO ANNC. DATE	4 WEEKS PRIOR TO ANNC DATE
04/09/97	Mnfr household prod, oil, coffee	2003.9	1978.686	8.40	14.94	14.94
04/14/97	Pvd deep sea oil transp svcs	878.5	1482.218	55.81	65.43	42.55
04/14/97	Pvd waste disposal services	1682.2	1899.629	0.71	1.05	-1.25
04/14/97	Real estate investment trust	773.1	731.676	48.02	44.52	48.93
04/16/97	Own, op movie theatres, stores	40.3	221.362	21.65	32.58	24.21
04/17/97	Mnfr oil, gas field machinery	120.1	133.636	31.44	37.88	59.82
04/19/97	Own, op nursing homes, hotels	30.0	278.457	14.29	8.11	-4.19
04/21/97	Mnfr brakes and chassis sys	922.1	913.487	61.75	57.45	60.87
04/21/97	Own, op movie theatres, stores	776.1	874.090	22.63	54.13	40.00
04/22/97	Pvd motion picture prodn svcs	1862.9	1903.499	94.44	95.80	107.41
04/23/97	Mnfr computers, testing equip	1245.1	1142.303	67.64	50.19	43.77
04/30/97	Mnfr whl auto parts, metals	469.7	523.098	37.04	38.32	32.74
05/01/97	Investment company	5.9	7.472	11.63	14.29	18.52
05/05/97	Mnfr paper, paper-related prods	5682.6	5734.855	16.31	27.92	43.30
05/05/97	Aircraft, aerospace products	1027.5	949.943	75.68	84.23	102.65
05/05/97	Whl retail grocery prods	468.5	415.188	11.63	29.23	29.79
05/05/97	Mnfr medical instr, ind equip	1660.5	1768.293	26.09	41.77	35.70
05/06/97	Pvd telecommunications svcs	713.8	678.339	26.09	32.57	64.54
05/06/97	Mnfr machinery, metal castings	530.7	537.884	-5.48	14.15	18.72
05/06/97	Own, op HMO's, holding company	268.2	231.409	23.50	26.97	51.68
05/06/97	Manufacture football equipment	91.0	89.635	30.35	28.14	23.93
05/07/97	Insurance company	261.1	145.966	51.11	51.11	52.06
05/07/97	Provide healthcare services	628.0	592.638	60.00	60.00	86.51
05/08/97	Investment management services	1048.2	1126.820	17.82	22.73	41.49
05/12/97	Mnfr electronic components	244.6	255.742	91.27	94.17	112.70
05/12/97	Own, operate department stores	2018.0	2074.866	9.93	16.48	26.99
05/13/97	Develop software	259.9	218.697	32.99	40.38	55.84
05/13/97	Mnfr fire protection systems	322.8	367.434	69.98	78.34	107.22
05/14/97	Own, operate gas pipelines	428.0	866.482	11.83	13.70	19.74
05/20/97	Mnfr fire protection systems	1361.5	1426.756	84.19	85.31	102.49
05/21/97	Mnfr engineered metal prods	23.0	19.054	28.70	30.40	32.14
05/21/97	Electric utility	1539.4	2112.892	34.01	31.84	35.69
05/22/97	Mnfr medical equip and prods	303.5	293.863	6.99	6.99	22.44
05/22/97	Mnfr cement, steel products	72.8	519.310	20.39	25.25	29.17
05/22/97	Whl retail office supplies	354.8	324.214	39.20	40.99	38.31
05/23/97	Own, op TV and radio stations	870.4	865.524	45.08	55.56	64.71
05/27/97	Operate natural gas pipeline	102.8	94.428	7.69	11.50	16.67
05/27/97	Provide discount club svcs	11342.9	11759.191	5.93	2.99	5.23
05/28/97	Investment bank	631.2	745.352	21.78	28.64	39.81
05/29/97	Mnfr glass fiber products	631.2	478.004	15.79	22.22	49.66
06/02/97	Insurance company	193.2	633.961	12.68	11.50	25.98
06/03/97	Mnfr whl drugs, toiletries	77.3	206.005	25.58	22.73	46.96
06/04/97	Develop wholesale software	127.5	116.945	2.27	2.27	40.63
06/06/97	Pvd telephone commun svcs	1046.5	1017.645	32.91	23.77	26.44
06/09/97	Provide Insurance services	3127.1	3110.922	45.74	48.62	57.32
06/09/97	Own, op natural foods stores	152.6	152.212	8.12	19.22	47.04
06/09/97	Mnfr compressors, machinery	1112.0	1110.539	28.64	29.95	31.28

DATE ANNOUNCED	PREMIUM	
	3 MONTHS PRIOR TO ANNC. DATE	1 YEAR PRIOR TO ANNC. DATE
04/09/97		
04/14/97	40.31	43.32
04/14/97	13.95	53.09
04/14/97	29.23	
04/16/97	27.57	55.26
04/17/97	33.44	
04/19/97	17.53	-8.05
04/21/97	51.02	68.18
04/21/97	48.67	54.13
04/22/97	15.94	61.38
04/23/97	34.67	24.69
04/30/97		
05/01/97	52.38	-4.00
05/05/97	33.18	92.95
05/05/97	102.66	134.48
05/05/97	28.24	115.38
05/05/97	18.24	23.90
05/06/97	26.09	5.45
05/06/97	11.58	-10.60
05/06/97	46.75	8.65
05/06/97	26.00	26.00
05/07/97		
05/07/97	82.86	68.42
05/08/97	36.71	9.46
05/12/97	107.55	156.32
05/12/97	62.85	63.23
05/13/97	9.19	

05/13/97	-38.18	-81.87
05/14/97	12.30	38.08
05/20/97	92.30	73.73
05/21/97	-21.90	26.50
05/21/97	32.93	38.59
05/22/97	-6.61	17.23
05/22/97	29.17	5.08
05/22/97	226.21	
05/23/97	27.27	-15.15
05/27/97	11.50	44.83
05/27/97	-12.17	-3.97
05/28/97	605.88	449.62
05/29/97	65.41	120.00
06/02/97	207.69	317.39
06/03/97	56.52	111.76
06/04/97	18.42	-50.55
06/06/97	61.32	
06/09/97	41.89	104.35
06/09/97	43.69	52.37
06/09/97	60.00	

Merger Premiums to Market Value Analysis
Mergers with Target Price Equal to or Greater than \$10 per Share
Announced and Completed 1/1/96-2/3/99
(continued)

Date Announced	Date Effective	Target Name	Target Business Description	Acquiror Name
06/10/97	09/30/97	Numar Corp	Mnfr imaging logging equip	Halliburton Co
06/11/97	10/31/97	Pacific Greystone Corp	Pvd general contracting svcs	Lennar Corp
06/12/97	10/01/97	Giddings & Lewis Inc	Mnfr automated machine tools	Thyssen AG
06/13/97	03/26/97	Bally's Grand Inc	Own and operate casino hotels	Hilton Hotels Corp
06/16/97	08/29/97	Core Industries Inc	Manufacture electronic equip	United Dominion Industries Ltd
06/16/97	10/10/97	Multicare Cos Inc	Own, op nursing care facilities	Genesis Eldercare
06/17/97	07/24/97	McFarland Energy Inc	Oil and gas exploration, prodn	Monterey Resources Inc
06/17/97	07/25/97	Seda Specialty Packaging Corp	Mnfr specialty packaging prods	CCL Industries Inc
06/19/97	08/15/97	Advanced Logic Research Inc	Mnfr microcomputer systems	Gateway 2000 Inc
06/20/97	03/30/98	Wheelabrator Technologies Inc	Mnfr laboratory, medical equip	Waste Management Inc
06/23/97	10/17/97	Integon Corp	Insurance holding company	General Motors Acceptance (GM)
06/23/97	08/29/97	Tandem Computers Inc	Mnfr computers, network systems	Compaq Computer Corp
06/24/97	10/14/97	American Exploration Co	Oil and gas exploration, prodn	Louis Dreyfus Natural Gas
06/24/97	09/29/97	SMT Heath Services Inc	Operate outpatient facilities	Three Rivers Holding Corp
06/26/97	11/26/97	Rhone-Poulenc Rorer Inc	Manufacture pharmaceuticals	Rhone-Poulenc SA
06/30/97	10/09/97	Fusion Systems Corp	Mnfr curing sys, semiconductor	Eaton Corp
06/30/97	12/23/97	Rykoff-Sexton Inc	Wholesale grocery products	JP Foodservice Inc
07/02/97	09/23/97	American Filtrona Corp	Mnfr bonded fiber	Bunzl PLC
07/03/97	08/05/97	Duty Free International Inc	Own, op duty free shops	BAA PLC
07/03/97	08/06/97	Wyle Electronics	Whl high tech electronic prods	Raab Karcher AG (VEBA AG)
07/07/97	11/06/97	Calm Energy USA Inc	Oil and gas exploration, prodn	Meridian Resource Corp
07/07/97	10/21/97	RoTech Medical Corp	Pvd home health care svcs	Integrated Health Services Inc
07/08/97	10/24/97	Equitable of Iowa Cos	Life insurance company	ING Groep NV
07/09/97	09/23/97	Control Data Systems Inc	Mnfr computers, peripherals	CDSI Holding Corp
07/09/97	12/23/97	Seaman Furniture Co	Own, op ret furniture stores	Investor Group
07/10/97	11/18/97	Kinetic Concepts Inc	Mnfr medical treatment tables	Investor Group
07/10/97	12/31/97	Reading & Bates Corp	Pvd oil, gas drilling services	Falcon Drilling Co
07/10/97	09/29/98	Upper Peninsula Energy Corp	Electric utility	Wisconsin Public Services Corp
07/15/97	10/02/97	DHTechnology Inc	Mnfr, whl computer printers	Axiohm SA
07/15/97	10/28/97	Intl Imaging Materials	Mnfr thermal transfer ribbons	Paxar Corp
07/15/97	09/04/97	Ply-Gem Industries Inc	Manufacture wood products	Nortek Inc
07/17/97	10/22/97	Louisiana Land & Exploration	Oil and gas exploration, prodn	Burlington Resources Inc
07/17/97	09/29/97	Octel Communications Corp	Mnfr voice processing systems	Lucent Technologies Inc
07/23/97	12/18/97	Alliance Imaging Inc	Pvd diagnostic imaging svcs	Newport Investment LLC
07/24/97	09/15/97	Nellcor Puritan-Bennett	Mnfr electn patient monitors	Mallinckrodt Inc
07/28/97	02/02/98	Chips and Technologies Inc	Design, whl integrated circuit	Intel Corp
07/28/97	11/17/97	Cyrix Corp	Manf PC units, microprocessors	National Semiconductor Corp
07/28/97	12/22/97	Freeport-McMoRan Inc	Own, op chem, fertilizer mines	IMC Global Inc
07/28/97	10/08/97	Regency Health Services Inc	Pvd nursing services	Sun Healthcare Group Inc
07/30/97	09/18/97	Amdahl Corp	Develop computer sys, software	Fujitsu Ltd
07/30/97	02/02/98	Plasti-Line Inc	Mnfr illuminated outdoor signs	PL Holdings Corp
07/31/97	09/24/97	Bucyrus International Inc	Mnfr surface mining machinery	American Industrial Partners
07/31/97	10/03/97	Delaware Otsego Corp	Own and operate railroad	Investor Group
07/31/97	10/23/97	Sterling House Corp	Own, op nursing homes	Alternative Living Services
08/04/97	10/24/97	Columbus Realty Trust	Real estate investment trust	Post Properties Inc
08/04/97	12/23/97	Perkins Family Restaurant LP	Own, op franchised restaurants	Restaurant Co

Acquiror Business Description	Value of Enterprise Transaction		Premium				
	(\$ mil)	(\$mil)	1 Day Prior to Annc. Date	1 Weeks Prior to Annc. Date	4 Weeks Prior to Annc. Date	3 Months Prior to Annc. Date	1 Year Prior to Annc. Date
Mnfr oil field machinery	341.6	336.537	90.94	99.35	95.65	115.62	126.40
Construct residential bldgs	459.3	452.054	75.27	83.30	98.45	110.67	
Manufacture malleable iron	703.0	712.155	10.53	9.80	0.60	46.09	24.44
Own, operate hotels	42.6	667.805	27.88	29.85	31.06	66.14	32.70
Mnfr structural metal	275.2	317.269	26.58	37.93	49.25	60.00	76.99
Own, op geriatric facilities	1249.1	1316.493	9.27	13.71	34.94	55.56	38.27
Oil and gas exploration, prodn	111.2	103.585	11.58	41.33	44.78	57.87	89.04
Mnfr, pvd specialty packaging	182.6	192.184	31.82	36.47	52.63	68.12	40.61
Mnfr personal computers	206.8	148.059	29.17	30.53	34.78	67.57	87.88
Pvd chemical waste mgmt svcs	869.7	3191.550	26.92	28.16	30.69	15.79	4.76
Provide business finance svcs	517.1	668.022	173.68	92.59	74.79	73.33	30.00
Manufacture personal computers	2780.4	2873.860	49.33	51.86	51.86	99.11	113.33
Oil and gas exploration, prodn	275.5	305.834	12.99	15.03	21.60	41.87	28.97

Investment company	75.6	83.095	4.44	2.17	8.05	44.62	43.69
Mnfr chemicals and cosmetics	4831.6	16358.071	22.11	22.79	29.33	29.12	44.51
Manufacture automotive parts	308.6	278.551	11.43	9.86	24.30	50.00	57.58
Wholesale groceries	1435.9	1172.904	24.40	26.00	27.65	38.50	69.81
Whl, mnfr paper, constr material	183.5	137.243	8.82	2.24	3.38	3.38	53.79
Own, op airports, airfields	674.6	751.305		39.13	50.00		
Wholesale petroleum products	633.0	751.326	16.79	38.41	35.14	49.25	52.67
Oil and gas exploration, prodn	233.6	279.718	22.30	28.97	26.67	13.19	-5.84
Pvd specialty healthcare svcs	918.9	828.274	19.79	12.70	22.22	15.95	25.61
Insurance company	2626.4	2586.784	18.52	20.35	21.70	38.78	86.30
Investment holding company	273.9	176.779	29.08	30.65	35.00	31.71	28.57
Investor group	45.6	130.115	21.46	25.25	21.46	27.64	43.14
Investor group	776.7	814.201	6.94	7.69	9.22	32.76	24.19
Pvd contract drilling svcs	2587.0	2680.955	16.55	14.52	30.47	69.09	53.19
Electric and gas utility	73.2	120.398	33.18	29.67	35.00		
Mnfr, whl computer printers	169.5	167.604	57.48	56.25	57.48	45.99	6.38
Mnfr label systems	244.4	267.857	67.35	60.18	64.89	69.88	32.69
Mnfr AC, building, wood prods	476.3	388.572	20.00	16.42	19.08	48.57	30.00
Oil and gas exploration, prodn	2954.3	2911.544	20.76	25.47	39.98	48.08	17.72
Mnfr telecom equip, software	1824.4	1772.960	15.89	37.40	41.31	87.88	54.04
Investment company	114.2	205.494	7.32	3.53	14.29	44.26	134.67
Mnfr diagnostic products	1858.4	1833.054	36.12	43.40	57.24	67.65	26.67
Mnfr, whl micorprocessors	422.9	391.346	25.00	32.08	68.68	115.38	77.22
Mnfr semiconductors, circuits	566.4	623.211	30.31	29.54	29.54	34.66	97.79
Mnfr phosphate fertilizers	790.7	1233.537	14.35	13.55	5.20	5.21	-16.77
Pvd long-term healthcare svcs	587.9	570.892	34.35	50.43	43.09	107.06	104.65
Mnfr semiconductors, computers	924.8	1563.050	4.97	22.47	25.57	49.13	
Investor group formed by mgmt	30.7	61.995	36.47	36.47	30.34	65.71	84.13
Pvd fund mgmt & fin adv svcs	193.3	262.147	33.33	46.94	71.43	94.59	108.70
Investor group	53.4	62.540		15.03	17.33	32.33	160.28
Pvd residential care svcs	170.0	151.786	30.36	29.47	40.46	88.44	48.69
Real estate investment trust	600.0	565.318	4.23	4.23	4.51	191.08	247.75
Own, operate restaurants	76.3	215.006	28.74	26.55	31.77	5.66	17.89

Merger Premiums to Market Value Analysis
Mergers with Target Price Equal to or Greater than \$10 per Share
Announced and Completed 1/1/96 - 2/3/99
(continued)

Date Announced	Date Effective	Target Name	Target Business Description	Acquirer Name
08/04/97	11/12/97	Sullivan Dental Products	Wholesale dental products	Henry Schein Inc.
08/08/97	12/22/97	Titan Holdings Inc.	Auto property, casualty ins co	USF&G Corp
08/11/97	12/19/97	Amscan Holdings Inc.	Whl paper, plastic party goods	Confetti Acquisition Inc
08/11/97	09/30/97	National Sanitary Supply Co.	Sanitary maintenance supplies	Unisource Worldwide Inc
08/11/97	12/22/97	Vacation Break USA Inc.	Real estate development firm	Fairfield Communities Inc
08/12/97	09/17/97	Isomedix Inc.	Pvd contract sterilization svcs	Steris Corp
08/12/97	03/03/98	LIN Television Corp.	Own, op TV hdstg stations	Hicks Muse Tate & Furst Inc.
08/14/97	12/31/97	Allied Capital Commercial Corp	Real estate investment trusts	Allied Capital Lending Corp
08/14/97	12/31/97	Allied Capital Corp	Pvd bus, personal fin svcs	Allied Capital Lending Corp
08/14/97	12/29/97	Tuesday Morning Corp.	Own, operate giftware stores	Madison Dearborn Partners
08/14/97	12/05/97	Uniforce Services Inc.	Pvd temporary personnel svcs	Comforce Corp
08/18/97	11/04/97	Monterey Resources Inc.	Oil and gas exploration, prodn	Texaco Inc.
08/21/97	01/14/98	Boston Technology Inc.	Mnfr voice processing systems	Comverse Technology Inc.
08/25/97	10/21/97	ACC Consumer Finance Corp	Pvd auto financing services	Household International Inc
08/25/97	12/17/97	Mosinee Paper Corp	Manufacture paper	Wausau Paper Mills
08/26/97	12/22/97	Savannah Foods & Industries	Produce sugar, sugar by-prod	Imperial Holly Corp
08/28/97	12/23/97	Evans Withycombe Residential	Real estate investment trust	Equity Residential Pptys Trust
08/28/97	02/25/98	Value Property Trust	Real estate investment trust	Wellsford Real Properties Inc.
08/28/97	10/10/97	Versa Technologies Inc.	Mnfr rubber components, molds	Applied Power Inc.
08/29/97	12/29/97	Rexel Inc.	Whl electrical components	Rexel SA (Pinault-Printemps)
09/03/97	12/30/97	Zytec Corp	Mnfr electrical power supplies	Computer Products Inc.
09/04/97	01/09/98	Hudson Foods Inc.	Produce poultry products	Tyson Foods Inc.
09/05/97	11/26/97	Medic Computer Systems Inc	Pvd mgmt info sys design services	Misys PLC
09/08/97	02/02/98	CompuServe Inc (H&R Block)	Internet service provider	WorldCom Inc.
09/08/97	12/31/97	Fuqua Enterprises Inc.	Manufacture tanned leather	Graham-Field Health Products
09/10/97	11/28/97	Data Documents Inc	Manufacture tabulating cards	Corporate Express Inc.
09/10/97	12/02/97	Tinsley Laboratories Inc.	Mnfr optical instr, lenses	Silicon Valley Group Inc.
09/11/97	12/22/97	Fieldcrest Cannon Inc.	Mnfr broadwoven fabrics	Pillowtex Corp
09/12/97	12/09/97	Unison Software Inc.	Develop network mgmt software	Tivoli Systems Inc (IBM Corp)
09/12/97	01/16/98	WHG Resorts & Casino Inc.	Own, op resorts and casino	Patriot Amer Hosp/Wyndham Intl
09/12/97	02/25/98	Western National Corp.	Insurance holding co	American General Corp
09/15/97	12/19/97	Beacon Properties Corp	Real estate investment trust	Equity Office Properties Trust
09/16/97	11/04/97	All American Communications	Pvd motion picture video svc	Pearson PLC
09/16/97	02/02/98	Quick & Reilly Group Inc	Securities brokerage firm	Fleet Financial Group, Inc. M.A.
09/18/97	12/16/97	Guaranty National Corp	Insurance company	Orion Capital Corp
09/18/97	12/22/97	USLD Communications Corp	Pvd long distance commun svcs	LCI International Inc.
09/19/97	01/16/98	Sterling Electronics Corp	Whl electronic components	Marshall Industries
09/21/97	12/16/97	Computer Data Systems Inc.	Design computer program data	Affiliated Computer Services
09/22/97	12/05/97	Washington National Corp	Insurance company	Conseco Inc
09/23/97	01/12/98	Tejas Gas Corp	Own, op natural gas lines	Shell Oil (Royal Dutch Petro)
09/24/97	11/24/97	Allergan Ligand Retinoid	Manufacture pharmaceuticals	Ligand Pharmaceuticals Inc.
09/24/97	12/12/97	Garne Financial Corp	Pvd fund access svcs	Travelers Express Co (Viad)
09/24/97	11/28/97	Salomon Inc.	Investment bank, fin advisory	Travelers Group Inc.
09/25/97	02/19/98	Talley Industries Inc.	Mnfr guided missiles, space veh	Carpenter Technology Corp
09/29/97	12/22/97	Graphic Industries Inc.	Pvd financial printing svcs	Wallace Computer Services Inc.
09/29/97	12/23/97	HPR Inc.	Pvd computer programming svcs	HBO & Co
09/29/97	12/01/97	Morningstar Group Inc.	Produce dairy products	Suiza Foods Corp

Acquir or Business Description	Premium						
	Transaction Value (\$mil)	Enterprise Value (\$mil)	1 Day Prior to ann.	1 Wk. Prior to ann.	4 Wk. Prior to ann.	3 Mnths Prior to ann.	1 Yr. Prior to ann.

Whl med supplies	312.8	314.554	28.85	40.71	66.20	79.19	186.70
Insurance holding company	278.1	277.428	15.99	19.06	24.85	30.26	57.29
Investment company	334.9	390.418	36.08	37.50	46.67	23.36	
Wholesale printing paper	155.9	149.309	-6.67	20.00	47.37		
Construct vacation resorts	178.1	239.938	41.57	39.09	95.75	147.75	80.18
Mnfr sterile processing sys	139.8	136.201	5.81	15.49	13.89	38.98	47.75
Leverage buyout firm	1960.6	1988.597	15.85	18.75	18.01		
Closed-end mgnt investment co	381.3	621.239	7.49	7.77	10.64	8.90	18.18
Closed-end mgnt investment co	130.0	210.640	7.83	7.83	9.10	23.12	19.93
Investors	298.6	337.358	22.70	25.79	11.11	28.21	197.03
Pvd help supply services	140.7	133.715	37.56	37.56	52.62	101.50	48.23
Oil and gas exploration prodn	1435.3	1320.885	39.42	39.42	54.13	30.23	
Mnfr telecommunications equip	873.9	906.337	-0.32	16.22	10.37	15.71	103.42
Provide financial services	186.9	219.825	35.82	34.75	29.64	96.69	125.16
Manufacture, wholesale paper	446.3	512.461	15.62	15.91	5.64	11.73	52.89
Produce sugar	582.9	609.908	8.36	14.89	17.39	31.71	65.31
Real estate investment trust	932.4	1068.033	14.16	21.39	18.88	22.88	21.40
Real estate investment trust	186.6	163.549	24.99	20.90	18.68	25.59	32.00
Mnfr tools, equip, consumables	141.9	140.649	36.81	33.11	31.33	72.84	72.84
Whl radios, televisions	302.0	647.890	19.21	26.32	21.62	23.29	62.16
Design, mnfr electronic prod	412.3	428.022	45.35	48.22	71.17	140.86	355.68
Poultry, meat processing	648.4	1021.868	23.49	31.63	28.64	25.81	51.64
Manufacture computers	915.8	882.601	7.69	12.00	25.00	89.19	17.15
Pvd telecommunications svcs	1185.9	1052.173	1.39	2.92	8.36	16.36	1.39
Mnfr medical supply, healthcare	231.0	229.950	42.32	52.82	78.75	81.87	57.24
Retail office supplies	159.4	212.192	10.91	14.87	26.13	26.12	53.14
Mnfr semiconductor equip	40.5	40.888	96.36	96.36	96.36	132.53	301.64
Mnfr, whl home textile products	768.2	787.170	1.49	8.58	31.72	76.62	86.30
Dvlp systems mgmt software	183.0	180.262	9.09	25.00	22.45	100.00	4.65
Real estate investment trust	266.0	169.936	35.08	72.35	78.50	117.30	
Insurance holding company	1215.0	2340.921	9.58	7.43	14.41	13.62	68.88
Real estate investment trust	4039.4	3358.846	28.39	30.62	30.85	45.80	69.44
Publish newspapers, periodicals	500.2	498.587	12.71	41.67	37.84	100.00	175.68
Bank holding company	1525.5	1440.082	18.23	33.10	69.63	60.91	103.58
Insurance company, holding co	117.2	647.411	10.77	23.87	27.72	44.00	125.00
Pvd telecommunications svcs	402.8	407.074	18.86	34.13	40.10	40.10	120.92
Whl electronics components	217.6	208.733	16.26	30.23	57.01	48.67	55.56
Pvd data processing services	383.7	389.575	42.54	47.63	73.68	665.48	0.00
Insurance holding company	424.0	433.679	2.70	4.11	12.24	17.70	10.37
Oil and gas exploration prodn	2165.6	2203.964	24.09	22.39	33.70	50.23	75.71
Manufacture diagnostic tests	71.4	39.701	13.03	11.59	7.83		
Pvd money order insurance svcs	50.6	42.633	4.88	4.88	4.88	11.69	10.26
Insurance company	8852.1	141077.448	21.43	24.09	34.60	44.76	77.50
Mnfr zirconium steel products	309.4	264.393	6.67	10.98	34.27	34.27	54.84
Mnfr manifolds business forms	424.5	418.753	8.75	19.18	34.88	65.71	155.88
Dvlp healthcare software	389.6	376.008	22.92	24.54	32.38	30.54	57.08
Produce milk, related prod	972.0	932.575	14.62	11.48	53.46		

Merger Premiums to Market Value Analysis
Mergers with Target Price Equal to or Greater than \$10 per Share
Announced and Completed 1/2/96 - 2/3/99
(continued)

Date Announced	Date Effective	Target Name	Target Business Description	Acquiror Name
09/30/97	11/26/97	Arbor Health Care Co	Own and operate nursing homes	AHC Acquitison Corp
10/01/97	01/29/98	Brooks Fiber Properties Inc	Pvd communication installation	Worldcom Inc
10/01/97	09/14/98	MCI Communications Corp	Pvd telecommunication services	Worldcom Inc
10/02/97	04/30/98	Kapson Senior Quarters Corp	Provide residential care svcs	Prometheus Senior Quarters
10/03/97	12/29/97	Natl Health Enhancement Sys	Develop healthcare software	HBO & Co
10/06/97	01/28/98	Caliber System Inc	Trucking holding company	FDX Corp
10/06/97	12/19/97	EndoVascular Technologies Inc	Mnfr surgical instruments	Guidant Corp
10/06/97	03/20/98	Orion Network Systems Inc	Pvd Communications svcs	Loral Space & Communications
10/08/97	04/07/98	Associates First Capital Corp	Pvd finance, leasing services	Shareholders
10/09/97	12/23/97	Melamine Chemicals Inc	Manufacture melamine crystal	Borden Chemical Inc (Borden)
10/10/97	11/19/97	Greenfield Industries Inc	Mnfr steel cutting tools	Kennametal Inc
10/13/97	01/22/98	Netcom On-Line Communication	Internet service provider	ICG Communications Inc
10/13/97	12/01/97	Network General Corp	Pvd computer sys design svcs	McAfee Associates Inc
10/15/97	12/04/97	Viewlogic Systems Inc	Dvlp automation software	Synopsys Inc
10/16/97	02/12/98	Omni Insurance Group Inc	Insurance company	Hartford Financial Services
10/17/97	12/29/97	Computational Systems Inc	Manufacture measuring devices	Emerson Electric Co
10/17/97	11/19/97	Exide Electronics Group Inc	Manufacture power supplies	BTR PLC
10/17/97	01/02/98	Infinity Financial Technology	Dvlp financial software	SunGard Data Systems Inc
10/20/07	02/24/98	ITT Corp	Own and operate hotels	Starwood Hotels & Resorts
10/20/97	03/06/98	Santa Fe Pacific Pipeline	Operate petroleum pipelines	Kinder Morgan Energy Partners
10/20/97	06/24/98	Ticketmaster Group	Own, operate ticket agencies	HSN Inc
10/21/97	01/07/98	International Dairy Queen Inc	Whl dairy desserts,hamburgers	Berkshire Hathaway Inc
10/23/97	12/19/97	Fremenos Technology Corp	Develop EDI software	Harbinger Corp
10/23/97	04/02/98	Universal Outdoor Holdings Inc	Pvd outdoor advertising svcs	Clear Channel Communications
10/29/97	01/30/98	Carson Pirie Scott & Co	Own, op department stores	Proffitt's Inc
10/31/97	03/12/98	ILC Technology Inc	Mnfr high intensity lamps	BEC Group Inc
10/31/97	02/27/98	Xpedite Systems Inc	Pvd enhanced fax services	Premiere Technologies Inc
11/03/97	03/24/98	Oregon Metallurgical Corp	Mnfr whl titanium	Allegheny Teledyne Inc
11/03/97	01/09/98	Sequana Therapeutics	Mnfr diagnostic substances	Arris Pharmaceuticals Corp
11/04/97	05/20/98	Safety-Kleen Corp (Laidlaw)	Pvd vehicular cleaning svcs	Laidlaw Environmental Services
11/05/97	01/16/98	Mac Frugal's Bargains	Whl net general merchandise	Consolidated Stores Corp
11/07/97	03/10/98	Quality Food Centers Inc	Own and operate supermarkets	Fred Meyer Inc
11/11/97	02/11/98	Healthdyne Technologies Inc	Mnfr specialized med devices	Respironics Inc
11/13/97	03/25/98	Chartwell Leisure Inc	Own, op hotels and motels	Investor Group
11/13/97	03/11/98	Hugoton Energy Corp	Oil and gas exploration prodn	Chesapeake Energy Corp
11/17/97	02/26/98	Granite Financial Inc	Pvd Business credit services	Fidelity National Financial
11/19/97	02/27/98	Amati Communications Corp	Mnfr data communications equip	Texas Instruments Inc
11/19/97	04/01/98	Renal Treatment Centers Inc	Own, op kidney dialysis centers	Total Renal Care Holdings Inc
11/19/97	08/12/98	Telemundo Group Inc	Own, op Spanish TV stations	Investor Group
11/21/97	01/28/98	BDM International Inc	Pvd comp infotechnology svcs	TRW Inc
11/24/97	03/30/98	MAPCO Inc	Gas utility; petro refining	Williams Cos Inc
11/26/97	04/23/98	ACC Corp	Pvd telecommunications svcs	Teleport Communications Group
11/26/97	02/25/98	Universal Hospital Services	Pvd med equip rental services	Investor Group

11/29/97	12/30/97	Defecta-Shield Corp	Mnfr truck accessories	Lund International Holdings
12/01/97	02/19/98	Raptor Systems Inc	Develop security mgmt software	AXENT Technologies Inc
12/02/97	06/02/98	Interstate Hotels Co	Own,op hotels and motels	Patriot Amer Hosp/Wyndham Intl

Acquiror Business Description	Value of Transaction (\$mil)	Enterprise Value (\$mil)	Premium				
			1 Day Prior to Annc. Date	1 Week Prior to Annc. Date	4 Weeks Prior to Annc. Date	3 Months Prior to Annc. Date	1 Year Prior to Annc. Date
Investment holding company	424.2	419.333	15.39	19.60	26.76	39.53	92.51
Pvd telecommunications svcs	2532.6	3112.888	35.71	58.40	83.65	93.47	121.34
Pvd telecommunications svcs	41906.9	43588.512	65.17	63.55	58.10	20.35	96.15
Pvd nursing care services	247.4	231.852	-0.86	9.43	1.75	34.88	45.00
Dvlp healthcare software	97.8	96.522	16.69	41.48	121.93	85.57	76.88
Provide express delivery svcs	2471.4	2681.170	13.90	19.72	42.57	68.28	284.73
Mnfr cardiovascular equipment	187.8	190.460	22.14	22.14	73.91	87.13	56.86
Manufacture satellite equip	425.6	1265.081	20.16	27.94	32.62	68.16	91.91
Investor group	26624.6	75189.213	32.67	36.32	31.24	178.01	292.96
Mnfr formaldehyde, resins	119.7	87.782	70.83	72.63	70.83	46.43	177.97
Mnfr metal working tools	957.0	1062.171	19.69	26.67	44.08	34.22	35.71
Pvd telecommunications svcs	269.4	214.024	49.75	70.94	78.52	64.73	51.00
Develop network software	1142.5	1113.339	19.65	25.27	42.72		
Develop automation software	530.9	492.986	24.44	25.14	29.48	82.11	215.49
Provide insurance services	184.7	184.724	78.87	75.78	130.91	154.00	252.78
Mnfr appliance components	158.6	160.451	45.08	48.25	62.47	101.02	91.29
Mnfr plastic, rubber indl prods	583.2	590.907	125.24	133.17	149.46	30.34	146.81
Provide data processing svcs	358.0	347.757	19.00	17.93	17.40	-0.09	
Real estate investement trust	13748.2	13534.835	94.29	98.25	95.40	34.12	98.83
Operate natural gas pipelines	1473.0	1352.149	31.82	33.24	38.56	34.27	51.64
Operate television stations	413.2	845.297	32.00	28.43	56.32	68.51	
Property casualty insurance co	596.9	558.693	11.92	9.09	9.37	8.54	35.00
Dvle electn commerce software	234.7	211.132	55.20	49.12	27.82	117.26	8.63
Own,op TV,radio bdcstg station	1627.8	1729.528	2.32	5.17	20.46	21.75	29.65
Own and operate dept stores	867.7	992.381	38.83	39.30	31.80	56.87	109.29
Mnfr,whl eyeglass lenses, frame	130.8	135.550	108.72	107.62	108.72	128.19	125.56
Pvd computer telphony svcs	496.4	384.674	69.02	73.02	68.05	73.02	78.29
Mnfr specialty materials, metal	557.2	566.798	45.50	61.66	40.62	35.05	9.12
Manufacture synthetic drugs	169.4	169.973	44.00	47.27	23.43	82.54	6.23
Pvd waste removal svcs	1804.0	2054.954	26.16	38.06	47.32		
General merchandise ret stores	994.1	1040.900	2.92	18.49	23.46	33.31	62.78
Own,operate department stores	1703.4	1671.766	13.86	23.43	27.96	42.28	49.76
Mnfr, whl respiratory prod	341.9	344.155	44.36	40.15	44.36	44.36	166.67
Investor group	240.8	272.750	11.29	4.55	11.29	12.20	25.45
Oil and gas exploration prodn	377.0	377.461	7.68	11.04	26.91	12.25	52.34
Title insurance company	132.4	151.926	89.79	89.79	87.61	87.59	155.00
Mnfr semiconductors,computers	459.8	463.297	31.69	44.14	13.48	26.48	13.58
Pvd kidney diaysis sevice	1362.6	1457.031	8.63	17.04	26.87	16.63	64.55
Investor group	521.4	710.483	19.66	29.07	24.96	30.76	47.72
Elect equip, credit reporting	888.0	923.006	31.11	43.47	38.01	13.46	19.19
Gas utility	2634.1	3405.648	21.05	35.99	43.66	985.88	
Pvd telecommunications services	906.8	930.227	14.94	19.05	84.33	71.67	65.29
Investor group	133.0	122.732	29.17	29.17	25.25	26.53	67.57
Mnfr automobile parts	89.8	87.260	33.33	33.33	77.78	70.67	82.86
Develop software	253.7	225.830	5.40	20.73	16.49	22.40	-24.55
Real estate investment trust	2055.9	2095.266	2.56	8.70	20.39	30.15	45.63

Merger Premiums to Market Value Analysis
Mergers with Target Price Equal to or Greater than \$1
Announced and Completed 1/1/96 - 2/3/99
(continued)

Date Announced	Date Effective	Target Name	Target Business Description	Acquiror Name
12/11/97	01/20/98	TriMas Corp	Mnfr specialty closures, caps	MascoTech Inc
12/12/97	05/29/98	Lukens Inc	Mnfr steel plates	Bethlehem Steel Corp
12/15/97	03/27/98	Gulf South Medical Supply Inc	Wholesale medical supplies	Physician Sales & Service Inc
12/15/97	05/01/98	Piper Jaffray Cos	Investment bank, holding co	US Bancorp, Minneapolis, MN
12/15/97	03/02/98	Sano Corp	Mnfr pharmaceuticals	Elan Corp PLC
12/16/97	05/08/98	Ambassador Apartments Inc	Real estate investment trust	Apartment Investment & Mgmt Co
12/16/97	01/30/98	Spine-Tech Inc	Mnfr spiral implants	SulzerMedica (Gebrueder Sulzer)
12/17/97	04/08/98	Oasis Residential Inc	Real estate investment trust	Camden Property Trust
12/17/97	01/23/98	Suburban Ostomy Supply Co Inc	Whl medical and hospital equip	InvaCare Corporation
12/19/97	03/30/98	ASR Investments Corp	Real estate investment trust	United Dominion Realty Tr Inc
12/19/97	06/17/98	Chemi-Trol Chemical Co	Mnfr steel pressure tanks	Harsco Corp
12/19/97	04/20/98	Continental Homes Holding	Construct, design homes	DR Horton Inc
12/19/97	05/01/98	IPC Information Systems Inc	Mnfr telecommunications equip	Cable Systems International
12/19/97	01/20/98	Showboat Inc	Own, operate hotel casinos	Harrah's Entertainment
12/19/97	01/27/98	Software Artistry Inc	Develop help-desk software	Tivoli Systems Inc (IBM Corp)
12/19/97	02/03/98	Symetrics Industries Inc	Mnfr communications equip	Tel-Save Holdings Inc
12/22/97	05/21/98	Dynatech Corp	Mnfr test, analysis products	Investor Group
12/22/97	09/30/98	Essex County Gas	Gas utility	Eastern Enterprises
12/23/97	04/01/98	Union Corp	Pvd adjustment collection svcs	Outsourcing Solutions Inc
01/01/98	07/31/98	GoodMark Foods Inc	Produce meat snacks	ConAgra Inc
01/05/98	07/17/98	La Quinta Inns Inc	Own, op motor inns	Meditrust Acquisition Co
01/05/98	10/26/98	Southern New England Telecomm	Provide telecommun services	SBC Communications Inc
01/06/98	04/01/98	Schult Homes Corp	Manufacture mobile homes	Oakwood Homes Corp
01/08/98	01/30/98	Rayonier Timberlands LP	Own, op timber tracts	Rayonier Inc
01/08/98	07/23/98	Teleport Communications Group	Pvd telecommunication services	AT&T Corp

01/09/98	09/30/98	Wandel & Goltermann Tech Inc	Mnfr network equipment	Wandel & Goltermann Management
01/12/98	02/19/98	Computer Language Research Inc	Dvlp tax processing software	Research Institute of America
01/14/98	06/01/98	Continental Can Co Inc	Mnfr metal plastic cans	Suiza Foods Corp
01/14/98	06/19/98	Price REIT Inc	Real estate investment trust	Kimco Realty Corp
01/19/98	04/24/98	USF&G Corp	Insurance holding company	St Paul Companies Inc
01/20/98	10/05/98	Buttrey Food and Drug Stores	Own, op supermarkets, drug store	Albertson's Inc
01/20/98	04/16/98	NACT Telecommunications(GST)	Pvd telephone commun svcs	World Access Inc
01/20/98	05/27/98	Regal Cinemas Inc	Pvd movie exhibition services	Investor Group
01/21/98	05/22/98	Thermadyne Holdings Corp	Mnfr welding equip, indl mach	DLJ Merchant Bkg Partners II
01/23/98	04/13/98	Handy & Harman	Mnfr, whl metal wire, cable	WHX Corp
01/26/98	06/11/98	Digital Equipment Corp	Mnfr computers, equip	Compaq Computer Corp
01/27/98	03/03/98	State of the Art Inc	Develop financial software	Sage Group PLC
02/02/98	03/27/98	BGS Systems Inc	Develop utilities software	BMC Software Inc
02/02/98	03/31/98	Pacific Scientific Co	Manufacture electric motors	Danaher Corp
02/02/98	04/20/98	Source Services Corp	Provide help supply services	Romac International Inc
02/04/98	03/20/98	Industrial Acoustics Inc	Mnfr noise reducing products	IAC Holdings Corp
02/09/98	03/31/98	Arbor Drugs Inc	Own, operate drug stores	CVS Corp
02/09/98	06/15/98	Culligan Water Technologies	Mnfr, whl purification products	United States Filter Corp
02/09/98	04/16/98	Summit Care Corp	Provide nursing services	Fountain View(Heritage)
02/10/98	06/04/98	Illinois Central Corp	Railroad transportation svcs	Canadian National Railway Co
02/11/98	06/10/98	MTL Inc	Pvd tank truck carrier svcs	Sombrero Acquisition Co
02/11/98	05/20/98	Waverly Inc	Publish books, periodicals	Wolters Kluwer NV
02/16/98	08/04/98	Coherent Communications Sys	Mnfr voice enhancement prods	Tellabs Inc

Acquiror Business Description	Value of Transaction (\$ mil)	Enterprise Value (\$ mil)	Premium				
			1 Day prior to Annc. Date	1 Wk. Prior to Annc. Date	4 Wks Prior to Annc. Date	3 Mths Prior to Annc. Date	1 Year Prior to Annc. Date
Mnfr motor vehicle components	911.7	1384.002	12.65	9.96	18.97	13.58	42.27
Manufacture steel products	700.2	751.934	92.00	94.33	69.61	48.61	64.38
Wholesale medical equipment	678.9	629.501	38.50	21.97	16.04	49.07	36.44
Bank holding company	767.8	991.438	25.21	24.17	54.01	44.66	132.81
Mnfr drug delivery systems	396.8	395.981	52.71	42.64	95.13	71.32	105.08
Real estate investment trust	663.0	620.978	4.44	5.42	5.42	-13.30	4.10
Mnfr medical implants	621.1	618.513	14.29	52.94	55.81	16.20	121.28
Real estate investment trust	395.2	825.507	9.47	10.72	7.95	-2.60	12.32
Mnfr surgical, medical supplies	130.8	128.543	8.05	13.25	13.25	22.08	2.17
Real estate investment trust	277.0	264.202	4.38	1.09	2.56	-5.16	3.76
Mnfr scaffolding, pipes	46.1	55.830	61.40	61.40	64.29	75.24	113.95
Construct residential bldgs	590.2	569.494	26.28	27.64	35.97	61.02	114.69
Mnfr telecommun equip	201.7	252.027	14.29	31.25	14.29	100.00	182.35
Own, op hotel casinos	1147.6	987.484	66.78	62.91	62.91	50.46	67.35
Dvlp systems mgmt software	201.9	190.512	61.98	57.43	57.43	67.52	237.93
Pvd telecommunications svcs	25.0	31.514	36.36	36.36	172.73	114.29	110.53
Investor group	762.9	783.400	29.93	37.16	29.93	-42.38	-41.41
Gas utility holding company	79.2	117.581	26.56	55.46	61.17	74.73	97.44
Pvd outsourcing svcs	193.0	202.637	14.55	13.51	23.53	29.90	41.57
Produce meats, eggs, cooking oil	217.8	230.600	54.49	75.88	69.36	68.12	73.21
Real estate investment trust	2907.5	3040.501	28.40	35.95	35.95	47.00	41.50
Provide telecommun services	5828.3	5806.816	32.65	35.72	42.90	51.99	70.43
Mnfr, ret factory-built homes	101.4	104.041	1.12	10.43	19.21	25.00	15.51
Manufacture logs, timber	65.8	482.257	11.23	25.30	17.51	-13.33	
Own, op telecommunications sys	11187.7	11030.733	-2.45	1.72	16.96	20.38	76.12
Investment management svcs	34.2	72.500	23.50	21.14	31.13	57.04	-42.44
Publish tax law information	325.4	320.430	60.71	62.16	69.81	1025.00	767.47
Produce milk, related prod	330.5	334.437	45.83	74.37	71.16	72.98	198.35
Real estate investment trust	870.6	804.794	13.48	14.33	18.21	17.50	26.42
Insurance holding company	3782.2	3382.590	18.19	22.47	14.51	17.52	18.55
Supermarkets, department stores	139.2	175.706	44.19	44.19	47.62	39.33	89.31
Pvd telecommunication services	53.1	144.629	12.00	12.45	16.67	20.69	
Investor group	1462.7	1408.724	14.29	10.71	34.78	19.23	29.17
Merchant banking firm	790.0	742.650	19.48	21.05	18.46	15.72	30.19
Mnfr steel and steel prods	625.1	613.196	8.67	14.63	1.62	30.56	118.60
Manufacture personal computers	9123.7	8620.004	32.06	50.25	62.45	25.65	61.07
Dvlp, whl accounting software	245.2	244.444	33.33	35.39	35.39	38.58	57.14
Develop software	306.9	288.511	23.29	32.35	42.86	37.93	57.89
Mnfr tools, control equipment	417.5	484.560	20.40	21.91	28.72	96.75	122.02
Pvd specialty staffing svcs	454.4	431.094	51.12	56.69	50.24	59.65	140.98
Investment company	25.9	48.961		4.76	10.00	10.00	2.33
Own and operate drug stores	1423.2	957.178	1.86	14.12	18.13	30.81	82.45
Mnfr water treatment equip	1474.3	1927.567	57.49	62.89	27.35	43.47	56.96
Own, op healthcare facilities	275.1	276.923	14.29	31.25	37.71	27.27	97.65
Pvd railroad services	2931.0	2996.582	10.64	20.00	18.86	8.71	17.74
Investment company	250.1	250.358	37.93	38.53	56.10	46.79	79.78
Publish newspapers, books	375.6	390.052	42.47	50.73	50.73	-3.11	77.27
Mnfr voice, data transport sys	664.3	514.177	30.36	43.23	81.37	40.24	104.76

Merger Premiums to Market Value Analysis
Mergers with Target Price Equal to or Greater than \$10 per Share
Announced and Completed 1/1/96 - 2/3/99
(continued)

Date Announced	Date Effective	Target Name	Target Business Description	Acquiror Name
02/17/98	05/27/98	Devan Group Inc	Pvd graphic arts services	Applied Graphics Technologies
02/17/98	06/11/98	Zum Industries Inc	Mnfr environmental equipment	US Industries Inc
02/18/98	11/25/98	National Income Realty Trust	Real estate investment trust	Tarragon Realty Investors
02/18/98	06/27/98	Republic Automotive Parts Inc	Mnfr, whl automotive parts	Keystone Automotive Inds Inc
02/19/98	08/07/98	Enex Resources Corp	Oil and gas traders	Middle Bay Oil Company Inc
02/19/98	04/21/98	Mastering Inc	Provide computer training services	PLATINUM Technology Inc
02/23/98	06/30/98	Money Store Inc	Provide mtg svcs loans	First Union Corp. Charlotte, NC

02/23/98	04/28/98	Trusted Information Systems	Develop security software	Network Associates Inc
02/24/98	04/06/98	Wonderware Corp	Dvlp process control software	Siebe PLC
02/26/98	09/30/98	Dresser Industries Inc	Mnfr oil & gas field machinery	Halliburton Co
03/02/98	08/03/98	Benchmark Microelectronic Inc	Mnfr microprocessors	Unitrode Corp
03/02/98	08/17/98	Deep Tech International	Oil and gass exploration prodn	El Paso Natural Gas Co
03/02/98	05/19/98	Scopus Technology Inc	Dvlp Client/server software	Siebel Systems Inc
03/03/98	05/27/98	EVI Weatherford Inc	Provide oil field services	EVI Inc
03/05/98	05/20/98	XLConnect Solutions Inc	Pvd integrated sys design svc	Zerex Corp
03/06/98	07/31/98	Alumax Inc	Mnfr aluminum products	Alcoa
03/06/98	09/11/98	United Dental Care Inc	Pvd dental svcs to subscribers	Protective Life Corp
03/09/98	06/05/98	LCI International Inc	Pvd telecommunications svcs	Qwest Communications Corp
03/09/98	06/25/98	Pri Cellular Corp	Pvd cellular telephone svcs	American Cellular Corp
03/10/98	06/05/98	Portec Inc	Mnfr railroad track components	J Richard Industries Inc
03/11/98	07/16/98	Waste Management Inc	Pvd chemical waste mgmt svcs	USA Waste Services Inc
03/12/98	04/20/98	Metromail Corp	Pvd direct-mail advg svcs	Great Universal Stores PLC
03/13/98	07/31/98	MedCath Inc	Pvd cardiology related svcs	Investor Group
03/16/98	08/03/98	American General Hospitality	Real estate investment trust	CapStar Hotel Co
03/16/98	05/28/98	Logic Works Inc	Develop client/server software	PLATINUM Technology Inc
03/16/98	10/30/98	Norwood Promotional Products	Mnfr hats, promotional prods	FPK LLC
03/16/98	07/01/98	360 Communications Co	Pvd telecommunication svcs	ALLTEL Corp
03/17/98	07/31/98	BET Holdings Inc	Own and operate TV stations	Investor Group
03/17/98	05/27/98	ForeFront Group Inc	Develop software	CBT Group PLC
03/18/98	06/30/98	Medusa Corp	Manufacture cement	Southdown Inc
03/24/98	08/17/98	Insilco Corp	Mnfr auto, elec, & electn parts	DLJ Merchant Bkg Partners II
03/24/98	06/24/98	Walsh International Inc	Provide programming svcs	Cognizant Corp
03/27/98	07/01/98	Grand Prix Assoc Of Long Beach	Own, op motorsport facilities	Dover Downs Entertainment Inc
03/27/98	07/15/98	Intl Specialty Prods	Mnfr specialty chemicals	ISP Holdings Inc
03/30/98	05/11/98	Children's Discovery Centers	Operate child care centers	Knowledge Beginnings Inc
04/02/98	06/30/98	Security Capital Atlantic Inc	Real estate investment trust	Security Capital Pacific Trust
04/06/98	07/10/98	MoneyGram Payment Systems Inc	Pvd money wire transfer svce	Viad Corp
04/06/98	07/31/98	Zero Corp	Manufacture metal encasements	Applied Power Inc
04/07/98	06/30/98	Beneficial Corp	Pvd consumer financing svcs	Household International Inc
04/07/98	06/30/98	Green Tree Financial Corp	Pvd consumer, coml finance svcs	Conseco Inc
04/08/98	05/19/98	Blessings Corp	Mnfr plastic film products	Huntsman Packaging Corp
04/09/98	07/27/98	Claremont Technology Group Inc	Pvd comp integrated sys svc	Complete Business Solutions
04/09/98	05/15/98	Dart Group Corp	Own, operate auto part stores	Richfood Holdings Inc
04/13/98	07/31/98	Mariner Health Group Inc	Provide sub-acute care svcs	Paragon Health Network Inc
04/15/98	08/11/98	Harborside Healthcare Corp	Pvd long-term med services	Investcorp
04/16/98	09/28/98	Award Software International	Develop software	Phoenix Technologies Ltd
04/20/98	09/15/98	Atria Communities Inc	Provide residential care svcs	Kapson Senior Quarters Corp
04/20/98	01/04/99	Corrections Corp of America	Own, op correctional facilities	CCA Prison Realty Trust

Premium

Acquiror	Value of Transaction (\$mil)	Enterprise Value (\$mil)	1 Day Prior to Annc. Date	1 Week Prior to Annc. Date	4 Weeks Prior to Annc. Date	3 Months Prior to Annc. Date	1 Year Prior to Annc. Date
Pvd digital prepress services	474.4	25.318	29.19	32.03	37.91	52.10	108.07
Mnfr consumer building prods	790.8	699.542	19.53	22.00	36.05	28.17	80.82
Operate real estate agencies	77.0	246.069	22.92	17.89	20.12	18.33	67.71
Whl auto parts and supplies	62.8	85.900	33.03	33.33	28.57	20.00	9.09
Oil and gas explorations, prodn	17.3	np	21.21	30.44	37.93	30.43	46.34
Develop integrated software	198.7	180.540	31.58	25.00	33.33	36.99	-1.96
Commercial bank holding co	2215.2	3631.373	37.26	28.50	87.43	34.20	25.81
Develop network software	322.1	255.453	59.92	84.59	92.29	119.76	25.21
Mnfr appliance controls	362.7	343.256	50.00	59.34	79.44	32.41	125.88
Mnfr oil field machinery	7783.2	8429.126	13.73	15.03	18.32	17.73	43.09
Mnfr semiconductors, capacitors	150.6	145.097	15.77	14.02	67.22	4.86	5.97
Oil and gas exploration, prodn	375.4	526.645	8.74	9.80	15.46	30.23	138.30
Dvlp sales automation software	490.7	455.875	58.51	93.64	100.13	84.66	2.35
Mnfr oil field products	2670.7	2826.429	39.85	59.59	41.33	6.18	74.50
Mnfr business machine, fin co	93.0	353.571	-11.11	15.11	22.14	19.40	180.70
Manufacture aluminum products	3944.2	3698.414	35.08	33.26	36.25	52.85	30.83
Insurance company holding co	180.4	174.664	20.49	49.18	57.43	51.34	-30.69
Pvd telephone commun svcs	4401.4	4808.210	22.18	24.21	54.84	55.20	133.33
Pvd cellular commun services	1385.2	1070.547	7.69	16.67	16.06	23.76	58.87
Investment firm	76.5	79.772	8.48	13.78	10.35	13.27	43.82
Pvd waste disposal services	13313.6	19980.864	12.62	15.78	15.78	5.07	-12.03
Own, op mail order house	837.9	830.340	32.69	28.37	30.19	77.49	117.32
Investor group	227.8	354.054	15.15	10.95	34.51	26.67	26.67
Own, operate hotels	1211.8	979.193	56.60	58.43	52.01	37.49	27.67
Develop integrated software	212.9	190.349	12.96	36.18	57.13	70.22	131.25
Investment company	107.8	164.262	19.14	19.14	23.58	38.00	40.34
Pvd telecommunication svcs	5948.6	6021.367	15.41	30.39	49.84	68.97	84.49
Investor group	462.3	768.073	53.66	58.49	58.24	17.76	109.13
Dvlp educational software	147.5	127.126	17.27	29.36	48.50	81.91	258.63
Mnfr cement, limestone mining	1052.5	1084.117	17.16	24.29	35.28	53.29	60.58
Merchant banking firm	425.3	446.509	4.65	11.11	12.85		
Pvd information services	176.8	179.217		36.84	53.33	59.10	105.29
Own, op race track, casinos	91.0	114.964	11.81	22.06	21.55	31.37	42.21
Mnfr industrial chemicals	324.5	2125.805	4.29	1.74	14.51	22.18	43.14
Own, operate child care centers	89.1	98.063	20.99	16.67	25.64	28.95	139.02
Real estate investment trust	1681.4	1747.998	14.88	14.88	14.20	12.56	10.31
Provide food catering services	293.6	243.166	11.49	15.67	42.36	61.40	87.57
Mnfr tools, equip, consumables	431.6	300.987	16.46	17.99	33.18	24.56	84.27
Provide financial services	8703.8	21243.125	82.38	82.10	86.06		
Insurance holding company	7358.8	8536.398	82.51	86.12	94.23	110.14	60.39
Prod printed, laminated films	269.7	244.612	18.73	18.31	34.94	41.77	118.18
Pvd computer programming svcs	282.5	278.527	21.35	77.05	118.18	60.00	21.35
Wholesale groceries	193.3	445.522	14.29	11.89	19.40	46.79	71.81
Own, op nursing care facilities	622.3	1216.454	6.04	10.88	28.98	27.42	139.39
Investment firm	263.2	280.422	18.34	22.70	5.82	35.59	117.39
Develop systems software	129.5	101.809	12.83	21.34	53.12	96.40	44.54
Provide residential care svcs	238.9	501.892	2.53	7.29	-0.31	16.13	82.02
Real estate investment trust	3274.2	3321.115	4.80	0.13	1.58		

MERGERS WITH TARGET EQUAL TO OR GREATER THAN \$10 PER SHARE
ANNOUNCED AND COMPLETED 1/1/96 - 2/3/99
(CONTINUED)

Date Announced	Date Effective	Target Name	Target Business Description	Acquiror Name
04/06/98	07/10/98	MoneyGram Payment Systems Inc	Pvd money wire transfer svcs	Viad Corp
04/06/98	07/31/98	Zero Corp	Manufacture metal encasements	Applied Power Inc
04/07/98	06/30/98	Beneficial Corp	Pvd consumer financing svcs	Household International Inc
04/07/98	06/30/98	Green Tree Financial Corp	Pvd consumer coml finance svcs	Conseco Inc
04/08/98	05/19/98	Blessings Corp	Mnfr plastic film products	Huntsman Packaging Corp
04/09/98	07/27/98	Claremont Technology Group Inc	Pvd comp integrated sys svc	Complete Business Solutions
04/09/98	05/15/98	Dart Group Corp	Own, operate auto part stores	Richfood Holdings Inc
04/13/98	07/31/98	Mariner Health Group Inc	Provide sub-acute care svcs	Paragon Health Network Inc
04/15/98	08/11/98	Harborside Healthcare Corp	Pvd long-term med services	Investcorp
04/16/98	09/28/98	Award Software International	Develop software	Phoenix Technologies Ltd
04/20/98	09/15/98	Atria Communities Inc	Provide residential care svcs	Kapson Senior Quarters Corp
04/20/98	01/04/98	Corrections Corp of America	Own, op correctional facilities	CCA Prison Realty Trust
04/21/98	08/25/98	PCA International Inc	Pvd photo processing services	Investor Group
04/21/98	06/24/98	Tracor Inc	Mnfr defense electronics	General Electric Co PLC
04/27/98	07/09/98	Fluke Corp	Mnfr electronic test equipment	Danaher Corp
04/27/98	08/30/98	Vitalink Pharmacy Services Inc	Pvd health and allied svcs	Genesis Health Ventures Inc
04/27/98	06/01/98	Yurie Systems Inc	Mnfr communications equip	Lucent Technologies Inc
04/29/98	08/14/98	Neurex Corp	Mnfr, whl biopharmaceuticals	Elan Corp PLC
04/30/98	11/02/98	Mycogen Corp (Dow AgroSciences)	Provide crop services	Dow AgroSciences(Dow Chemical)
05/04/98	07/09/98	Echlin Inc	Mnfr, whl automotive parts	Dana Corp
05/04/98	06/29/98	Union Texas Petroleum Holdings	Oil and gas exploration, prodn	ARCO
05/06/98	09/06/98	Mountbalten Inc	Surety insurance company	Fidelity & Deposit Co of MD
05/06/98	07/22/98	National Surgery Centers Inc	Own and operate hospitals	HealthSouth Corp
05/07/98	11/12/98	Chrysler Corp	Manufacture automobiles	Daimler-Benz AG
05/08/98	06/15/98	Authentic Speciality Foods Inc	Whl, mnfr Mexican foods	Agrobios(Desc SA de CV)
05/11/98	12/07/98	DeKalb Genetics Corp	Operate agricultural labs	Monsanto Co
05/11/98	11/18/98	Stone Container Corp	Mnfr containerboard paper prod	Jefferson Smurfit Corp
05/13/98	06/26/98	Sage Laboratories Inc	Mnfr electronics components	Filtronic Comtek PLC
05/14/98	09/25/98	New Plan Realty Trust	Real estate investment trust	Excel Realty Trust Inc
05/18/98	08/19/98	Mercantile Stores Co Inc	Own, op department stores	Dillard's Inc
05/18/98	08/07/98	RP Scherer Corp	Mnfr soft gelatin capsules	Cardinal Health Inc
05/18/98	08/26/98	Viking Office Products Inc	Whl, retail office products	Office Depot Inc
05/19/98	09/28/98	ATL Products Inc(Odetics)	Mnfr computer storage devices	Quantum Corp
05/19/98	10/28/98	Giant Food Inc	Own, op supermarkets	Koninklijke Ahold NV
05/19/98	11/16/98	QuesTech Inc	Sys engineering, tech services	CACI International Inc
05/20/98	10/22/98	National Gas & Oil Co	Gas utility, gas expl and prod	Licking Rural Electrification
05/25/98	10/01/98	US Surgical Corp	Manufacture surgical staples	Tyco International Ltd
05/26/98	08/24/98	Hyperion Software Corp	Dvlp software	Arbor Software Corp
05/27/98	09/17/98	May & Speh Inc	Pvd computer-based direct mktg	Acxiom Corp
05/28/98	07/07/98	Donnelley Enterprise Solutions	Pvd info management services	Bowen & Co Inc
06/04/98	11/13/98	Allied Life Financial Corp	Insurance co holding co	Nationwide Mutual Insurance Co
06/04/98	11/03/98	Cable Michigan Inc	Pvd cable TV svcs	Avalon Cable
06/04/98	09/08/98	DSC Communications Corp	Dvlp, mnfr digital telecom sys	Alcatel Alsthorn CGE
06/04/98	07/20/98	Pollo Tropical Inc	Own and operate restaurants	Carrols Corp
06/04/98	11/30/98	Telco Systems Inc	Mnfr telecommunications prods	World Access Inc

Date Announced	Acquiror Business Description	Transaction Value (\$ mil)	Enterprise Premium			
			Value (\$ mil)	1 Day Prior to Annc. Date	1 Week Prior to Annc. Date	4 Weeks Prior to Annc. Date
04/06/98	Provide food catering services	293.6	243.166	11.49	15.67	42.36
04/06/98	Mnfr tools, equip, consumables	431.6	300.987	16.46	17.99	33.18
04/07/98	Provide financial services	8703.8	21243.125	82.38	82.10	86.06
04/07/98	Insurance holding company	7358.8	8536.398	82.51	86.12	94.23
04/08/98	Prod printed, laminated films	269.7	244.612	18.73	18.31	34.94
04/09/98	Pvd computer programming svcs	282.5	278.527	21.35	77.05	118.18
04/09/98	Wholesale groceries	193.3	445.522	14.29	11.89	19.40
04/13/98	Own, op nursing care facilities	622.3	1216.454	6.04	10.88	28.98
04/15/98	Investment firm	263.2	280.422	18.34	22.70	5.82
04/16/98	Develop systems software	129.5	101.809	12.83	21.34	53.12
04/20/98	Provide residential care svcs	238.9	501.892	2.53	7.29	-0.31
04/20/98	Real estate investment trust	3274.2	3321.115	4.80	0.13	1.58
04/21/98	Investor group	232.5	270.001	23.26	17.78	20.46
04/21/98	Mnfr radios and televisions	1323.5	1359.782	9.97	16.79	25.00
04/27/98	Mnfr tools, control equipment	718.9	657.508	61.73	61.29	57.90
04/27/98	Own, op geriatric facilities	678.4	677.472	13.57	12.15	6.51
04/27/98	Mnfr telecom equip, software	1044.1	1034.861	11.11	17.40	49.73
04/28/98	Mnfr drug delivery systems	824.5	778.466	65.56	46.75	41.40
04/30/98	Manufacture insecticides	355.2	1052.306	41.77	40.00	52.38
05/04/98	Mnfr motor vehicle products	4124.8	4345.068	41.48	42.86	52.78
05/04/98	Oil and gas exploration prodn	2741.4	3376.306	41.46	46.84	36.47
05/06/98	Surety insurance co	43.4	41.431	2.46	6.18	4.29
05/06/98	Own, op outpatient surgery ctr	703.1	634.647	17.56	16.00	29.08
05/07/98	Mnfr, whl automobiles & trucks	40466.5	49376.995	48.84	54.25	45.73
05/09/98	Mnfr, whl foods products	141.9	148.080	6.25	13.33	37.37
05/11/98	Mnfr agro chems, manmade fibers	2262.7	3275.717	201.89	199.63	255.56
05/11/98	Manufacture paperboard prod	2229.6	6705.091	44.32	46.27	59.96
05/13/98	Mnfr mobile telephone devices	20.2	16.273	37.26	34.62	35.92
05/14/98	Real estate investment trust	1715.3	2270.329	13.43	15.44	14.29
05/18/98	Own, op department stores	2943.1	3022.020	9.12	9.59	15.42
05/19/98	Whl pharmaceutical products	2541.6	2503.864	17.47	23.34	30.06
05/19/98	Own, op stationery stores	3082.2	3033.551	43.86	42.38	44.24
05/19/98	Manufacture disk drives	304.0	353.056	8.41	18.97	45.00
05/19/98	Own, operate supermarkets	2633.5	2792.066	14.10	12.60	14.29
05/19/98	Pvd computer engineering svcs	43.8	40.114	25.03	42.20	52.67
05/20/98	Electric utility	93.0	116.721	6.67	18.18	26.06
05/25/98	Mnfr fire protection systems	3394.2	3969.778	7.91	25.73	39.73
05/26/98	Dvlp software	837.3	751.400	4.97	3.78	-3.57
05/27/98	Provide on-line database svcs	502.5	533.176	2.65	12.58	20.35
05/29/98	Pvd printing svcs	105.2	114.540	60.77	61.54	83.61
06/04/98	Insurance company	89.9	165.263	4.35	13.74	26.32
06/04/98	Pvd cable TV services	291.2	415.924	14.89	14.89	23.19
06/04/98	Mnfr telephone commun equip	4685.3	5084.934	21.64	111.91	98.67
06/04/98	Own and operate restaurants	94.6	93.282	10.00	7.32	18.12
06/04/98	Pvd telecommunication services	194.5	183.393	77.78	65.85	63.86

Date Announced	3 Months Prior to Annc. Date	1 Year Prior to Annc. Date
04/06/98	61.40	87.57
04/06/98	24.56	84.27
04/07/98		
04/07/98	110.14	60.39
04/08/98	41.77	118.18
04/09/98	60.00	21.35
04/09/98	46.79	71.81
04/13/98	27.42	139.39
04/15/98	35.59	117.39
04/16/98	96.40	44.54
04/20/98	16.13	82.02
04/20/98		
04/21/98	19.10	80.43
04/21/98	33.89	100.00
04/27/98	64.84	64.38
04/27/98	6.51	23.29
04/27/98	62.55	268.42
04/28/98	88.20	197.27
04/30/98	35.76	54.48
05/04/98	49.41	67.94
05/04/98	49.68	53.64
05/06/98	24.26	66.86
05/06/98	37.17	66.68
05/07/98	15.29	68.36
05/09/98	20.35	
05/11/98	201.89	212.20
05/11/98	64.87	88.84
05/13/98	38.61	29.63
05/14/98	11.49	29.55
05/18/98	19.40	56.48
05/19/98	51.76	83.76
05/19/98	49.74	107.16
05/19/98	101.74	197.44
05/19/98	20.70	30.30
05/19/98	205.35	137.77
05/20/98	18.18	58.33
05/25/98	51.62	35.01
05/26/98	-1.79	114.87
05/27/98	34.23	58.64
05/29/98	118.18	102.41
06/04/98	40.35	77.12
06/04/98	65.31	
06/04/98	105.08	46.71
06/04/98	37.50	66.04
06/04/98	67.90	58.14

Page F - 19

MERGER PREMIUMS TO MARKET VALUE ANALYSIS
Mergers with Target Price Equal to or Greater than \$10 per Share
Announced and Completed 1/1/96-2/3/99
(continued)

Date Announced	Date Effective	Target Name	Target Business Description	Acquiror Name
06/08/98	10/15/98	CapStone Capital Corp	Real estate investment trust	Healthcare Realty Trust Inc
06/10/98	08/18/98	Ceanic Corp	Pvd sub sea services products	Stolt Comex Seaway SA
06/10/98	09/25/98	Manor Care Inc	Own, op nursing homes, hotels	Health Care and Retirement
06/10/98	07/31/98	Plenum Publishing Corp	Publish technical journals	Wolters Kluwer NV
06/12/98	10/26/98	McDonald & Co Investment Inc	Investment bank	KeyCorp, Cleveland Ohio
06/12/98	07/21/98	Triangle Pacific Corp	Mnfr,whl wood cabinets	Armstrong World Industries Inc
06/15/98	08/31/98	Bay Networks Inc	Mnfr,whl data networking prods	Northern Telecom Ltd(BOE Inc)
06/16/98	08/31/98	Personnel Management Inc	Employment agency	Linsalata Capital Partners
06/17/98	09/24/98	Intersolv Inc	Develop software products	Micro Focus Group PLC
06/17/98	09/08/98	Nimbus CD International Inc	Mnfr compact discs	Carlton Communications PLC
06/18/98	07/28/98	ARCO Chemical Co(ARCO)	Mnfr,whl intermediate chems	Lyondell Petrochemical Co
06/18/98	09/24/98	PMT Services Inc	Pvd credit card services	NOVA Corp
06/19/98	08/31/98	Carnco International Inc	Mnfr oil, gas field equipment	Schlumberger Technology Corp
06/19/98	12/21/98	General Re Corp	Insurance holding company	Berkshire Hathaway Inc
06/22/98	08/31/98	Broderbund Software Inc	Dvlp,whl educational software	Learning Co Inc
06/22/98	12/15/98	Special Devices Inc	Manufacture surgical implants	JF Lehman & Co
06/24/98	10/05/98	Peneder Inc	Mnfr pharmaceutical products	Mylan Laboratories Inc
06/25/98	09/22/98	Dawson Production Services Inc	Oil and gas exploration,prodn	Key Energy Group Inc
06/29/98	12/31/98	Grand Casinos Inc	Own and operate casinos	Hilton Hotels Corp
06/29/98	09/30/98	Physio-Control International	Mnfr,whl cardiac defibrillator	Medtronic Inc
06/30/98	09/30/98	Summit Holding Southeast Inc	Pvd management services	Liberty Mutual Group
07/01/98	08/20/98	Leog Inc	Provide management services	Metzlar Group Inc
07/02/98	01/08/98	Centennial Cellular Corp	Pvd wireless telecommun svcs	Investor Group
07/03/98	09/18/98	Saks Holdings(Investcorp BK)	Own and operate dept stores	Proffitt's Inc
07/08/98	10/20/98	Merry Land & Investment Co Inc	Real estate investment trust	Equity Residential Pptys Trust
07/09/98	10/28/98	Eltron International Inc	Mnfr computer printers	Zebra Technologies Corp
07/17/98	09/02/98	DeCrane Aircraft Holdings Inc	Mnfr avionics Components	DLJ Merchant Banking Inc
07/20/98	10/06/98	General Signal Corp	Mnfr electric control equip	SFX Corp
07/21/98	11/05/98	Depuy Inc(Corange Ltd)	Mnfr orthopedic devices	Johnson & Johnson
07/23/98	10/30/98	IMNET Systems Inc	Develop imaging software	HBO & Co
07/27/98	11/30/98	Life Re Corp	Reinsurance company	Swiss Reinsurance Co
07/29/98	10/02/98	ATL Ultrasound Inc	Mnfr medical imaging products	Philips Electronics NV
07/30/98	10/15/98	BetzDearborn Inc	Mnfr,whl water treatment chems	Hercules Inc
08/03/98	11/17/98	Freeport-McMcRan Sulphur Inc	Reinsurance company	McMcRan Oil & Gas Co
08/03/98	01/04/98	Priority Healthcare Corp	Mnfr medical imaging products	Shareholders
08/03/98	10/20/98	Stratus Computer Inc	Mnfr,whl water treatment chems	Ascend Communications Inc

08/03/98	09/02/98	Zeigler Coal Holding Co	Coal mining holding company	AEI Resources Inc
08/06/98	01/19/98	Equity Corp International	Pvd healthcare services	Service Corp International
08/10/98	10/15/98	American Disposal Services Inc	Pvd waste disposal services	Allied Waste Industries Inc
08/10/98	12/07/98	Cliffs Drilling Co	Pvd oil well drilling services	R&B Falcon Corp
08/10/98	09/21/98	Molecular Dynamics Inc	Mnfr,whl laboratory equipment	Amersham Pharmacia Biotech Ltd
08/10/98	01/04/98	Rio Hotel & Casino Inc	Own,operate casino hotel	Harrah's Entertainment
08/11/98	12/31/98	Amoco Corp	Oil and gas exploration prodrn	British Petroleum Co PLC(BP)
08/13/98	12/03/98	Clearview Cinema Group Inc	Own and operate movie theaters	Cablevision Systems Corp
08/17/98	12/31/98	Eastern Environmental Services	Pvd waste collection svcs	Waste Management Inc
08/17/98	12/31/98	Westoo Bancorp Inc, IL	Federal savings institution	MAF Bancorp, Claredon Hill,IL
08/24/98	01/06/98	General Microwave Corp	Mnfr microwave test equipment	Herley Industries Inc
08/27/98	10/13/98	Berg Electronics Corp	Mnfr electronic connectors	Framastone Connectors Intl
09/02/98	12/01/98	Altron Inc	Mnfr,mid circuit board prods	Sanmina Corp

Date Announced	Acquiror Business Description	Value of Transaction (\$ mil)	Enterprise Value (\$mil)	Premium		
				1 Day Prior to Annc. Data	1 Week Prior to Annc. Data	4 Weeks Prior to Annc. Data
06/08/98	Real estate investment trust	971.4	883.641	5.09	4.52	0.97
06/10/98	Pvd oil/gas contracting svcs	222.8	247.207	29.56	34.45	
06/10/98	Own,operate nursing homes	2474.4	2986.162	21.77	25.31	17.97
06/10/98	Publish newspapers, books	258.0	206.772	6.52	6.72	10.73
06/12/98	Bank holding company	577.4	629.492	0.68	2.74	7.36
06/12/98	Mnfr interior furnishings	1124.3	1124.592	26.14	26.50	24.02
06/15/98	Mnfr telecommunications equip	9268.6	9008.959	34.97	18.49	44.88
06/16/98	Investment firm	34.9	37.497	25.49	23.08	23.08
06/17/98	Manufacture lenses, computers	532.0	511.381	56.16	41.05	52.09
06/17/98	Pvd motion picture prodrn svcs	264.9	282.573	6.98	5.75	10.84
06/18/98	Mnfr petrochems, polyolefins	5645.7	6512.535	14.22	12.27	3.36
06/18/98	Pvd information retrieval svcs	1266.6	1238.701	21.98	35.54	31.98
06/19/98	Develop software	3376.3	3307.250	32.57	39.88	19.50
06/19/98	Property,casualty insurance co	22337.9	24441.855	23.59	23.00	25.05
06/22/98	Dvlp consumer software	424.3	287.222	21.21	16.36	18.96
06/22/98	Investment bank	277.8	279.281	-2.51	1.87	
06/24/98	Mnfr,whl pharmaceuticals	193.1	190.480	38.97	39.52	88.28
06/25/98	Pvd oil well services	348.8	320.273	40.70	50.54	66.67
06/29/98	Own and operate hotels	811.1	1329.551	6.40	8.32	7.16
06/29/98	Mnfr medical technology prods	529.1	543.038	19.57	31.74	31.34
06/30/98	Insurance agency	233.4	224.557	28.16	26.32	28.16
07/01/98	Pvd business consulting svcs	294.4	272.583	46.50	48.98	41.77
07/02/98	Investor group	1509.7	1285.381	66.83	69.39	64.36
07/03/98	Own and operate dept stores	3282.3	3381.202	34.46	39.02	40.85
07/08/98	Real estate investment trust	1986.4	2228.726	11.94	15.16	14.50
07/09/98	Mnfr bar code printing sys	287.7	282.221	25.76	34.58	57.38
07/17/98	Merchant banking firm	181.5	273.183	30.50	28.67	33.82
07/20/98	Mnfr engine components, tools	2318.7	2309.407	19.60	22.66	19.40
07/21/98	Mnfr medical equip and prods	3487.5	3740.302	11.11	19.40	22.27
07/23/98	Dvlp healthcare software	261.5	245.860	55.63	59.30	62.50
07/27/98	Insurance co,insurance agency	1794.7	1914.551	6.74	12.09	19.50
07/29/98	Mnfr home entertainment prod	786.4	755.494	20.06	12.22	9.78
07/30/98	Mnfr industrial chemicals	3090.3	3147.067	100.70	94.60	73.49
08/03/98	Oil and gas exploration, prodrn	124.2	96.891	14.94	6.38	4.17
08/03/98	Investor group	437.9	533.065	99.42	101.77	127.15
08/03/98	Mnfr wide area network equip	969.7	637.103	19.11	53.34	33.41
08/03/98	Coal mining holding company	848.3	850.267	32.81	30.77	20.57
08/06/98	Own,operate funeral homes	738.3	982.106	22.03	30.12	18.03
08/10/98	Provide waste collection svcs	1066.6	1116.686	16.25	14.94	4.27
08/10/98	Pvd contract drilling svcs	452.1	638.457	39.04	41.22	17.01
08/10/98	Mnfr,whl biotechnology prods	222.2	235.322	36.67	47.75	100.00
08/10/98	Own,op hotel casinos	821.9	804.616	6.62	14.59	13.78
08/11/98	Integrated oil and gas company	48174.1	54767.922	22.40	25.27	22.03
08/13/98	Own,op cable TV systems	57.8	117.343	10.23	10.21	7.78
08/17/98	Pvd waste disposal services	1276.2	1214.831	5.47	3.85	-1.81
08/17/98	Savings and loans	82.1	318.458	14.31	8.30	6.43
08/24/98	Mnfr microwave components	23.5	20.921	69.41	77.78	84.62
08/27/98	Mnfr electrical connectors	1877.0	1786.017	62.32	71.25	76.10
09/02/98	Mnfr printed circuit boards	195.3	189.467	16.57	6.54	7.70

Date Announced	3 Months Prior to Annc. Data	1 Year Prior to Annc. Data
06/08/98	-0.07	2.85
06/10/98	52.38	79.78
06/10/98	4.47	21.29
06/10/98	77.60	101.37
06/12/98	5.79	58.68
06/12/98		
06/15/98	59.21	61.74
06/16/98	21.90	66.23
06/17/98	24.91	161.01
06/17/98	12.20	8.24
06/18/98	18.92	23.20
06/18/98	53.65	57.25
06/19/98	36.41	51.78
06/19/98	22.29	47.53
06/22/98	-16.23	-19.60
06/22/98	7.94	128.57
06/24/98	75.12	76.89
06/25/98	38.61	29.63
06/29/98	10.30	24.43
06/29/98	57.14	86.44
06/30/98	36.08	94.12
07/01/98	69.08	
07/02/98	388.24	
07/03/98	-12.07	39.55
07/08/98	12.59	11.02
07/09/98	43.28	20.50
07/17/98	31.90	33.33
07/20/98	0.28	-13.46
07/21/98	18.64	34.62
07/23/98	65.84	-13.17
07/27/98	33.57	84.02

07/29/98	4.39	26.65
07/30/98	34.11	13.05
08/03/98	-7.41	
08/03/98	125.68	
08/03/98	-23.77	-37.59
08/03/98	17.65	-21.30
08/06/98	11.05	14.29
08/10/98	10.77	55.69
08/10/98	-45.78	-46.87
08/10/98	69.07	-6.82
08/10/98	-13.19	18.41
08/11/98	15.05	4.77
08/13/98	17.58	
08/17/98	33.00	68.75
08/17/98	3.30	16.45
08/24/98		
08/27/98	69.70	69.44
09/02/98	23.90	-41.00

MERGER PREMIUMS TO MARKET VALUE ANALYSIS

MERGERS WITH TARGET PRICE EQUAL TO OR GREATER THAN \$10 PER SHARE

Announced and Completed 1/1/96 - 2/3/99

(continued)

DATE ANNOUNCED	DATE EFFECTIVE	TARGET NAME	TARGET BUSINESS DESCRIPTION	ACQUIROR NAME
09/02/98	12/17/98	CKS Group Inc	Pvd integrated marketing svcs	USWeb Corp
09/02/98	12/10/98	Home Choice Holdings Inc	Pvd equip rental svcs	Rent-Way Inc
09/02/98	12/21/98	USCS International Inc	Pvd customer mgmt. software, svc	DST Systems Inc
09/09/98	12/18/98	Integrated Systems Consulting	Provide consulting services	First Consulting Group Inc
09/18/98	11/20/98	Marquette Medical Systems Inc	Mnfr electromedical apparatus	GE Medical Systems
09/28/98	12/10/98	Access Health Inc	Pvd information retrieval svcs	HBO & Co
09/29/98	10/07/98	Newmont Gold Co	Gold mining	Newmont Mining Corp
10/08/98	11/24/98	Necklermedia Corp	Publishing company	Penton Media Inc
10/13/98	11/20/98	Dominick's Supermarkets Inc	Own and operate supermarkets	Safeway Inc
10/16/98	12/15/98	BRC Holdings Inc	Develop health care software	Affiliated Computer Services
10/18/98	01/12/99	HBO & Co	Dvlp healthcare software	McKesson Corp
10/21/98	11/30/98	Capital Factors Holdings Inc	Pvd short-term bus credit svcs	Union Planters Bk Nat Assoc
10/27/98	12/14/98	Citizens Corp (Hanover Ins Co)	Auto workers corp insurance co	Allmerica Financial Corp
11/02/98	01/27/98	Sofanor Danek Group Inc	Mnfr, whl spinal, cranial device	Medronic Inc
11/09/98	12/22/98	Global Motorsport Group Inc	Wholesale motorcycle parts	Storington Partners Inc
11/16/98	01/06/98	CelMet Co (Vulcan Materials Co)	Mnfr, whl aggregates, concrete	Vulcan Materials Co
11/30/98	01/28/99	Arterial Vascular Engineering	Manufacture stent systems	Medronic Inc
12/15/98	01/21/99	Petersen Companies Inc	Publish magazines	EMAPFLC

DATE ANNOUNCED	DATE EFFECTIVE	ACQUIROR BUSINESS DESCRIPTION	VALUE OF ENTERPRISE			
			TRANSACTION (\$MIL)	VALUE (\$MIL)	1 DAY PRIOR TO ANNC. DATE	1 WEEK PRIOR TO ANNC. DATE
09/02/98	12/17/98	Pvd internet-related solutions	337.8	317.280	53.32	30.26
09/02/98	12/10/98	Pvd equipment rental services	294.4	289.713	7.19	4.12
09/02/98	12/21/98	Develop software	877.8	875.238	43.61	35.00
09/09/98	12/18/98	Pvd mgmt. consulting services	209.1	376.772	125.63	119.59
09/18/98	11/20/98	Mnfr diagnostic imaging equip	897.3	974.054	95.92	103.34
09/28/98	12/10/98	Dvlp healthcare software	1118.3	1071.544	39.20	44.40
09/29/98	10/07/98	Gold, coal mining, oil, gas expl	264.8	4235.407	-5.16	20.81
10/08/98	11/24/98	Publish bus, trade magazines	273.7	259.730	43.65	52.63
10/13/98	11/20/98	Own, op grocery stores	1854.5	1858.840	18.43	20.99
10/16/98	12/15/98	Pvd data processing services	137.2	259.954	17.15	16.92
10/18/98	01/12/99	Whl pharmaceuticals	14319.7	13780.511	11.00	30.28
10/21/98	11/30/98	Pvd commercial banking svsc	22.2	739.913	4.48	8.95
10/27/98	12/14/98	Pvd insurance services	212.4	1109.654	20.64	17.18
11/02/98	01/27/98	Mnfr medical technology prods	3603.2	3589.919	15.28	29.09
11/09/98	12/22/98	Investment firm	109.0	157.616	13.46	33.76
11/16/98	01/06/98	Mnfr construction materials	886.6	887.041	14.02	16.71
11/30/98	01/28/99	Mnfr medical technology prods	3735.7	3598.987	71.76	74.80
12/15/98	01/21/99	Publish newspapers, periodicals	1494.8	1431.042	8.58	43.92
			MEAN:		28.4%	32.9%

DATE ANNOUNCED	DATE EFFECTIVE	PREMIUM		
		4 WEEKS PRIOR TO ANNC. DATE	3 MONTHS PRIOR TO ANNC. DATE	1 YEAR PRIOR TO ANNC. DATE
09/02/98	12/17/98	23.75	14.00	-35.10
09/02/98	12/10/98	7.72	-22.84	-14.33
09/02/98	12/21/98	59.93	73.78	105.49
09/09/98	12/18/98	90.16	77.38	92.17
09/18/98	11/20/98	83.50	77.43	73.35
09/28/98	12/10/98	81.72	70.59	29.85

09/29/98	10/07/98	62.37	4.35	-44.55
10/08/98	11/24/98	39.76	17.17	28.18
10/13/98	11/20/98	16.67	0.77	40.50
10/16/98	12/15/98	15.15	1.33	0.16
10/18/98	01/12/99	15.14	-350	56.47
10/21/98	11/30/98	2.94	1.45	-3.45
10/27/98	12/14/98	20.91	11.53	
11/02/98	01/27/98	39.15	38.54	14.16
11/09/98	12/22/98	31.09	16.42	39.29
11/16/98	01/06/98	32.98		
11/30/98	01/28/99	74.80	57.48	100.85
12/15/98	01/21/99	39.85	15.50	71.07

		39.4%	54.7%	72.1%

Source Securities Data Company, Inc. Three-month and one-year premiums calculated using security prices from FactSet Research Systems, Inc. Commercial banks and other similar financial institutions were excluded for the purpose of this analysis

Page F - 21

RELATIVE CONTRIBUTION ANALYSIS (a)
(\$ IN THOUSANDS)

[_] A.G. Edwards analyzed the relative pro forma contribution of both Star Gas and Petro to the ownership of capital in the pro forma entity based on Star Gas' and Petro's historical results from operations and their respective projections.

[CHART APPEARS HERE]

Star Gas' Average
Gross Profit
Contribution

96-98 27.5%
99-00 29.2%
96-00 28.2%

[CHART APPEARS HERE]

Star Gas' Average
EBITDA Contribution

96-98 35.4%
99-00 33.3%
96-00 34.6%

- (a) For purposes of its analysis, A.G. Edwards converted Petro's historical December 31st fiscal year-end to a September 30th fiscal year-end for comparison purposes. Other measures of relative contribution analysis are non-meaningful.
(b) Includes only heating oil EBITDA for Petro.

Page G-1

RELATIVE CONTRIBUTION ANALYSIS
(\$ IN THOUSANDS)
(continued)

For Star Gas' contribution of approximately 28.2% of the combined entity's gross profit and 34.6% of the combined entity's EBITDA, it will receive approximately 34.8% of the implied firm value.

IMPLIED FIRM VALUE

DISCOUNTED CASH FLOW ANALYSIS

[_] A.G. Edwards performed discounted cash flow analyses for Petro, Star Gas and Star Gas Pro Forma. For Petro, A.G. Edwards used projected tax-adjusted operating cash flows for 1999 through 2002, terminal values calculated on 2002 operating cash flow and discount rates based on the related weighted average cost of capital. For Star Gas and Star Gas Pro Forma, A.G. Edwards used projected DCF for 1999 through 2002, terminal values calculated on 2002 DCF and discount rates based on the related cost of equity.

Assumptions:

- [_] Weighted average cost of capital ("WACC")
 - Petro Stand Alone of 13.4% to 13.9% (calculated WACC of 13.6%)

- [_] Cost of equity
 - Star Gas Stand Alone of 9.5% to 10.3% (calculated cost of equity of 9.9%)
 - Star Gas Pro Forma of 9.5% to 10.3% (calculated cost of equity of 9.9%)

- [_] Terminal value operating cash flow multiple
 - Petro Stand Alone of 8.0x to 10.0x (calculated 2000 operating cash flow multiple of 8.6x)

- [_] Terminal value DCF multiple
 - Star Gas Stand Alone and Star Gas Pro Forma of 8.0x to 10.0x (calculated 2000 DCF multiple of 8.7x)

DISCOUNTED CASH FLOW ANALYSIS
(continued)

PETRO STAND ALONE					
30 YEAR	TERMINAL VALUE OPERATING CASH FLOW MULTIPLE				
	8.0x	8.5x	9.0x	9.5x	10.0x
WACC					
13.4%	(\$25,454)	(\$15,542)	(\$5,630)	\$4,282	\$14,194
13.6%	(27,131)	(17,297)	(7,463)	2,372	12,206
13.9%	(28,793)	(19,036)	(9,278)	479	10,237

STAR GAS STAND ALONE					
30 YEAR	TERMINAL VALUE DCF MULTIPLE				
	8.0x	8.5x	9.0x	9.5x	10.0x

Cost of

Equity						
9.5%	\$79,410	\$82,745	\$86,080	\$89,415	\$92,749	
9.9%	78,519	81,811	85,102	88,394	91,685	
10.3%	77,642	80,891	84,140	87,389	90,638	

STAR GAS PRO FORMA

30 YEAR	TERMINAL VALUE DCF MULTIPLE				
	8.0x	8.5x	9.0x	9.5x	10.0x

Cost of Equity					
9.5%	\$94,817	\$98,730	\$102,642	\$106,555	\$110,467
9.9%	93,764	97,626	101,488	105,349	109,211
10.3%	92,728	96,539	100,351	104,163	107,974

Page H-2

DISCOUNTED CASH FLOW ANALYSIS
PETRO - STAND ALONE
Excluding Distributions from Star Gas
(\$ IN THOUSANDS)

CASH FLOW SUMMARY (a):	ADJUSTED FOR ACTUAL 1999	2000	2001	2002	TERMINAL
EBITDA	\$42,836	\$42,036	\$38,747	\$35,639	
Taxes	(500)	(500)	(500)	(500)	
Maintenance capital expenditures	(3,641)	(3,714)	(3,788)	(3,864)	
Working capital increases (b)	(500)	(500)	(500)	(500)	
Net operating cash flow (free cash flow)	38,195	37,322	33,959	30,775	
WEIGHTED AVERAGE COST OF CAPITAL (c)	13.6%				
TERMINAL OPERATING CASH FLOW MULTIPLE (d)	8.6X				
Discount factor (e)	0.9380	0.8254	0.7263	0.6391	0.6391
Terminal value (f)					\$264,665
PRESENT VALUE	\$280,120	\$35,829	\$30,806	\$24,665	\$19,669
Current net debt and preferred stock (g)	(\$295,450)				
NET PRESENT VALUE OF HEATING OIL EQUITY	(\$ 15,330)				

- (a) Based on management projections assuming no acquisitions.
(b) A.G. Edwards' estimate.
(c) Based on comparable companies' WACC
(d) Petro's current firm value of \$322.1 million/\$37.3 million 30-year 2000 net operating cash flow = 8.6x

- (e) Discounted back to mid-year 1999.
 (f) Terminal value calculated using operating cash flow multiple.
 (g) Net of \$13.8 million of cash. Market value of debt used.

DISCOUNTED CASH FLOW ANALYSIS
 STAR GAS - STAND ALONE
 (\$ IN THOUSANDS)

DISTRIBUTABLE CASH FLOW SUMMARY (a):		ADJUSTED FOR ACTUAL 1999	2000	2001	2002	TERMINAL
EBITDA		21,119	25,260	26,797	28,335	
Interest expense		(8,798)	(9,359)	(9,878)	(10,398)	
Maintenance capital expenditures		(2,632)	(2,679)	(2,728)	(2,777)	
Cash taxes		(25)	(25)	(25)	(25)	
Distributable cash flow		9,664	13,197	14,166	15,135	
COST OF EQUITY (b)		9.9%				
TERMINAL DCF MULTIPLE (c)		8.7x				
Discount factor (d)		0.9540	0.8684	0.7904	0.7194	0.7194
Terminal value (e)						\$131,675
PRESENT VALUE OF EQUITY		\$137,492	\$ 9,220	\$11,460	\$ 10,888	\$ 94,727
Common units/Total units (f)		60.5%				
EQUITY VALUE TO COMMON UNITS (g)		\$ 83,127				

- (a) Based on management projections.
 (b) Based on cost of equity calculation per WACC analysis.
 (c) Star's current equity market value of \$115.3 million/\$13.2 million 30-year 2000 DCF = 8.7x.
 (d) Discounted back to mid-year 1999.
 (e) Terminal value calculated using DCF multiple.
 (f) Total units include common, subordinated and GP units.
 (g) Current market value of common units is 3,858 units * \$18.06 unit per = \$69,685.

DISCOUNTED CASH FLOW ANALYSIS
 STAR GAS-PRO FORMA
 (\$ IN THOUSANDS)

DISTRIBUTABLE CASH FLOW SUMMARY (a):		ADJUSTED FOR ACTUAL 1999	2000	2001	2002	TERMINAL
EBITDA		66,034	73,955	77,946	81,669	
Interest expense		(25,068)	(26,410)	(28,325)	(29,444)	
Maintenance capital expenditures		(6,273)	(6,393)	(6,516)	(6,641)	
Cash taxes		(525)	(625)	(675)	(725)	
Distributable cash flow		34,168	40,527	42,430	44,859	
COST OF EQUITY (b)		9.9%				
TERMINAL DCF MULTIPLE (c)		8.7x				

Discount factor (d)	-----	0.9540	0.8682	0.7901	0.7191	0.7191
Terminal value (e)	-----					\$390,273
PRESENT VALUE	-----	\$414,196	\$32,596	\$35,185	\$33,525	\$32,257
Original common units/Total units (f)	-----	23.9%				
EQUITY VALUE TO COMMON UNITS (g)	-----	\$ 99,171				

- (a) Based on management projections. See Appendix K for model.
- (b) Based on cost of equity calculation per WACC analysis.
- (c) Star's current equity market value of \$115.3 million/\$13.2 million 30-year 2000 DCF=8.7x
- (d) Discounted back to mid-year 1999.
- (e) Terminal value calculated using DCF multiple.
- (f) Total units include common, newly issued common, senior subordinated, subordinated and GP units.
- (g) Current market value of common units is 3,858 units *\$18.06 unit price = \$69,685.

DISCOUNTED CASH FLOW ANALYSIS
 PETRO - STAND ALONE
 Weighted Average Cost of Capital Derivation
 (\$ in millions)

Comparable Company	Levered Beta (a)	Total Market Val. Debt (Bk=Mkt)	Unit Price at (2/3/99)	Total Units Out. (Mil)	Implied Market Value of Equity	Total Debt/Total Equity	Total Debt as % of Total Capital	Un-levered Beta
AmeriGas Partners, L.P.	0.44	\$ 719.0	\$ 23.625	41.9	\$1,009.8	71.2%	41.6%	0.257
Cornerstone Propane Partners, L.P.	0.55	263.1	17.500	19.9	355.6	74.0%	42.5%	0.316
Ferrellgas Partners, L.P.	0.47	594.3	18.688	31.3	596.8	99.6%	49.9%	0.235
Heritage Propane Partners, L.P.	0.48	198.3	23.750	8.6	207.9	95.4%	48.8%	0.246
National Propane Partners, L.P.	0.76	139.2	5.063	11.2	58.0	239.8%	70.6%	0.224
Star Gas Partners, L.P.	0.51	115.7	18.063	6.3	115.3	100.4%	50.1%	0.255
Suburban Propane Partners, L.P.	0.44	428.2	19.188	28.7	562.4	76.1%	43.2%	0.250

Comparable group's average unlevered beta:	0.25	Petro's capitalization - at market	
Petro's debt - to - common equity ratio:	1160.3%	Total debt (b)	\$309.3 92.1%
Petro's debt as a percent of total capital (b):	92.1%	Common equity	26.7 7.9%
Comparable group's beta relevered for Petro's capital structure:	3.209		\$335.9 100.0%

DERIVATION OF WEIGHTED AVERAGE COST OF CAPITAL:		MARKET RISK PREMIUM RANGE (e)		
		11.3%	12.3%	13.3%
Petro's theoretical levered beta (d):	3.209			
Assumed % of common equity in Petro's capital structure:	7.9%			
Risk - free rate of return (c):	4.8%			
Petro's cost of common equity range (at various market risk premiums):		41.1%	44.3%	47.5%
Petro's assumed tax rate:	0.0%			
Assumed % of debt in capital structure (b):	92.1%			
Petro's estimated cost of debt (f):	11.0%			
Petro's estimated after - tax cost of debt:	11.0%	11.0%	11.0%	11.0%
Petro's weighted average cost of capital range (g):		13.4%	13.6%	13.9%

- (a) Source: Bloomberg. 143 weeks (maximum weekly time period allowed, or the number of weeks available, which may be less than 143) adjusted beta relative to the S&P 500 index
- (b) Includes preferred stock.
- (c) Ten - year Treasury rate on February 3, 1999.
- (d) Bloomberg's reported beta for Petro is .70.
- (e) Ibbotson Associates 1998. Total returns for small company stocks of 17.7% minus the risk-free rate.
- (f) Based on Petro's current debt structure.
- (g) Calculation based upon use of the Capital Asset Pricing Model (CAPM).

Page H-6

DISCOUNTED CASH FLOW ANALYSIS
 STAR GAS - STAND ALONE
 Weighted Average Cost of Capital Derivation
 (\$ in millions)

COMPARABLE COMPANY	Levered Beta (a)	Total Market Val. Debt (Bk=Mkt)	Unit Price at (2/3/99)	Total Units Out. (Mil)	Implied Market Value of Equity	Total Debt/Equity	Total Debt as % of Total Capital	Un-levered Beta
AmeriGas Partners, L.P.	0.44	\$719.0	\$23.625	41.9	\$1,009.8	71.2%	41.6%	0.257
Cornerstone Propane Partners, L.P.	0.55	263.1	17.500	19.9	355.6	74.0%	42.5%	0.316
Ferrellgas Partners, L.P.	0.47	594.3	18.688	31.3	596.8	99.6%	49.9%	0.235
Heritage Propane Partners, L.P.	0.48	198.3	23.750	8.6	207.9	95.4%	48.8%	0.246
National Propane Partners, L.P.	0.76	139.2	5.063	11.2	58.0	239.8%	70.6%	0.224
Star Gas Partners, L.P.	0.51	115.7	18.063	6.3	115.3	100.4%	50.1%	0.255
Suburban Propane Partners, L.P.	0.44	428.2	19.188	28.7	562.4	76.1%	43.2%	0.250

Comparable group's average unlevered beta:	0.5	Star's capitalization - at market (b)	
Star's debt - to - equity ratio (b):	100.4%	Total debt	\$115.7 50.1%
Star's debt as a percent of total capital (b):	50.1%	Common equity	115.3 49.9%
Comparable group's beta relevered for Star's capital structure:	0.409		----- \$231.0 100.0%

DERIVATION OF WEIGHTED AVERAGE COST OF CAPITAL:	Market Risk Premium Range (d)		
	11.3%	12.3%	13.3%
Star's theoretical levered beta:	-----		
Assumed % of equity in Star's capital structure (b):	49.9%		
Risk-free rate of return (d):	4.8%		
Star's cost of equity range (at various market risk premiums):	9.5%	9.9%	10.3%
	====	====	=====
Star's assumed tax rate:	39.6%		
Assumed % of debt in capital structure (b):	50.1%		
Star's estimated cost of debt (e):	7.8%		
Star's estimated after-tax cost of debt:	4.7%	4.7%	4.7%
	-----	-----	-----
Star's weighted average cost of capital range (f):	7.1%	7.3%	7.5%
	-----	-----	-----

- (a) Source: Bloomberg. 143 week (maximum weekly time period allowed, or the number of weeks available, which may be less than 143) adjusted beta relative to the S&P 500 index.
- (b) Market value of debt is assumed to equal book value.
- (c) Ten - year Treasury rate on February 3, 1999.
- (d) Ibbotson Associates 1998. Total returns for small company stocks of 17.7% minus the risk-free rate.

(e) Based on Star current debt structure.

(f) Calculation based upon use of the Capital Asset Pricing Model (CAPM).

DISCOUNTED CASH FLOW ANALYSIS
 STAR GAS-PRO FORMA
 PRO FORMA WEIGHTED AVERAGE COST OF CAPITAL DERIVATION
 (\$ IN MILLIONS)

COMPARABLE COMPANY	LEVERED BETA (A)	TOTAL MARKET VAL. DEBT (BK = MKT)	UNIT PRICE AT (2/3/99)	TOTAL UNITS OUT. (MIL)	IMPLIED MARKET VALUE OF EQUITY	TOTAL DEBT/ TOTAL EQUITY	TOTAL DEBT AS % OF TOTAL CAPITAL	UN-LEVERED BETA
AmeriGas Partners, L.P.	0.44	\$719.0	\$23.625	41.9	\$1,009.8	71.2%	41.6%	0.257
Cornerstone Propane Partners, L.P.	0.55	263.1	17.500	19.9	355.6	74.0%	42.5%	0.316
Ferrellgas Partners, L.P.	0.47	594.3	18.688	31.3	596.8	99.6%	49.9%	0.235
Heritage Propane Partners, L.P.	0.48	198.3	23.750	8.6	207.9	95.4%	48.8%	0.246
National Propane Partners, L.P.	0.76	139.2	5.063	11.2	58.0	239.8%	70.6%	0.224
Star Gas Partners, L.P.	0.51	115.7	18.063	6.3	115.3	100.4%	50.1%	0.255
Suburban Propane Partners, L.P.	0.44	428.2	19.188	28.7	562.4	76.1%	43.2%	0.250

Pro forma capitalization - at market (b)

Comparable group's average unlevered beta:	0.25	Total debt	\$286.2	50.3%
Pro forma debt - to - equity ratio (b):	101.1%	Total equity	283.0	49.7%
Pro forma debt as a percent of total capital (b):	50.3%		\$569.2	100.0%
Comparable group's beta relevered for Pro forma capital structure:	0.410			

DERIVATION OF WEIGHTED AVERAGE COST OF CAPITAL:

MARKET RISK PREMIUM RANGE (D)

Pro forma theoretical levered beta:	0.410			
Assumed % of equity in Pro forma capital structure (b):	49.7%			
Risk - free rate of return (c):	4.8%			
Pro forma cost of common range (at various market risk premiums):		9.5%	9.9%	10.3%
Pro forma assumed tax rate:	39.6%			
Assumed % of debt in capital structure (b):	50.3%			
Pro forma estimated cost of debt (e):	8.5%			
Pro forma estimated after - tax cost of debt:	5.1%	5.1%	5.1%	5.1%
Pro forma weighted average cost of capital range (f):		7.3%	7.5%	7.7%

- (a) Source: Bloomberg. 143 week (maximum weekly time period allowed, or the number of weeks available, which may be less than 143) adjusted beta relative to the S&P 500 index.
- (b) Market value of debt is assumed to equal book value. See page C-6 for equity calculation.
- (c) Ten - year Treasury rate on February 3, 1999.
- (d) Ibbotson Associates 1998. Total returns for small company stocks of 17.7% minus the risk-free rate.
- (e) Based on Pro forma debt structure.
- (f) Calculation based upon use of the Capital Asset Pricing Model (CAPM).

COMPARABLE TRANSACTIONS ANALYSIS

FIRM VALUATION

- [_] A.G. Edwards noted that public disclosure regarding transactions in the retail home heating oil distribution industry was extremely limited.
- [_] A.G. Edwards analyzed the financial terms related to divestitures by Petro of certain of its retail home heating oil branches and compared them to the implied multiples of the aggregate purchase price of Petro's heating oil assets.
- [_] Petro has sold three branches for an average EBITDA multiple of 9.0x.
- [_] A.G. Edwards calculated the purchase price of Petro's heating oil assets and calculated multiples based on Petro's EBITDAs.

PURCHASE PRICE OF HEATING OIL ASSETS

Equity purchase price of heating oil assets including CUs (see page C-5)	\$ 16,054
Cost of Debt to be Redeemed (\$206,250 + \$2,844 premium)	209,094
Cost of Debt to be Assumed	80,501
Cost of Preferred stock at Redemption Value	31,767
Consent Fees	1,961
Transaction Fees	19,139
Aggregate purchase price of heating oil assets	----- \$ 358,516 =====

----- MULTIPLES -----	----- MULTIPLES -----	Notes -----
Actual 4 quarter ended 9/30/98 EBITDA (a) 34,929	10.3 x	As a multiple of aggregate transaction value.
Adjusted for actual 1999 EBITDA (a) 44,415	8.1 x	As a multiple of aggregate transaction value.
Projected 2000 EBITDA (a) 48,195	7.4 x	As a multiple of aggregate transaction value.

(a) Calculated as gross profit minus SG&A expense and direct delivery expense.

PUBLIC PARTNERSHIP ANALYSIS

- [_] A.G. Edwards compared certain financial and market information of Star Gas on a historical and pro forma basis to that of certain public propane master limited partnerships which A.G. Edwards deemed relevant for the purposes of this analysis. In addition to Star Gas, A.G. Edwards reviewed the trading multiples from a total of five master limited partnerships.
- [_] The selected propane master limited partnerships are as follows:
 - AmeriGas Partners, L.P. - Heritage Propane Partners, L.P.
 - Cornerstone Propane Partners, L.P. - Suburban Propane Partners, L.P.
 - Ferrellgas Partners, L.P.
- [_] No partnership used in the analysis is identical to Star Gas.

PUBLIC COMPARABLE PARTNERSHIPS (a)

	STAR	PRO FORMA STAR	PUBLIC PARTNERSHIP MEDIANS	PUBLIC PARTNERSHIP RANGES
Distribution yield	12.2%	12.7%	10.4%	8.6% to 12.3%
Market capitalization/LTM EBITDA	11.9x	10.3x	11.5x	9.1x to 13.2x
Market capitalization/1999E EBITDA	10.7x (b)	8.4x (b)	9.8x	8.6x to 11.3x
Equity Market Cap/LTM DCF	13.8x	12.6x	13.2x	9.6x to 15.5x
Equity Market Cap/1999E DCF	11.9x (c)	8.5x (c)	10.5x	9.9x to 12.2x
LTM common unit coverage	1.0x	0.8x	1.5x	0.8x to 1.9x
1999E common unit coverage	1.1x (d)	1.1x (d)	2.0x	0.9x to 2.2x
LTM total unit coverage	0.6x	0.6x	0.8x	0.5x to 1.1x
1999E total unit coverage	0.7x (d)	0.9x (d)	1.1x	0.6x to 1.1x

- (a) Public comparable partnerships include APU, CNO, FGP, HPG and SPH.
 (b) Market capitalization/adjusted for actual 1999 EBITDA
 (c) Equity market cap/adjusted for actual 1999 EBITDA.
 (d) Adjusted for actual 1999.

Page J-1

PUBLIC PARTNERSHIP ANALYSIS
 (\$ IN MILLIONS, EXCEPT PER UNIT DATA)

Company	Ticker	Closing Price on (2/3/99)	Implied Market Value of Equity	Implied Firm Value	Distribution per Unit	Yield	Common Units/ Total Units(a)
Star Gas Partners, L.P.	SGU	\$18.063	\$ 115.3	\$ 225.2	\$2.20	12.2%	60.5%
AmeriGas Partners, L.P.	APU	23.625	1,009.8	1,724.0	2.20	9.3%	51.7%
Cornerstone Propane Partners, L.P. (c) (d)	CNO	17.500	355.6	610.4	2.16	12.3%	65.5%
Ferrellgas Partners, L.P. (d) (e)	FGP	18.688	596.8	1,185.7	2.00	10.7%	46.0%
Heritage Propane Partners, L.P. (d)	HPG	23.750	207.9	403.8	2.05	8.6%	55.7%
Suburban Propane Partners, L.P. (f)	SPH	19.188	562.4	930.8	2.00	10.4%	73.6%
Mean						10.3%	58.5%
Median						10.4%	55.7%
Pro Forma		\$18.063	\$291.1	\$ 557.7 (g)	\$2.30	12.7%	79.9%

	LTM Common Unit Coverage	LTM Total Unit Coverage	FY99E DCF/unit	FY99E Common Unit Coverage	FY99E Total Unit Coverage
Star Gas Partners, L.P.	1.0x (b)	0.6x (b)	\$1.51	1.1x	0.7x
AmeriGas Partners, L.P.	1.5x	0.8x	2.35	2.0x	1.1x
Cornerstone Propane Partners, L.P. (c) (d)	0.8x	0.5x	1.36	0.9x	0.6x
Ferrellgas Partners, L.P. (d) (e)	1.5x	0.7x	2.14	2.2x	1.1x
Heritage Propane Partners, L.P. (d)	1.9x	1.1x	2.35	2.0x	1.1x
Suburban Propane Partners, L.P. (f)	1.3x	1.0x	2.08	1.2x	1.0x
Mean	1.4x	0.8x		1.7x	1.0x
Median	1.5x	0.8x		2.0x	1.1x
Pro Forma	0.8x (b)	0.6x (b)	2.07	1.1x	0.9x

1999 estimates per A.G. Edwards' research (not adjusted for actual 1999 results), except for Star and Pro Forma.

Implied Firm Value equals, for comparative purposes, common, subordinated and GP units, multiplied by the market price of common units plus debt, less cash.

- (a) Calculated as (common units/((common + subordinated units)/0.98).
 (b) For Star and Pro forma only, LTM figures are 1998 actuals.
 (c) Financial figures not pro forma for acquisition of Propane Continental Inc.
 (d) Maintenance capital expenditures assumed to be 8% of EBITDA due to lack of disclosure.
 (e) Financial figures exclude ESOP charge of \$0.9 million.
 (f) Financial figures exclude \$5.1 million gain from sale of minority interest and \$1.8 million loss from impairment of assets.
 (g) \$291.1 in equity plus \$286.2 pro forma debt, less \$19.6 cash and cash collateral.

Page J-2

PUBLIC PARTNERSHIP ANALYSIS
(\$ IN MILLIONS, EXCEPT PER UNIT DATA)
(continued)

	TOTAL DEBT/ FIRM VALUE	LTM EBITDA/ INT. EXP.	FIRM VALUE/ LTM EBITDA	FIRM VALUE/ 1999E EBITDA	EQUITY MARKET CAP/ LTM DCF	EQUITY MARKET CAP/ 1999E DCF
STAR GAS PARTNERS, L.P.	51.4%	2.4X (a)	11.9X (a)	10.7X	13.8X (a)	11.9X
AmeriGas Partners, L.P.	41.7%	2.3x	11.5x	9.8x	13.7x	10.6x
Cornerstone Propane Partners, L.P.	43.1%	2.4x	13.2x	11.3x	15.5x	12.2x
Ferrellgas Partners, L.P.	50.1%	2.1x	11.8x	9.5x	13.2x	9.9x
Heritage Propane Partners L.P.	49.1%	2.5x	10.7x	10.3x	10.6x	10.2x
Suburban Propane Partners, L.P.	46.0%	3.3x	9.1x	8.6x	9.6x	10.5x
MEAN	46.0%	2.5x	11.3x	9.9x	12.5x	10.7x
MEDIAN	46.0%	2.4x	11.5x	9.8x	13.2x	10.5x
PRO FORMA	51.3%	2.2X (a)	10.3X (a)	8.4X	12.6X (a)	8.5X

EBITDA is defined as net income (loss) before extraordinary items plus interest, income taxes, depreciation and amortization, impairment expense, and other non-recurring and non-operating items.

(a) For Star and Pro forma only, LTM figures are 1998 actuals.

Page J-3

PUBLIC PARTNERSHIP ANALYSIS
COMPARABLE PARTNERSHIPS AND TARGET PRICE PERFORMANCE

1/1/98 - 2/3/99

[GRAPH APPEARS HERE]

8/14/98* - 2/3/99

[GRAPH APPEARS HERE]

*Date of transaction announcement.

Page J-4

PUBLIC PARTNERSHIP DESCRIPTIONS

AMERIGAS PARTNERS, L.P.

AmeriGas Partners operates the largest retail propane distribution business in the U.S., serving approximately 968,000 residential, commercial, industrial, agricultural, and motor-fuel customers in 45 states. AmeriGas Partners also sells propane-related supplies and equipment, including home appliances. The company owns or leases a fleet of about 385 transport trucks, 680 railroad tank cars, and 2,300 bobtail and rack trucks. It also owns or leases propane-storage facilities in Arizona and Rhode Island. AmeriGas Propane, a wholly owned subsidiary of UGI Corp., owns 58% of AmeriGas Partners.

[APU GRAPH APPEARS HERE]

CORNERSTONE PROPANE PARTNERS, L.P.

Cornerstone Propane Partners, L.P. distributes propane for residential, commercial, industrial, agricultural and other retail uses; markets and distributes propane and natural gas liquids; services propane heating systems and appliances; and sells propane-related supplies, appliances and other

equipment. It is the fifth largest retail marketer of propane in the U.S. in terms of volume. The partnership's operations are concentrated in the east coast, south-central and west coast regions of the U.S.

[CNO GRAPH APPEARS HERE]

Page J-5

PUBLIC PARTNERSHIP DESCRIPTIONS

(continued)

FERRELLGAS PARTNERS, L.P.

Ferrellgas is the second largest U.S. distributor of propane serving more than 800,000 residential and commercial customers. The company also engages in propane/natural gas trading, wholesale propane marketing, and chemical feedstock marketing. It markets its products primarily in the Midwest, the Great Lakes area, and the Southeast. With a delivery fleet of approximately 4,000 vehicles, Ferrellgas sells almost 700 million gallons of fuel annually to its retail customers, which represents about 8% of all retail propane bought in the U.S. The company has acquired more than 100 companies in 11 years.

[FGP GRAPH APPEARS HERE]

HERITAGE PROPANE PARTNERS, L.P.

Heritage Propane Partners distributes propane to more than 220,000 residential, commercial, industrial, and agricultural customers. The propane is used primarily for heating, drying, cooking, as fuel for engines, as a cutting gas for mining operations, and for curing tobacco. The company's retail operations distribute propane to customers in 23 states in the western, southeastern, and northeastern U.S. The company also distributes wholesale propane and sells, installs, and repairs propane-related equipment. Heritage has acquired 40 retail propane operations since 1989, bringing annual propane sales to over 125 million gallons.

[HPG GRAPH APPEARS HERE]

Page J-6

PUBLIC PARTNERSHIP DESCRIPTIONS

(continued)

SUBURBAN PROPANE PARTNERS, L.P.

Suburban Propane Partners markets and distributes propane to residential, commercial, industrial and agricultural customers through a retail distribution network consisting of 352 district locations in 41 states. The company, the third largest retail marketer of propane in the U.S., serves over 730,000 active customers primarily located in the east and west coast regions of the country. Suburban Propane also sells, installs and services equipment related to its propane distribution business, including heating and cooking appliances and, at some locations, propane fuel systems.

[SPH GRAPH APPEARS HERE]

Page J-7

TRANSACTION SUMMARY AND ASSUMPTIONS

(in thousand except per share and per unit data)

SUMMARY CASH FLOW AND COVERAGE ANALYSIS

(\$ on per Unit basis)

PROJECTED

	ACTUAL 1998	NORMALIZED 1998	ADJ. FOR ACTUAL 1999	2000	2001	2002
STAR STAND ALONE						
EBITDA	\$ 18,906	\$ 22,135	\$ 21,119	\$ 25,260	\$ 26,797	\$ 28,335
Interest Expense	(7,927)	(7,667)	(8,798)	(9,359)	(9,878)	(10,398)
Maintenance CapEx	(2,625)	(2,610)	(2,632)	(2,679)	(2,728)	(2,777)
Other	(25)	(25)	(25)	(25)	(25)	(25)
Distributable Cash Flow	\$ 8,329	\$ 11,833	\$ 9,664	\$ 13,197	\$ 14,166	\$ 15,135
DCF per Common Unit	\$ 2.16	\$ 3.07	\$ 2.48	\$ 3.28	\$ 3.37	\$ 3.46
DCF / Common Unit MQD	0.98 x	1.39 x	1.13 x	1.49 x	1.53 x	1.57 x
DCF per Total Unit	\$ 1.30	\$ 1.85	\$ 1.51	\$ 2.02	\$ 2.10	\$ 2.19
DCF / Total MQD	0.59 x	0.84 x	0.68 x	0.92 x	0.96 x	1.00 x
Indicated Distribution per Common Unit	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20
STAR PRO FORMA						
EBITDA						
Star	\$ 18,906	\$ 22,135	\$ 21,119	\$ 25,260	\$ 26,797	\$ 28,335
Petro	34,929	46,900	44,415	48,195	50,649	52,834
Synergies	500	500	500	500	500	500
Total	54,335	69,535	66,034	73,955	77,946	81,669
Interest Expense	(24,530)	(24,396)	(25,068)	(26,410)	(28,325)	(29,444)
Maintenance CapEx	(6,125)	(6,125)	(6,273)	(6,393)	(6,516)	(6,641)
Other	(525)	(525)	(525)	(625)	(675)	(725)
Distributable Cash Flow	23,155	38,489	34,168	40,527	42,429	44,859
DCF per Common Unit	\$ 1.80	\$ 2.99	\$ 2.57	\$ 2.96	\$ 2.98	\$ 2.94
DCF per Sr. Sub & Common Unit	\$ 1.51	\$ 2.51	\$ 2.17	\$ 2.50	\$ 2.54	\$ 2.53
DCF per Total Unit	\$ 1.44	\$ 2.39	\$ 2.07	\$ 2.39	\$ 2.43	\$ 2.43
Indicated Distribution per Common Unit	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30

ACCRETION/DILUTION

DCF per Unit - Star Stand Alone	\$ 1.30	\$ 1.85	\$ 1.51	\$ 2.02	\$ 2.10	\$ 2.19
DCF per Unit - Pro Forma	\$ 1.44	\$ 2.39	\$ 2.07	\$ 2.39	\$ 2.43	\$ 2.43
Accretive (\$/Unit)	\$ 0.13	\$ 0.53	\$ 0.56	\$ 0.37	\$ 0.33	\$ 0.23
Accretive (%)	10.1%	28.8%	37.2%	18.6%	15.5%	10.7%
PRO FORMA HEATING OIL DCF PER UNIT			\$ 2.42	\$ 2.63	\$ 2.63	\$ 2.57
DPUS ISSUED AS SR SUB UNITS AT BEG OF YEAR	-	-	-	-	-	-

PRO FORMA CREDIT ANALYSIS

EBITDA/Interest	2.22 x	2.85 x	2.63 x	2.80 x	2.75 x	2.77 x
LT Debt/EBITDA	5.07	3.96	4.15	4.21	4.20	4.19
LT Debt/EBITDA (Pro Forma for Full-Year Acquisitions)	4.91	3.83	4.03	4.00	4.00	4.00
# of Units Issued to Meet Debt Covenant	-	-	814	47	991	1,035

PRO FORMA COVERAGE RATIOS

MOD Coverage						
Common Unit	0.78 x	1.30 x	1.12 x	1.29 x	1.30 x	1.28 x
Senior Subordinated Unit	0.66	1.09	0.94	1.09	1.10	1.10
Total Unit	0.62	1.04	0.90	1.04	1.06	1.06
Indicated Distribution Coverage						
Common Unit	0.78 x	1.30 x	1.12 x	1.29 x	1.30 x	1.28 x
Senior Subordinated Unit	0.66	1.09	0.94	1.09	1.10	1.10
Total Unit	0.62	1.04	0.90	1.04	1.06	1.06

CURRENT MODEL ASSUMPTIONS

SCENARIO VERSION:	30-yr; \$15/\$30mm @ 4.75x mid-year; \$.01 '99, \$.005 '00-'01, flat att.					
Petro Acqs/yr	\$ 15,000	1999	\$ 30,000	2000 on		
Star Acqs/yr	\$ 5,000	1999	\$ 10,000	2000 on		

G.P. INTEREST SUBORDINATE

EQUITY RESTRUCTURING

PETRO

	PUBLIC	INSIDERS
Securities Offered	Sr Sub	Sub & GP
Security Offered per Share	0.11758	0.14318
Total Shares	14,618	11,834
Insiders to Receive Sr. Sub	6,572	(6,572)
Shares to Be Converted	21,190	5,262
Units Offered	2,491	753
DPUs Offered		909

SOURCES AND USES OF FUNDS

SOURCES:		USES:	
Excess Cash on Hand	\$ 0	Repay Debt Principal	\$ 206,250
New Star Debt	90,000	Redeem Preferred	31,767
New MLP Equity	170,000	Premium on Redemption/ Exchange/Defeasance	2,844
New MLP E Equity	-	Consent Fees	1,961
Equity for Consent Fees	1,961	Transaction Fees	19,139
Cash Balance	0		
	\$ 261,960		\$ 261,960

FINANCING SUMMARY

	AMOUNT	RATE	UNIT PRICE
New Common Raised	\$ 170,000		\$ 19.08 (a)
New Debt Raised	90,000	7.50%	

(a) Last 20 Days Average Stock Price @ 2/3

UNITS OUTSTANDING

	CURRENT		PRO FORMA	
	UNITS	%	UNITS	%
Existing Common	3,858.999	60.5%	3,858.999	23.9%
New Common	0	0.0%	9,013.547	55.9%
New Common for Acquisitions	0	0.0%	0.000	0.0%
Common to Petro Shareholders	0	0.0%	0.000	0.0%
Sr Sub (Petro S/H's)	0	0.0%	2,491.500	15.5%
Existing Sub	2,396.078	37.5%	431.126	2.7%
Implied GP	127.655	2.0%	322.350	2.0%
Total Units	6,382.732	100.00%	16,117.523	100.00%

1 of 19

TRANSACTION SUMMARY AND ASSUMPTIONS
(IN THOUSANDS EXCEPT PER SHARE AND PER UNIT DATA)

OPERATING ASSUMPTIONS

	PETRO	STAR	STAR NORMAL
Normalized Maintenance CapEx	\$ 3,500	\$ 2,625	\$ 2,610
Maintenance CapEx Life	15 yrs	15 yrs	
Growth CapEx Life	12.6 yrs	15 yrs	

Deferred Tax Percent		0.0%		
Required Cash at Beginning for Initial Distribution		8,865		
Minimum Star Stand Alone Cash Balance		\$ 1,115		
Minimum Star Pro Forma Cash Balance		\$ 14,882		
Consolidation Savings		\$ 500		
Annual Bank Fees	\$ 943	\$ 0		
Last 20 Days Average Stock Price @ 2/3	\$ 1.01	\$ 19.08 2000+		
Annual Transaction/Deal Expenses		\$ 225	\$ 450	
Debt/EBITDA Bank Covenant Ratio		4.0x		
Issue Equity to Meet Bank Debt Covenants (Y/N)?		yes		

DEBT RESTRUCTURING

PRIVATES:	% TENDERED	PROJECTED 12/31/97		
		PRINCIPAL	STRATEGY	PRICE
11.96% Sr Notes	100.0%	60,000	Exchange	105.2%
14.10% Sr Notes	100.0%	3,100	Exchange	105.2%
14.10% Sub Notes	100.0%	3,100	Exchange	105.2%
14.33% Pfd Stock	100.0%	4,167	Neg. Tender	100.0%
PUBLICS:				
10.13% Sub Notes & Sr Notes	100.0%	50,000	Neg. Tender	100.0%
9.38% Sub Notes & Sr Notes	100.0%	75,000	Tender	100.0%
12.25% Sub Notes & Sr Notes	100.0%	81,250	Tender	103.5%
12.88% Pfd Stock	100.0%	30,000	Tender	92.0%

NEW SECURITY ASSUMPTIONS

NEW MLP EQUITY

Gross Proceeds	\$ 170.00	
Common Units for Consent Fee	1,961	
Common Units to Enron	-	
Total New Equity Value	\$171,960	
Common Units to Public	9,014 units	

NEW STAR DEBT

Gross Spread %	5.0%	Gross Proceeds	90,000
Gross Spread \$	\$ 8,500	Gross Spread %	1.25%
Offering Price/Share (current market price)	\$ 19.08	Gross Spread \$	\$1,125
		Coupon	7.50%

ACQUISITION ASSUMPTIONS

PETRO	MULTIPLE	1998	1999	2000	2001	2002
Amount	4.75x	\$ 0	\$ 15,000	\$ 30,000	\$ 30,000	\$ 30,000
Timing		End	Mid	Mid	Mid	Mid
% EBITDA		0.0%	50.0%	50.0%	50.0%	50.0%
Amount	4.75x		\$ 0			
Timing			Beg			
% EBITDA in Initial Year			100.0%			
Units Issued at Common Sr. Sub		\$ 22.00				
		\$ 18.52				

STAR STAND-ALONE

Weather	30 Year	1998	1999	2000	2001	2002
Amount	6.50x	\$ 9,000	\$ 5,000	\$ 10,000	\$ 10,000	\$ 10,000
Timing		End	Mid	Mid	Mid	Mid
% EBITDA in Initial Year		0.0%	50.0%	50.0%	50.0%	50.0%
Amount Financed with Equity		\$ 0	\$ 1,363	\$ 4,504	\$ 3,940	\$ 3,316
New Units @:		0	62	205	179	151
Units Issued at Price of:		\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00
Amount	6.50x		\$ 0			
Timing			Beg			
% EBITDA in Initial Year			100.0%			

EXCHANGE ASSUMPTIONS

SHAREHOLDERS OF:	EXISTING SHARES	GETS NEW UNITS OF:				
		COMMON	SR. SUB	JNR. SUB	G.P.	DPU's (1)
Public Class A Shareholders	14,618.087	0	1,718.795	0.000	0.000	481.478
Insider Class B Shares	11.228	0	0.000	0.000		0.000
Insider Class C Shareholders					0.000	
Class A & C Shares to Receive Jr Sub & GP	5,262.443	0	0.000	431.126	322.350	211.068
Class A Shares to Receive Sr Sub	6,571.740	0	772.705	0.000	0.000	216.454
	26,463.498	0	2,491.500	431.126	322.350	909.000

E Sr. Sub	0.000	0.000
Total	2,491.500	909.000

(1) Includes 2.0% G.P. Interest.

TRANSACTION COSTS SUMMARY

New MLP Equity	\$ 8,500
New Star Debt	1,125
Fairness Opinion	1,275
Financial Advisory	1,500
Exchange Fees on Public Petro Debt/Preferred	1,375
Legal Fees	4,200
Printing	1,500
Accounting Fees	200
Other:	

Environmental	0
Rating Agencies	60
Roadshow	200
Asset Appraisal	100
Solicitation expenses	100
Other Bank Fees	150
Other	225

Transaction Costs Capped at	\$ 20,510
	=====
	\$ 19,139

HEATING OIL DPU TRIGGER

DCF/Unit	% Convert
\$2.90	33.3%

CONSENT FEE CALCULATION

% of Petro Stock	3.3%
New Petro Shares	874
Exchange Ratio	8.50x

New Common Units	102.773
Common Unit Price	\$ 19.08

Implied Value	\$ 1,961
	=====

2 of 19

SUMMARY DISTRIBUTIONS
(in thousands except per share and per unit data)

UNITHOLDER CLASS (1)	1998	Projected			
		1999	2000	2001	2002
COMMON UNITHOLDERS					
MQD	\$ 30,544	\$ 31,534	\$ 32,727	\$ 35,057	
Incentive Distributions	-	-	-	-	
Total	\$ 30,544	31,534	\$ 32,727	\$ 35,057	
E CAPITAL					
Existing Sr. Sub Units	-	-	-	-	
Number of DPUs Issued as Sr Sub Units	-	-	-	-	
New Sr. Sub Units	-	-	-	-	
Total Sr. Sub Units	-	-	-	-	
Existing Common	-	-	-	-	
New Common	-	-	-	-	

Total Common	-	-	-	-
Common MQD	-	-	-	-
Common Incentive Distributions	-	-	-	-
Sr. Sub MQD	-	-	-	-
Sr. Sub Incentive Distributions	-	-	-	-
Total Distributions	-	-	-	-
SENIOR SUBORDINATED UNITHOLDERS (1)				
Number of DPUs Issued as Sr Sub Units	-	-	-	-
Base MQD	\$ 0	\$ 5,730	\$ 5,730	\$ 5,730
Incremental MQD from DPUs Issued as Sr. Sub Units	-	-	-	-
Incentive Distributions	-	-	-	-
Incremental Incentive Distributions from DPUs Issued as Sr. Sub Units	-	-	-	-
Total	\$ 0	\$ 5,730	\$ 5,730	\$ 5,730
SUBORDINATED UNITHOLDERS (1)				
Number of DPUs Issued as Sr Sub Units	-	-	-	-
Base MQD	\$ 0	\$ 992	\$ 992	992
Incremental MQD from DPUs Issued as Sr. Sub Units	-	-	-	-
Incentive Distributions	-	-	-	-
Incremental Incentive Distributions from DPUs Issued as Sr. Sub Units	-	-	-	-
Total	\$ 0	\$ 992	\$ 992	992
GENERAL PARTNER				
Number of DPUs Issued as Sr Sub Units	-	-	-	-
Base MQD	\$ 0	\$ 741	\$ 741	\$ 741
Incremental MQD from DPUs Issued as Sr. Sub Units	-	-	-	-
Incentive Distributions	-	-	-	-
Incremental Incentive Distributions from DPUs Issued as Sr. Sub Units	-	-	-	-
Total	\$ 0	\$ 741	\$ 741	\$ 741
UNITHOLDER CLASS TOTAL				
Common Unitholders	\$ 30,554	\$ 31,534	\$ 32,727	\$ 35,057
Senior Subordinated Unitholders	-	5,730	5,730	5,730
Subordinated Unitholders	-	992	992	992
General Partner	-	741	741	741
Total	\$ 30,544	\$ 38,997	\$ 40,191	\$ 42,520
DISTRIBUTIONS TO DPUS CONVERTED TO SENIOR SUBORDINATED UNITS				
MQD	\$ 0	\$ 0	\$ 0	\$ 0
Incentive Distributions	-	-	-	-
Total	-	-	-	-

(1) Reflects distributions for respective Unitholder class. All DPUs are issued as Senior Subordinated Units but are distributed pro rata to all Petro shareholders. Consequently, the Subordinated Unitholder class includes DPUs which have been issued as Senior Subordinated Units.

3 of 19

TRANSACTION SUMMARY AND ASSUMPTIONS

(in thousands except per share and per unit data)

RECAPITALIZATION ASSUMPTIONS

PETRO INSTRUMENTS:	LOCKUP	(D)EFERRED (T)ENDER (R)EDEEM (E)XCHANGE	PRINCIPAL AS OF	MATURITY PERIOD		COUPON/ DIVIDEND	SINKING FUND PAYMENT	
				M/D	YR		PAYMENT	YEAR START
11.96% Sr Notes		e	\$ 60,000	1-Oct	0	11.960%	\$ 0	0
14.10% Sr Notes		e	3,100	15-Jan	2001	14.100%	-	1997
14.10% Sub Notes		e	3,100	15-Jan	2001	14.100%	-	1997
10.13% Sub Notes & Sr Notes	0.0%	t	50,000	1-Apr	2003	10.130%	-	-
9.38% Sub Notes & Sr Notes	0.0%	t	75,000	1-Feb	2006	9.375%	-	-
12.25% Sub Notes & Sr Notes	0.0%	t	81,250	1-Feb	2005	12.250%	-	-
8.00% Acq. & Other Notes Pay		n	14,508		0	8.000%	-	0
8.25% Existing Credit Facility		n	0		1998	8.250%	-	-
0.00% Other Notes		n	0	NA	NA	0.000%	0	NA
			\$ 286,958					
PFRD STOCK:								
14.33% Pfd Stock		t	4,167	1-Aug	1999	14.330%	4,167	1997

12.88% Pfd Stock 0.0% t 30,000 v 15-Feb 2009 12.875% 0
 0.00% n 0 0.000%

 \$ 34,167

 \$ 321,125

Total Petro

STAR INSTRUMENTS:

8.04% 1st Mortgage Notes 0.07 n 85,000 v NA NA 8.040% - 0
 7.25% WC Revolver 0.00 n 4,785 NA NA 7.250% - NA
 7.25% Acquisition Facility 0.01 n 9,000 v NA NA 7.250% - NA
 7.50% New Debt n 90,000 v NA NA 7.500% 0 NA
 7.17% Pearl Notes 0.01 n 11,000 NA NA 7.170% 0 NA

8.21% \$ 188,785

Total Combined

\$ 509,910
 =====

PETRO INSTRUMENTS:	% Red./	Red/Exchg	Defeasance	Red/Exchg/Defeasance		Exchanged	Security Type
	Exchanged	Price	Price	Value	Premium	Int Rate	
11.96% Sr Notes	100.0%	105.2%		\$ 60,000	\$ 0	10.9%	Sr Notes
14.10% Sr Notes	100.0%	105.2%		3,100	-	14.10%	Sr Notes
14.10% Sub Notes	100.0%	105.2%		3,100	-	14.10%	Sub Notes
10.13% Sub Notes & Sr Notes	100.0%	100.0%	106.2%	50,000	-		Sub Notes & Sr Notes
9.38% Sub Notes & Sr Notes	100.0%	100.0%	108.2%	75,000	-		Sub Notes & Sr Notes
12.25% Sub Notes & Sr Notes	100.0%	103.5%	116.2%	84,094	2,844		Sub Notes & Sr Notes
8.00% Acq. & Other Notes Pay	0.0%	100.0%		-	-		Acq. & Other Notes Pay
8.25% Existing Credit Facility	0.0%	100.0%		-	-		Existing Credit Facility
0.00% Other Notes	0.0%	0.0%		-	-	11.0%	Other Notes
					\$ 2,844		

PFRD STOCK:

14.33% Pfd Stock 100.0% 100.0% 4,167 - Pfd Stock
 12.88% Pfd Stock 100.0% 92.0% 27,600 - Pfd Stock
 0.00% - - - -

Total Petro

\$ 0

 \$ 2,844

STAR INSTRUMENTS:

8.04% 1st Mortgage Notes 0.0% 0.0% - - 1st Mortgage Notes
 7.25% WC Revolver 0.0% 0.0% - - WC Revolver
 7.25% Acquisition Facility 0.0% 0.0% - - Acquisition Facility
 7.50% New Debt 0.0% 0.0% - - New Debt
 7.17% Pearl Notes 0.0% 0.0% - - Pearl Notes

Total Combined

\$ 0

 \$ 2,844

2,843.75

STAR STAND ALONE DISTRIBUTION ASSUMPTIONS

	Distribution
Minimum Quarterly Distribution	\$2.20
First Target Distribution	\$2.42
Second Target Distribution	\$2.84
Third Target Distribution	\$3.70
Thereafter	NM

Target Distribution Level \$2.20
 Annual Distribution Increase \$0.00

Standard Distribution Structure ("S") or Target ("T") t

STAR PRO FORMA DISTRIBUTION ASSUMPTIONS

	Distribution
Minimum Quarterly Distribution	\$2.30

First Target Distribution	\$2.42
Second Target Distribution	\$2.84
Third Target Distribution	\$3.70
Thereafter	NM

	1998	1999	2000	2001	2001	Thereafter
Annual Indicated Distribution Increase	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Target Indicated Distribution Level	\$2.30	\$2.30	\$2.30	\$2.30	\$2.30	
Standard Distribution Structure ("S") or Target ("T")	t					

=====
PRO FORMA OPENING BALANCE SHEET

(in thousands except per share and per unit data)

OPENING BALANCE SHEET	STAR GAS	PETRO		MERGER	PRO FORMA
	9/30/98	9/30/98		ADJUSTMENT	9/30/98
ASSETS:					
Cash	\$ 1,115	\$ 13,767		\$ 0	\$ 14,882
Other Current Assets	16,832	64,045		-	80,877
TOTAL CURRENT ASSETS	17,947	77,812		-	95,759
PP&E and Intangibles, Net	161,660	107,957		-	269,617
Investments in Unconsolidated Affiliates	-	113		(113)	-
Other Assets	-	12,796		-	12,796
Total Assets	179,607	198,678		(113)	378,172
LIABILITIES:					
Current Liabilities	12,450	78,003		-	90,453
8.25% Existing Credit Facility	4,770	-		-	4,770
Long Term Debt	105,000	286,885		(116,250)	275,635
Total Preferred Stock	-	34,167		(34,167)	-
Other Liabilities	40	10,686		-	10,726
Total Liabilities	122,260	409,741		(150,417)	381,584
Common Shareholder's /Partner's Equity	57,347	(211,063)		150,304	(3,412)
Total Liabilities and Equity	\$179,607	\$198,678		(\$113)	\$378,172
check	-	-		-	-
PRO FORMA CAPITAL STRUCTURE	STAR GAS	PETRO	% NET	MERGER	PRO FORMA
	9/30/98	9/30/98	TENDERED	ADJUSTMENT	STAR GAS
					9/30/98
DEBT					
8.04% 1st Mortgage Notes	\$ 85,000	\$ 0		\$ 0	\$ 85,000
7.25% WC Revolver	4,770	-		-	4,770
7.25% Aquisition Facility	9,000	-		-	9,000
7.17% Pearl Notes	11,000	-		-	11,000
11.96% Sr Notes	-	60,000	100.0%	(60,000)	-
14.10% Sr Notes	-	3,100	100.0%	(3,100)	-
14.10% Sub Notes	-	3,100	100.0%	(3,100)	-
10.13% Sub Notes & Sr Notes	-	50,000	100.0%	(50,000)	-
9.38% Sub Notes & Sr Notes	-	75,000	100.0%	(75,000)	-
12.25% Sub Notes & Sr Notes	-	81,250	100.0%	(81,250)	-
0.00% Other Notes	-	0		-	-
8.00% Acq. & Other Notes Pay	-	14,435		-	14,435
8.25% Existing Credit Facility	-	0		-	-
10.90% Exchanged Debt	-	-		60,000	60,000
14.10% Exchanged Debt	-	-		6,200	6,200
7.50% New Debt	-	-		90,000	90,000
TOTAL L.T. DEBT	109,770	286,885		(116,250)	280,405
PREFERRED STOCK:					
14.33% Pfd Stock	-	4,167		(4,167)	-
12.88% Pfd Stock	-	30,000		(30,000)	-
TOTAL PREFERRED	-	34,167		(34,167)	-

COMMON EQUITY	57,347	(211,063)	150,304	(3,412)
	-----	-----	-----	-----
TOTAL CAPITAL	\$167,117	\$109,989		\$276,993
	=====	=====		=====

5 of 19

=====
(in thousands except per share and per unit data)

STAR GAS STAND ALONE INCOME STATEMENT

	Actual	Normalized	Projected			
			1998	1998	1999	2000
EBITDA	\$ 18,906	\$ 22,135	\$ 21,119	\$ 25,260	\$ 26,797	\$ 28,335
Depreciation and Amortization	11,638	12,079	12,218	13,066	13,944	14,652
EBIT	7,268	10,056	8,901	12,194	12,853	13,683
Interest Expense	(7,927)	(7,667)	(8,798)	(9,359)	(9,878)	(10,398)
Interest Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Income Before Taxes	(659)	2,389	103	2,835	2,975	3,285
Current Income Taxes	(25)	(25)	(25)	(25)	(25)	(25)
Deferred Income Taxes	-	-	-	-	-	-
Net Income Available to Common	(\$684)	\$ 2,364	\$ 78	\$ 2,810	\$ 2,950	\$ 3,260

STAR GAS STAND ALONE UNITS OUTSTANDING

Common Units						
Beginning Balance	3,859	3,859	3,859	3,920	4,120	4,296
Issuance	0	0	61	201	176	148
Buyback	0	0	0	0	0	0
Ending Balance	3,859	3,859	3,920	4,120	4,296	4,444
Average Common Units Outstanding	3,859	3,859	3,889	4,020	4,208	4,370
Subordinated Units						
Beginning Balance	2,396	2,396	2,396	2,396	2,396	2,396
Issuance	0	0	0	0	0	0
Buyback	0	0	0	0	0	0
Ending Balance	2,396	2,396	2,396	2,396	2,396	2,396
Average Subordinated Unites Outstanding	2,396	2,396	2,396	2,396	2,396	2,396
GP Implied Units						
Beginning Balance	128	128	128	129	133	137
Issuance	0	0	1	4	4	3
Buyback	0	0	0	0	0	0
Ending Balance	128	128	129	133	137	140
Ending Implied GP Units Outstanding	128	128	128	131	135	138
Total Units	6,383	6,383	6,445	6,649	6,829	6,979
Average Units Outstanding	6,383	6,383	6,414	6,547	6,739	6,904

6 of 19

=====
(in thousand except per share and per unit date)

STAR GAS STAND ALONE BALANCE SHEET	Actual	Projected			
	1998	1999	2000	2001	2002
ASSETS:					
Cash	\$ 1,115	\$ 1,115	\$ 1,115	\$ 1,115	\$ 1,115
Other Current Assets	16,832	18,289	21,016	22,028	23,041
Total Current Assets	17,947	19,404	22,131	23,143	24,156

PP&E and Intangibles, Net	161,660	157,299	157,362	156,596	155,171
Other Assets	-	-	-	-	-
Total Assets	179,607	176,703	179,493	179,739	179,327
=====					
LIABILITIES:					
Current Liabilities - Excluding Working Capital Borrowing	12,450	13,907	16,634	17,646	18,659
Total Debt	109,770	118,079	125,231	132,401	139,589
Other Liabilities	40	40	40	40	40
Total Liabilities	122,260	132,026	141,905	150,087	158,288
Partner's Equity	57,347	44,677	37,588	29,652	21,039
Total Liabilities and Equity	\$ 179,607	\$ 176,703	\$ 179,493	\$ 179,739	\$ 179,327
Check	-	-	-	-	0

STAR GAS STAND ALONE CASH FLOW STATEMENT

Net Income	\$ 78	\$ 2,810	\$ 2,950	\$ 3,260
Depreciation and Amortization	12,218	13,066	13,944	14,652
Deferred Taxes	-	-	-	-
Other Income	-	-	-	-
Other Assets/Liabilities	-	-	-	-
Change in Working Capital	0	0	-	-
Cash From Operations	12,296	15,876	16,894	17,912
Maintenance CapEx	(2,632)	(2,679)	(2,728)	(2,777)
Internal Growth CapEx	-	-	-	-
External Growth CapEx	(5,000)	(10,000)	(10,000)	(10,000)
Cash from Investments	(7,632)	(12,679)	(12,728)	(12,777)
Acquisition Borrowing	3,637	5,496	6,060	6,684
Remaining Distributions to Repay Debt	0	0	(0)	0
Amortization of Mortgage Notes	-	-	-	-
Borrowing to Repay Existing Debt	-	-	-	-
Borrowing for Changes in WC	(0)	(0)	-	-
Borrowing to Pay Full MQD	4,447	1,206	660	54
Change in Equity	1,363	4,504	3,940	3,316
Transaction/Deal Expenses	(225)	(450)	(450)	(450)
Distributions	(14,110)	(14,404)	(14,826)	(15,189)
Cash from Financing	(4,889)	(3,647)	(4,616)	(5,585)
Net Cash Flow	(225)	(450)	(450)	(450)
Initial Cash Balance	1,115	1,115	1,115	1,115
Cash Available for Paydown on WC Revolver and Acq. Facility	890	665	665	665
Minimum Cash Balance	1,115	1,115	1,115	1,115
Borrowing/(Paydown) on WC Revolver and Acq. Facility	225	450	450	450
Net Change in Cash	-	-	-	-
Ending Cash Balance	\$ 1,115	\$ 1,115	\$ 1,115	\$ 1,115

7 of 19

=====

(in thousands except per share and per unit data)

	Actual	Normalized	Projected				
	1998	1998	1999	2000	2001	2002	
	-----	-----	-----	-----	-----	-----	
STAR GAS STAND ALONE EBITDA CALCULATION							
(See Tab 3: Cases)							
			Year 1	Year 2	Year 3	Year 4	Year 5
EBITDA Growth Rate			17.1%	-4.6%	19.6%	6.1%	5.7%
			-----	-----	-----	-----	-----
BASE EBITDA:							
Timing							

End 1998							
Mid 1999							
Mid 2000							
Mid 2001							
Mid 2002							
Mid 2003							
Mid 2004							
Mid 2005							
TOTAL EBITDA	\$ 18,906	\$ 22,135	\$ 21,119	\$ 25,260	\$ 26,797	\$ 28,335	
	=====	=====	=====	=====	=====	=====	
PRO FORMA FULL-YEAR EBITDA FOR DEBT CONVENANT ANALYSIS	18,906	22,135	21,504	26,030	27,567	29,105	

STAR GAS STAND ALONE DEPRECIATION CALCULATION

			\$ 11,638	\$ 12,079	\$ 12,079	\$ 12,079	\$ 12,079	\$ 12,079
EXISTING DEPRECIATION								
MAINTENANCE CAPEX:	1998 Normal	2,610						
	1998	2,625	\$ 0	\$ 0	\$ 175	\$ 175	\$ 175	\$ 175
Annual Growth: 1.8%	1999	2,632			88	175	175	175
	2000	2,679				89	179	179
	2001	2,728					91	182
	2002	2,777						93
INTERNAL GROWTH CAPEX:	1998	0	-	-	-	-	-	-
Annual Growth: 0.0%	1999	0						
	2000	0				0	0	0
	2001	0					-	0
	2002	0						-
	2003	0						
	2004	0						
	2005	0						
EXTERNAL GROWTH CAPEX:	1998	9,000	-	-	600	600	600	600
Annual Growth: 0.0%	1999	5,000			167	333	333	333
	2000	10,000				333	667	667
	2001	10,000					333	667
	2002	10,000						333
	2003	10,000						
	2004	10,000						
	2005	10,000						
TOTAL DEPRECIATION			\$ 11,638	\$ 12,079	\$ 12,218	\$ 13,066	\$ 13,944	\$ 14,652

8 Of 19

STAR GAS STAND ALONE DEBT SCHEDULE

(in thousands except per share and per unit data)

		Actual	Normalized	Projected			
				1998	1998	1999	2000
8.04% 1st Mortgage Notes							
Beginning Balance		\$ 85,000	\$ 85,000	\$ 85,000	\$ 85,000	\$ 85,000	\$ 85,000
Borrowing		0	0	0	0	0	0
Amortization		0	0	0	0	0	0
Ending Balance		85,000	85,000	85,000	85,000	85,000	85,000
Interest Payment	8.04%	6,834	6,834	6,834	6,834	6,834	6,834
Make-Whole Payment		0	0	0	0	0	0
7.17% Pearl Notes							
Beginning Balance		\$ 0	\$ 0	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000
Borrowing		11,000	11,000	0	0	0	0
Amortization		0	0	0	0	0	0
Ending Balance		11,000	11,000	11,000	11,000	11,000	11,000
Interest Payment	7.17%	613	613	789	789	789	789
% of year Pearl Notes Outstanding		77.7%	77.7%	0	0	0	0
7.25% WC Revolver							
Beginning Balance		-	-	\$ 4,770	\$ 4,770	\$ 4,770	\$ 4,770
Borrowing for Change in WC		-	-	(0)	(0)	-	-
Borrowing/(Payment)		4,770	4,770	0	0	0	0
Ending Balance		4,770	4,770	4,770	4,770	4,770	4,770
Effective Avg WC Balance		6,621	3,034	3,062	3,062	3,062	3,062
Interest Payment	7.25%	480	220	222	222	222	222
7.25% Acquisition Facility							
Beginning Balance		-	-	\$ 9,000	\$ 17,309	\$ 24,461	\$ 31,631
External Acquisitions		9,000	9,000	3,637	5,496	6,060	6,684
External Acquisitions at Beginning of 1999		-	-	-	-	-	-
Internal Acquisitions		-	-	-	-	-	-
Borrowing to Pay Full MQD		-	-	4,447	1,206	660	54
Borrowings to Repay Existing Debt		-	-	-	-	-	-
Borrowings/(Payment)		-	-	225	450	450	450
Remaining Distributions to Repay Debt		-	-	0	0	(0)	0
Ending Balance		9,000	9,000	17,309	24,461	31,631	38,819
Interest Balance	7.25%	0	0	954	1,514	2,033	2,554
TOTAL DEBT							
Beginning Balance		\$ 85,000	\$ 85,000	\$ 109,770	\$ 118,079	\$ 125,231	\$ 132,401
Amortization of Mortgage Notes		-	-	-	-	-	-
Borrowing for Pearl Notes		11,000	11,000	-	-	-	-
Borrowing for Changes in WC		-	-	(0)	(0)	-	-
Borrowing to Pay Full MQD		-	-	4,447	1,206	660	54
Acquisition Borrowing		9,000	9,000	3,637	5,496	6,060	6,684
Borrowing to Repay Existing Debt		-	-	-	-	-	-
Remaining Distribution to Repay Debt		-	-	0	0	(0)	0
Borrowing/(Payment) on WC Revolver and Acq. Facility		4,770	4,770	225	450	450	450
Ending Balance		\$ 109,770	\$ 109,770	\$ 118,079	\$ 125,231	\$ 132,401	\$ 139,589

Interest Expense						
Interest Expense	\$ 7,927	\$ 7,667	\$ 8,798	\$ 9,359	\$ 9,878	\$ 10,398
Bank Fee	-	-	-	-	-	-
	-----	-----	-----	-----	-----	-----
Total Interest Payment	\$ 7,927	\$ 7,667	\$ 8,798	\$ 9,359	\$ 9,878	\$ 10,398
	=====	=====	=====	=====	=====	=====

9 of 19

=====

STAR GAS STAND ALONE SCHEDULE OF ACTUAL DISTRIBUTIONS

(in thousands except per share and per unit data)

ASSUMES REVISED TARGET DISTRIBUTION STRUCTURE	ACTUAL	NORMALIZED	PROJECTED			
	1998	1998	1999	2000	2001	2002
	-----	-----	-----	-----	-----	-----
DISTRIBUTABLE CASH						
Cash from Operations	\$10,954	\$14,443	\$12,296	\$15,876	\$16,894	\$17,912
Maintenance CapEx	(2,625)	(2,610)	(2,632)	(2,679)	(2,728)	(2,777)
Other	0	0	0	0	0	0
	-----	-----	-----	-----	-----	-----
Total MLP Distributable Cash Flow	8,329	11,833	9,664	13,197	14,166	15,135
Distributable Cash Flow /Unit	\$ 1.30	\$ 1.85	\$ 1.51	\$ 2.02	\$ 2.10	\$ 2.19
AVERAGE UNITS FOR CALCULATING ANNUAL DISTRIBUTIONS						
Common Units	3,859	3,859	3,889	4,020	4,208	4,370
Subordinated Units	2,396	2,396	2,396	2,396	2,396	2,396
General Partner Interest Unit Equivalent	128	128	128	131	135	138
	-----	-----	-----	-----	-----	-----
Total Units Outstanding	6,383	6,383	6,414	6,547	6,739	6,904
DISTRIBUTION LEVELS						
MQD	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20
First Target	\$ 2.42	\$ 2.42	\$ 2.42	\$ 2.42	\$ 2.42	\$ 2.42
Second Target	\$ 2.84	\$ 2.84	\$ 2.84	\$ 2.84	\$ 2.84	\$ 2.84
Third Target	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70
Indicated Cash Distribution	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20
DISTRIBUTION OF MQD						
Cash Available	8,329	11,833	9,664	13,197	14,166	15,135
Cash Borrowed to pay Full MQD	5,713	2,209	4,447	1,206	660	54
Allocation to:						
Common Units	8,490	8,490	8,557	8,844	9,258	9,613
Subordinated Units	5,271	5,271	5,271	5,271	5,271	5,271
General Partner Interest	281	281	282	288	297	304
FIRST TARGET DISTRIBUTION						
Cash Available	0	0	0	0	0	0
Cash Required for Target Distribution	0	0	0	0	0	0
Cash Required for Indicated Distribution	0	0	0	0	0	0
Actual Cash Distributed	0	0	0	0	0	0
Allocation to:						
Common Units	0	0	0	0	0	0
Subordinated Units	0	0	0	0	0	0
General Partner Interest	0	0	0	0	0	0
SECOND TARGET DISTRIBUTION						
Cash Available:	0	0	0	0	0	0
Cash Required for Target Distribution	0	0	0	0	0	0
Cash Required for Indicated Distribution	0	0	0	0	0	0
Actual Cash Distributed	0	0	0	0	0	0
Allocation to:						
Common Units	0	0	0	0	0	0
Subordinated Units	0	0	0	0	0	0
General Partner Interest	0	0	0	0	0	0
Incentive Distribution	0	0	0	0	0	0
THIRD TARGET DISTRIBUTION						
Cash Available	0	0	0	0	0	0
Cash Required for Target Distribution	0	0	0	0	0	0
Cash Required for Indicated Distribution	0	0	0	0	0	0
Actual Cash Distributed	0	0	0	0	0	0
Allocation to:						
Common Units	0	0	0	0	0	0
Subordinated Units	0	0	0	0	0	0
General Partner Interest	0	0	0	0	0	0
Incentive Distribution	0	0	0	0	0	0

10 of 19

STAR GAS STAND ALONE SCHEDULE OF ACTUAL DISTRIBUTIONS (CONT'D)

(in thousands except per share and per unit data)

	Actual	Normalized	Projected			
	1998	1998	1999	2000	2001	2002
Remaining Distribution						
Cash Available	0	0	0	0	0	0
Allocation to:						
Common Units	0	0	0	0	0	0
Subordinated Units	0	0	0	0	0	0
General Partner Interest	0	0	0	0	0	0
Incentive Distribution	0	0	0	0	0	0
Repay Indebtedness	(0)	0	(0)	(0)	0	(0)
Total Distributions						
Common Units	8,490	8,490	8,557	8,844	9,258	9,613
Subordinated Units	5,271	5,271	5,271	5,271	5,271	5,271
General Partner Interest	281	281	282	288	297	304
Incentive Distribution	0	0	0	0	0	0
Total Distributions	\$14,042	\$14,042	\$14,110	\$14,404	\$14,826	\$15,189
Total Distributions Per Unit						
Common Unit	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20
Subordinated Unit	2.20	2.20	2.20	2.20	2.20	2.20
GP Unit	2.20	2.20	2.20	2.20	2.20	2.20

11 of 19

(in thousands except per share and per unit data)

	Actual	Normalized	Projected						
	1998	1998	1999	2000	2001	2002			
PETRO EBITDA CALCULATION									
EBITDA GROWTH RATE									
		Year 1	Year 2	Year 3	Year 4	Year 5			
BASE EBITDA:									
ACQUISITIONS:	Timing								
	End	1998	\$ 0						
	Mid	1999	15,000						
	Mid	2000	30,000						
	Mid	2001	30,000						
	Mid	2002	30,000						
	Mid	2003	30,000						
	Mid	2004	30,000						
	Mid	2005	30,000						
TOTAL EBITDA		\$ 34,929	\$ 46,900	\$ 44,415	\$ 48,195	\$ 50,649	\$ 52,834		
PRO FORMA FULL-YEAR EBITDA FOR DEBT COVENANT ANALYSIS		34,929	46,900	45,994	51,353	53,807	55,992		
PETRO DEPRECIATION CALCULATION									
EXISTING DEPRECIATION		\$ 28,946	\$ 24,018	\$ 24,018	\$ 24,018	\$ 24,018	\$ 24,018		
MAINTENANCE CAPEX:		1998	\$ 3,500	-	-	233	233	233	233
Annual Growth: 2.0%		1999	3,641		121	243	243	243	243
		2000	3,714			124	248	248	248
		2001	3,788				126	253	253
		2002	3,864					129	129
		2003	3,941						
		2004	4,020						

2005 4,100

INTERNAL GROWTH CAPEX:	1998	\$ 0	-	-	-	-	-	-
Annual Growth: 0.0%	1999	0	-	-	-	-	-	-
	2000	0	-	-	-	-	-	-
	2001	0	-	-	-	-	-	-
	2002	0	-	-	-	-	-	-
	2003	0	-	-	-	-	-	-
	2004	0	-	-	-	-	-	-
	2005	0	-	-	-	-	-	-
EXTERNAL GROWTH CAPEX:	1998	\$ 0	-	-	0	0	0	0
Annual Growth: 0.0%	1999	15,000	-	-	595	1,190	1,190	1,190
	2000	30,000	-	-	-	1,190	2,381	2,381
	2001	30,000	-	-	-	-	1,190	2,381
	2002	30,000	-	-	-	-	-	1,190
	2003	30,000	-	-	-	-	-	-
	2004	30,000	-	-	-	-	-	-
	2005	30,000	-	-	-	-	-	-
TOTAL DEPRECIATION:			28,946	24,018	24,968	26,999	29,630	32,266

=====
(in thousands except per share and per unit data)

STAR PRO FORMA INCOME STATEMENT

	ACTUAL	NORMALIZED	PROJECTED		
	1998	1998	1999	2000	2001
Combined EBITDA	\$ 53,835	\$ 69,035	\$ 65,534	\$ 73,455	\$ 77,446
Consolidated Savings	500	500	500	500	500
Pro Forma EBITDA	54,335	69,535	66,034	73,955	77,946
Depreciation and Amortization	40,584	36,097	37,186	40,065	43,574
EBIT	13,751	33,438	28,848	33,890	34,372
Interest Expense	(24,530)	(24,396)	(25,068)	(26,410)	(28,325)
Interest Income	-	-	-	-	-
Other Income	-	-	-	-	-
EBT	(10,779)	9,042	3,780	7,480	6,047
Current Income Taxes	(525)	(525)	(525)	(625)	(675)
Deferred Income Taxes	-	-	-	-	-
Net Income Available to Common	(\$11,304)	\$ 8,517	\$ 3,255	\$ 6,855	\$ 5,372
Pro Forma Full-Year EBITDA for Debt Covenant Analysis	54,335	69,535	67,998	77,883	81,874

STAR PRO FORMA UNITS OUTSTANDING

Common Units					
Beginning Balance		12,873	12,873	13,687	13,734
Issuance		-	-	-	-
Issued to meet Debt Covenant Ratio		-	814	47	991
Issued to E		-	-	-	-
Buyback		-	-	-	-
Ending Balance	12,873	12,873	13,687	13,734	14,725
Average Common Units Outstanding	12,873	12,873	13,280	13,710	14,229
Deferred Participation Units					
Beginning Balance	-	-	909	909	909
DPUs Issued at Beginning of Year	-	-	-	-	-
Ending Balance	-	-	909	909	909
SR Subordinated Units					
Beginning Balance - Sr Sub Units		2,491	2,491	2,491	2,491
DPUs Issued		-	-	-	-
Sr Sub Issuance		-	-	-	-
Sr. Sub to E		-	-	-	-
Sr Sub Converted to G.P. Interest		-	-	-	-
Ending Balance	2,491	2,491	2,491	2,491	2,491
Average Sr Subordinated Units Outstanding	2,491	2,491	2,491	2,491	2,491
Subordinated Units					
Beginning Balance		431	431	431	431
Issuance		-	-	-	-
Buyback		-	-	-	-
Ending Balance	431	431	431	431	431
Average Subordinated Units Outstanding	431	431	431	431	431
GP Implied Units					
Beginning Balance		322	322	322	322
Issued in conjunction with DPUs		-	-	-	-
Issued to Meet Debt Covenant Ratio		-	-	-	-
Issued to conjunction with E Equity		-	-	-	-
Buyback		-	-	-	-

	-----	-----	-----	-----	-----
	322	322	322	322	322
Average Implied GP Units Outstanding	-----	-----	-----	-----	-----
	322	322	322	322	322
Total Units Outstanding	16,118	16,118	16,932	16,979	17,970
Average Total Units Outstanding	-----	-----	-----	-----	-----
	16,118	16,118	16,525	16,955	17,474
	=====	=====	=====	=====	=====
Pro Forma Heating Oil Units Used for DPU Issue Calculation			10,111	10,408	10,735
	2002				

Combined EBITDA	\$ 81,169				
Consolidated Savings	500				
Pro Forma EBITDA	-----				
	81,669				
Depreciation and Amortization	46,918				
EBIT	-----				
	34,751				
Interest Expense	(29,444)				
Interest Income	-				
Other Income	-				
EBT	5,307				
Current Income Taxes	(725)				
Deferred Income Taxes	-				
Net Income Available to Common	-----				
	\$ 4,582				
Pro Forma Full-Year EBITDA for Debt Covenant Analysis	-----				
	85,597				
STAR PRO FORMA UNITS OUTSTANDING					
Common Units	-				
Beginning Balance	14,725				
Issuance	-				
Issued to meet Debt Covenant Ratio	1,035				
Issued to E	-				
Buyback	-				
Ending Balance	-----				
	15,760				
Average Common Units Outstanding	-----				
	15,242				
Deferred Participation Units					
Beginning Balance	909				
DPUs Issued at Beginning of Year	-				
Ending Balance	-----				
	909				
SR Subordinated Units					
Beginning Balance - Sr Sub Units	2,491				
DPUs Issued	-				
Sr Sub Issuance	-				
Sr. Sub to E	-				
Sr Sub Converted to G.P. Interest	-				
Ending Balance	-----				
	2,491				
Average Sr Subordinated Units Outstanding	-----				
	2,491				
Subordinated Units					
Beginning Balance	431				
Issuance	-				
Buyback	-				
Ending Balance	-----				
	431				
Average Subordinated Units Outstanding	-----				
	431				
GP Implied Units					
Beginning Balance	322				
Issued in conjunction with DPUs	-				
Issued to Meet Debt Covenant Ratio	-				
Issued to conjunction with E Equity	-				
Buyback	-				
Ending Balance	-----				
	322				
Average Implied GP Units Outstanding	-----				
	322				
Total Units Outstanding	19,005				
Average Total Units Outstanding	-----				
	18,487				
	=====				
Pro Forma Heating Oil Units Used for DPU Issue Calculation					
	11,583				

STAR PRO FORMA BALANCE SHEET	ACTUAL	PROJECTED			
	1998	1999	2000	2001	2002
ASSETS:					
Cash	\$ 14,882	\$ 14,882	\$ 14,882	\$ 14,882	\$ 14,882
Other Current Assets	80,877	76,323	86,627	91,818	96,661
Total Current Assets	95,759	91,205	101,509	106,700	111,543
PP&E and Intangibles, Net	269,617	258,704	265,032	267,974	267,697
Other Assets	12,796	12,796	12,796	12,796	12,796
Total Assets	378,172	362,705	379,337	387,471	392,037
LIABILITIES:					
Current Liabilities	90,453	85,899	96,203	101,394	106,237
8.25% Existing Credit Facility	4,770	4,770	4,770	4,770	4,770
Total LT Debt	275,653	274,092	311,532	327,496	342,388
Other Liabilities	10,726	10,726	10,726	10,726	10,726
Total Liabilities	381,584	375,487	423,231	444,386	464,121
Preferred Stock	-	-	-	-	-
Common Shareholder's Equity	(3,412)	(12,782)	(43,894)	(56,916)	(72,085)
Total Liabilities and Equity	\$378,172	\$362,705	\$379,337	\$387,471	\$392,037
Check	-	-	-	-	-
STAR PRO FORMA CASH FLOW STATEMENT					
Net Income		\$ 3,225	\$ 6,855	\$ 5,372	\$ 4,582
Depreciation and Amortization		37,186	40,065	43,574	46,918
Deferred Taxes		-	-	-	-
Other Assets/Liab		-	-	-	-
Change in Non-Cash Working Capital		-	-	-	-
Cash from Operations		40,441	46,920	48,946	51,500
Maintenance CapEx		(6,273)	(6,393)	(6,516)	(6,641)
Internal Growth CapEx		-	-	-	-
External Growth CapEx		(20,000)	(40,000)	(40,000)	(40,000)
Cash from Investments		(26,273)	(46,393)	(46,516)	(46,641)
Acquisition Borrowing		20,000	40,000	40,000	40,000
Remaining Distributions to Repay Debt		(3,624)	(1,530)	(2,239)	(2,339)
Amortization of Existing Debt		(8,154)	(8,141)	(60)	(60)
Borrowing to Repay Existing Debt		6,054	8,141	60	60
Borrowing for Change in WC		-	-	-	-
Change in Common Equity & GP Interest		17,919	1,030	21,797	22,769
Repayment of Preferred Stock		-	-	-	-
Distributions		(30,544)	(38,997)	(40,191)	(42,520)
Cash from Financing		1,651	503	19,368	17,909
Net Cash Flow		15,819	1,030	21,797	22,769
Initial Cash Balance		14,882	14,882	14,882	14,882
Cash Available for Paydown on WC Revolver and Acq. Facility		30,701	15,912	36,679	37,651
Minimum Cash Balance		14,882	14,882	14,882	14,882
Borrowing/(Paydown) on WC Revolver and Acq. Facility		(15,819)	(1,030)	(21,797)	(22,769)
Ending Cash Balance		14,882	14,882	14,882	14,882
Net Change in Cash		\$ 0	\$ 0	\$ 0	\$ 0

=====

(in thousands except per share and per until data)

STAR PRO FORMA DEBT SCHEDULE	ACTUAL	NORMALIZED	PROJECTED			
	1998	1998	1999	2000	2001	2002
8.04% 1st Mortgage Notes						
Beginning Balance	\$85,000	\$85,000	85,000	\$85,000	\$85,000	\$85,000
Borrowing	-	-	-	-	-	-
Amortization	-	-	-	-	-	-
Ending Balance	85,000	85,000	85,000	85,000	85,000	85,000
Interest Payment	8.04%	6,834	6,834	6,834	6,834	6,834
7.17% Pearl Notes						
Beginning Balance	11,000	11,000	11,000	11,000	11,000	11,000
Borrowing	-	-	-	-	-	-
Amortization	-	-	-	-	-	-
Ending Balance	11,000	11,000	11,000	11,000	11,000	11,000
Interest Payment	7.17%	613	789	789	789	789
% of year Pearl Notes Outstanding		77.7%	77.7%			
10.13% Sub Notes & Sr Notes						
Beginning Balance	50,000	50,000	-	-	-	-
Borrowing	-	-	-	-	-	-
Amortization	(50,000)	(50,000)	-	-	-	-
Ending Balance	-	-	-	-	-	-

Interest Payment	10.13%	-	-	-	-	-	-
9.38% Sub Notes & Sr Notes							
Beginning Balance		75,000	75,000	-	-	-	-
Borrowing		-	-	-	-	-	-
Amortization		(75,000)	(75,000)	-	-	-	-
Ending Balance		-	-	-	-	-	-
Interest Payment	9.38%	-	-	-	-	-	-
12.25% Sub Notes & Sr Notes							
Beginning Balance		81,250	81,250	-	-	-	-
Borrowing		-	-	-	-	-	-
Amortization		(81,250)	(81,250)	-	-	-	-
Ending Balance		-	-	-	-	-	-
Interest Payment	12.25%	-	-	-	-	-	-
7.50% New Debt							
Beginning Balance		-	-	90,000	96,054	104,195	104,225
Borrowing		90,000	90,000	6,054	8,141	60	60
Amortization		-	-	-	-	-	-
Ending Balance		90,000	90,000	96,054	104,195	104,255	104,315
Interest Payment	7.50%	6,750	6,750	6,977	7,509	7,817	7,821
Exchange of 11.96% Senior Notes							
Beginning Balance		-	-	60,000	60,000	60,000	60,000
Borrowing		60,000	60,000	-	-	-	-
Amortization		-	-	-	-	-	-
Ending Balance		60,000	60,000	60,000	60,000	60,000	60,000
Interest Payment	10.90%	6,540	6,540	6,540	6,540	6,540	6,540
8.00% Acq. & Other Notes Pay							
Beginning Balance		16,507	16,507	14,435	8,381	240	180
Borrowing		-	-	-	-	-	-
Amortization		(2,072)	(2,072)	(6,054)	(8,141)	(60)	(60)
Ending Balance		14,435	14,435	8,381	240	180	120
Interest Payment	8.00%	1,238	1,238	913	345	17	12

15 of 19

(in thousands except per share and per unit data)

STAR PRO FORMA DEBT SCHEDULE (CONT'D)

		Actual	Normalized	Projected			
		1998	1998	1999	2000	2001	2002
Exchange of 14.10% Senior Notes							
Beginning Balance		-	-	6,200	4,100	4,100	4,100
Borrowing		6,200	6,200	-	-	-	-
Amortization		-	-	(2,100)	-	-	-
Ending Balance		6,200	6,200	4,100	4,100	4,100	4,100
Interest Payment	14.10%	874	874	578	578	578	578
7.25% WC Revolver							
Beginning Balance		-	-	4,770	4,770	4,770	4,770
Borrowing for Change in WC		-	-	-	-	-	-
Borrowing to Pay Full MQD		-	-	-	-	-	-
Borrowing/(Payment)		4,770	4,770	-	-	-	-
Ending Balance		4,770	4,770	4,770	4,770	4,770	4,770
Effective Avg WC Balance		10,179	9,044	11,338	11,338	11,338	11,338
Interest Payment	7.25%	738	656	822	822	822	822
7.25% Acquisition Facility							
Beginning Balance		-	-	9,000	9,557	46,997	62,961
External Acquisitions		9,000	9,000	20,000	40,000	40,000	40,000
External Acquisitions at Beginning of 1999		-	-	-	-	-	-
Internal Growth CapEx		-	-	-	-	-	-
Payment		-	-	(15,819)	(1,030)	(21,797)	(22,769)
Remaining Distributions to Repay Debt		-	(1,419)	(3,624)	(1,530)	(2,239)	(2,339)
Ending Balance		9,000	7,581	9,557	46,997	62,961	77,853
Interest Payment	7.25%	\$ 0	(\$51)	\$ 673	\$ 2,050	\$ 3,986	\$ 5,105
Total Pro Forma Debt							
Beginning Balance		\$318,757	\$318,757	\$280,405	\$278,862	\$316,302	\$332,266
Amortization of Existing Debt		(208,322)	(208,322)	(8,154)	(8,141)	(60)	(60)
Exchange of Notes		66,200	66,200	-	-	-	-
Borrowing for Changes in WC		-	-	-	-	-	-
Acquisition Borrowing		9,000	9,000	20,000	40,000	40,000	40,000
Borrowing to Pay Full MQD		-	-	-	-	-	-
Borrowing to Repay Existing Debt		90,000	90,000	6,054	8,141	60	60
Remaining Distributions to Repay Debt		-	(1,419)	(3,624)	(1,530)	(2,239)	(2,339)
Borrowing/(Payment) on WC Revolver and Acq. Facility		4,770	4,770	(15,819)	(1,030)	(21,797)	(22,769)
Ending Balance		280,405	278,986	278,862	316,302	332,266	347,158
Preferred Stock							
Beginning Balance		34,167	34,167	-	-	-	-
Repayment		(34,167)	(34,167)	-	-	-	-
Ending Balance		-	-	-	-	-	-

Dividend Payment	14.33%	-	-	-	-	-	-
Interest Expense/Dividends		23,587	23,453	24,125	25,467	27,382	28,501
Chase Fees		943	943	943	943	943	943
Total Interest Payment/Dividends		\$ 24,530	\$ 24,396	\$ 25,068	\$ 26,410	\$ 28,325	\$ 29,444

16 of 19

(IN THOUSANDS EXCEPT PER SHARE AND PER UNIT DATA)

STAR PRO FORMA DISTRIBUTION SCHEDULE OF ACTUAL DISTRIBUTIONS

	Actual	Normalized	Projected			
	1998	1998	1999	2000	2001	2002
Distributable Cash						
Cash from Operations (excl chg in WC)	29,280	44,614	\$40,441	\$46,920	\$48,946	\$51,500
Maintenance CapEx	(6,125)	(6,125)	(6,273)	(6,393)	(6,516)	(6,641)
Other	-	-	-	-	-	-
Total MLP Distributable Cash Flow	23,155	38,489	34,168	40,527	42,429	44,859
Distributable Cash Flow/Unit	\$ 1.44	\$ 2.39	\$ 2.07	\$ 2.39	\$ 2.43	\$ 2.43
Distributable Cash Flow/Unit Pro Forma for DPU Conversion						
Average Units for Calculating Annual Distributions						
Common Units	12,873	12,873	13,280	13,710	14,229	15,242
SR Subordinated Units	2,491	2,491	2,491	2,491	2,491	2,491
Subordinated Units	431	431	431	431	431	431
General Partner Interest Unit Equivalent	322	322	322	322	322	322
Total Units Outstanding	16,118	16,118	16,525	16,955	17,474	18,487
Distribution Levels	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30
MQD	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30
First Target	\$ 2.42	\$ 2.42	\$ 2.42	\$ 2.42	\$ 2.42	\$ 2.42
Second Target	\$ 2.84	\$ 2.84	\$ 2.84	\$ 2.84	\$ 2.84	\$ 2.84
Third Target	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70
Indicated Cash Distribution	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30
Distribution of MQD						
Cash Available	23,155	38,489	34,168	40,527	42,429	44,859
Allocation to:						
Common Units	23,155	29,607	30,544	31,534	32,727	35,057
SR Subordinated Units	0	5,730	0	5,730	5,730	5,730
Subordinated Units	0	992	0	992	992	992
General Partner Interest	0	741	0	741	741	741
First Target Distribution						
Cash Available	0	1,419	3,624	1,530	2,239	2,339
Cash Required for Target Distribution	0	1,934	1,984	2,037	2,100	2,224
Cash Required for Indicated Distribution	0	0	0	0	0	0
Actual Cash Distributed	0	0	0	0	0	0
Allocation to:						
Common Units	0	0	0	0	0	0
SR Subordinated Units	0	0	0	0	0	0
Subordinated Units	0	0	0	0	0	0
General Partner Interest	0	0	0	0	0	0
Total Distributions to:						
Common Units	0	0	0	0	0	0
Sr. Subordinated Units	0	0	0	0	0	0
Subordinated Units	0	0	0	0	0	0
General Partner Interest	0	0	0	0	0	0

17 of 19

(in thousands except per share and per unit data)

STAR GAS PRO FORMA SCHEDULE OF ACTUAL DISTRIBUTIONS (CONT'D)

	Actual	Normalized	Projected			
	1998	1998	1999	2000	2001	2002

Total Distributions Per Unit	14,042	14,042	14,110	14,404	14,826	15,189

Common Units	\$1.80	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30
SR Subordinated Units	0.00	2.30	0.00	2.30	2.30	2.30
Subordinated & GP Units	0.00	2.30	0.00	2.30	2.30	2.30

Appendix II to

FAIRNESS OPINION PRESENTATION TO THE
SPECIAL COMMITTEE OF THE BOARD OF DIRECTORS OF
STAR GAS CORPORATION

Analyses performed under 15-year weather scenario
Changed Pages Only

CONFIDENTIAL

A.G.EDWARDS & SONS, INC.
INVESTMENT BANKING

February 10, 1999

TABLE OF CONTENTS

Please note: Appendix II follows the same page numbering format as Appendix I and contains only those pages that changed as a result of performing the analyses under the 15-year weather scenario. Appendix II should be read in conjunction with Appendix I.

	Section -----
Overview of Petroleum Heat and Power Co., Inc.....	A
Overview of Star Gas Partners, L.P.....	B
Pro Forma Merger Analysis.....	E
Relative Contribution Analysis.....	G
Discounted Cash Flow Analysis.....	H
Comparable Transactions Analysis.....	I
Public Partnership Analysis.....	J
Pro Forma Model.....	K

OVERVIEW OF PETRO
EBITDA PROJECTIONS
(\$ in thousands)

	ACTUAL LTM 9/98	ACTUAL 1998	NORMALIZED 1998	PROJECTED			
				ADJUSTED FOR ACTUAL 1999	2000	2001	2002
EBITDA	\$34,929	\$30,612	\$44,749	\$43,475	\$45,978	\$48,375	\$50,509

MAJOR ASSUMPTIONS FOR 1999 - 2002

[_] 15 Year Weather

[_] Flat Attrition.

[_] \$15 million in 1999 and \$30 million in 2000 to 2002 of acquisitions at 4.75x EBITDA multiple using half-year convention.

[_] Increase in gross profit margin of \$0.01 in 1999 and \$0.005 in 2000 to 2002.

Page A-8

OVERVIEW OF STAR GAS
EBITDA PROJECTIONS
(\$ in thousands)

	ACTUAL 1998	NORMALIZED 1998	PROJECTED			
			ADJUSTED FOR ACTUAL 1999	2000	2001	2002
EBITDA	\$18,906	\$20,731	\$20,415	\$23,749	\$25,182	\$26,615

MAJOR ASSUMPTIONS FOR 1999 - 2002

[_] 15 Year Weather

[_] No growth in base business.

[_] \$5 million in 1999 and \$10 million in 2000 to 2002 of acquisitions at 6.5x EBITDA multiple using half-year convention.

[_] No increase in gross profit margin.

Page B-4

PRO FORMA MERGER ANALYSIS

[_] A.G. Edwards analyzed the impact of the Transaction on the Partnership's distributable cash flow per unit, the related accretion, common unit coverage and total unit coverage on a pro forma basis.

	STAR GAS STAND-ALONE	STAR GAS PRO FORMA
DCF PER UNIT		
1998 Actual	\$1.30	\$1.44
1999 Adjusted for Actual (a)	1.41	1.96
2000 Projected	1.77	2.14
ACCRETION/DILUTION		
1998 Actual		\$0.13
1999 Adjusted for Actual (a)		0.56
2000 Projected		0.37
COMMON UNIT COVERAGE		
1998 Actual	0.98x	0.78x
1999 Adjusted for Actual (a)	1.04	1.06
2000 Projected	1.27	1.14

TOTAL UNIT COVERAGE		
1998 Actual	0.59x	0.62x
1999 Adjusted for Actual (a)	0.64	0.85
2000 Projected	0.80	0.93

(a) Adjusted to include actual results through January 21, 1999.

Page E-1

RELATIVE CONTRIBUTION ANALYSIS (a)
(\$ IN THOUSANDS)

[_] A.G.Edwards analyzed the relative pro forma contribution of both Star Gas and Petro to the ownership of capital in the pro forma entity based on Star Gas' and Petro's historical results from operations and their respective projections.

STAR GAS' AVERAGE GROSS PROFIT CONTRIBUTION	GROSS PROFIT [GRAPH APPEARS HERE]
---	--------------------------------------

96-98	27.5%
99-00	29.2%
96-00	28.2%

STAR GAS' AVERAGE EBITDA CONTRIBUTION	EBITDA (B) [GRAPH APPEARS HERE]
--	------------------------------------

96-98	35.4%
99-00	33.1%
96-00	34.5%

-
- (a) For purposes of its analysis, A.G. Edwards converted Petro's historical December 31st fiscal year-end to a September 30th fiscal year-end for comparison purposes. Other measures of relative contribution analysis are non-meaningful.
- (b) Includes only heating oil EBITDA for Petro.

Page G-1

RELATIVE CONTRIBUTION ANALYSIS
(\$ IN THOUSANDS)
(continued)

For Star Gas' contribution of approximately 28.2% of the combined entity's gross profit and 34.5% of the combined entity's EBITDA, it will receive approximately 34.8% of the implied firm value.

IMPLIED FIRM VALUE
[PIE CHART APPEARS HERE]

Page G - 2

DISCOUNTED CASH FLOW ANALYSIS

[_] A. G. Edwards performed discounted cash flow analyses for Petro, Star Gas and Star Gas Pro Forma. For Petro, A. G. Edwards used projected tax-

adjusted operating cash flows for 1999 through 2002, terminal values calculated on 2002 operating cash flow, and discount rates based on the related weighted average cost of capital. For Star Gas and Star Gas Pro Forma, A. G. Edwards used projected DCF for 1999 through 2002, terminal values calculated on 2002 DCF and discount rates based on the related cost of equity.

Assumptions:

- [_] Weighted average cost of capital ("WACC")
 - Petro Stand Alone of 13.4% to 13.9% (calculated WACC of 13.6%)
- [_] Cost of Equity
 - Star Gas Stand Alone of 9.5% to 10.3% (calculated cost of equity of 9.9%)
 - Star Gas Pro Forma of 9.5% to 10.3% (calculated cost of equity of 9.9%)
- [_] Terminal value operating cash flow multiple
 - Petro Stand Alone of 8.0x to 10.0x (calculated 2000 operating cash flow multiple of 9.1x)
- [_] Terminal value DCF multiple
 - Star Gas Stand Alone and Star Gas Pro Forma of 8.5x to 10.5x (calculated 2000 DCF multiple of 9.5x)

Page H - 1

DISCOUNTED CASH FLOW ANALYSIS
(continued)

PETRO STAND ALONE

15 YEAR WACC	TERMINAL VALUE OPERATING CASH FLOW MULTIPLE				
	8.0x	8.5x	9.0x	9.5x	10.0x
13.4%	(\$40,163)	(\$30,848)	(\$21,534)	(12,219)	(2,904)
13.6%	(41,742)	(32,500)	(23,259)	(14,017)	(4,775)
13.9%	(43,307)	(343,137)	(24,967)	(15,797)	(6,628)

STAR GAS STAND ALONE

15 YEAR COST OF EQUITY	TERMINAL VALUE DCF MULTIPLE				
	8.5x	9.0x	9.5x	10.0x	10.5x
9.5%	\$77,230	\$80,338	\$83,447	\$86,555	\$89,664
9.9%	76,359	79,427	82,495	85,563	88,631
10.3%	75,502	78,530	81,559	84,587	87,616

STAR GAS PRO FORMA

15 YEAR	TERMINAL VALUE DCF MULTIPLE				
---------	-----------------------------	--	--	--	--

COST OF EQUITY	8.5x	9.0x	9.5x	10.0x	10.5x
9.5%	\$92,737	\$96,408	\$100,079	\$103,750	\$107,421
9.9%	91,701	95,324	98,948	102,571	106,194
10.3%	90,682	94,258	97,834	101,411	104,987

Page H-2

DISCOUNTED CASH FLOW ANALYSIS
PETRO - STAND ALONE
EXCLUDING DISTRIBUTIONS FROM STAR GAS
(\$ IN THOUSANDS)

CASH FLOW SUMMARY (a):	ADJUSTED FOR ACTUAL 1999	2000	2001	2002	TERMINAL
EBITDA	\$41,939	\$39,988	\$36,799	\$33,785	
Taxes	(500)	(500)	(500)	(500)	
Maintenance capital expenditures	(3,641)	(3,714)	(3,788)	(3,864)	
Working capital increases (b)	(500)	(500)	(500)	(500)	
Net Operating cash flow (free cash flow)	37,298	35,274	32,011	28,921	
WEIGHTED AVERAGE COST OF CAPITAL (c)	13.6%				
TERMINAL OPERATING CASH FLOW MULTIPLE (d)	9.1x				
Discount factor (e)	0.9380	0.8254	0.7263	0.6391	0.6391
Terminal value (f)					\$263,181
PRESENT VALUE	\$274,040	\$34,987	\$29,116	\$23,250	\$168,202
Current net debt and preferred stock (g)	(\$295,450)				
NET PRESENT VALUE OF HEATING OIL EQUITY	(\$21,410)				

- (a) Based on management projections.
- (b) A. G. Edwards' estimate.
- (c) Based on comparable companies WACC.
- (d) Petro's current firm value of \$322.1 million/\$35.3 million 15-year weather 2000 net operating cash flow=9.1x.
- (e) Discounted back to mid-year 1999.
- (f) Terminal value calculated using operating cash flow multiple.
- (g) Net of \$13.8 million of cash. Market value of debt used.

Page H - 3

DISCOUNTED CASH FLOW ANALYSIS
STAR GAS - STAND ALONE
(\$ IN THOUSANDS)

DISTRIBUTABLE CASH FLOW SUMMARY (a):	ADJUSTED FOR ACTUAL 1999	2000	2001	2002	TERMINAL
EBITDA	20,415	23,749	25,182	26,615	
Interest expense	(8,600)	(8,885)	(9,307)	(9,788)	

Maintenance capital expenditures		(2,553)	(2,599)	(2,646)	(2,694)	
Cash taxes		(25)	(25)	(25)	(25)	
Distributable cash flow		9,237	12,240	13,204	14,108	
COST OF EQUITY (b)	9.9%					
TERMINAL DCF MULTIPLE (c)	9.5x					
Discount factor (d)		0.9540	0.8684	0.7904	0.7194	0.7194
Terminal value (e)						\$134,026
PRESENT VALUE	\$136,446	\$8,812	\$10,629	\$10,436	\$10,149	\$ 96,419
Common units/Total units (f)	60.5%					
EQUITY VALUE TO COMMON UNITS (g)	\$ 82,495					

- (a) Based on management projections.
(b) Based on cost of equity calculation per WACC analysis.
(c) Star's current equity market value of \$115.3 million/\$12.2 million 15-year weather 2000 DCF=9.5x.
(d) Discounted back to mid-year 1999.
(e) Terminal value calculated using DCF multiple.
(f) Total units include common, subordinated and GP units.
(g) Current market value of common units is 3,858 units * \$18.06 unit price=\$69,685.

Page H - 4

DISCOUNTED CASH FLOW ANALYSIS
STAR GAS - PRO FORMA
(\$ IN THOUSANDS)

DISTRIBUTABLE CASH FLOW SUMMARY (a):	ADJUSTED FOR ACTUAL 1999	2000	2001	2002	TERMINAL	
EBITDA	64,390	70,227	74,057	77,624		
Interest expense	(24,819)	(25,600)	(27,180)	(28,252)		
Maintenance capital expenditures	(6,194)	(6,313)	(6,434)	(6,558)		
Cash taxes	(525)	(625)	(675)	(725)		
Distributable cash flow	32,852	37,689	39,768	42,089		
COST OF EQUITY (b)	9.9%					
TERMINAL DCF MULTIPLE (c)	9.5x					
Discount factor (d)		0.9540	0.8682	0.7901	0.7191	0.7191
Terminal value (e)						\$399,846
PRESENT VALUE	\$413,265	\$31,340	\$32,721	\$31,422	\$30,265	\$287,517
Original Common units/Total units (f)	23.9%					
EQUITY VALUE TO COMMON UNITS (g)	\$98,948					

- (a) Based on management projections. See Appendix K for model.
(b) Based on cost of equity calculation per WACC analysis.
(c) Star's current firm value of \$115.3 million/\$12.2 million 15-year weather 2000 DCF=9.5x.

- (d) Discounted back to mid-year 1999.
- (e) Terminal value calculated using DCF multiple.
- (f) Total units include common, newly issued common, senior subordinated, subordinated and GP units.
- (g) Current market value of common units is 3,858 units * \$18.06 unit price=\$69,685.

COMPARABLE TRANSACTIONS ANALYSIS
FIRM VALUATION

- [_] A.G. Edwards noted that public disclosure regarding transactions in the retail home heating oil distribution industry was extremely limited.
- [_] A.G. Edwards analyzed the financial terms related to divestitures by Petro of its retail home heating oil branches and compared them to the implied multiples of the aggregate purchase price of Petro's heating oil assets.
- [_] Petro has sold three branches for an average EBITDA multiple of 9.0x.
- [_] A.G. Edwards calculated the purchase price of Petro's heating oil assets and calculated multiples based on Petro's EBITDAs.

PURCHASE PRICE OF HEATING OIL ASSETS

Equity purchase price of heating oil assets including CUs	\$ 16,054
Cost of Debt to be Redeemed (\$206,250 + \$2,844 premium)	209,094
Cost of Debt to be Assumed	80,501
Cost of Preferred stock at Redemption Value	31,767
Consent Fees	1,961
Transaction Fees	19,139

Aggregate purchase price of heating oil assets	\$ 358,516 =====

MULTIPLES		MULTIPLES		NOTES
-----		-----		-----
Actual 4 quarters ended 9/30/98 EBITDA (a)	34,929	10.3	x	As a multiple of aggregate transaction value.
Adjusted for actual 1999 EBITDA (a)	43,475	8.2	x	As a multiple of aggregate transaction value.
Projected 2000 EBITDA (a)	45,978	7.8	x	As a multiple of aggregate transaction value.

(a) Calculated as gross profit minus SG&A expense and direct delivery expense.

PUBLIC PARTNERSHIP ANALYSIS

- [_] A.G. Edwards compared certain financial and market information of Star Gas on a historical and pro forma basis to that of certain public propane master limited partnerships which A.G. Edwards deemed relevant for the purposes of this analysis. A.G. Edwards reviewed the trading multiples from a total of five master limited partnerships.
- [_] The selected propane master limited partnerships are as follows:
 - AmeriGas Partners, L.P.
 - Heritage Propane Partners, L.P.

- Cornerstone Propane Partners, L.P. - Suburban Propane Partners, L.P.
- Ferrellgas Partners, L.P.

[_] No partnership used in the analysis is identical to Star Gas.

PUBLIC COMPARABLE PARTNERSHIPS (a)

	STAR	PRO FORMA STAR	PUBLIC PARTNERSHIP MEDIAN	PUBLIC PARTNERSHIP RANGES
Distribution yield	12.2%	12.7%	10.4%	8.6% to 12.3%
Market capitalization/LTM EBITDA	11.9x	10.3x	11.5x	9.1x to 13.2x
Market capitalization/1999E EBITDA	11.0x (b)	8.7x (b)	9.8x	8.6x to 11.3x
Equity Market Cap/LTM DCF	13.8x	12.6x	13.2x	9.6x to 15.5x
Equity Market Cap/1999E DCF	12.5x (c)	8.9x (c)	10.5x	9.9x to 12.2x
LTM common unit coverage	1.0x	0.8x	1.5x	0.8x to 1.9x
1999E common unit coverage	1.0x (d)	1.1x (d)	2.0x	0.9x to 2.2x
LTM total unit coverage	0.6x	0.6x	0.8x	0.5x to 1.1x
1999E total unit coverage	0.6x (d)	0.9x (d)	1.1x	0.6x to 1.1x

- (a) Public comparable partnerships include: APU, CNO, FGP, HPG and SPH.
- (b) Market capitalization/adjusted for actual 1999 EBITDA.
- (c) Equity market cap/adjusted for actual 1999 EBITDA.
- (d) Adjusted for actual 1999.

Page J-1

PUBLIC PARTNERSHIP ANALYSIS
(\$ IN MILLIONS, EXCEPT PER UNIT DATA)

Company	Ticker	Closing Price on (2/3/99)	Implied Market Value of Equity	Implied Firm Value	Distribution per Unit	Yield	Common Units/ Total Units(a)
Star Gas Partners, L.P.	SGU	\$18.063	\$ 115.3	\$ 225.2	\$2.20	12.2%	60.5%
AmeriGas Partners, L.P.	APU	23.625	1,009.8	1,724.0	2.20	9.3%	51.7%
Cornerstone Propane Partners, L.P. (c) (d)	CNO	17.500	355.6	610.4	2.16	12.3%	65.5%
Ferrellgas Partners, L.P. (d) (e)	FGP	18.688	596.8	1,185.7	2.00	10.7%	46.0%
Heritage Propane Partners, L.P. (d)	HPG	23.750	207.9	403.8	2.05	8.6%	55.7%
Suburban Propane Partners, L.P. (f)	SPH	19.188	562.4	930.8	2.00	10.4%	73.6%
Mean						10.3%	58.5%
Median						10.4%	55.7%
Pro Forma		\$18.063	\$291.1	\$ 557.7 (g)	\$2.30	12.7%	79.9%

	LTM Common Unit Coverage	LTM Total Unit Coverage	FY99E DCF/unit	FY99E Common Unit Coverage	FY99E Total Unit Coverage
Star Gas Partners, L.P.	1.0x (b)	0.6x (b)	\$1.41	1.0x	0.6x
AmeriGas Partners, L.P.	1.5x	0.8x	2.35	2.0x	1.1x
Cornerstone Propane Partners, L.P. (c) (d)	0.8x	0.5x	1.36	0.9x	0.6x
Ferrellgas Partners, L.P. (d) (e)	1.5x	0.7x	2.14	2.2x	1.1x
Heritage Propane Partners, L.P. (d)	1.9x	1.1x	2.35	2.0x	1.1x
Suburban Propane Partners, L.P. (f)	1.3x	1.0x	2.08	1.2x	1.0x
Mean	1.4x	0.8x		1.7x	1.0x
Median	1.5x	0.8x		2.0x	1.1x
Pro Forma	0.8x (b)	0.6x (b)	1.96	1.1x	0.9x

1999 estimates per A.G. Edwards' research (not adjusted for actual 1999 results), except for Star and Pro Forma.

Implied Firm Value equals, for comparative purposes, common, subordinated and GP units, multiplied by the market price of common units plus debt, less cash.

(a) Calculated as (common units/ ((common + subordinated units)/0.98).

- (b) For Star and Pro forma only, LTM figures are 1998 actuals.
- (c) Financial figures not pro forma for acquisition of Propane Continental Inc.
- (d) Maintenance capital expenditures assumed to be 8% of EBITDA due to lack of disclosure.
- (e) Financial figures exclude ESOP charge of \$0.9 million.
- (f) Financial figures exclude \$5.1 million gain from sale of minority interest and \$1.8 million loss from impairment of assets.
- (g) \$291.1 in equity plus \$286.2 pro forma debt, less \$19.6 in cash and cash collateral.

PUBLIC PARTNERSHIP ANALYSIS
(\$ IN MILLIONS, EXCEPT PER UNIT DATA)
(continued)

	TOTAL DEBT/ FIRM VALUE	LTM EBITDA/ INT. EXP.	FIRM VALUE/ LTM EBITDA	FIRM VALUE/ 1999E EBITDA	EQUITY MARKET CAP/ LTM DCF	EQUITY MARKET CAP/ 1999E DCF
STAR GAS PARTNERS, L.P.	51.4%	2.4x (a)	11.9x (a)	11.0x	13.8x (a)	12.5x
AmeriGas Partners, L.P.	41.7%	2.3x	11.5x	9.8x	13.7x	10.6x
Cornerstone Propane Partners, L.P.	43.1%	2.4x	13.2x	11.3x	15.5x	12.2x
Ferrellgas Partners, L.P.	50.1%	2.1x	11.8x	9.5x	13.2x	9.9x
Heritage Propane Partners, L.P.	49.1%	2.5x	10.7x	10.3x	10.6x	10.2x
Suburban Propane Partners, L.P.	46.0%	3.3x	9.1x	8.6x	9.6x	10.5x
MEAN	46.0%	2.5x	11.3x	9.9x	12.5x	10.7x
MEDIAN	46.0%	2.4x	11.5x	9.8x	13.2x	10.5x
PRO FORMA	51.3%	2.2x (a)	10.3x (a)	8.7x	12.6x (a)	8.9x

EBITDA is defined as net income (loss) before extraordinary items plus interest, income taxes, depreciation and amortization, impairment expense, and other non-recurring and non-operating items.

- (a) For Star and Pro forma only, LTM figures are 1998 actuals.

TRANSACTION SUMMARY AND ASSUMPTIONS

(in thousands except per share and per unit data)

SUMMARY CASH FLOW AND COVERAGE ANALYSIS

	PROJECTED					
	ACTUAL 1998	NORMALIZED 1998	ADJ. FOR ACTUAL 1999	2000	2001	2002
STAR STAND ALONE						
EBITDA	\$ 18,906	\$ 20,731	\$ 20,415	\$ 23,749	\$ 25,182	\$ 26,615
Interest Expense	(7,927)	(7,667)	(8,600)	(8,885)	(9,307)	(9,788)
Maintenance CapEx	(2,625)	(2,610)	(2,553)	(2,599)	(2,646)	(2,694)
Other	(25)	(25)	(25)	(25)	(25)	(25)
Distributable Cash Flow	\$ 8,329	\$ 10,429	\$ 9,237	\$ 12,240	\$ 13,204	\$ 14,108
DCF per Common Unit	\$ 2.16	\$ 2.70	\$ 2.29	\$ 2.79	\$ 2.80	\$ 2.82
DCF/Common Unit MQD	0.98 x	1.23 x	1.04 x	1.27 x	1.27 x	1.28 x
DCF per Total Unit	\$ 1.30	\$ 1.63	\$ 1.41	\$ 1.77	\$ 1.82	\$ 1.87
DCF/Total MQD	0.59 x	0.74 x	0.64 x	0.80 x	0.83 x	0.85 x
Indicated Distribution per Common Unit	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20	\$ 2.20
STAR PRO FORMA						
EBITDA						
Star	\$ 18,906	\$ 20,731	\$ 20,415	\$ 23,749	\$ 25,182	\$ 26,615
Petro	34,929	40,749	43,475	45,978	48,375	50,509
Synergies	500	500	500	500	500	500
Total	54,335	65,980	64,390	70,227	74,057	77,624

Interest Expense	(24,530)	(24,448)	(24,819)	(25,600)	(27,180)	(28,252)
Maintenance CapEx	(6,125)	(6,125)	(6,194)	(6,313)	(6,434)	(6,558)
Other	(525)	(525)	(525)	(625)	(675)	(725)
Distributable Cash Flow	23,155	34,882	32,852	37,689	39,768	42,089
DCF per Common Unit	\$ 1.80	\$ 2.71	\$ 2.44	\$ 2.63	\$ 2.63	\$ 2.58
DCF per Sr. Sub & Common Unit	\$ 1.51	\$ 2.27	\$ 2.06	\$ 2.24	\$ 2.25	\$ 2.24
DCF per Total Unit	\$ 1.44	\$ 2.16	\$ 1.96	\$ 2.14	\$ 2.16	\$ 2.15
Indicated Distribution per Common Unit	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30

Accretion/Dilution

DCF per Unit - Star Stand Alone	\$ 1.30	\$ 1.63	\$ 1.41	\$ 1.77	\$ 1.82	\$ 1.87
DCF per Unit - Pro Forma	\$ 1.44	\$ 2.16	\$ 1.96	\$ 2.14	\$ 2.16	\$ 2.15
Accretive (\$/Unit)	\$ 0.13	\$ 0.53	\$ 0.56	\$ 0.37	\$ 0.34	\$ 0.29
Accretive (%)	10.1%	32.5%	39.4%	21.2%	18.9%	15.3%
Pro Forma Heating Oil DCF per Unit			\$ 2.32	\$ 2.39	\$ 2.39	\$ 2.33
DPUs Issued as Sr Sub Units at Beg of Year	-	-	-	-	-	-

Pro Forma Credit Analysis

EBITDA/Interest	2.22 x	2.70 x	2.25 x	2.74 x	2.72 x	2.75 x
LT Debt/EBITDA	5.07	4.18	4.15	4.22	4.20	4.20
LT Debt/EBITDA (Pro Forma for Full-Year Acquisitions)	4.91	4.04	4.03	4.00	4.00	4.00
# of Units Issued to Meet Debt Covenant	-	-	1,207	508	1,122	1,170

Pro Forma Coverage Ratios

MQD Coverage						
Common Unit	0.78 x	1.18 x	1.06 x	1.14 x	1.14 x	1.12 x
Senior Subordinated Unit	0.66	0.99	0.89	0.97	0.98	0.97
Total Unit	0.62	0.94	0.85	0.93	0.94	0.94
Indicated Distribution Coverage						
Common Unit	0.78 x	1.18 x	1.06 x	1.14 x	1.14 x	1.12 x
Senior Subordinated Unit	0.66	0.99	0.89	0.97	0.98	0.97
Total Unit	0.62	0.94	0.85	0.93	0.94	0.94

CURRENT MODEL ASSUMPTIONS

Scenario Version: 15-yr; \$15/\$30mm @ 4.75x mid-year; \$0.1 '99, \$0.005 '00-'01, flat att.

Petro Acqs/yr	\$15,000	1999	\$30,000	2000 on
Star Acqs/yr	\$ 5,000	1999	\$10,000	2000 on

G.P. Interest Subordinate

EQUITY RESTRUCTURING

	Petro	
	Public	Insiders
Securities Offered	Sr Sub	Sub & GP
Security Offered per Share	0.11758	0.14318
Total Shares	14,618	11,834
Insiders to Receive Sr. Sub	6,572	(6,572)
Shares to Be Converted	21,190	5,262
Units Offered	2,491	753
DPUs Offered		909

SOURCES AND USES OF FUNDS

Sources:		Uses:	
Excess Cash on Hand	\$ 0	Repay Debt Principal	\$206,250
New Star Debt	90,000	Redeem Preferred	31,767
New MLP Equity	170,000	Premium on Redemption/	
New MLP E Equity	-	Exchange/Defeasance	2,844
Equity for Consent Fees	1,961	Consent Fees	1,961
Cash Balance	0	Transaction Fees	19,139
	\$ 261,960		\$261,960

FINANCING SUMMARY

Amount	Rate	Unit Price
--------	------	------------

New Common Raised \$170,000 (a)
 New Debt Raised 90,000 7.50% \$19.08

(a) Last 20 Days Average Stock Price @ 2/3

UNITS OUTSTANDING

	Current		Pro Forma	
	Units	%	Units	%
Existing Common	3,858,999	60.5%	3,858,999	23.9%
New Common	0	0.0%	9,013,547	55.9%
New Common for Acquisitions	0	0.0%	0,000	0.0%
Common to Petro Shareholders	0	0.0%	0,000	0.0%
Sr Sub (Petro S/H's)	0	0.0%	2,491,500	15.5%
Existing Sub	2,396,078	37.5%	431,126	2.7%
Implied GP	127,655	2.0%	322,350	2.0%
Total Units	6,392,732	100.0%	16,117,523	100.0%

TRANSACTION SUMMARY AND ASSUMPTIONS
 (in thousands except per share and per unit data)

OPERATING ASSUMPTIONS

	Petro	Star	Star Normal
Normalized Maintenance CapEx	\$ 3,500	\$ 2,625	\$2,610
Maintenance CapEx Life	15 yrs	15 yrs	
Growth CapEx Life	12.6 yrs	15 yrs	

Required Cash at Beginning for Initial Distribution		8,865	
Minimum Star Stand Alone Cash Balance		\$ 1,115	
Minimum Star Pro Forma Cash Balance		\$ 14,882	
Consolidation Savings		\$ 500	
Annual Bank Fees	\$ 943	\$ 0	
Last 20 Days Average Stock Price @ 2/3	\$ 1.01	\$ 19.08	2000+
Annual Transaction/Deal Expenses		\$ 225	\$ 450
Debt/EBITDA Bank Covenant Ratio		4.0x	
Issue Equity to Meet Bank Debt Covenants (Y/N)?		yes	

DEBT RESTRUCTURING

Privates:	% Tendered	Projected 12/31/97		Strategy	Price
		Principal			
11.96% Sr Notes	100.0%	60,000		Exchange	105.2%
14.10% Sr Notes	100.0%	3,100		Exchange	105.2%
14.10% Sub Notes	100.0%	3,100		Exchange	105.2%
14.33% Pfd Stock	100.0%	4,167		Neg. Tender	100.0%
Publics:					
10.13% Sub Notes & Sr Notes	100.0%	50,000		Neg. Tender	100.0%
9.38% Sub Notes & Sr Notes	100.0%	75,000		Tender	100.0%
12.25% Sub Notes & Sr Notes	100.0%	81,250		Tender	103.5%
12.88% Pfd Stock	100.0%	30,000		Tender	92.0%

NEW SECURITY ASSUMPTIONS

New MLP Equity

Gross Proceeds	\$170,000
Common Units for Consent Fee	1,961
Common Units to Enron	-
Total New Equity Value	\$171,960
Common Units to Public	9,014 units

New Star Debt

Gross Proceeds	90,000
Gross Spread %	1.25%
Gross Spread \$	\$1,125
Offering Price Share (current market price)	\$19.08
Coupon	7.50%

ACQUISITION ASSUMPTIONS

Petro	Multiple	1998	1999	2000	2001	2002
Amount	4.75 x	\$ 0	\$15,000	\$30,000	\$30,000	\$30,000
Timing		End	Mid	Mid	Mid	Mid
% EBITDA		0.0%	50.0%	50.0%	50.0%	50.0%
Amount	4.75 x	\$ 0				
Timing			Beg			
% EBITDA in Initial Year			100.0%			
Units Issued at: Common		\$22.00				
Sr. Sub.		\$18.52				

Star Stand-Alone

		30 Year				
Weather	6.50 x	\$9,000	\$ 5,000	\$ 10,000	\$ 10,000	\$ 10,000
Amount		End	Mid	Mid	Mid	Mid
Timing		0.0%	50.0%	50.0%	50.0%	50.0%
% EBITA in Initial Year						
Amount Financed with Equity		\$ 0	\$ 7,572	\$ 8,417	\$ 6,585	\$ 6,300
New Units @:		0	344	383	299	286
Units Issued at Price of:		\$22.00	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00
Amount	6.50 x		\$ 0			
Timing			Beg			
% EBITDA in Initial Year			100.0%			

EXCHANGE ASSUMPTIONS

Shareholders of:	Existing Shares	Gets New Units of:				
		Common	Sr Sub	Jnr Sub	G.P.	DPUs(1)
Public Class A Shareholders	14,618.087	0.000	1,718.795	0.000	0.000	481.478
Insider Class B Shares	11.228	0.000	0.000	0.000	0.000	0.000
Insider Class C Shareholders					0.000	
Class A & C Shares to Receive Jr Sub & GP	5,262.443	0.000	0.000	431.126	322.350	211.068
Class A Shares to Receive Sr Sub	6,571.740	0.000	772.705	0.000	0.000	216.454
	26,463.498	0.000	2,491.500	431.126	322.350	909.000
E Sr. Sub			0.000			0.000
Total			2,491.500			909.000

(1) Includes 2.0% G.P. Interest

TRANSACTION COSTS SUMMARY

New MLP Equity	\$ 8,500	Heating Oil DPU Trigger	
New Star Debt	1,125	DCF/Unit	% Convert
Fairness Opinion	1,275	\$2.90	33.3%
Financial Advisory	1,500		
Exchange Fees on Public Petro		Consent Fee Calculation	
Debt/Preferred	1,375		
Legal Fees	4,200		
Printing	1,500		
Accounting Fees	200		
Other:			
Environmental	0	% of Petro Stock	3.3%
Rating Agencies	60	New Petro Shares	874
Roadshow	200	Exchange Ratio	8.50x
Asset Appraisal	100	New Common Units	102.773
Solicitation expenses	100	Common Unit Price	\$ 19.08
Other Bank Fees	150	Implied Value	\$ 1,961
Other	225		
	\$20,510		
Transaction Costs Capped at	\$19,139		

SUMMARY DISTRIBUTIONS

(in thousands except per share and per unit data)

	1998	Projected			
		1999	2000	2001	2002
UNITHOLDER CLASS (1)					
COMMON UNITHOLDERS					
MQD		\$ 30,994	\$ 32,967	\$ 34,841	\$ 37,477
Incentive Distributions		-	-	-	-
Total		\$ 30,994	\$ 32,967	\$ 34,841	\$ 37,477
E CAPITAL					
Existing Sr. Sub Units		-	-	-	-
Number of DPUs Issued as Sr Sub Units		-	-	-	-
New Sr. Sub Units		-	-	-	-
Total Sr. Sub Units		-	-	-	-
Existing Common		-	-	-	-
New Common		-	-	-	-
Total Common		-	-	-	-
Common MQD		-	-	-	-
Common Incentive Distributions		-	-	-	-
Sr. Sub MQD		-	-	-	-
Sr. Sub Incentive Distributions		-	-	-	-
Total Distributions		-	-	-	-

SENIOR SUBORDINATED UNITHOLDERS (1)

Number of DPUs Issued as Sr Sub Units	-	-	-	-
Base MQD	\$ 0	\$ 4,722	\$ 4,927	\$ 4,613
Incremental MQD from DPUs Issued as Sr. Sub Units	-	-	-	-
Incentive Distributions	-	-	-	-
Incremental Incentive Distributions from DPUs Issued as Sr. Sub Units	-	-	-	-
Total	\$ 0	\$ 4,722	\$ 4,927	\$ 4,613
SUBORDINATED UNITHOLDERS (1)				
Number of DPUs Issued as Sr Sub Units	-	-	-	-
Base MQD	\$ 0	\$ 0	\$ 0	\$ 0
Incremental MQD from DPUs Issued as Sr. Sub Units	-	-	-	-
Incentive Distributions	-	-	-	-
Incremental Incentive Distributions from DPUs Issued as Sr. Sub Units	-	-	-	-
Total	\$ 0	\$ 0	\$ 0	\$ 0
GENERAL PARTNER				
Number of DPUs Issued as Sr Sub Units	-	-	-	-
Base MQD	\$ 0	\$ 0	\$ 0	\$ 0
Incremental MQD from DPUs Issued as Sr. Sub Units	-	-	-	-
Incentive Distributions	-	-	-	-
Incremental Incentive Distributions from DPUs Issued as Sr. Sub Units	-	-	-	-
Total	\$ 0	\$ 0	\$ 0	\$ 0
UNITHOLDER CLASS TOTAL				
Common Unitholders	\$ 30,994	\$ 32,967	\$ 34,841	\$ 37,477
Senior Subordinated Unitholders	-	4,722	4,927	4,613
Subordinated Unitholders	-	-	-	-
General Partner	-	-	-	-
Total	\$ 30,994	\$ 37,689	\$ 39,768	\$ 42,089
DISTRIBUTIONS TO DPUs CONVERTED TO SENIOR				
Subordinated Units				
MQD	\$ 0	\$ 0	\$ 0	\$ 0
Incentive Distributions	-	-	-	-
Total	-	-	-	-
	check	-	-	-

(1) Reflects distributions for respective Unitholder class. All DPUs are issued as Senior Subordinated Units but are distributed pro rata to all Petro shareholders. Consequently, the Subordinated Unitholder class includes DPUs which have been issued as Senior Subordinated Units.

3 of 19

TRANSACTION SUMMARY AND ASSUMPTIONS

(in thousands except per share and per unit data)

RECAPITALIZATION ASSUMPTIONS

PETRO INSTRUMENTS:	LOCKUP PREMIUM	(D)EFEASE (T)ENDER (R)EDEEM (E)XCHANGE (N)OTHING	PRINCIPAL AS OF 9/30/98	MATURITY PERIOD		COUPON/DIVIDEND	SINKING FUND PAYMENT		
				M/D	YR		PAYMENT	YEAR START	
11.96% Sr Notes		e	\$ 60,000	v	1-Oct	0	11.960%	\$ 0 0	
14.10% Sr Notes		e	3,100	v	15-Jan	2001	14.100%	- 1997	
14.10% Sub Notes		e	3,100	v	15-Jan	2001	14.100%	- 1997	
10.13% Sub Notes & Sr Notes	0.00%	t	50,000	v	1-Apr	2003	10.130%	-	
9.38% Sub Notes & Sr Notes	0.00%	t	75,000	v	1-Feb	2006	9.375%	-	
12.25% Sub Notes & Sr Notes	0.00%	t	81,250	v	1-Feb	2005	12.250%	-	
8.00% Acq. & Other Notes Pay		n	14,508	v		0	8.000%	- 0	
8.25% Existing Credit Facility		n	0	v		1998	8.250%	-	
0.00% Other Notes		n	0	v	NA	NA	0.000%	0 NA	

			\$286,958						
PFRD STOCK:									
14.33% Pfd Stock		t	4,167	v	1-Aug	1999	14.330%	4,167 1997	
12.88% Pfd Stock	0.0%	t	30,000	v	15-Feb	2009	12.875%	-	
0.00%		n	0				0.000%	-	

			\$ 34,167						
Total Petro			-----						
			\$321,125						
STAR INSTRUMENTS:									
8.04% 1st Mortgage Notes	0.07	n	85,000	v	NA	NA	8.040%	- 0	
7.25% WC Revolver	0.00	n	4,785		NA	NA	7.250%	- NA	

7.25% Acquisition Facility	0.01	n	9,000	v	NA	NA	7.250%	-	NA
7.50% New Debt		n	90,000	v	NA	NA	7.500%	0	NA
7.17% Pearl Notes	0.01	n	11,000		NA	NA	7.170%	0	NA
	8.21%		\$188,785						
Total Combined			\$509,910						

PETRO INSTRUMENTS:	% RED./ EXCHANGED	RED-EXCHG PRICE	DEFEASANCE PRICE	RED/EXCHG/DEFEASE VALUE PREMIUM	EXCHANGED INT RATE	SECURITY TYPE
11.96% Sr Notes	100.0%	105.2%		\$ 60,000 \$ 0	10.9%	Sr Notes
14.10% Sr Notes	100.0%	105.2%		3,100 -	14.10%	Sr Notes
14.10% Sub Notes	100.0%	105.2%		3,100 -	14.10%	Sub Notes
10.13% Sub Notes & Sr Notes	100.0%	100.0%	106.2%	50,000 -		Sub Notes & Sr Notes
9.38% Sub Notes & Sr Notes	100.0%	100.0%	108.2%	75,000 -		Sub Notes & Sr Notes
12.25% Sub Notes & Sr Notes	100.0%	103.5%	116.2%	84,094 2,844		Sub Notes & Sr Notes
8.00% Acq. & Other Notes Pay	0.0%	100.0%		- -		Acq. & Other Notes Pay
8.25% Existing Credit Facility	0.0%	100.0%		- -		Existing Credit Facility
0.00% Other Notes	0.0%	0.0%		- -	11.0%	Other Notes
				2,844		
Pfrd Stock:						
14.33% Pfd Stock	100.0%	100.0%		4,167 -		Pfd Stock
12.88% Pfd Stock	100.0%	92.0%		27,600 -		Pfd Stock
0.00%				- -		
Total Petro				\$ 0		
				\$2,844		
Star Instruments						
8.04% 1st Mortgage Notes	0.0%	0.0%		- -		1st Mortgage Notes
7.25% WC Revolver	0.0%	0.0%		- -		WC Revolver
7.25% Acquisition Facility	0.0%	0.0%		- -		Acquisition Facility
7.50% New Debt	0.0%	0.0%		- -		New Debt
7.17% Pearl Notes	0.0%	0.0%		- -		Pearl Notes
				\$ 0		
				\$2,844		
				2,843.75		

STAR STAND ALONE DISTRIBUTION ASSUMPTIONS	Distribution	STAR PRO FORMA DISTRIBUTION ASSUMPTIONS	Distribution
Minimum Quarterly Distribution	\$2.20	Minimum Quarterly Distribution	\$2.30
First Target Distribution	\$2.42	First Target Distribution	\$2.42
Second Target Distribution	\$2.84	Second Target Distribution	\$2.84
Third Target Distribution	\$3.70	Third Target Distribution	\$3.70
Thereafter	NM	Thereafter	NM
			1998
Target Distribution Level	\$2.20	Annual Indicated Distribution	
Annual Distribution Increase	\$0.00	Increase	\$0.00
		Target Indicated Distribution	
		Level	\$2.30
Standard Distribution Structure ("S") or Target ("T")	t	Standard Distribution Structure ("S") or Target ("T")	

	1999	2000	2001	2002	Thereafter
Annual Indicated Distribution					
Increase	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Target Indicated Distribution					
Level	\$2.30	\$2.30	\$2.30	\$2.30	
Standard Distribution Structure ("S") or Target ("T")	t				

4 of 19

PRO FORMA OPENING BALANCE SHEET

(in thousands except per share and per unit data)

OPENING BALANCE SHEET STAR GAS PETRO PRO FORMA
----- ----- ----- -----
MERGER STAR GAS

	9/30/98	9/30/98	ADJUSTMENTS	9/30/98
Assets:				
Cash	\$ 1,115	\$ 13,767	\$ 0	\$ 14,882
Other Current Assets	16,832	64,045	-	80,877
Total Current Assets	17,947	77,812	-	95,759
PP&E and Intangibles, Net	161,660	107,957	-	269,617
Investments in Unconsolidated Affiliates	-	113	(113)	-
Other Assets	-	12,796	-	12,796
Total Assets	179,607	198,678	(113)	378,172
Liabilities:				
Current Liabilities	12,450	78,003	-	90,453
8.25% Existing Credit Facility	4,770	-	-	4,770
Long Term Debt	105,000	286,885	(116,250)	275,635
Total Preferred Stock	-	34,167	(34,167)	-
Other Liabilities	40	10,686	-	10,726
Total Liabilities	122,260	409,741	(150,417)	381,584
Common Shareholder's/Partner's Equity	57,347	(211,063)	150,304	(3,412)
Total Liabilities and Equity	\$179,607	\$ 198,678	(\$113)	\$ 378,172
check	-	-	-	-

	STAR GAS		PETRO		% NOT TENDERED	MERGER ADJUSTMENTS	PRO FORMA STAR GAS 9/30/98
	9/30/98	9/30/98	9/30/98	9/30/98			
Debt:							
8.04% 1st Mortgage Notes	\$ 85,000	\$ 0			\$ 0	\$ 85,000	
7.25% WC Revolver	4,770	-			-	4,770	
7.25% Acquisition Facility	9,000	-			-	9,000	
7.17% Pearl Notes	11,000	-			-	11,000	
11.96% Sr Notes	-	60,000	100.0%	(60,000)	-	-	
14.10% Sr Notes	-	3,100	100.0%	(3,100)	-	-	
14.10% Sub Notes	-	3,100	100.0%	(3,100)	-	-	
10.13% Sub Notes & Sr Notes	-	50,000	100.0%	(50,000)	-	-	
9.38% Sub Notes & Sr Notes	-	75,000	100.0%	(75,000)	-	-	
12.25% Sub Notes & Sr Notes	-	81,250	100.0%	(81,250)	-	-	
0.00% Other Notes	-	0		-	-	-	
8.00% Acq. & Other Notes Pay	-	14,435		-	-	14,435	
8.25% Existing Credit Facility	-	0		-	-	-	
10.90% Exchanged Debt	-	-		60,000	60,000	-	
14.10% Exchanged Debt	-	-		6,200	6,200	-	
7.50% New Debt	-	-		90,000	90,000	-	
Total L.T. Debt	109,770	286,885		(116,250)	280,405		
Preferred Stock:							
14.33% Pfd Stock	-	4,167		(4,167)	-	-	
12.88% Pfd Stock	-	30,000		(30,000)	-	-	
Total Preferred	-	34,167		(34,167)	-	-	
Common Equity	57,347	(211,063)		150,304	(3,412)		
Total Capital	\$167,117	\$ 109,989			\$ 276,993		

5 of 19

(in thousands except per share and per unit data)

STAR GAS STAND ALONE INCOME STATEMENT

	ACTUAL	NORMALIZED	PROJECT			
	1998	1998	1999	2000	2001	2002
EBITDA	\$ 18,906	\$ 20,731	\$ 20,415	\$ 23,749	\$ 25,182	\$ 26,615
Depreciation and Amortization	11,638	12,079	12,218	12,886	13,411	13,852
EBIT	7,268	8,652	8,197	10,863	11,771	12,763
Interest Expense	(7,927)	(7,667)	(8,600)	(8,885)	(9,307)	(9,788)
Interest Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-

Income Before Taxes	(659)	985	(403)	1,978	2,464	2,975
Current Income Taxes	(25)	(25)	(25)	(25)	(25)	(25)
Deferred Income Taxes	-	-	-	-	-	-
Net Income Available to Common	\$ (684)	\$ 960	\$ (428)	\$ 1,953	\$ 2,439	\$ 2,950
STAR GAS STAND ALONE UNITS OUTSTANDING						
Common Units						
Beginning Balance	3,859	3,859	3,859	4,196	4,571	4,865
Issuance	0	0	337	375	293	281
Buyback	0	0	0	0	0	0
Ending Balance	3,859	3,859	4,196	4,571	4,865	5,145
Average Common Units Outstanding	3,859	3,859	4,028	4,384	4,718	5,005
Subordinated Units						
Beginning Balance	2,396	2,396	2,396	2,396	2,396	2,396
Issuance	0	0	0	0	0	0
Buyback	0	0	0	0	0	0
Ending Balance	2,396	2,396	2,396	2,396	2,396	2,396
Average Subordinated Units Outstanding	2,396	2,396	2,396	2,396	2,396	2,396
GP Implied Units						
Beginning Balance	128	128	128	135	142	148
Issuance	0	0	7	8	6	6
Buyback	0	0	0	0	0	0
Ending Balance	128	128	135	142	148	154
Average Implied GP Units Outstanding	128	128	131	138	145	151
Total Units	6,383	6,383	6,727	7,110	7,409	7,695
Average Units Outstanding	6,383	6,383	6,555	6,918	7,259	7,552

6 of 19

(in thousands except per share and per unit data)

STAR GAS STAND ALONE BALANCE SHEET	Actual	Projected			
	1998	1999	2000	2001	2002
ASSETS:					
Cash	\$ 1,115	\$ 1,115	\$ 1,115	\$ 1,115	\$ 1,115
Other Current Assets	16,832	17,826	20,021	20,965	21,909
Total Current Assets	17,947	18,941	21,136	22,080	23,024
PP&E and Intangibles, Net	161,660	157,220	157,383	157,068	156,360
Other Assets	-	-	-	-	-
Total Assets	179,607	176,161	178,519	179,148	179,384
LIABILITIES:					
Current Liabilities - Excluding Working Capital Borrowing	12,450	13,444	15,639	16,583	17,527
Total Debt	109,770	112,607	117,619	124,250	130,907
Other Liabilities	40	40	40	40	40
Total Liabilities	122,260	126,090	133,298	140,873	148,473
Partner's Equity	57,347	50,070	45,221	38,275	30,910
Total Liabilities and Equity	\$179,607	\$176,161	\$178,519	\$179,148	\$179,384
Check	-	-	-	-	0
STAR GAS STAND ALONE CASH FLOW STATEMENT					
Net income		(\$428)	\$1,953	\$2,439	\$2,950
Depreciation and Amortization		12,218	12,886	13,411	13,852
Deferred Taxes		-	-	-	-
Other Income		-	-	-	-
Other Assets/Liabilities		-	-	-	-
Change in Working Capital		0	-	0	-
Cash from Operations		11,790	14,839	15,850	16,802
Maintenance CapEx		(2,553)	(2,599)	(2,646)	(2,694)
Internal Growth CapEx		-	-	-	-
External Growth CapEx		(5,000)	(10,000)	(10,000)	(10,000)
Cash from Investments		(7,553)	(12,599)	(12,646)	(12,694)
Acquisition Borrowing		(2,572)	1,583	3,415	3,700
Remaining Distributions to Repay Debt		(0)	0	(0)	(0)
Amortization of Mortgage Notes		-	-	-	-
Borrowing to Repay Existing Debt		-	-	-	-
Borrowings for Changes in WC		(0)	-	(0)	-
Borrowing to Pay Full MQD		5,184	2,980	2,766	2,507
Change in Equity		7,572	8,417	6,585	6,300
Transaction/Deal Expenses		(225)	(450)	(450)	(450)
Distributions		(14,421)	(15,220)	(15,970)	(16,614)

Cash from Financing	(4,462)	(2,690)	(3,654)	(4,558)
Net Cash Flow	(225)	(450)	(450)	(450)
Initial Cash Balance	1,115	1,115	1,115	1,115
Cash Available for Paydown on WC Revolver and Acq. Facility	890	665	665	665
Minimum Cash Balance	1,115	1,115	1,115	1,115
Borrowing/(Paydown) on WC Revolver and Acq. Facility	225	450	450	450
Net Change in Cash	-	-	-	-
Ending Cash Balance	\$1,115	\$1,115	\$1,115	\$1,115

7 of 19

=====
(in thousands except per share and per unit data)

	Actual	Normalized	Projected			
			1998	1998	1999	2000
STAR GAS STAND ALONE EBITDA CALCULATION (See Tab 3: Cases)						
EBITDA GROWTH RATE		Year 1 9.7%	Year 2 -1.5%	Year 3 16.3%	Year 4 6.0%	Year 5 5.7%
BASE EBITDA: Timing						
End 1998						
Mid 1999						
Mid 2000						
Mid 2001						
Mid 2002						
Mid 2003						
Mid 2004						
Mid 2005						
TOTAL EBITDA	\$18,906	\$20,731	\$20,415	\$23,749	\$25,182	\$26,615
PRO FORMA FULL-YEAR EBITDA FOR DEBT COVENENT ANALYSIS	18,906	20,731	20,772	24,463	25,896	27,329
STAR GAS STAND ALONE DEPRECIATION CALCULATION						
EXISTING DEPRECIATION		\$11,638	\$12,079	\$12,079	\$12,079	\$12,079
MAINTENANCE CAPEX:	1998 Normal 2,610					
Annual Growth: 1.8%	1998 2,625	\$ 0	\$ 0	\$ 175	\$ 175	\$ 175
	1999 2,553			85	170	170
	2000 2,599				87	173
	2001 2,646					88
	2002 2,694					90
INTERNAL GROWTH CAPEX:	1998 0	-	-	-	-	-
Annual Growth: 0.0%	1999 0			-	-	-
	2000 0				-	0
	2001 0					-
	2002 0					
	2003 0					
	2004 0					
	2005 0					
EXTERNAL GROWTH CAPEX:	1998 9,000	-	-	600	600	600
Annual Growth: 0.0%	1999 5,000			167	333	333
	2000 10,000				333	667
	2001 10,000					333
	2002 10,000					333
	2003 10,000					
	2004 10,000					
	2005 10,000					
TOTAL DEPRECIATION		\$11,638	\$12,079	\$12,218	\$12,886	\$13,411

8 of 19

STAR GAS STAND ALONE DEBT SCHEDULE

(in thousands except per share and per unit data)

[CAPTION]

		Actual	Normalized	Projected	
		1998	1998	1999	2000
8.04% 1st Mortgage Notes					
Beginning Balance		\$85,000	\$85,000	\$85,000	\$85,000
Borrowing		0	0	0	0
Amortization		0	0	0	0
Ending Balance		\$85,000	\$85,000	\$85,000	\$85,000
Interest Payment	8.04%	6,834	6,834	6,834	6,834
Make-Whole Payment		0	0	0	0
7.17% Pearl Notes					
Beginning Balance		\$0	\$0	\$11,000	\$11,000
Borrowing		11,000	11,000	0	0
Amortization		0	0	0	0
Ending Balance		\$11,000	\$11,000	\$11,000	\$11,000
Interest Payment	7.17%	613	613	789	789
% of year Pearl Notes Outstanding		77.7%	77.7%	0	0
7.25% WC Revolver					
Beginning Balance		-	-	\$4,770	\$4,770
Borrowing for Change in WC		-	-	(0)	-
Borrowing/(Payment)		4,770	4,770	0	0
Ending Balance		4,770	4,770	4,770	4,770
Effective Avg WC Balance		6,621	3,034	3,062	3,062
Interest Payment	7.25%	480	220	222	222
7.25% Acquisition Facility					
Beginning Balance		-	-	\$9,000	\$11,837
External Acquisitions		9,000	9,000	(2,572)	1,583
External Acquisitions at Beginning of 1999		-	-	-	-
Internal Acquisitions		-	-	-	-
Borrowing to Pay Full MQD		-	-	5,184	2,980
Borrowings to Repay Existing Debt		-	-	-	-
Borrowings/(Payment)		-	-	225	450
Remaining Distributions to Repay Debt		-	-	(0)	0
Ending Balance		9,000	9,000	11,837	16,849
Interest Payment	7.25%	0	0	755	1,040
TOTAL DEBT					
Beginning Balance		\$85,000	\$85,000	\$109,770	\$112,607
Amortization of Mortgage Notes		-	-	-	-
Borrowing for Pearl Notes		11,000	11,000	-	-
Borrowing for Changes in WC		-	-	(0)	-
Borrowing to Pay Full MQD		-	-	5,184	2,980
Acquisition Borrowing		9,000	9,000	(2,572)	1,583
Borrowing to Repay Existing Debt		-	-	-	-
Remaining Distributions to Repay Debt		-	-	(0)	0
Borrowing/(Payment) in WC Revolver and Acq. Facility		4,770	4,770	225	450
Ending Balance		\$109,770	\$109,770	\$112,607	\$117,619
INTEREST EXPENSE					
Interest Expense		\$7,927	\$7,667	\$8,600	\$8,885
Bank Fee		-	-	-	-
Total Interest Payment		\$7,927	\$7,667	\$8,600	\$8,885

Projected

2001 2002

8.04% 1st Mortgage Notes			
Beginning Balance		\$85,000	\$85,000
Borrowing		0	0
Amortization		0	0
		-----	-----
Ending Balance		85,000	85,000
Interest Payment	8.04%	6,834	6,834
Make-Whole Payment		0	0
7.17% Pearl Notes			
Beginning Balance		\$11,000	\$11,000
Borrowing		0	0
Amortization		0	0
		-----	-----
Ending Balance		11,000	11,000
Interest Payment	7.17%	789	789
% of year Pearl Notes Outstanding		0	0
7.25% WC Revolver			
Beginning Balance		\$4,770	\$4,770
Borrowing for Change in WC		(0)	-
Borrowing/(Payment)		0	0
		-----	-----
Ending Balance		4,770	4,770
Effective Avg WC Balance		3,062	3,062
Interest Payment	7.25%	222	222
7.25% Acquisition Facility			
Beginning Balance		\$16,849	\$23,480
External Acquisitions		3,415	3,700
External Acquisitions at Beginning of 1999		-	-
Internal Acquisitions		-	-
Borrowing to Pay Full MQD		2,766	2,507
Borrowings to Repay Existing Debt		-	-
Borrowings/(Payment)		450	450
Remaining Distributions to Repay Debt		(0)	(0)
		-----	-----
Ending Balance		23,480	30,137
Interest Payment	7.25%	1,462	1,944
Total Debt			
Beginning Balance		\$117,619	\$124,250
Amortization of Mortgage Notes		-	-
Borrowing for Pearl Notes		-	-
Borrowing for Changes in WC		(0)	-
Borrowing to Pay Full MQD		2,766	2,507
Acquisition Borrowing		3,415	3,700
Borrowing to Repay Existing Debt		-	-
Remaining Distributions to Repay Debt		(0)	(0)
Borrowing/(Payment) in WC Revolver and Acq. Facility		450	450
		-----	-----
Ending Balance		\$124,250	\$130,907
		=====	=====
Interest Expense			
Interest Expense		\$9,307	\$9,788
Bank Fee		-	-
		-----	-----
Total Interest Payment		\$9,307	\$9,788
		=====	=====

9 of 19

STAR GAS STAND ALONE SCHEDULE OF ACTUAL DISTRIBUTIONS

(in thousands except per share and per unit data)

Assumes Revised Target Distributions Structure	Actual 1998	Normalized 1998	Projected			
			1999	2000	2001	2002
			-----	-----	-----	-----

Combined EBITDA	\$ 53,835	\$ 65,480	\$ 63,890	\$ 69,727	\$ 73,557	\$ 77,124
Consolidated Savings	500	500	500	500	500	500
Pro Forma EBITDA	54,335	65,980	64,390	70,227	74,057	77,624
Depreciation and Amortization	40,584	36,097	37,186	39,885	43,041	46,118
EBIT	13,751	29,883	27,204	30,342	31,016	31,506
Interest Expense	(24,530)	(24,448)	(24,819)	(25,600)	(27,180)	(28,252)
Interest Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
EBT	(10,779)	5,435	2,385	4,742	3,837	3,254
Current Income Taxes	(525)	(525)	(525)	(625)	(675)	(725)
Deferred Income Taxes	-	-	-	-	-	-
Net Income Available to Common	(\$11,304)	\$ 4,910	\$ 1,860	\$ 4,117	\$ 3,162	\$ 2,529
Pro Forma Full-Year EBITDA for Debt Covenant Analysis	54,335	65,980	66,283	74,012	77,842	81,409
STAR PRO FORMA UNITS OUTSTANDING						
Common Units						
Beginning Balance		12,873	12,873	14,079	14,588	15,709
Issuance		-	-	-	-	-
Issued to Meet Debt Covenant Ratio		-	1,207	508	1,122	1,170
Issued to E		-	-	-	-	-
Buyback		-	-	-	-	-
Ending Balance	12,873	12,873	14,079	14,588	15,709	16,879
Average Common Units Outstanding	12,873	12,873	13,476	14,333	15,148	16,294
Deferred Participation Units						
Beginning Balance	-	-	909	909	909	909
DPUs Issued at Beginning of Year	-	-	-	-	-	-
Ending Balance	-	-	909	909	909	909
SR Subordinated Units						
Beginning Balance - Sr Sub Units		2,491	2,491	2,491	2,491	2,491
DPUs Issued		-	-	-	-	-
Sr Sub Issuance		-	-	-	-	-
Sr. Sub to E		-	-	-	-	-
Sr Sub Converted to G.P. Interest		-	-	-	-	-
Ending Balance	2,491	2,491	2,491	2,491	2,491	2,491
Average Sr Subordinated Units Outstanding	2,491	2,491	2,491	2,491	2,491	2,491
Subordinated Units						
Beginning Balance		431	431	431	431	431
Issuance		-	-	-	-	-
Buyback		-	-	-	-	-
Ending Balance	431	431	431	431	431	431
Average Subordinated Units Outstanding	431	431	431	431	431	431
GP Implied Units						
Beginning Balance		322	322	322	322	322
Issued in conjunction with DPUs		-	-	-	-	-
Issued to Meet Debt Covenant Ratio		-	-	-	-	-
Issued in conjunction with E Equity		-	-	-	-	-
Buyback		-	-	-	-	-
Ending Balance	322	322	322	322	322	322
Average Implied GP Units Outstanding	322	322	322	322	322	322
Total Units Outstanding	16,118	16,118	17,324	17,833	18,954	20,124
Average Total Units Outstanding	16,118	16,118	16,721	17,578	18,393	19,539
Pro Forma Heating Oil Units used for DPU Issue Calculation						
			10,166	10,660	11,134	11,987

13 of 19

(in thousands except per share and per unit data)

STAR PRO FORMA BALANCE SHEET	Actual	Projected			
	1998	1999	2000	2001	2002
ASSETS:					
Cash	\$ 14,882	\$ 14,882	\$ 14,882	\$ 14,882	\$ 14,882
Other Current Assets	80,877	78,697	86,699	91,950	96,840
Total Current Assets	95,759	93,579	101,581	106,832	111,722
PP&E and Intangibles, Net	269,617	258,625	265,053	268,446	268,886
Other Assets	12,796	12,796	12,796	12,796	12,796

Beginning Balance		75,000	75,000	-	-	-	-
Borrowing		-	-	-	-	-	-
Amortization		(75,000)	(75,000)	-	-	-	-
Ending balance		-	-	-	-	-	-
Interest Payment	9.38%	-	-	-	-	-	-
12.25% Sub Notes & Sr Notes							
Beginning Balance		81,250	81,250	-	-	-	-
Borrowing		-	-	-	-	-	-
Amortization		(81,250)	(81,250)	-	-	-	-
Ending balance		-	-	-	-	-	-
Interest Payment	12.25%	-	-	-	-	-	-
7.50% New Debt							
Beginning Balance		-	-	90,000	96,054	104,195	104,255
Borrowing		90,000	90,000	6,054	8,141	60	60
Amortization		-	-	-	-	-	-
Ending balance		90,000	90,000	96,054	104,195	104,255	104,315
Interest Payment	7.50%	6,750	6,750	6,977	7,509	7,817	7,821
Exchange of 11.96% Senior Notes							
Beginning Balance		-	-	60,000	60,000	60,000	60,000
Borrowing		60,000	60,000	-	-	-	-
Amortization		-	-	-	-	-	-
Ending balance		60,000	60,000	60,000	60,000	60,000	60,000
Interest Payment	10.90%	6,540	6,540	6,540	6,540	6,540	6,540
8.00% Acq. & Other Notes Pay							
Beginning Balance		16,507	16,507	14,435	8,381	240	180
Borrowing		-	-	-	-	-	-
Amortization		(2,072)	(2,072)	(6,054)	(8,141)	(60)	(60)
Ending balance		14,435	14,435	8,381	240	180	120
Interest Payment	8.00%	1,238	1,238	913	345	17	12

15 of 19

=====

(in thousands except per share and per unit data)

STAR PRO FORMA DEBT SCHEDULE (CONT'D)

		ACTUAL	NORMALIZED	PROJECTED			
				1998	1998	1999	2000
Exchange of 14.10% Senior Notes							
Beginning Balance		-	-	6,200	4,100	4,100	4,100
Borrowing		6,200	6,200	-	-	-	-
Amortization		-	-	(2,100)	-	-	-
Ending Balance		6,200	6,200	4,100	4,100	4,100	4,100
Interest Payment	14.10%	874	874	578	578	578	578
7.25% WC Revolver							
Beginning Balance		-	-	4,770	4,770	4,770	4,770
Borrowing for Change in WC		-	-	-	-	-	-
Borrowing to Pay Full MQD		-	-	-	-	-	-
Borrowing/(Payment)		4,770	4,770	-	-	-	-
Ending Balance		4,770	4,770	4,770	4,770	4,770	4,770
Effective Avg WC Balance		10,179	9,044	11,338	11,338	11,338	11,338
Interest Payment	7.25%	738	656	822	822	822	822
7.25% Acquisition Facility							
Beginning Balance		-	-	9,000	2,697	31,513	46,833
External Acquisitions		9,000	9,000	20,000	40,000	40,000	40,000
External Acquisitions at Beginning of 1999		-	-	-	-	-	-
Internal Growth CapEx		-	-	-	-	-	-
Payment		-	-	(24,446)	(11,184)	(24,680)	(25,732)
Remaining Distributions to Repay Debt		-	-	(1,857)	-	-	-
Ending Balance		9,000	9,000	2,697	31,513	46,833	61,101
Interest Payment	7.25%	\$ 0	\$ 0	\$ 424	\$ 1,240	\$ 2,840	\$ 3,913
TOTAL PRO FORMA DEBT							
Beginning Balance		\$ 318,757	\$ 318,757	\$280,405	\$272,002	\$300,818	\$316,138
Amortization of Existing Debt		(208,322)	(208,322)	(8,154)	(8,141)	(60)	(60)
Exchange of Notes		66,200	66,200	-	-	-	-
Borrowing for Changes in WC		-	-	-	-	-	-
Acquisition Borrowing		9,000	9,000	20,000	40,000	40,000	40,000
Borrowing to Pay Full MQD		-	-	-	-	-	-
Borrowing to Repay Existing Debt		90,000	90,000	6,054	8,141	60	60
Remaining Distributions to Repay Debt		-	-	(1,857)	-	-	-
Borrowing/(Payment) on WC Revolver and Acq. Facility		4,770	4,770	(24,446)	(11,184)	(24,680)	(25,732)

Ending Balance	280,405	280,405	272,002	300,818	316,138	330,406
PREFERRED STOCK						
Beginning Balance	34,167	34,167	-	-	-	-
Repayment	(34,167)	(34,167)	-	-	-	-
Ending Balance	-	-	-	-	-	-
Dividend Payment	14.33%	-	-	-	-	-
Interest Expense/Dividends	23,587	23,505	23,876	24,657	26,237	27,309
Chase Fees	943	943	943	943	943	943
Total Interest Payment/Dividends	\$ 24,530	\$ 24,448	\$ 24,819	\$ 25,600	\$ 27,180	\$ 28,252

16 of 19

(In Thousands Except Per Share And Per Unit Data)

STAR PRO FORMA DISTRIBUTION SCHEDULE OF ACTUAL DISTRIBUTIONS

	Actual 1998	Normalized 1998	Projected			
			1999	2000	2001	2002
Distributable Cash						
Cash from Operations (excl chg in WC)	29,280	41,007	\$39,046	\$44,002	\$46,202	\$48,647
Maintenance CapEx	(6,125)	(6,125)	(6,194)	(6,313)	(6,434)	(6,558)
Other	-	-	-	-	-	-
Total MLP Distributable Cash Flow	23,155	34,882	32,852	37,689	39,768	42,089
Distributable Cash Flow / Unit	\$ 1.44	\$ 2.16	\$ 1.96	\$ 2.14	\$ 2.16	\$ 2.15
Distributable Cash Flow / Unit Pro Forma for DPU Conversion						
Average Units for Calculating Annual Distributions						
Common Units	12,873	12,873	13,476	14,333	15,148	16,294
SR Subordinated Units	2,491	2,491	2,491	2,491	2,491	2,491
Subordinated Units	431	431	431	431	431	431
General Partner Interest Unit Equivalent	322	322	322	322	322	322
Total Units Outstanding	16,118	16,118	16,721	17,578	18,393	19,539
Distribution Levels	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30
MQD	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30
First Target	\$ 2.42	\$ 2.42	\$ 2.42	\$ 2.42	\$ 2.42	\$ 2.42
Second Target	\$ 2.84	\$ 2.84	\$ 2.84	\$ 2.84	\$ 2.84	\$ 2.84
Third Target	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70	\$ 3.70
Indicated Cash Distribution	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30
Distribution of MQD						
Cash Available	23,155	34,882	32,852	37,689	39,768	42,089
Allocation to:						
Common Units	23,155	29,607	30,994	32,967	34,841	37,477
SR Subordinated Units	0	5,276	0	4,722	4,927	4,613
Subordinated Units	0	0	0	0	0	0
General Partner Interest	0	0	0	0	0	0
First Target Distribution						
Cash Available	0	0	1,857	0	0	0
Cash Required for Target Distribution	0	0	2,008	0	0	0
Cash Required for Indicated Distribution	0	0	0	0	0	0
Actual Cash Distributed	0	0	0	0	0	0
Allocation to:						
Common Units	0	0	0	0	0	0
SR Subordinated Units	0	0	0	0	0	0
Subordinated Units	0	0	0	0	0	0
General Partner Interest	0	0	0	0	0	0
Total Distributors to:						
Common Units	0	0	0	0	0	0
Sr. Subordinated Units	0	0	0	0	0	0
Subordinated Units	0	0	0	0	0	0
General Partner Interest	0	0	0	0	0	0

17 of 19

(in thousands except per share and per unit data)

STAR PRO FORMA SCHEDULE OF ACTUAL DISTRIBUTIONS (CONT'D)

	Actual	Normalized	Projected			
			1998	1998	1999	2000
Second Target Distribution						

Cash Available	0	0	0	0	0	0
Cash Required for Target Distribution	0	0	0	0	0	0
Cash Required for Indicated Distribution	0	0	0	0	0	0
Actual Cash Distributed	0	0	0	0	0	0
Allocation to:						
Common Units	0	0	0	0	0	0
Sr. Subordinated Units	0	0	0	0	0	0
Subordinated Units	0	0	0	0	0	0
General Partner Interest	0	0	0	0	0	0
Incentive Right	0	0	0	0	0	0
Incentive Right to GP Interest	0	0	0	0	0	0
Incentive Right to Sub Units	0	0	0	0	0	0
Incentive Right to Sr. Sub Units	0	0	0	0	0	0
Total Distributions to:						
Common Units	0	0	0	0	0	0
Sr. Subordinated Units	0	0	0	0	0	0
Subordinated Units	0	0	0	0	0	0
General Partner Interest	0	0	0	0	0	0
Third Target Distribution						

Cash Available:						
Cash Required for Target Distribution	0	0	0	0	0	0
Cash Required for Indicated Distribution	0	0	0	0	0	0
Actual Cash Distributed	0	0	0	0	0	0
Allocation to:						
Common Units	0	0	0	0	0	0
Sr. Subordinated Units	0	0	0	0	0	0
Subordinated Units	0	0	0	0	0	0
General Partner Interest	0	0	0	0	0	0
Incentive Right	0	0	0	0	0	0
Incentive Right to GP Interest	0	0	0	0	0	0
Incentive Right to Sub Units	0	0	0	0	0	0
Incentive Right to Sr. Sub Units	0	0	0	0	0	0
Total Distributions to:						
Common Units	0	0	0	0	0	0
Sr. Subordinated Units	0	0	0	0	0	0
Subordinated Units	0	0	0	0	0	0
General Partner Interest	0	0	0	0	0	0
Remaining Distribution						

Cash Available						
Cash Available	0	0	0	0	0	0
Cash Required for Indicated Distribution	0	0	0	0	0	0
Actual Cash Distributed	0	0	0	0	0	0
Allocation to:						
Common Units	0	0	0	0	0	0
Sr. Subordinated Units	0	0	0	0	0	0
Subordinated Units	0	0	0	0	0	0
General Partner Interest	0	0	0	0	0	0
Incentive Right	0	0	0	0	0	0
Incentive Right to GP Interest	0	0	0	0	0	0
Incentive Right to Sub Units	0	0	0	0	0	0
Incentive Right to Sr. Sub Units	0	0	0	0	0	0
Repay Indebtedness	0	0	1,857	0	0	0
Total Distributions to:						
Common Units	0	0	0	0	0	0
Sr. Subordinated Units	0	0	0	0	0	0
Subordinated Units	0	0	0	0	0	0
General Partner Interest	0	0	0	0	0	0

18 of 19

=====

STAR GAS PRO FORMA SCHEDULE OF ACTUAL DISTRIBUTION (CONT'D)

(in thousands except per share and per unit data)

	ACTUAL	NORMALIZED	PROJECTED			
			1998	1998	1999	2000
Total Distributions						

Common Units	\$ 23,155	\$ 29,607	\$ 30,994	\$ 32,967	\$ 34,841	\$ 37,477
Sr. Subordinated Units	0	5,276	0	4,722	4,927	4,613
Subordinated Units	0	0	0	0	0	0
General Partner Interest	0	0	0	0	0	0
Total Distributions	\$ 23,155	\$ 34,882	\$ 30,994	\$ 37,689	\$ 39,768	\$ 42,089
	=====	=====	=====	=====	=====	=====
	14,042	14,042	14,421	15,220	15,970	16,614

Total Distributions Per Unit

Common Units	\$ 1.80	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30
Sr. Subordinated Units	0.00	2.12	0.00	1.90	1.98	1.85
Subordinated & GP Units	0.00	0.00	0.00	0.00	0.00	0.00