



December 14, 2000

STAR GAS PARTNERS, L.P. REPORTS FISCAL 2000 YEAR-END AND FOURTH QUARTER RESULTS AND COMPLETION OF SEVEN ACQUISITIONS

STAMFORD, CT (December 14, 2000) -- Star Gas Partners, L.P. ("Star") (NYSE: SGU, SGH), a diversified home energy distributor and services provider - specializing in heating oil, propane, electricity and natural gas, today reported results for fiscal 2000 and the quarter ended September 30, 2000. The Partnership also announced the completion of seven acquisitions since October 1, 2000, the beginning of its 2001 fiscal year.

For the fiscal year ended September 30, 2000, compared to fiscal 1999 on a pro forma basis, which includes the acquisition of Petroleum Heat and Power Co., Inc. ("Petro") for a full year in fiscal 1999, Star's EBITDA increased approximately 19% to \$66.2 million, from \$55.9 million in the year-ago period. Net income for fiscal 2000 increased \$.09 per unit to \$.07 per unit, compared to a \$.02 per unit loss in fiscal 1999. These results were achieved despite weather that was approximately the same as the prior year and 10% warmer than normal, and a \$2.2 million increase in fourth quarter marketing costs - which resulted in an increase of 30,000 customers to the Partnership's account base.

Star's performance reflects significant improvements in both the heating oil and propane divisions resulting from: a) the contributions from 20 acquisitions made in fiscal years 1999 and 2000; b) significant operational improvements including a reduction in base Partnership operating costs at the propane division and the organic growth in the heating oil business's customer base; c) an approximate 6% increase in gross profit margin despite higher energy costs; and, d) the sale of additional appliances and other services to both the Partnership's customers as well as the general consuming public.

The fiscal 2000 fourth quarter ended September 30 is a non-heating season period in which the Partnership traditionally experiences EBITDA and net losses. Despite the Partnership's larger size, which should have increased those summer losses, EBITDA for the fiscal 2000 fourth quarter was virtually the same \$20.3 million loss as experienced during the comparable fiscal 1999 period. For the quarter, the propane division's EBITDA improved 45%, primarily due to a significant reduction in base business operating expenses and a 3.0¢ per gallon gross profit margin improvement. The heating oil division base business EBITDA improved approximately 10%, due both to its new products and services initiatives, as well as improved gross profit margins. This was offset, however, by the off-season quarterly impact of acquisitions and approximately \$1.2 million of marketing expenses associated with adding approximately 4,000 heating oil customers during the quarter. Star's fourth quarter net loss, excluding deferred income tax benefits, improved \$.09 per unit to a loss of \$1.95, compared to a \$2.04 per unit loss in the same period in fiscal 1999. This resulted from a larger number of units offsetting a quarterly net loss associated with the Partnership's larger size as well as \$1.1 million of TG&E (Total Gas & Electric) marketing expenses associated with adding 25,000 natural gas and electricity customers during the period.

Since October 1, 2000, Star has completed the purchase of seven propane and heating oil companies representing 16,350 new customers and 17.4 million gallons of annual volume. The combined purchase price of the distributorships was \$15.6 million. Included in these seven companies were three Long Island, NY heating oil distributorships, Greco Brothers Fuel Corp., Park Ave, and Wm Rella & Sons, whose contract signings were previously announced. A fourth heating oil company, Sunrise Oil Co., Inc. of Plainview, Long Island, was purchased on November 28, 2000. Star's propane division acquired three companies during this period, including the already announced purchase of Blufton Propane, as well as Johnson Propane of New Hampshire and Lagasco Enterprises Inc. located in Manistique, Michigan.

In commenting on Star's strong operating performance, Chairman Irik P. Sevin, noted: "This past year was one of the best in Star's history. Not only did the Partnership post very strong financial results, but it did so under very difficult conditions caused by abnormally warm weather and high energy prices. We are especially pleased that as a result of the divisions' operating excellence Star's improved gross profit margins did not impact our customer base or our internal marketing efforts. In fact, we are extremely excited that Petro's customer base achieved organic growth this past year versus historic attrition.

"While the financial results are very gratifying, of equal importance were the following events:

1. Star's acquisition program continues to be very active. In fiscal 2000, the Partnership purchased 14 distributorships, adding 50,000 new customers and approximately 40 million gallons of annual volume. Star has now acquired 21 distributorships representing 57 million gallons, and a 13% volume increase, since the beginning of fiscal 2000. While we are very excited with this level of activity, it was especially pleasing that it was accomplished in a disciplined manner

within well-defined purchase price parameters. While Star's acquisition team and reputation were the primary factors accountable for our ability to acquire so many heating oil and propane distributorships, we believe that another element was the increasingly difficult operating environment for smaller, less well capitalized distributors as a result of higher energy prices and volatile weather;

2. Since the beginning of fiscal 2000, Star has successfully completed two common unit public offerings providing the Partnership with \$46.0 million of additional equity. We are pleased that both of these transactions were completed without impacting the value of outstanding units while enabling Star to maintain a balanced capital structure to finance its growth initiatives and positioning it well should credit market conditions become more stringent;
3. Star's Distributable Cash Flow (DCF), excluding the effect of acquisitions made during the year, increased approximately 25% to \$2.12 per unit in fiscal 2000, from \$1.71 per unit the prior year. The highly seasonal nature of Star's business suggests that acquisitions made after the heating season can distort the measurement of the financial performance in the year in which they are made. As a result, they have been excluded from this DCF calculation. We consider the \$2.12 per unit to be very attractive, not only in comparison to the prior year but especially so given this year's warm weather;
4. We began to see some meaningful results from our efforts in fiscal 2000 to capitalize upon Star's close, service-based relationship with its approximate 700,000 customers. The propane division's water conditioning efforts achieved solid results, and Petro's air conditioning marketing initiative suggest the possibility of a larger opportunity than originally contemplated; and,
5. Star's purchase of a 72.7% controlling interest in TG&E in April 2000 has positioned the Partnership to participate in the expanding deregulated energy markets. We are pleased with the continued growth of that division, and the progress made in instituting the necessary policies and procedures at that operation."

Mr. Sevin, added, "We are extremely pleased that the Partnership has benefited from the combination of Star's propane and Petro's heating oil businesses. This has given us the advantages of a larger operational size and account base, as well as providing the Partnership with two complementary, although independent, sources of income and growth."

Star Gas Partners, L.P., is a leading distributor of home heating oil, propane and deregulated natural gas and electricity. Through its wholly owned Petro subsidiary, Star is the nation's largest retail distributor of home heating oil, serving approximately 370,000 customers in the Northeast and Mid-Atlantic. Star is the nation's seventh largest retail propane distributor, serving approximately 200,000 customers throughout the Midwest and Northeast. Star owns a controlling 72.7% interest in Total Gas and Electric, which sells natural gas and electricity to approximately 110,000 customers in the Northeast and Mid Atlantic.

This news announcement contains certain forward-looking information that is subject to certain risks and uncertainties as indicated from time to time in the Partnership's 10-K, 10-Q, 8-K and other filings with the Securities and Exchange Commission. Included risks and uncertainties are the effects of the weather on the Partnership's financial results, competitive and propane and heating oil pricing pressures and other factors impacting the propane, home heating oil, natural gas and electricity distribution industries.