August 9, 2007

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

STAMFORD, CT (August 9, 2007) -- Star Gas Partners, L.P. (the "Partnership" or "Star") (NYSE: SGU), a home energy distributor and services provider specializing in heating oil, today announced financial results for its fiscal 2007 third quarter, a non-heating season quarter, and the nine-month period ended June 30, 2007.

**Three months ended June 30, 2007, compared to three months ended June 30, 2006**

Star reported a 16.2 percent increase in total revenues to $222.5 million, compared to total revenues of $191.5 million, due to an increase in home heating oil volume of 23.8 percent. The home heating oil volume increase was due to 30.3 percent colder temperatures, reduced by net customer attrition. For the twelve months ended June 30, 2007, Star's net customer attrition rate was 5.0 percent, compared to 6.6 percent and 7.1 percent for fiscal 2006 and fiscal 2005, respectively.

Star lost approximately 6,000 accounts (net) of its home heating oil customer base in the fiscal 2007 third quarter, compared to a loss of 6,500 accounts (net) in the fiscal 2006 third quarter.

Home heating oil per gallon margins rose by 0.7 cents per gallon, largely due to an increase in the margins realized on sales to variable pricing plan customers. The service and installation results improved by $1.2 million, from a profit of $1.7 million (3.6 cents per gallon) to a profit of $2.9 million (5.0 cents per gallon).

Total operating expenses (delivery, branch, general and administrative) decreased by $3.4 million, or 6.7 percent, to $48.0 million, as compared to $51.4 million. The decrease was largely due to lower insurance expenses of $4.7 million, offset by higher delivery expenses related to the 23.8 percent increase in delivered volume. A $4.9 million credit, related to derivative instruments, was recorded due to an increase in market value for unexpired hedges ($2.3 million) and the expiration of certain hedged positions that were entered in-to in prior periods ($2.6 million). During the prior-year quarter, a $2.3 million credit, related to derivative instruments, was recorded due to an increase in market value for unexpired hedges ($3.0 million), reduced by the expiration of certain hedged positions that were entered into in prior periods ($0.7 million charge).

Operating loss decreased $15.9 million to a $6.4 million loss, as compared to a $22.3 million loss. The improvement was due to an increase in product gross profit of $7.5 million, an increase in net service and installation profitability of $1.2 million, a favorable change in the impact of derivative instruments of $2.6 million, lower depreciation and amortization of $1.2 million and a decrease in operating expense of $3.4 million.

Interest expense decreased $0.8 million, or 13.0 percent, to $5.0 million, as compared to $5.8 million. This decrease resulted from a lower average principal amount in total debt outstanding of approximately $28.1 million. Total debt outstanding declined by $27.8 million due to the Partnership's recapitalization that was completed on April 28, 2006. Interest income increased $1.2 million to $2.9 million, due to higher invested cash balances.

Income tax benefit was $0.8 million and represents certain state income tax, alternative minimum federal tax and capital taxes. A blended rate was applied to pre-tax income to arrive at income tax expense. Income tax expense for fiscal Q3 2006 was $0.5 million.

Net loss decreased by $25.8 million, to $8.3 million, as compared to a net loss of $34.1 million. This change was due to a $15.9 million increase in operating income, lower net interest expense of $2.0 million, lower income tax expense of $1.3 million and the non-recurrence of a $6.6 million loss on redemption of debt recorded in the third quarter of 2006.

EBITDA increased $21.3 million to $0.8 million, as compared to a $20.5 million EBITDA loss, due to an increase in EBITDA from operations of $12.1 million, a $2.6 million increase relating to the change in fair value of derivative instruments (from a credit of $2.3 million for the fiscal 2006 three-month period to a credit of $4.9 million for the comparable period of fiscal 2007) and the non-recurrence of a $6.6 million loss on redemption of debt recorded in the third quarter of 2006. For the three months ended June 30, 2006, EBITDA increased $2.3 million due to the change in the fair value of derivative instruments and was reduced by the $6.6 million loss on redemption of debt. EBITDA should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations), but provides additional information for evaluating the Partnership's ability to make the Minimum Quarterly Distribution. The

Partnership is not required to make the Minimum Quarterly Distribution until February 2009, for the quarter ended December 31, 2008.

Star Gas Partners Chief Executive Officer Dan Donovan, stated, "Fiscal 2007 Q3 results were highlighted by improvements in Star's per gallon service and installation results as well as its heating oil margins. We also implemented further operating expense reductions during the period, which enhanced results. Of note, net customer attrition has steadily declined on a trailing twelve-month comparison over the past three years.

Mr. Donovan, continued, "Importantly, we achieved an EBITDA profit of $0.8 million during the three-month period, versus a $20.5 million EBITDA loss, primarily due to a nearly $12.1 million improvement in EBITDA from operations during the quarter. We continue to make opportunistic acquisitions, and during fiscal 2007 we have purchased six heating oil companies with a total of 18,000 customers and 16.9 million gallons.

"Through an innovative and proprietary team-building and role-playing program for employees that we call Boot Camp, Star has also been making significant progress in reinforcing the importance of customer service for all employees. The goal has been and will continue to be focusing all employees on the premise that each of them plays a critical role in providing customer service and that all must continually strive for improvement in this area. We hope to achieve further reductions in net customer attrition as a result of this program, which will be ongoing to both train and retrain all employees via our two-day, off-site group sessions that are a major part of Boot Camp."

**Nine months ended June 30, 2007, compared to nine months ended June 30, 2006**

Star experienced a 1.3 percent decrease in revenues to $1.13 billion, compared to $1.15 billion, as a decline in sales volume was reduced by an increase in selling prices.

Home heating oil volume declined 8.4 million gallons, or 2.4 percent, from 359.7 million gallons to 351.3 million gallons, as the impact of 3.6 percent colder temperatures was reduced by net customer attrition. Star lost 15,500 accounts (net), or 3.7 percent of its home heating oil customer base, as compared to a loss of 24,200 accounts (net), or 5.4 percent of its home heating oil customer base. This reduction was due to a 9,600 account reduction in gross customer losses, partially offset by a 900 account decrease in gross customer gains.

Home heating oil per gallon margins increased by 3.8 cents, due largely to the increase in margins realized on sales to variable priced customers. The service results improved by $4.8 million, from a loss of $4.9 million (1.4 cents per gallon) to a loss of $0.1 million (0.0 cents per gallon).

Total operating expenses (delivery, branch, general and administrative) decreased by $7.0 million, or 3.9 percent, to $174.0 million, in line with the 2.4 percent reduction in volume.

Star recorded a $17.0 million credit, related to derivative instruments, due to an increase in market value for unexpired hedges ($3.2 million) and the expiration of certain hedged positions that were entered in to prior periods ($13.8 million). During the year-ago period, a $27.1 million charge, related to derivative instruments, was recorded due to the expiration of certain hedged positions that were entered into in prior periods ($28.0 million charge), partially off-set by an increase in market value for unexpired hedges ($0.9 million).

Operating income increased $65.6 million to an $85.1 million profit. The majority of this increase relates to the changes in the fair value of derivative instruments of $44.1 million. The balance of the change, or $21.5 million, was largely due to lower operating costs including net service and installation totaling $18.0 million and lower depreciation and amortization expense of $2.9 million.

Interest expense decreased $6.0 million, or 28.2 percent, to $15.3 million, as compared to $21.3 million. This decrease resulted from a lower average principal amount in total debt outstanding of approximately $84.3 million. Total debt outstanding declined due to the recapitalization ($70.7 million) and lower working capital borrowings ($12.9 million). Interest income increased by $2.9 million to $6.3 million, due to higher invested cash balances.

Income tax expense was $3.1 million and represents certain state income tax, alternative minimum federal tax and capital taxes. Income tax expense was $1.2 million in the year-earlier period.

Net income increased by $79.7 million to $71.3 million, versus a $8.4 million loss, due to a $65.6 million increase in operating income, lower net interest expense of $8.9 million and the non-recurrence of a $6.6 million loss on the redemption of debt recorded in the three months ended June 30, 2006, reduced by higher income tax expense of $1.9 million.

EBITDA increased $69.3 million to $107.0 million, as compared to $37.7 million, of which $18.6 million is attributable to operations, $44.1 million relates to the change in fair value of derivative instruments (from a charge of $27.1 million to a credit of $17.0 million) and $6.6 million is due to the non-recurrence of the loss on debt redemption. For the comparable Q3 2006, EBITDA was negatively impacted by $27.1 million due to the change in the fair value of derivative instruments and by the $6.6 million loss on debt redemption. EBITDA is a non-GAAP financial measure (see below reconciliation) that should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations). Management believes this information is of interest to investors as a supplemental measure of the Partnership's operating performance and provides additional information for evaluating the Partnership's ability to make the Minimum Quarterly Distribution. The Partnership is not required to make the Minimum Quarterly Distribution until February 2009, for the quarter ended December 31, 2008.

REMINDER: Star Gas management will host a conference call and webcast today at 11:00 a.m. (ET). Conference call dial-in is 800/952-4629 or 415/226-5363 (international callers). A webcast is also available at www.star-gas.com and at www.vcall.com

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

**Forward Looking Information**

This news release includes "forward-looking statements" which represent the Partnership's expectations or beliefs concerning future events that involve risks and uncertainties, including those associated with the effect of weather conditions on our financial performance; the price and supply of home heating oil; the consumption patterns of our customers; our ability to obtain satisfactory gross profit margins; our ability to obtain new customers and retain existing customers; our ability to effect strategic acquisitions or redeploy assets; the impact of litigation; the continuing residual impact of the business process redesign project and our ability to address issues related to that project; natural gas conversions; future union relations and the outcome of current and future union negotiations; the impact and future environmental, health and safety regulations; customer creditworthiness; and marketing plans. All statements other than statements of historical facts included in this news release are forward-looking statements. Although the Partnership believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct and actual results may differ materially from those projected as a result of certain risks and uncertainties. These risks and uncertainties include, but are not limited to, those set forth under the heading "Risk Factors" and "Business Initiatives and Strategy" in the Partnership's Annual Report on Form 10-K for the fiscal year ended September 30, 2006. Without limiting the foregoing, the words "believe", "anticipate", "plan", "expect", "seek", "estimate" and similar expressions are intended to identify forward-looking statements. Important factors that could cause actual results to differ materially from the Partnership's expectations ("Cautionary Statements") are disclosed in this news release and in the Partnership's Annual Report on Form 10-K for the year ended September 30, 2006 and its Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2007, including without limitation and in conjunction with the forward-looking statements included in this news release. All subsequent written and oral forward-looking statements attributable to the Partnership or persons acting on its behalf are expressly qualified in their entirety by the Cautionary Statements. Unless otherwise required by law, the Partnership undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this news release.

STAR GAS PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

| (in thousands) | June 30, 2007 (unaudited) | September 30, 2006 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 132,837 | $ 91,121 |
| Receivables, net of allowance of $9,474 and $6,532, respectively | 112,100 | 87,393 |
| Inventories | 60,214 | 75,859 |
| Fair asset value of derivative instruments | 8,534 | 3,766 |
| Prepaid expenses and other current assets | 28,167 | 37,741 |
| Total current assets | 341,852 | 295,880 |
| Property and equipment, net | 40,386 | 42,377 |
| Long-term portion of accounts receivables | 1,884 | 3,513 |
| Goodwill | 170,719 | 166,522 |
| Intangibles, net | 52,401 | 61,007 |
| Deferred charges and other assets, net | 9,137 | 10,899 |
| Long-term assets held for sale | - | 1,010 |
| Total assets | $ 616,379 | $ 581,208 |
| **LIABILITIES AND PARTNERS' CAPITAL** | | |
| **Current liabilities** | | |
| Accounts payable | $ 17,552 | $ 21,544 |
| Fair liability value of derivative instruments | 1,762 | 13,790 |
| Current maturities of long-term debt | 49 | 96 |
| Accrued expenses and other current liabilities | 72,533 | 62,651 |
| Unearned service contract revenue | 36,216 | 36,634 |
| Customer credit balances | 44,746 | 73,863 |
| Total current liabilities | 172,858 | 208,578 |
| Long-term debt | 173,903 | 174,056 |
| Other long-term liabilities | 24,966 | 25,249 |
| **Partners' capital** | | |
| Common unitholders | 265,840 | 194,818 |
| General partner | 12 | (293) |
| Accumulated other comprehensive loss | (21,200) | (21,200) |
| Total partners' capital | 244,652 | 173,325 |
| Total liabilities and partners' capital | $ 616,379 | $ 581,208 |

## STAR GAS PARTNERS, L.P. AND SUBSIDIARIES
## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

| **(in thousands, except per unit data - unaudited)** | **Three Months Ended June 30, 2007** | **Three Months Ended June 30, 2006 (restated)** | **Nine Months Ended June 30, 2007** | **Nine Months Ended June 30, 2006 (restated)** |
|---|---|---|---|---|
| Sales: | | | | |
| Product | $ 178,971 | $ 148,742 | $ 994,229 | $ 1,003,408 |
| Installations and service | 43,481 | 42,772 | 135,391 | 141,608 |
| Total sales | 222,452 | 191,514 | 1,129,620 | 1,145,016 |
| Cost and expenses: | | | | |
| Cost of product | 137,922 | 115,154 | 730,080 | 746,022 |
| Cost of installations and service | 40,624 | 41,112 | 135,482 | 146,468 |
| (Increase) decrease in the fair value of derivative instruments | (4,857) | (2,257) | (17,004) | 27,076 |
| Delivery and branch expenses | 44,073 | 46,543 | 159,893 | 163,458 |
| Depreciation and amortization expenses | 7,234 | 8,436 | 21,922 | 24,845 |
| General and administrative expenses | 3,887 | 4,853 | 14,161 | 17,648 |
| Operating income (loss) | (6,431) | (22,327) | 85,086 | 19,499 |
| Interest expense | (5,037) | (5,787) | (15,281) | (21,285) |
| Interest income | 2,953 | 1,704 | 6,326 | 3,411 |
| Amortization of debt issuance costs | (571) | (595) | (1,712) | (1,868) |
| Loss on redemption of debt | - | (6,603) | - | (6,603) |
| Income (loss) before income taxes and cumulative effect of change in accounting principles | (9,086) | (33,608) | 74,419 | (6,846) |
| Income tax expense (benefit) | (818) | 468 | 3,092 | 1,158 |
| Income (loss) before cumulative effect of change in accounting principles | (8,268) | (34,076) | 71,327 | (8,004) |
| Cumulative effect of change in accounting principles - change in inventory pricing method | - | - | - | (344) |
| Net income (loss) | $ (8,268) | $ (34,076) | $ 71,327 | $ (8,348) |
| General Partner's interest in net income (loss) | (35) | (189) | 305 | 40 |
| Limited Partners' interest in net income (loss) | $ (8,233) | $ (33,887) | $ 71,022 | $ (8,388) |
| | | | | |
| Basic and diluted income per Limited Partner Unit: | | | | |
| Net income (loss) before cumulative effect of change in accounting principles | $ (0.11) | $ (0.53) | $ 0.94 | $ (0.18) |
| Net income (loss) | $ (0.11) | $ (0.53) | $ 0.94 | $ (0.19) |
| | | | | |
| Weighted average number of Limited Partner units outstanding: | | | | |
| Basic | 75,774 | 63,944 | 75,774 | 45,250 |
| Diluted | 75,774 | 63,944 | 75,774 | 45,250 |

# SUPPLEMENTAL INFORMATION

Earnings (loss) before interest, taxes, depreciation and amortization from continuing operations (EBITDA)

The Partnership uses EBITDA as a measure of liquidity and it is being included because the Partnership believes that it provides investors and industry analysts with additional information to evaluate the Partnership's ability to pay quarterly distributions. EBITDA is not a recognized term under generally accepted accounting principles ("GAAP") and should not be considered as an alternative to net income/(loss) or net cash provided by operating activities determined in accordance with GAAP. Because EBITDA as determined by the Partnership excludes some, but not all of the items that affect net income/(loss), it may not be comparable to EBITDA or similarly titled measures used by other companies. The following tables set forth (i) the calculation of EBITDA and (ii) a reconciliation of EBITDA, as so calculated, to cash provided by operating activities.

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

| | Three Months Ended June 30, | |
|---|---|---|
| | **2007** | **2006 (restated)** |
| **(in thousands)** | | |
| Loss before cumulative effect of changes in accounting principles | $(8,268) | $(34,076) |
| Plus: | | |
| Income tax expense (benefit) | (818) | 468 |
| Amortization of debt issuance costs | 571 | 595 |
| Interest expense, net | 2,084 | 4,083 |
| Depreciation and amortization expense | 7,234 | 8,436 |
| EBITDA | $803 | $(20,494) |
| | | |
| Add/(subtract) | | |
| Income tax expense (benefit) | 818 | (468) |
| Interest expense, net | (2,084) | (4,083) |
| Provision for losses on accounts receivable | 858 | 1,851 |
| Gain on sales of fixed assets, net | (417) | (356) |
| Increase in fair value of derivative instruments | (4,857) | (2,257) |
| Decrease in weather insurance contract | 4,305 | - |
| Loss on redemption of debt | - | 6,603 |
| Change in operating assets and liabilities | 83,500 | 91,611 |
| Net cash provided by operating activities | $82,926 | $72,407 |

| | Three Months Ended June 30, | |
|---|---|---|
| | **2007** | **2006** |
| Home heating oil gallons sold (millions) | 56.9 | 46.0 |

# SUPPLEMENTAL INFORMATION

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

| | Nine Months Ended June 30, | |
|---|---|---|
| | **2007** | **2006 (restated)** |
| **(in thousands)** | | |
| Income (loss) before cumulative effect of change in accounting principles | $71,327 | $(8,004) |
| Plus: | | |
| Income tax expense | 3,092 | 1,158 |
| Amortization of debt issuance costs | 1,712 | 1,868 |
| Interest expense, net | 8,955 | 17,874 |
| Depreciation and amortization expense | 21,922 | 24,845 |
| EBITDA | $107,008 | $37,741 |
| Add/(subtract) | | |
| Income tax expense | (3,092) | (1,158) |
| Interest expense, net | (8,955) | (17,874) |
| Provision for losses on accounts receivable | 5,463 | 6,310 |
| Gain on sales of fixed assets, net | (756) | (807) |
| (Increase)/decrease in the fair value of derivative instruments | (17,004) | 27,076 |
| Loss on redemption of debt | - | 6,603 |
| Change in operating assets and liabilities | (27,183) | (65,735) |
| Net cash provided by operating activities | $55,481 | $(7,844) |

| | Nine Months Ended June 30, | |
|---|---|---|
| | **2007** | **2006** |
| Home heating oil gallons sold (millions) | 351.3 | 359.7 |

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

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