

FOR IMMEDIATE RELEASE

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NUCO2 REPORTS EBITDA INCREASE OF 65% OVER PRIOR YEAR PERIOD

**Sequential Comparisons Benefiting from Increasing Accounts,
Greater Efficiency and Gross Margin Improvements**

STUART, FLORIDA, February 2, 2004 -- NuCO2 Inc. (Nasdaq: NUCO), the largest supplier in the U.S. of bulk CO2 systems and services for carbonating fountain beverages, today reported operating results for the second fiscal quarter ended December 31, 2003 reflecting continued gains.

- 3,000 net new accounts added thus far in current fiscal year.
- Second quarter revenues increase 7.5% over prior year period.
- Gross profit margins reach all-time high.
- EBITDA increases 65% from year-ago to \$6.6 million, fourth consecutive quarterly increase.
- Operating income improves \$3.2 million over prior year period.
- Net income increases to \$774,000, \$.05 per share.

“I am pleased to report that NuCO2 continues to makes solid progress, in line with our expectations,” said Michael E. DeDomenico, Chairman and CEO. “Key operational and related financial goals remain in synch, as the platform we implemented to improve service, increase productivity and expand our customer base drives the Company’s growth and efficiency. We fully anticipate that the second half of fiscal 2004 will achieve a continuous improvement in sequential results.”

For the three months ended December 31, 2003, revenues rose to \$19.5 million, compared with \$18.1 million a year ago, an increase of 7.5%. Revenues for the December quarter were down slightly from the preceding September quarter, which seasonally is one of the Company’s strongest periods. Gross profit margins for the December quarter increased to 54.9%, compared with 53.3% in the preceding three-month period and 51.9% in the corresponding year-ago period. Operating income amounted to \$2.8 million, compared with \$2.4 million in the preceding quarter and a fiscal 2003 second quarter loss of \$0.4 million, a \$3.2 million year-to-year improvement. Selling, general and administrative expenses for the quarter declined 6.2% from the immediately preceding quarter, to \$3.8 million, and compared to the prior year’s second quarter declined 26.6%. Selling, general and administrative expenses, as a percentage of revenues, improved to 19.4%, from 19.8% in the immediately preceding quarter and 28.4% in the prior year’s second quarter.

EBITDA (earnings before interest, taxes, depreciation and amortization) also continued to make progress, increasing to \$6.6 million, compared with \$6.4 million in the first quarter of fiscal 2004 and \$4.0 million in the corresponding year-ago period.

Net income for the quarter totaled \$774,000, or \$0.05 per share, compared to a loss of \$2.3 million, or (\$0.23) per share in the corresponding year-ago period.

NuCO2 concluded the fiscal 2004 second quarter with approximately 77,000 bulk CO2 accounts, a net gain for the period of almost 1,600 customers. Account attrition also slowed noticeably, declining by approximately 38% from the same quarter in the prior year and 14% from the immediately preceding quarter. Contract activity, particularly with larger, national restaurant and food chains, continues at a brisk pace, as underscored by the recent announcement that NuCO2 has been named preferred bulk CO2 systems and services provider to approximately 16,400 Subway® restaurant locations nationwide.

The Company anticipates continued growth in operating results. This reflects successful implementation of a program to improve training to assure maximized service, increased marketing aimed heavily at recruiting new national chain accounts, enhanced density and optimized productivity, plus other operational efficiencies. "Our enhanced service capability is clearly driving our success with national accounts," said Mr. DeDomenico. "We are determined to institute a differentiated service and reliability capability, which we have done and which we continue to work on to make even better. The result, we expect, will be a continued trajectory of steady operating and financial improvement."

About NuCO2

NuCO2 Inc. is the leading and only national provider of bulk CO2 products and services to the U.S. fountain beverage industry. With service locations within reach of 99% of the fountain beverage users in the Continental U.S., NuCO2's experienced professionals comprise the largest network of sales and support specialists in the industry serving national restaurant chains, convenience stores, theme parks and sports and entertainment complexes, among others. NuCO2's revenues are largely derived from the installation, maintenance and rental of bulk CO2 systems and delivery of beverage grade CO2, which are increasingly replacing high pressure CO2, until now the traditional method for carbonating fountain beverages. The technology offers consistent quality, greater ease of operation, and heightened efficiency and safety utilizing permanently installed on-site cryogenic storage tanks. NuCO2 provides systems and services that allow its customers to spend more time serving their customers. Visit the Company's website at www.nuco2.com.

Statements contained in this press release concerning the Company's outlook, competitive position and other statements of management's beliefs, goals and expectations are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by the statements. With respect to such forward-looking statements, we claim protection under the Private Securities Litigation Reform Act of 1995. These risks and uncertainties include, but are not limited to, the ability of the Company to add new accounts, competition and future operating performance. The Company disclaims any obligation to update any forward looking statement as a result of developments occurring after the date of this press release.

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NuCO₂ Inc.
CONDENSED BALANCE SHEETS
(In thousands)

ASSETS	<u>Dec 31, 2003</u>	<u>June 30, 2003</u>
Current assets:		
Cash and cash equivalents	\$ 202	\$ 455
Trade accounts receivable, net of allowance for doubtful accounts of \$2,476 and \$2,299, respectively	6,758	6,217
Inventories	237	210
Prepaid expenses and other current assets	<u>2,870</u>	<u>1,605</u>
Total current assets	<u>10,067</u>	<u>8,487</u>
Property and equipment, net	91,969	92,448
Goodwill & other intangible assets, net	25,741	24,717
Other	188	194
Total other assets	<u>25,929</u>	<u>24,911</u>
Total assets	<u>\$ 127,965</u>	<u>\$ 125,846</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$ 3,745	\$ 2,294
Accounts payable	3,476	4,095
Accrued expenses & other current liabilities	<u>3,369</u>	<u>3,837</u>
Total current liabilities	10,590	10,226
Senior debt, less current maturities	39,887	28,659
Long-term subordinated debt	28,292	39,576
Customer deposits	<u>3,082</u>	<u>3,191</u>
Total liabilities	81,851	81,652
Redeemable preferred stock	9,632	9,258
Total shareholders' equity	<u>36,482</u>	<u>34,936</u>
Total liabilities & shareholders' equity	<u>\$ 127,965</u>	<u>\$ 125,846</u>

NuCO₂ Inc.

STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Three Months Ended Dec 31,		Six Months Ended Dec 31,	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues:				
Product sales	\$ 11,646	\$ 10,851	\$ 24,215	\$ 22,859
Equipment rentals	<u>7,808</u>	<u>7,249</u>	<u>15,477</u>	<u>13,920</u>
Total Revenues	19,454	18,100	39,692	36,779
Costs and expenses:				
Cost of products sold, excluding deprec & amort	8,378	7,638	17,003	15,731
Cost of equipment rentals, excluding deprec & amort	388	1,072	1,217	2,122
Selling, general and administrative expenses	3,767	5,131	7,782	9,759
Depreciation and amortization	3,793	4,397	7,705	8,816
Loss on asset disposal	<u>304</u>	<u>246</u>	<u>719</u>	<u>853</u>
	<u>16,630</u>	<u>18,484</u>	<u>34,426</u>	<u>37,281</u>
Operating income (loss)	2,824	(384)	5,266	(502)
Loss on Early Extinguishment of Debt	-	-	1,964	-
Interest expense	<u>2,050</u>	<u>1,930</u>	<u>3,947</u>	<u>3,922</u>
Net income (loss)	<u>\$ 774</u>	<u>\$ (2,314)</u>	<u>\$ (645)</u>	<u>\$ (4,424)</u>
Weighted average number of common and common equivalent shares outstanding				
Basic	<u>10,653</u>	<u>10,633</u>	<u>10,643</u>	<u>10,163</u>
Diluted	<u>11,655</u>	<u>10,633</u>	<u>10,643</u>	<u>10,163</u>
Net income (loss) per basic share	<u>\$ 0.05</u>	<u>\$ (0.23)</u>	<u>\$ (0.10)</u>	<u>\$ (0.47)</u>
Net income (loss) per diluted share	<u>\$ 0.05</u>	<u>\$ (0.23)</u>	<u>\$ (0.10)</u>	<u>\$ (0.47)</u>

RECONCILIATION OF GAAP AND EBITDA

	Three Months Ended			Six Months Ended	
	Dec 31,	Sep 30,		Dec 31,	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2003</u>	<u>2002</u>
Reconciliation of Net Income to EBITDA					
Net income (loss)	\$ 774	\$ (2,314)	\$ (1,419)	\$ (645)	\$ (4,424)
Interest expense	2,050	1,930	1,897	3,947	3,922
Depreciation & amortization	3,793	4,397	3,912	7,705	8,816
Loss on early extinguishment of debt	-	-	1,964	1,964	-
	<u>\$ 6,617</u>	<u>\$ 4,013</u>	<u>\$ 6,354</u>	<u>\$ 12,971</u>	<u>\$ 8,314</u>
Cash flows provided by (used in):					
Operating activities	\$ 3,894	\$ 408	\$ 3,498	\$ 7,392	\$ 3,496
Investing activities	\$ (4,108)	\$ (3,298)	\$ (3,577)	\$ (7,685)	\$ (7,152)
Financing activities	\$ 263	\$ 1,946	\$ (223)	\$ 39	\$ 2,289

Earnings before interest, taxes, depreciation and amortization (“EBITDA”) is one of the principal financial measures by which the Company measures its financial performance. EBITDA is a widely accepted financial indicator used by many investors, lenders and analysts to analyze and compare companies on the basis of operating performance, and the Company believes that EBITDA provides useful information regarding the Company’s ability to service its debt and other obligations. However, EBITDA does not represent cash flow from operations, nor has it been presented as a substitute to operating income or net income as indicators of the Company’s operating performance. EBITDA excludes significant costs of doing business and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with accounting principles generally accepted in the United States of America. In addition, the Company’s calculation of EBITDA may be different from the calculation used by its competitors, and therefore comparability may be affected. The Company’s lenders also use EBITDA to assess the Company’s compliance with debt covenants. These financial covenants are based on a measure that is not consistent with accounting principles generally accepted in the United States of America. Such measure is EBITDA (as defined) as modified by certain defined adjustments