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**NUCO2 REPORTS OPERATING GAINS
FOR FISCAL 2006 SECOND QUARTER**

STUART, FLORIDA, February 1, 2006 – NuCO2 Inc. (NASDAQ:NUCO), the largest supplier in the U.S. of bulk CO2 systems and services for carbonating fountain beverages, today reported increased operating results for the fiscal second quarter ended December 31, 2005.

“We are pleased to report that our Company’s performance in the fiscal second quarter was in line with our targets for the year, with increased revenues, earnings, and cash flow over year-ago levels,” said Michael E. DeDomenico, Chairman and CEO. “With a strong, new sales and marketing program, and a backlog of almost 6,000 pending installations, NuCO2 is well positioned to meet its fiscal 2006 and long-term goals.”

- Total revenues for the quarter increased to \$28.8 million, a 16.5% year-to-year gain and up 3.1% sequentially from the fiscal 2006 first quarter.
- Gross profit increased to \$15.9 million, compared to \$14.0 million a year ago. Gross profit margin increased sequentially, to 55.2% from 54.6%, although higher operating costs, notably fuel, resulted in a decline from the year ago gross margin of 56.9%.
- Operating income, excluding non-cash stock option expense, amounted to \$5.5 million, compared with \$5.3 million in the immediately preceding first quarter and \$4.7 million a year ago, and for the first fiscal half totaled \$10.8 million, up from \$8.7 million a year ago.
- EBITDA (earnings before interest, taxes, depreciation and amortization), which the Company regards as useful information as to its liquidity, excluding non-cash stock option expense, totaled \$10.1 million for the second quarter, up from \$9.6 million in the immediately preceding first quarter and \$8.9 million a year ago, and for the first fiscal half totaled \$19.7 million, compared to \$16.6 million in the corresponding year-ago period.
- Cash earnings per share (GAAP earnings per share plus non-cash income taxes and stock option expense), which the Company regards as a principal measure of its financial performance, for the second quarter amounted to \$0.30 diluted, compared to \$0.18 a year ago, and for the first half equaled \$0.62, compared with \$0.32 a year ago.

- GAAP earnings per diluted share for the quarter totaled \$0.17 (after the option charge equal to approximately \$0.03 per share and non-cash income tax provision equal to approximately \$0.10 per share), compared to \$0.18 per share last year (which had no option charge or non-cash income tax provision). GAAP earnings per diluted share for the fiscal first half amounted to \$0.35 (reflecting a \$0.05 per share option charge and \$0.20 per share non-cash income tax provision), as compared to \$0.31 last year (which had no option charge or non-cash income tax provision).

Results this fiscal year reflect, for the first time, new mandated rules for accounting for stock options, SFAS 123R, *Accounting for Stock-Based Compensation*. At the Company's annual meeting in December, shareholders approved a new performance based long-term management stock option plan. This new plan utilizes a vesting schedule tied to the Company's achievement of key financial targets in each fiscal year replacing the time based vesting under the prior plan. In the fiscal second quarter, this resulted in a non-cash charge of approximately \$800,000, compared to option expense of approximately \$300,000 in the preceding first quarter, which related only to the prior plan. There were no similar option-related charges a year ago.

Bookings for the second quarter totaled 3,482 new locations and activations amounted to 3,496. With attrition of 1,032, net activations for the quarter totaled 2,464, which compares to 11,471 net new customers added in the corresponding year-ago second quarter that included approximately 9,400 customers from the purchase of the bulk CO2 beverage carbonation business of Pain Enterprises. For the first half of this fiscal year, bookings amounted to 6,717, activations totaled 8,543 and attrition was 2,172, for net activations for the six months of 6,371. Total customers as of December 31, 2005, amounted to 105,835, compared to 99,464 at fiscal 2005 year-end.

"The outlook for continued growth in fiscal 2006 and beyond is quite favorable," said Mr. DeDomenico. "During the past quarter we completed a master service agreement with Dairy Queen, one of the country's premier food chains specializing in the treat category, while continuing to grow our core business. Also, during the quarter, we successfully renewed our existing master service agreements with Yum! Brands, Inc. and Subway®, two of our largest nationwide customers."

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 virtually all 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.

Conference Call

A conference call to report operating results for the second quarter of fiscal 2006 will be held tomorrow at 11:00 a.m. Eastern Time. It can be accessed over the Internet via NuCO2's website at www.nuco2.com. To listen to the live call, please go to the website at least fifteen minutes early to register, download and install any necessary audio software. For those who cannot listen to the live broadcast, a replay will be available on NuCO2's website shortly after the call.

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>December 31, 2005</u>	<u>June 30, 2005</u>
Current assets:		
Cash and cash equivalents	\$ 183	\$ 968
Trade accounts receivable, net of allowance for doubtful accounts of \$1,988 and \$1,850, respectively	12,335	8,568
Inventories	287	259
Prepaid insurance expense and deposits	2,684	1,281
Prepaid expenses and other current assets	1,764	854
Deferred tax assets - current portion	7,648	7,596
Total current assets	<u>24,901</u>	<u>19,526</u>
Property and equipment, net	<u>112,572</u>	<u>104,787</u>
Goodwill & other intangible assets, net	37,247	33,521
Deferred tax assets	11,930	15,123
Other	181	175
Total other assets	<u>49,358</u>	<u>48,819</u>
Total assets	<u>\$ 186,831</u>	<u>\$ 173,132</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 7,709	\$ 5,178
Accrued expenses & other current liabilities	4,398	3,146
Total current liabilities	<u>12,107</u>	<u>8,324</u>
Long-term debt	34,250	32,000
Other long-term liability	274	-
Customer deposits	3,820	3,624
Total liabilities	<u>50,451</u>	<u>43,948</u>
Total shareholders' equity	<u>136,380</u>	<u>129,184</u>
Total liabilities & shareholders' equity	<u>\$ 186,831</u>	<u>\$ 173,132</u>

NuCO₂ Inc.

STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2005	2004	2005	2004
Revenues:				
Product sales	\$ 18,895	\$ 15,512	\$ 36,933	\$ 28,983
Equipment rentals	9,858	9,168	19,685	17,578
Total Revenues	<u>28,753</u>	<u>24,680</u>	<u>56,618</u>	<u>46,561</u>
Costs and expenses:				
Cost of products sold, excluding deprec & amort	12,074	10,043	24,061	19,457
Cost of equipment rentals, excluding deprec & amort	807	588	1,483	1,134
Selling, general and administrative expenses	6,172	4,639	11,255	8,711
Depreciation and amortization	4,556	4,197	8,860	7,937
Loss on asset disposal	398	496	1,205	657
	<u>24,007</u>	<u>19,963</u>	<u>46,864</u>	<u>37,896</u>
Operating income	4,746	4,717	9,754	8,665
Gain on financial instrument	-	-	(177)	-
Interest expense	<u>543</u>	<u>2,228</u>	<u>908</u>	<u>4,268</u>
Income before provision for income taxes	4,203	2,489	9,023	4,397
Provision for income taxes	<u>1,564</u>	<u>52</u>	<u>3,429</u>	<u>106</u>
Net income	<u>\$ 2,639</u>	<u>\$ 2,437</u>	<u>\$ 5,594</u>	<u>\$ 4,291</u>
Weighted average number of common and common equivalent shares outstanding				
Basic	<u>15,365</u>	<u>11,998</u>	<u>15,337</u>	<u>11,599</u>
Diluted	<u>15,892</u>	<u>13,578</u>	<u>15,846</u>	<u>13,171</u>
Net income per basic common share	<u>\$ 0.17</u>	<u>\$ 0.20</u>	<u>\$ 0.36</u>	<u>\$ 0.35</u>
Net income per diluted common share	<u>\$ 0.17</u>	<u>\$ 0.18</u>	<u>\$ 0.35</u>	<u>\$ 0.31</u>

RECONCILIATION OF GAAP NET INCOME TO EBITDA

	Three Months Ended			Six Months Ended	
	December 31,		Sep 30,	December 31,	
	2005	2004	2005	2005	2004
Net income	\$ 2,639	\$ 2,437	\$ 2,955	\$ 5,594	\$ 4,291
Interest expense	543	2,228	365	908	4,268
Depreciation & amortization	4,556	4,197	4,304	8,860	7,937
Gain on financial instrument	-	-	(177)	(177)	-
Provision for income taxes	1,564	52	1,865	3,429	106
EBITDA	\$ 9,302	\$ 8,914	\$ 9,312	\$ 18,614	\$ 16,602
Cash flows provided by (used in):					
Operating activities	\$ 9,556	\$ 6,651	\$ 7,627	\$ 17,183	\$ 9,928
Investing activities	\$ (9,311)	\$ (20,261)	\$ (11,633)	\$ (20,944)	\$ (24,702)
Financing activities	\$ (175)	\$ 10,466	\$ 3,152	\$ 2,976	\$ 14,317

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.

RECONCILIATION OF GAAP NET INCOME TO CASH EARNINGS PER SHARE

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2005	2004	2005	2004
Net income	\$ 2,639	\$ 2,437	\$ 5,594	\$ 4,291
Provision for income taxes	1,564	52	3,429	106
AMT/other cash taxes	(177)	(52)	(353)	(106)
Stock option expense	788	-	1,085	-
	<u>\$ 4,814</u>	<u>\$ 2,437</u>	<u>\$ 9,755</u>	<u>\$ 4,291</u>
 Cash earnings per diluted share	<u>\$ 0.30</u>	<u>\$ 0.18</u>	<u>\$ 0.62</u>	<u>\$ 0.32</u>

Cash Earnings per Share is one of the principal financial measures by which the Company measures its financial performance. Cash Earnings per Share, presented in conjunction with EBITDA, provides useful information regarding the Company's ability to service its debt and other obligations and is an accepted financial indicator used by investors, lenders and analysts to analyze and compare companies on the basis of operating performance. However, Cash Earnings per Share 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 performance. A significant component of Cash Earnings per Share is to add back our provision for income taxes, which represents a non-cash expense to the Company due to the benefit of net operating loss carryforwards of \$114 million incurred by the Company through the fiscal year ended June 30, 2005 and subtract taxes payable under the provisions of the Alternative Minimum Tax ("AMT") and certain state/local taxes. However, while the Company anticipates continuing to recognize a full tax provision in future periods, the Company expects to pay only the AMT and certain state/local taxes until such time that its net operating loss carryforwards are fully utilized.