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**FOR IMMEDIATE RELEASE**

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**NUCO2 REPORTS FISCAL 2007 SECOND QUARTER RESULTS**

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**ANNOUNCES SHARE REPURCHASE PROGRAM**

STUART, FLORIDA, January 31, 2007 -- 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 quarter ended December 31, 2006, in line with the Company's recently announced new strategic growth plan. The Company also announced that its Board of Directors has authorized a share repurchase program.

- Total revenues for the second quarter totaled \$32.0 million, compared with \$28.8 million in the corresponding year-ago period, an increase of 11.2%, and for the fiscal 2007 first half increased 13.6%, to \$64.3 million from \$56.6 million.
- Reflecting increased expenses resulting from the transition to the new plan, operating income equaled \$2.9 million, compared with \$4.7 million a year ago, and for the first half equaled \$8.7 million, compared with \$9.8 million last year. As expected, the impact of the previously announced cost savings from the new plan were not reflected in the second quarter and will be fully realized in the fourth quarter of this fiscal year.
- 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, amounted to \$9.1 million for the second quarter, compared to \$10.1 million, on the same basis, in the corresponding year-ago period. First half EBITDA, excluding non-cash stock option expense, was \$20.4 million, compared with \$19.7 million in the corresponding year-ago period.
- The Company generated \$5.0 million in free cash in the first half of fiscal 2007 that was used to pay down debt.
- Net income in the fiscal 2007 second quarter amounted to \$1.4 million, or \$0.09 per fully diluted share, compared with \$2.6 million, or \$0.17 per fully diluted share, in the corresponding earlier year period.

“The new strategic growth plan is on target,” said Michael E. DeDomenico, Chairman and CEO. “Under the new plan, we will be measuring results by growth in return on investment, which is expected to steadily improve in the periods ahead.”

Mr. DeDomenico added, “The Board has decided to authorize a share repurchase program, under which the Company may repurchase up to \$50 million of the Company’s common shares. This represents a vote of confidence in our Company and its prospects, and reflects our commitment to increasing long-term shareholder value. Under our new strategic growth plan we expect to significantly increase free cash flow. The Company will fund the share repurchase program from its free cash supported by borrowings under its existing revolving credit facility. With a significant level of debt capacity, the Company is in a strong position to advance its growth while repurchasing shares.”

As part of the share repurchase program, the Company also announced that it will enter into a Rule 10b5-1 repurchase plan with a broker to facilitate its share repurchase activity. The share repurchases are expected to commence on February 5, 2007 and continue through December 31, 2007, subject to certain price, volume and timing constraints. A Rule 10b5-1 repurchase plan allows the Company to purchase its shares at times when it ordinarily would not be in the market due to regulatory or Company restrictions. The share repurchase plan does not obligate the Company to acquire any particular amount of shares and may be suspended at any time. In addition to repurchases made pursuant to the Rule 10b5-1 plan, the Company may also make repurchases at management’s discretion from time to time, subject to market conditions, share prices, its cash position and compliance with regulatory requirements subject to the \$50 million authorization. As of January 30, 2007, there were approximately 15,826,000 common shares outstanding.

## **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](http://www.nuco2.com).

## **Conference Call**

A conference call to report operating results for the fiscal 2007 second quarter 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](http://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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**NuCO<sub>2</sub> Inc.**  
**CONDENSED BALANCE SHEETS**  
(In thousands)

<b>ASSETS</b>	<u>December 31, 2006</u>	<u>June 30, 2006</u>
Current assets:		
Cash and cash equivalents	\$ 187	\$ 341
Trade accounts receivable, net of allowance for doubtful accounts of \$2,091 and \$2,538, respectively	13,480	12,955
Inventories	306	302
Prepaid insurance expense and deposits	3,795	5,846
Prepaid expenses and other current assets	2,556	1,465
Deferred tax assets - current portion	8,473	8,598
Total current assets	<u>28,797</u>	<u>29,507</u>
Property and equipment, net	<u>125,300</u>	<u>119,603</u>
Goodwill & other intangible assets, net	40,182	40,905
Deferred tax assets	6,594	8,807
Other	203	185
Total other assets	<u>46,979</u>	<u>49,897</u>
Total assets	<u>\$ 201,076</u>	<u>\$ 199,007</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 7,564	\$ 6,883
Accrued expenses & other current liabilities	3,693	5,945
Total current liabilities	<u>11,257</u>	<u>12,828</u>
Long-term debt	30,500	35,450
Customer deposits	4,113	3,805
Total liabilities	<u>45,870</u>	<u>52,083</u>
Total shareholders' equity	<u>155,206</u>	<u>146,924</u>
Total liabilities & shareholders' equity	<u>\$ 201,076</u>	<u>\$ 199,007</u>

# NuCO<sub>2</sub> Inc.

## STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2006	2005	2006	2005
Revenues:				
Product sales	\$ 21,319	\$ 18,895	\$ 42,870	\$ 36,933
Equipment rentals	10,642	9,858	21,447	19,685
Total Revenues	<u>31,961</u>	<u>28,753</u>	<u>64,317</u>	<u>56,618</u>
Costs and expenses:				
Cost of products sold, excluding depreciation & amortization	13,797	12,074	27,783	24,061
Cost of equipment rentals, excluding depreciation & amortization	1,949	807	2,740	1,483
Selling, general and administrative expenses	7,834	6,172	14,391	11,255
Depreciation and amortization	4,897	4,556	9,742	8,860
Loss on asset disposal	542	398	984	1,205
	<u>29,019</u>	<u>24,007</u>	<u>55,640</u>	<u>46,864</u>
Operating income	2,942	4,746	8,677	9,754
Gain on financial instrument	-	-	-	(177)
Interest expense	<u>550</u>	<u>543</u>	<u>1,126</u>	<u>908</u>
Income before provision for income taxes	2,392	4,203	7,551	9,023
Provision for income tax	<u>1,009</u>	<u>1,564</u>	<u>3,649</u>	<u>3,429</u>
Net income	<u>\$ 1,383</u>	<u>\$ 2,639</u>	<u>\$ 3,902</u>	<u>\$ 5,594</u>
Weighted average number of common and common equivalent shares outstanding				
Basic	<u>15,776</u>	<u>15,365</u>	<u>15,725</u>	<u>15,337</u>
Diluted	<u>16,087</u>	<u>15,892</u>	<u>16,035</u>	<u>15,846</u>
Net income per basic common share	<u>\$ 0.09</u>	<u>\$ 0.17</u>	<u>\$ 0.25</u>	<u>\$ 0.36</u>
Net income per diluted common share	<u>\$ 0.09</u>	<u>\$ 0.17</u>	<u>\$ 0.24</u>	<u>\$ 0.35</u>

RECONCILIATION OF GAAP NET INCOME TO NON-GAAP MEASURES EBITDA AND  
EBITDA EXCLUDING STOCK OPTION EXPENSE

	<u>Three Months Ended</u>			<u>Six Months Ended</u>	
	<u>December 31,</u>		<u>Sep 30,</u>	<u>December 31,</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2006</u>	<u>2005</u>
Net income	\$ 1,383	\$ 2,639	\$ 2,519	\$ 3,902	\$ 5,594
Interest expense	550	543	576	1,126	908
Depreciation & amortization	4,897	4,556	4,845	9,742	8,860
Gain on financial instrument	-	-	-	-	(177)
Provision for income taxes	1,009	1,564	2,640	3,649	3,429
EBITDA	<u>\$ 7,839</u>	<u>\$ 9,302</u>	<u>\$ 10,580</u>	<u>\$ 18,419</u>	<u>\$ 18,614</u>
Noncash option expense	1,245	787	699	1,944	1,085
EBITDA excluding stock option expense	<u>\$ 9,084</u>	<u>\$ 10,089</u>	<u>\$ 11,279</u>	<u>\$ 20,363</u>	<u>\$ 19,699</u>
 Cash flows provided by (used in):					
Operating activities	\$ 9,105	\$ 9,557	\$ 8,849	\$ 17,953	\$ 17,184
Investing activities	\$ (7,455)	\$ (9,311)	\$ (8,316)	\$ (15,771)	\$ (20,944)
Financing activities	\$ (1,935)	\$ (176)	\$ (402)	\$ (2,336)	\$ 2,975

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 lender also uses 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.