

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of report (Date of earliest event reported) May 21, 2009

STAR GAS PARTNERS, L.P.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-14129
(Commission File Number)

06-1437793
(IRS Employer
Identification No.)

2187 Atlantic Street, Stamford, CT
(Address of principal executive offices)

06902
(Zip Code)

Registrant's telephone number, including area code (203) 328-7310

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement*First Amendment to Amended and Restated Unit Purchase Rights Agreement*

Star Gas Partners, L.P., a Delaware limited partnership (the "Partnership," "we," "us" or "our"), has entered into a Second Amendment dated as of May 21, 2009 (the "Second Amendment") to its Amended and Restated Unit Purchase Rights Agreement, dated as of July 20, 2006 (the "Rights Agreement"), between the Partnership and American Stock Transfer & Trust Company, as rights agent. The Rights Agreement was previously amended pursuant to a First Amendment dated as of June 7, 2007 (the "First Amendment"). The Rights Agreement, which was originally entered into as of April 17, 2001, provides, among other things, for the issuance to unitholders of rights to acquire additional Common Units upon the occurrence of certain events. Unless earlier terminated, the rights would expire on April 16, 2011.

The Second Amendment terminates the First Amendment which has the effect of amending the definition of "Acquiring Person" under the Rights Agreement to restore the acquisition threshold to 15% of the outstanding Common Units from 5%. The First Amendment had reduced the acquisition threshold to 5% in order to protect the Partnership's Net Operating Loss Carryforwards (NOLs) for federal income tax purposes by discouraging any Person or group from acquiring more than 5% of the Partnership's issued and outstanding Common Units. However, as discussed below, the Partnership believes that such protection is no longer required.

In general, under the amended Rights Agreement, as in effect prior to the First Amendment and following the Second Amendment, rights will separate from the Units and become exercisable on the tenth day (or such later date as may be determined by the General Partner) after a Person or group (a) acquires beneficial ownership of 15% or more of the Common Units or (b) announces a tender or exchange offer, the consummation of which would result in ownership by a Person or group of 15% or more of the Common Units. If a Person or group other than an Exempt Person obtains 15% or more of the Common Units (other than pursuant to a tender offer deemed adequate and in the best interests of the Partnership and its Unitholders by the General Partner (a "Permitted Offer")), then each right (other than rights owned by an Acquiring Person or its Affiliates) will entitle the holder thereof to purchase, for the exercise price, a number of Common Units having a then current market value of twice the exercise price.

The description of the Amendment contained in this Form 8-K is qualified in its entirety to the text of the actual document that is filed as an exhibit hereto. The description of the Rights Agreement contained in this Form 8-K is qualified in its entirety by the text of the actual document that was filed as an exhibit to the Partnership's Current Report on Form 8-K, filed with the SEC on July 21, 2006.

Preservation of Net Operating Loss Carryforwards

As of the calendar tax year ended December 31, 2008, Star/Petro, Inc., a wholly-owned subsidiary of the Partnership, had a federal net operating loss carryforward ("NOL") of approximately \$80 million, of which approximately \$10.7 million is limited in accordance with

Federal income tax law as a result of prior transactions. The NOLs, which will expire between 2018 and 2024, are generally available to offset any future taxable income. In the event that the Partnership experiences an “ownership change” for federal income tax purposes under Internal Revenue Code Section 382 (“Section 382”), Star/Petro may be restricted annually in its ability to use its NOLs to reduce its federal taxable income.

In general, the Partnership would be deemed to have an “ownership change” under Section 382 if, immediately after any owner shift involving a 5% unitholder or any equity structure shift, the percentage of units of the Partnership owned by one or more 5% unitholder has increased by more than 50% over the lowest percentage of units of the Partnership (or any predecessor entity) owned by such unitholder at any time during the three-year testing period. However, as a result of the passage of time, the large acquisitions of units that took place in connection with the Partnership’s recapitalization in April 2006, will no longer be counted in calculating an ownership change, which eliminates the need for the lower Acquiring Person threshold.

Item 3.03 Material Modifications to Rights of Securityholders

The terms of the rights have been modified in connection with the adoption of the Amendment. A summary of the modifications is set forth above in Item 1.01, which is incorporated herein by this reference.

Item 9.01(d) Exhibits

- 99.1 Second Amendment to Amended and Restated Unit Purchase Rights Agreement.
- 99.2 Press Release dated May 21, 2009.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

STAR GAS PARTNERS, L.P.

By: Kestrel Heat, LLC (General Partner)

By: /s/ Richard Ambury

Name: Richard Ambury

Title: Chief Financial Officer

Date: May 21, 2009

Exhibit Index

- 99.1 Second Amendment to Amended and Restated Unit Purchase Rights Agreement.
- 99.2 Press Release dated May 21, 2009.

SECOND AMENDMENT TO AMENDED AND RESTATED

UNIT PURCHASE RIGHTS AGREEMENT

This Second Amendment to the Amended and Restated Unit Purchase Rights Agreement dated as of May 21, 2009 (the "Amendment"), is between Star Gas Partners, L.P., a Delaware limited partnership (the "Partnership"), and American Stock Transfer & Trust Company, as rights agent (the "Rights Agent").

WITNESSETH:

WHEREAS, the Partnership and the Rights Agent are parties to an Amended and Restated Unit Purchase Rights Agreement dated as of July 20, 2006 (the "Agreement");

WHEREAS, the Agreement previously was amended pursuant to a First Amendment (the "First Amendment") to the Amended and Restated Unit Rights Agreement dated as of June 7, 2007;

WHEREAS, pursuant to Section 27 of the Agreement, the Partnership desires and directs the Rights Agent to amend the Agreement in the manner set forth below;

WHEREAS, in accordance with Section 27 of the Agreement, the Partnership has delivered a certificate from an appropriate officer of the Partnership stating that this Amendment is in compliance with the terms of Section 27 of the Agreement; and

WHEREAS, it is intended by this Amendment that the terms and provisions of the Agreement in effect immediately prior to the First Amendment shall again be in effect upon the termination of the First Amendment.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

Section 1. *Defined Terms.* Except as amended hereby, terms defined in the Rights Agreement shall have the same meanings when used in this Amendment.

Section 2. *Amendments.* Effective as of the date hereof, the First Amendment is hereby terminated and shall have no further force and effect.

Section 3. *Severability.* If any term, provision, covenant or restriction of this Amendment is held by a court of competent jurisdiction or other authority to be invalid, void or

unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Amendment shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 4. *Governing Law.* This Amendment shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts made and to be performed entirely within such State.

Section 5. *Counterparts.* This Amendment may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

Section 6. *Effect of Amendment.* Except as expressly modified herein, the Agreement shall remain in full force and effect.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and year first above written.

STAR GAS PARTNERS, L.P.

By: Kestrel Heat, LLC, its general partner

By: /s/ Richard F. Ambury

Name: Richard F. Ambury

Title: Chief Financial Officer

AMERICAN STOCK TRANSFER & TRUST COMPANY, as
Rights Agent

By: AMERICAN STOCK TRANSFER & TRUST
COMPANY, as Rights Agent

Name: _____

Title: _____

News Announcement

CONTACT:

Star Gas Partners
Investor Relations
203/328-7310

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

FOR IMMEDIATE RELEASE

**Star Gas Partners Amends Amended and Restated
Unit Purchase Rights Agreement**

STAMFORD, CT (May 21, 2009) – Star Gas Partners, L.P., (the “Partnership”) (NYSE:SGU), a home energy distributor and services provider specializing in heating oil, today announced that it has amended its Amended and Restated Unit Purchase Rights Agreement, dated as of July 20, 2006 (the “Agreement”), which was previously amended pursuant to a First Amendment dated as of June 7, 2007.

The Second Amendment amends the definition of “Acquiring Person” under the Agreement to restore the acquisition threshold to 15% of the outstanding Common Units. The First Amendment had reduced the acquisition threshold to 5% in order to protect the Partnership’s Net Operating Loss Carryforwards (NOLs) for federal income tax purposes by discouraging any Person or group from acquiring more than 5% of the Partnership’s issued and outstanding Common Units. However, as discussed below, the Partnership believes that such protection is no longer required

In general, under the amended Rights Agreement, rights will separate from the Units and become exercisable on the tenth day (or such later date as may be determined by the General Partner) after a Person or group (a) acquires beneficial ownership of 15% or more of the Common Units or (b) announces a tender or exchange offer, the consummation of which would result in ownership by a Person or group of 15% or more of the Common Units. If a Person or group other than an Exempt Person obtains 15% or more of the Common Units (other than pursuant to a tender offer deemed adequate and in the best interests of the Partnership and its Unitholders by the General Partner (a “Permitted Offer”)), then each right (other than rights owned by an Acquiring Person or its Affiliates) will entitle the holder thereof to purchase, for the exercise price, a number of Common Units having a then current market value of twice the exercise price.

As of the calendar tax year ended December 31, 2008, Star/Petro, Inc., a wholly owned subsidiary of the Partnership, had aggregate federal NOLs of approximately \$80 million, of which approximately \$10.7 million is limited in accordance with Federal income tax law as a result of prior transactions. The NOLs, which will expire between 2018 and 2024, are generally available to offset any future taxable income. In the event that the Partnership experiences an “ownership change” for federal income tax purposes under Internal Revenue Code Section 382 (“Section 382”), Star/Petro may be restricted annually in its ability to use its NOLs to reduce its federal taxable income.

In general, the Partnership would be deemed to have an “ownership change” under Section 382 if, immediately after any owner shift involving a 5% unitholder, or any equity structure shift, the percentage of units of the Partnership owned by one or more 5% unitholder has increased by more than 50%, over the lowest percentage of units of the Partnership (or any predecessor entity) owned by such unitholder at any time during the three-year testing period. However, as a result of the passage of time, the large acquisitions of units that took place in connection with the Partnership’s recapitalization in April 2006, will no longer be counted in calculating an ownership change, which eliminates the need for the lower Acquiring Person threshold.

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 at www.sec.gov and by visiting Star’s website at www.star-gas.com where unitholders may request a hard copy of Star’s complete audited financial statements free of charge.

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 accounts and retain existing accounts, our ability to effect strategic acquisitions, the impact of litigation, natural gas conversions, future union relations and the outcome of current and future union negotiations, the impact of current and future environmental, health and safety regulations, customer creditworthiness, counterparty 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. 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 quarterly report on form 10Q for the quarter ended March 31, 2009 and its Annual Report on Form 10-K for the year ended September 30, 2008, 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.