
**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) March 7, 2005

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) 328-7300

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))
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Item 1.01 Entry into a Material Definitive Agreement.

On March 7, 2005, Star Gas LLC, a Delaware limited liability company (the "General Partner"), which is the general partner of Star Gas Partners, L.P., a Delaware limited partnership (the "Partnership" and, together with the General Partner and their affiliates, successors and assigns, the "Company") and Mr. Irik P. Sevin entered into a letter agreement and general release (the "Agreement"). In accordance with the Agreement, Mr. Sevin confirmed his resignation as Chairman of the Board of the General Partner and his resignation from employment as the Chief Executive Officer and President of the General Partner (and its subsidiaries) under the employment agreement between Mr. Sevin and the General Partner dated as of September 30, 2001, in each case effective immediately. Pursuant to the Agreement, Mr. Sevin will not be eligible for any benefits or compensation, other than as specifically provided in the Agreement. Pursuant to the Agreement, for the 13-year period beginning with the month following the five-year anniversary of the termination date, the General Partner will provide Mr. Sevin with a monthly retirement benefit equal to \$29,166.67.

Mr. Sevin continues to be a director of the General Partner and will provide consulting services to the Company for a period of five years following the termination date (the "Consulting Period"). Mr. Sevin will be entitled to annual consulting fees of \$395,000, payable in equal monthly installments. For a period of two years following the termination date, the General Partner will reimburse Mr. Sevin for all reasonable expenses incurred in maintaining an office to provide the consulting services provided that such expenses shall in no event exceed \$50,000 per year. The General Partner will also provide Mr. Sevin with one administrative assistant at the same level as his current assistant during this two-year period. Mr. Sevin executed a general release in favor of the Company, containing certain exceptions.

On March 7, 2005, the General Partner entered into a voting trust agreement (the "Voting Trust Agreement") with Irik P. Sevin, in his capacity as a member of the General Partner, and Irik P. Sevin, Stephen Russell and Joseph P. Cavanaugh in their capacities as trustees under the Voting Trust Agreement (the "Voting Trustees"). Pursuant to the Voting Trust Agreement, Mr. Sevin transferred all of his member interests (representing 15.6363% of the membership interests) in the General Partner to a voting trust for his benefit. Under the terms of the voting trust, these interests will be voted in accordance with the decision of a majority of the Voting Trustees. The voting trust created by the Voting Trust Agreement terminates on the earliest of (i) March 4, 2030, unless extended by further agreement as provided by law, (ii) at any time upon the agreement of all three of the Voting Trustees and the holders of voting trust certificates representing all of the interests in the General Partner that are being held in trust pursuant to the Voting Trust Agreement and (iii) the date upon which the Voting Trust Agreement is required to be terminated in order to comply with applicable law.

On March 7, 2005, the General Partner and Audrey L. Sevin entered into a letter agreement and general release (the "Letter Agreement"). In accordance with the Letter Agreement, Ms. Sevin confirmed her resignation from employment as the Secretary of the General Partner (and its subsidiaries), effective immediately. Pursuant to separate letter from Ms. Sevin to the Company, Ms. Sevin also agreed to resign as a member of the Board of Directors of the General Partner, effective immediately. Pursuant to the Letter Agreement, Ms. Sevin will not be eligible for any benefits or compensation, other than as specifically provided in the Letter Agreement. Within 10 days of the termination date, the Company will provide or cause to be provided to Ms. Sevin as severance 26 weeks of her base salary, payable in intervals in accordance with the Company's customary payroll practices. Ms. Sevin executed a general release in favor of the Company, containing certain exceptions.

Item 1.02 Termination of a Material Definitive Agreement

In connection with the execution of the Agreement, the General Partner and Mr. Sevin agreed that his Employment Agreement and all monetary and other entitlements thereunder would be terminated. The Employment Agreement had an initial term of five years (terminating in September 2006), and was subject to automatic renewal for successive one-year periods, unless earlier terminated by the General Partner or by Mr. Sevin or otherwise terminated in accordance with the Employment Agreement. The Employment Agreement provided for an annual base salary of \$675,000 (for fiscal 2005) which was to increase at the rate of \$25,000 per year. In addition, Mr. Sevin was able to earn a bonus of up to 80% of his annual base salary (the "Targeted Bonus") for services rendered based upon certain performance criteria. Mr. Sevin was also able to earn certain equity incentives if the General Partner met certain performance criteria specified in the Employment Agreement. In addition, Mr. Sevin was entitled to certain supplemental executive retirement benefits ("SERP") if he retired after age 65. If a "change of control" (as defined in the Employment Agreement) of the General Partner occurred and prior thereto the Company terminated Mr. Sevin's employment without "cause" (if such termination of employment was a condition of the agreement pursuant to which the change in control occurred), or at any time within two years subsequent to such change of control the General Partner terminated Mr. Sevin's employment without "cause" or Mr. Sevin resigned with "good reason" or Mr. Sevin terminated his employment during the thirty day period commencing on the first anniversary of a change of control, then Mr. Sevin would have been entitled to (i) a lump sum payment equal to Mr. Sevin's annual base salary through the Termination Date, to the extent not previously paid, plus a prorated portion of that year's Targeted Bonus, plus his anticipated annual base salaries, Targeted Bonuses and equity incentives for the three years following the termination date; (ii) the continuation of Mr. Sevin's group insurance benefits for two years following the termination date; (iii) a cash payment equal to the value of 325,000 senior subordinated units; and (iv) the acceleration of Mr. Sevin's SERP benefits. If Mr. Sevin's employment was terminated without "cause" or for "good reason" prior to a change of control, then Mr. Sevin was entitled to items (i) (but not continued equity incentives), (ii) and (iv) (as described in the prior sentence). Upon Mr. Sevin's death or disability, Mr. Sevin (or in the event of his death, his named beneficiary, or, if none, his estate) would have will received a monthly payment beginning on his death or disability and continuing until age 65 (or in the case of his death until he would have reached age 65) equal to 60% of his base salary plus the prior year bonus divided by 12, but each payment would have been reduced by the monthly payment paid under other plans maintained by the General Partner. The Employment Agreement provided that if any payment received by Mr. Sevin was subject to a federal excise tax under Section 4999 of the Internal Revenue Code, the payment would have been be grossed up to permit Mr. Sevin to retain a net amount on an after-tax basis equal to what he would have received had the excise tax not been payable.

Item 5.02 Departure of Directors or Principal Officers, Election of Directors; Appointment of Principal Officers

(a) Effective as of March 7, 2005, Mr. Irik Sevin resigned as the Chairman of the Board of the General Partner and as the Chief Executive Officer and President of the Partnership (and its subsidiaries). The information set forth under Item 1.01 is hereby incorporated herein by this reference.

(b) Effective as of March 7, 2005, Mrs. Audrey L. Sevin resigned as a member of the Board of Directors and Secretary of the General Partner.

(c) Simultaneously with Mr. Sevin's and Ms. Sevin's resignations, William P. Nicoletti, a member of the General Partner's Board of Directors, was named non-executive Chairman of the Board, Joseph P. Cavanaugh was named Chief Executive Officer of the General Partner and was elected as a member of the Board of Directors of the General Partner, and Daniel P. Donovan was named President and Chief Operating Officer of the General Partner.

Mr. Nicoletti will receive an annual fee of \$120,000 for service as the non-Executive Chairman of the Board. Mr. Nicoletti will cease to be Chairman of the Audit Committee of the Board of Directors of the General Partner. Mr. Paul Biddelman will be Chairman of the Audit Committee and Mr. Stephen Russell will be Chairman of the Compensation Committee of the Board of Directors of the General Partner.

Mr. Cavanaugh formerly held the position of Chief Executive Officer of the propane segment, which was sold by the Partnership on December 17, 2004 to a subsidiary of Inergy, L.P. Mr. Cavanaugh will receive a salary of \$275,000 per year. Information required by Item 401(b), (d) and (e) of Regulation S-K is incorporated herein by reference to the Partnership's Annual Report on Form 10-K for the fiscal year ended September 30, 2004, Part III, Item 10, "Directors and Executive Officers of the General Partner." Information required by Item 404(a) of Regulation S-K is incorporated herein by reference to the Partnership's Annual Report on Form 10-K for the fiscal year ended September 30, 2004, Part III, Item 11, "Executive Compensation—Employment Contracts."

In addition to serving as the President and Chief Operating Officer of the General Partner, Mr. Donovan will continue to hold the position of President of the heating oil segment. Information required by Item 401(b), (d) and (e) of Regulation S-K is incorporated herein by reference to the Partnership's Annual Report on Form 10-K for the fiscal year ended September 30, 2004, Part III, Item 10, "Directors and Executive Officers of the General Partner." Information required by Item 404(a) of Regulation S-K is incorporated herein by reference to the Partnership's Annual Report on Form 10-K for the fiscal year ended September 30, 2004, Part III, Item 11, "Executive Compensation—Employment Contracts."

Item 9.01(c) Exhibits

- 99.1 Press Release issued by Star Gas Partners, L.P., dated March 7, 2005.
- 99.2 Letter Agreement and Release dated March 7, 2005 between Star Gas LLC, a Delaware limited liability company, and Mr. Irik P. Sevin.
- 99.3 Letter Agreement and Release dated March 7, 2005 between Star Gas LLC, a Delaware limited liability company, and Audrey L. Sevin.
- 99.4 Resignation of Audrey L. Sevin dated March 7, 2005.
- 99.5 Voting Trust Agreement dated March 7, 2005 by and among Star Gas LLC, a Delaware limited liability company, Irik P. Sevin, in his capacity as a member of Star Gas LLC, and Irik P. Sevin, Stephen Russell and Joseph P. Cavanaugh, in their capacities as trustees under the Voting Trust Agreement.

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: Star Gas LLC (General Partner)

By: /s/ Ami Trauber

Name: Ami Trauber
Title: Chief Financial Officer

Date: March 7, 2005

Conference Call: Tomorrow, March 8, at 10:30 a.m. ET
Dial-in numbers: 888/821-5365 or 706/679-4004 (International)
Webcast: <http://www.vcall.com/CEPage.asp?ID=90976>
Replay Information: See release text

News Announcement

CONTACT:

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 203/328-7310

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 212/835-8500 or
SGU@jcir.com



FOR IMMEDIATE RELEASE

**STAR GAS PARTNERS, L.P.
 ANNOUNCES RESIGNATION OF CEO**

STAMFORD, CT (March 7, 2005) — Star Gas Partners, L.P. (the “Partnership” or “Star”) (NYSE: SGU, SGH), a home energy distributor and services provider specializing in heating oil, announced today that Irik P. Sevin, the Chairman of the Board, CEO and President of Star Gas LLC, the Partnership’s general partner, has resigned effective immediately. Mr. Sevin will remain a director of the General Partner, and will serve as a paid consultant to the Partnership and the General Partner. In addition, as part of his severance arrangements, Mr. Sevin has agreed to transfer his member interests in the General Partner to a voting trust of which Mr. Sevin will be one of three trustees. Under the terms of the voting trust, those interests will be voted in accordance with the decision of a majority of the trustees. The Partnership also announced the resignation of Audrey Sevin as a director and secretary of the General Partner, effective immediately. The Board of Directors thanks Irik Sevin and Audrey Sevin for their long and dedicated service.

Simultaneously with Mr. Sevin’s resignation, Joseph P. Cavanaugh has been named Chief Executive Officer, and Daniel P. Donovan has been named President and Chief Operating Officer. In addition, Mr. Cavanaugh has been named to the General Partner’s Board of Directors, and William P. Nicoletti, a member of the General Partner’s Board of Directors, has been named non-executive Chairman of the Board.

Mr. Cavanaugh has held various financial and management positions with the Partnership and its heating oil division, and served as chief executive officer of the Partnership’s propane operations from November 1997 through the sale of that division in December 2004. Mr. Donovan has held various management positions with Meenan Oil, including Vice President and General Manager, through the Partnership’s acquisition of Meenan in 2001. In May 2004, Mr. Donovan was appointed President and Chief Operating Officer of the Partnership’s heating oil division.

Mr. Cavanaugh and Mr. Donovan emphasized their commitment to addressing the Partnership’s operations, including its attrition rates, which have been previously disclosed in the Partnership’s public filings, and cited a renewed district-level focus, whereby district managers would be charged with increased responsibility for local customer service, operations and profitability. In addition, the Partnership will conduct a further review of the role of centralized services to determine which of its components are most efficient for the Partnership’s operations, and which should be conducted at the district level. The results of, and implementation of this review are not likely to manifest themselves during the current winter heating season.

Mr. Nicoletti indicated that “with the sale of the propane business, and the issues that need to be faced in the heating oil business, the Board concluded that a change in focus and management direction was in the best interests of the Partnership. We believe that Joe Cavanaugh and Dan Donovan have the experience and capability to re-establish our heating oil operations as a strong and customer-focused business.”

For more information on the terms of Mr. Sevin's severance arrangements, consulting fees and retirement benefits, see the Partnership's Current Report on Form 8-K filed concurrently with the issuance of this release.

Mr. Cavanaugh and Mr. Donovan will host a conference call and simultaneous webcast tomorrow, March 8, 2005, at 10:30 a.m. ET. Following its completion, a replay of the call can be accessed for 30 days on the Internet from the Company's Web site (www.star-gas.com) or for 3 days via telephone at 800/633-8284 (reservation # 21234681) or, for International callers, at 402/977-9140.

About Star Gas Partners, L.P.

Star Gas Partners, L.P. is the nation's largest retail distributor of home heating oil. Additional information is available at www.star-gas.com.

This news announcement contains certain forward-looking information that is subject to certain risks and uncertainties as indicated from time to time in the Partnership's 10-K, 10-Q, 8-K and other filings with the Securities and Exchange Commission, including those associated with the effect of weather conditions on the Partnership's financial performance, the price and supply of home heating oil, the consumption patterns of the Partnership's customers, the Partnership's ability to obtain satisfactory gross profit margins, the ability of the Partnership to obtain new accounts and retain existing accounts, the impact of the business process redesign project at the heating oil segment, and the ability of the Partnership to address issues related to such project.



March 7, 2005

PERSONAL AND CONFIDENTIAL

Mr. Irik P. Sevin
4 East 72nd Street
New York, NY 10021

Dear Irik:

The purpose of this letter agreement and general release (the "Agreement") is to acknowledge, and set forth the terms of, our agreement with regard to your termination of employment with Star Gas Partners, L.P. (the "Partnership"), Star Gas LLC (the "LLC"), and their affiliates, successors and assigns (collectively, the "Company"), your termination as Chairman of the Board of Directors of the LLC (the "Board") and your accepting a position as a consultant to the Company.

1. Resignation.

(a) Resignation from Positions. Effective as of March 7, 2005 (the "Termination Date"), you hereby confirm your resignation as Chairman of the Board and your resignation from employment as the Chief Executive Officer and President of the LLC (and its subsidiaries) under the employment agreement between you and the LLC dated as of September 30, 2001 (the "Employment Agreement") or otherwise. You also hereby confirm your resignation from any employment with the Partnership and any of its subsidiaries, effective as of the Termination Date. In addition, you hereby confirm your resignation as the Company's "tax matters partner" for purposes of Section 6231(a)(7) of the Internal Revenue Code of 1986, as amended. Furthermore, effective as of the Termination Date, you hereby confirm your resignation from all offices, positions, trusteeships, committee memberships and fiduciary capacities held with, or on behalf of, the Company or any benefit plans of the Company, other than your position as a member of the Board. You will not represent yourself as being an employee, officer, trustee, agent or representative of any of the foregoing for any purpose.

(b) No Obligation to Rehire. You acknowledge and agree that the Company will not have an obligation to rehire you or to consider you for reemployment after the Termination Date.

2. Rights and Benefits Upon Termination.

(a) Amounts Payable. On and after the Termination Date, you will not be eligible for any payments, fees, awards, benefits or compensation (including, without limitation, any amounts, fees, awards, or reimbursements paid or provided to directors of the LLC), in each such case, other than as specifically provided herein, and your participation in employee benefit plans of the Company will cease as of the Termination Date, other than as specifically provided herein. Notwithstanding the foregoing, within 5 days of the Termination Date, the Company will provide or cause to be provided to you (i) any unpaid base salary through the Termination Date; (ii) any accrued vacation through the Termination Date (up to five weeks); and (iii) any unreimbursed business expenses incurred through the Termination Date up to an amount of \$10,000, subject to your presentment to the Company of appropriate documentation and provided that such business expenses would be eligible for reimbursement under the Company's business expense reimbursement policies. Notwithstanding anything herein to the contrary, only the LLC (its successors and assigns) will have the obligation to pay you (or your estate) or to provide benefits to you (or your estate) under this Agreement, provided, however, that nothing herein shall be construed as limiting the LLC's right to reimbursement from the Partnership. Subject to the provisions of Sections 5, 6, 7, 8, 9 and 10 of this Agreement and your not revoking the general release in Section 6 of this Agreement, and with respect to the payments under Section 2(b) of this Agreement, the Supplemental General Release required to be executed by you under Section 7 of this Agreement, and your mother not revoking her general release, you will be entitled to the payments and benefits described in Sections 2(b), (c), (d), (f) and (g) and Sections 3(c), (d) and (e) of this Agreement.

(b) Retirement Benefits. For the 13-year period beginning with the month following the five-year anniversary of the Termination Date (the "Retirement Benefit Period"), the LLC (its successors and assigns) will provide you with a monthly retirement benefit equal to \$350,000 divided by 12 (\$29,166.67), payable monthly on the first day of each month (the "Retirement Benefit"). In the event of your death prior to the end of the Retirement Benefit Period, the Retirement Benefit will continue to be paid to your estate for the remainder of the Retirement Benefit Period.

(c) Rabbi Trust. Upon the Effective Date, the Company will instruct the trustee of the Amended and Restated Trust entered into by you and the Company on October 2, 2000 (the "Trust") to distribute to you, subject to applicable withholding: (i) 156,731 senior subordinated units of the limited partnership interest in the Partnership ("Senior Subordinated Units"); (ii) 33,000 common units in the Partnership ("Common Units"); and (iii) the cash held in such trust with earnings and losses thereon through the actual date of distribution.

(d) Unit Appreciation Rights.

All of the unit appreciation rights ("UARs") listed on Exhibit B to this Agreement are fully vested and will be payable to you on December 31, 2005, in cash, in an amount equal to any excess of the value of Senior Subordinated Units underlying each such UAR as of the close of trading on December 31, 2005 over the exercise price of the applicable UAR.

The 77,419 UARs granted to you in September, 2002 in lieu of your base salary as part of a salary deferral program implemented by the Company are fully vested and will be payable to you on the Effective Date in the form of Senior Subordinated Units and in an amount to equal \$286,963.00 divided by the closing price of one Senior Subordinated Unit on March 7, 2005; provided, however, that in the event that such amount of Senior Subordinated Units exceeds 102,000, any excess amount shall be paid to you in cash, as soon as administratively practicable following the Effective Date.

Notwithstanding the foregoing or any terms in the applicable award agreements, you will not be permitted to further defer the payment date for any of your UARs.

(e) Qualified Retirement Plans. On and after the Termination Date, you will be eligible to receive all benefits due to you under any tax qualified plans sponsored or contributed to by the Company, subject to, and in accordance with, the terms of any such plans.

(f) Health Benefits. The Company will provide you with medical benefits under the Company's medical plan, as may be amended generally for all employees from time to time, during the Consulting Period (as defined in Section 3(a) of this Agreement); provided, however, that the annual premium paid by the Company on your (or your family's) behalf will not exceed \$7,000. To the extent that the annual premium exceeds \$7,000, the Company will automatically deduct such premiums against the fees described in Section 3(c) of this Agreement paid immediately prior to the time the premium payment is to be paid by the Company to the medical insurer. In the event that you are entitled to medical coverage with a new employer, the Company's obligations under this Section 2(f) will cease. Your coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, will run concurrently with the medical coverage provided hereunder and will not be provided upon the cessation of the coverage provided hereunder.

(g) Automobile Allowance. The Company shall continue to make timely payments throughout the term of its lease for the automobile that you are entitled to under Section 3.3 of the Employment Agreement. Such payments made by the Company will be automatically deducted in advance against the monthly consulting fees described in Section 3(c) of this Agreement. As soon as administratively practicable following the

end of the lease period, you will purchase the automobile from the Company at its fair market value, as determined by a third party appraiser agreed to by you and the Company.

(h) Personal Effects. The Company shall permit you a reasonable period of time, not to exceed 15 days, after the Termination Date to remove all of your personal files and personal effects from any of the Company's offices, including, without limitation, your desk, desk chairs and photographs.

3. Consulting Service.

(a) Consulting Period. For a period of five years following the Termination Date (the "Consulting Period"), you will provide services to the LLC in accordance with the terms and conditions hereinafter set forth.

(b) Duties. You will serve as a non-exclusive, senior-level consultant to the LLC. You will report only to the Chairman of the Board (the "Chairman"). It is anticipated that your consulting activities will involve capital-structure and other financial related matters, acquisition opportunities, and litigation matters affecting the Company, as reasonably requested by the Chairman or the Chief Executive Officer of the LLC and that you will perform such additional duties as mutually agreed to between you and the Chairman or the Chief Executive Officer of the LLC. You will devote an amount of time necessary to perform the consulting services reasonably requested by the Chairman hereunder at such times and places as are mutually agreeable to the parties. Notwithstanding the above, and except as otherwise agreed to by the parties, the consulting services shall be rendered telephonically when possible and performed during the course of normal business hours. The LLC acknowledges that this Agreement places no limitation on your ability to engage in other activities of your choosing, including without limitation, ownership of, employment with or consulting to any other entities; provided however, that such activities are not violative of Section 8 hereof. As an independent contractor, you will have no authority to legally bind the Company and will not hold yourself out as having such authority.

(c) Compensation. As compensation for the services to be rendered hereunder, the LLC will pay you an annual consulting fee of \$395,000 payable in equal monthly installments on the first day of each calendar month during the Consulting Period. In the event of your death prior to the end of the Consulting Period, the compensation due under this Section 3(c) will continue to be paid to your estate for the remainder of the Consulting Period.

(d) Office and Secretarial Support. For the two-year period following the Termination Date, the LLC will reimburse you for all reasonable expenses incurred in maintaining an office to provide the consulting services under Section 3(b) of this Agreement, provided that such expenses shall in no event exceed \$50,000 per year. Such

expenses that shall be subject to reimbursement under this Section shall consist of rent for a suitable offsite office for you and one assistant, telephone expenses, office supplies, computer costs and utilities. The LLC will also provide you with one administrative assistant at the same level as your current assistant during this two-year period.

(e) Reimbursement of Expenses. During the Consulting Period and in addition to Section 3(d) above, the LLC will, upon submission of appropriate documentation, reimburse you for reasonable business expenses for out-of-town travel expenses incurred in connection with the performance of your duties hereunder in accordance with the Company's policies and procedures for out-of-town travel expenses in effect from time to time; provided, however, that any individual expense in excess of \$500.00 and all expenses in any month in the aggregate in excess of \$1,000.00 must be approved in writing by the Chairman.

(f) Termination of Consulting Period and Payments. Notwithstanding anything to the contrary in this Agreement, whether express or implied, the LLC may, at any time, terminate your consultancy and the payments and benefits to you provided for under any provision this Agreement, other than any payments and benefits otherwise due to you under the Indemnification Agreements (as such term is defined below), by giving you at least 10 days' prior notice of the effective date of such termination, upon the unanimous vote of the members of the Board (without regard to your vote) if (i) in the course of providing consulting services hereunder, you engage in an act or omission that results in demonstrable and material economic damage to the Company, as determined by a final judicial or arbitral decision from which no appeal may be taken or (ii) you initiate a challenge to the enforceability or legality of any provision of the voting trust agreement entered into between you, Joseph Cavanaugh and Stephen Russell, dated as of March 7, 2005 (the "Voting Trust Agreement") (each of (i) and (ii), a "Termination Event"); provided however, that any statements made as required by law, a court of competent jurisdiction, any recognized subpoena power or other legal process shall be deemed not to be a challenge to the enforceability or legality of any provision of the Voting Trust Agreement. The Board may terminate your consultancy and the payments and benefits to you provided for under any provision of this Agreement, other than any payments and benefits otherwise due to you under the Indemnification Agreements (as such term is defined below), pursuant to Section 3(f)(i) only if the Board (x) notifies you hereunder of its intent to terminate you within 90 days of the Board's discovery of the occurrence of any of such Termination Event and (y) gives you an opportunity, within 15 days after the expiration of the cure period described in Section 3(f)(z) of this Agreement, provided that the underlying circumstances giving rise to such event remains uncured after expiration of the 30 day period, to be heard with counsel at a special Board meeting in connection with the LLC's termination of the Consulting Period and (z) gives you an opportunity to cure the underlying circumstances giving rise to such Termination Events within thirty (30) business days after the date of such meeting. Notwithstanding anything to the contrary in this Agreement, whether express or implied, you may, at any time after the

12-month period following the Termination Date, terminate your consultancy for any reason by giving at least 60 days' prior written notice of the effective date of such termination; provided, however, that all payments and benefits provided under Section 3 of this Agreement shall immediately cease.

(g) Independent Contractor. Your engagement under Section 3 of this Agreement will be as an independent contractor, rather than as an employee of the Company, and, except as otherwise specified herein, you will not be entitled to any benefits available to employees or directors of the Company. You acknowledge that you will be solely responsible for any federal, state or local income or self employment taxes arising with respect to your fees hereunder. You also acknowledge that you have no state law workers' compensation rights with respect to your services under Section 3 of this Agreement.

4. Full Discharge. You agree and acknowledge that the entitlements provided to you under this Agreement are in full discharge of any and all liabilities and obligations of the Company to you, monetarily or with respect to employee benefits or otherwise, including, without limitation, any and all obligations arising under any alleged written or oral employment agreement (including, without limitation, the Employment Agreement), policy, plan or procedure of the Company and/or any alleged understanding or arrangement between you and the Company or any of its officers or directors, excluding (i) any directors and officers insurance policy maintained by or for the benefit of the Company's officers and/or directors at any time during or after the course of your employment or consultancy with the Company, (ii) your rights, including any indemnity and related rights, provided under the Amended and Restated Agreement of Limited Partnership of Star Gas Partners, L.P., as amended to the date hereof (the "Star Gas LP Agreement"), (iii) your rights, including any indemnity and related rights, provided under the Limited Liability Company Agreement of Star Gas LLC, as amended to the date hereof (the "Star Gas LLC Agreement"), (iv) your rights, including any indemnity and related rights, provided under the Indemnification Agreement between Star Gas LLC and you dated as of April 1, 1999 (the "1999 Indemnification Agreement"), except as provided in Section 11 of this Agreement, and (v) your rights, including any indemnity and related rights, provided under the Voting Trust Agreement (the rights set forth under the Star Gas LP Agreement, the Star Gas LLC Agreement, the foregoing Indemnification Agreement and the Voting Trust Agreement are referred to collectively as the "Indemnification Agreements"). You represent and warrant to the Company that, to the best of your knowledge, you have no other agreements with the Company other than (i) this Agreement, (ii) the Indemnification Agreements (other than the Voting Trust Agreement), (iii) the Noncompetition Agreement (as defined below), (iv) the Trust, (v) the agreements under which the UARs referred to in Section 2(d) of this Agreement were granted, (v) the Incentive Units Agreement that you entered into with the Partnership under the Partnership's Employee Incentive Plan, (vi) the agreement entered into by you and the Partnership, dated as of December 27, 2001, pursuant to which you were granted 33,000 restricted Common Units, and (vii) the agreement entered into by you and the Partnership on March 15, 2001, which relates to your June 2000 "Incentive Units Agreement."

5. Cooperation. At reasonable times, and upon the receipt of reasonable advance notice from the Company, you agree that you will use your reasonable best efforts to respond and provide information with regard to matters in which you have knowledge as a result of your employment, directorship, consulting or other relationship with the Company, and will provide reasonable assistance, with regard for your other activities, as set forth in Section 3(b) above, to the Company and its representatives in defense of any claims that may be made against or by the Company (other than a claim by the Company against you or any claims that you have against that Company that you have not released under Section 6 or Exhibit A of this Agreement), to the extent that such claims may relate to the period of your employment, directorship, consulting or other relationship with the Company of any kind whatsoever. Upon presentation of appropriate documentation, the Company will pay or reimburse you for all out-of-pocket out-of-town travel expenses you incur in complying with this Section 5.

6. General Release

(a) Release of Claims. For and in consideration of the payments and benefits to be made or provided hereunder and the promises set forth in this Agreement, you, for yourself and for your heirs, dependents, executors, administrators, trustees, legal representatives and assigns (collectively referred to as "Releasors"), hereby forever release, waive and discharge (i) the Company, its and their employee benefit and/or pension plans or funds, insurers, successors and assigns, (ii) all past, present and/or future officers, directors, trustees, members, partners, employees, fiduciaries, administrators, controlling persons and successors and assigns of the foregoing, and (iii) all of the past, present and/or future agents, representatives and attorneys (including outside legal counsel) of any of the persons or entities described in (i) or (ii) in this Section 6(a) and any of its and their successors and assigns in all cases whether acting as agents for or with respect to the Company or in their individual capacities (collectively referred to as "Releasees"), from any and all claims, demands, causes of action, fees and liabilities of any kind whatsoever, whether known or unknown, which Releasors ever had or now have against Releasees by reason of any actual or alleged act, omission, transaction, practice, policy, procedure, conduct, occurrence, or other matter up to and including the date of your execution of this Agreement, including without limitation, those in connection with, or in any way related to or arising out of, your employment, service as a director, service as an officer, service as a trustee, service as a fiduciary or termination of any of the foregoing or any other agreement, understanding, relationship, arrangement, act, omission or occurrence, with the Company or other claims.

(b) Additional Release of Claims. Without limiting the generality of the foregoing, this Agreement is intended and will release the Releasees from any and all claims, whether known or unknown, which Releasors ever had or now have against the Releasees including, but not limited to, (i) any claim of discrimination or retaliation under the Age Discrimination in Employment Act ("ADEA") 29 U.S.C. Section 621 et seq., Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Employee

Retirement Income Security Act of 1974, as amended ("ERISA") or the Family and Medical Leave Act; (ii) any claim under the New York State Human Rights Law and the New York City Administrative Code; (iii) any other claim (whether based on federal, state or local law or ordinance statutory or decisional) relating to or arising out of your employment and service as a director to the Company, the terms and conditions of such employment and service, the termination of such employment and service and/or any of the events relating directly or indirectly to or surrounding the termination of such employment and service, and/or any of the events relating directly or indirectly to or surrounding the termination of such employment and service, including, but not limited to, breach of contract (express or implied), tort, wrongful discharge, detrimental reliance, defamation, emotional distress or compensatory or punitive damages; and (iv) any claim for attorney's fees, costs, disbursements and the like related to any claim described in Sections 6(b)(i), 6(b)(ii) or 6(b)(iii) above.

(c) Adversarial Actions. You agree that you will not, from any source or proceeding, seek or accept any award or settlement with respect to any claim or right covered by Sections 6(a) or (b) above, including, without limitation, any source or proceeding involving any person or entity, the United States Equal Employment Opportunity Commission or other similar federal or state agency. Except as otherwise required by law, you further agree that you will not, at any time hereafter, commence, maintain, prosecute, participate in as a party, permit to be filed by any other person on your behalf (to the extent it is within your control or permitted by law), or assist in the commencement or prosecution of as an advisor, witness (unless compelled by legal process or court order) or otherwise, any action or proceeding of any kind, judicial or administrative (on your own behalf, on behalf of any other person and/or on behalf of or as a member of any alleged class of persons) in any court, agency, investigative or administrative body against any Releasee with respect to any actual or alleged act, omission, transaction, practice, conduct, occurrence or any other matter up to and including the date of your execution of this Agreement which you released pursuant to Sections 6(a) or (b) above. You further represent that, as of the date you sign this Agreement, you have not taken any action encompassed by this Section 6(c). If, notwithstanding the foregoing promises, you violate this Section 6(c), you will indemnify and hold harmless Releasees from and against any and all demands, assessments, judgments, costs, damages, losses and liabilities and attorneys' fees and other expenses which result from, or are incidents to, such violation. Notwithstanding anything herein to the contrary, this Section 6(c) will not apply to any claims that you may have under the ADEA and will not apply to the portion of the release provided for in Sections 6(a) or (b) relating to the ADEA.

(d) Preserved Rights. The sole matters to which the release and covenants in this Section 6 do not apply are: (i) your rights under this Agreement, your rights under the Indemnification Agreements, including your rights of indemnification and related rights (except as provided in Section 11 of this Agreement) or otherwise with regard to

your service as an officer or director of the Company (if any) and your rights under any D&O policy maintained by or for the benefit of the Company or its employees or directors at any time during or after the course of your employment with the Company (if any); (ii) your rights to contribution (if any) with regard to your service as an officer and director of the Company; and (iii) your rights as a unitholder of the Company (if any).

7. Supplemental General Release. In connection with this Agreement, upon the termination of the Consulting Period, you will execute the Supplemental General Release form attached as Exhibit A hereto.

8. Restrictive Covenants.

(a) Confidentiality. You hereby acknowledge the restrictive covenant in Section 5 of the Employment Agreement relating to confidentiality. You acknowledge and agree that such restrictive covenant survives your termination of employment with the Company and remains enforceable after the Termination Date; provided, however that restrictions contained in such section will remain enforceable indefinitely and will be inapplicable with respect to disclosures required by law, a court of competent jurisdiction, any recognized subpoena power or other legal process.

(b) Noncompetition Agreement. You hereby acknowledge the agreement entered into by you to induce you to close under an amended and restated plan and agreement of merger dated as of February 3, 1999, as amended March, 1999, among the Partnership, Star Gas Propane, L.P., Petroleum Heat and Power Co., Inc. and Petro/Mergeco, Inc. (the "Noncompetition Agreement"). You acknowledge and agree that the Noncompetition Agreement survives your termination of employment with the Company and remains enforceable after the Termination Date.

(c) Other Competitive Activities. During the Consulting Period, you will not, prepare, make, engage or seek, and will not assist a third party in, preparing or making an unsolicited bid for the Company, engaging in a proxy contest with the Company, seeking to remove the LLC as the Partnership's general partner, or engaging in any similar activity.

(d) Non-Solicitation of Customers. During the Consulting Period, you will not personally nor provide specific customer information enabling others to, solicit heating oil business from, or perform heating oil related services for, or provide specific Company customer information to induce others to perform heating oil services for, any individual, company or other business entity which now is or at any time during the Consulting Period was a client or customer of the Company or its affiliates, in each case of the type now or then currently provided by the Company.

(e) Nonsolicitation of Employees. You hereby covenant and agree that during the Consulting Period (i) you will not attempt to influence, persuade or induce, or assist

any other person in so persuading or inducing, any full time employee of the Company (other than Susan Hope) to give up, or to not commence, employment or a material or exclusive business relationship with the Company and (ii) you will not hire or retain any such employee, or take any action to assist or aid any other person, firm, corporation or other entity in identifying, hiring or soliciting any such employee. Nothing herein will prevent you from serving as a reference for any employee of the Company.

(f) Blue Pencil. If a court holds that the duration, scope, area or other restrictions stated herein are unreasonable under circumstances then existing, the parties agree that the maximum duration, scope, area or other restrictions reasonable under such circumstances will be substituted for the stated duration, scope, area or other restrictions.

(g) Enforceability. The existence of any claim or cause of action of you against the Company, whether or not predicated upon the terms of this Agreement, will not constitute a defense to the enforcement of the provisions of this Section 8.

(h) Complete Understanding. The provisions of this Section 8 represent the complete understanding between you and the Company regarding your business activities after the Termination Date and supersede Sections 5 and 6 of the Employment Agreement, except as expressly provided herein.

(i) Irreparable Harm/Injunctive Relief. The parties acknowledge that any violation of this Section 8 can cause substantial and irreparable harm to the Company. Therefore, the Company will be entitled to pursue any and all legal and equitable remedies, including but not limited to any injunctions.

9. Access to Documents - Press Releases. The Company and you agree that: (i) each party to this Agreement will cooperate to the fullest extent possible in providing, exchanging and/or granting access to information regarding or relating to any litigation matter involving the Company or your service to the Company; except for information subject to the attorney client or work product privilege, or information that the Company concludes by its outside counsel that it would be adverse to the Company's interests to disclose, (ii) so long as no conflict exists, as determined by the Company's outside counsel, you shall be permitted to participate in and provide input with regard to the conduct of such litigation and you and the Company shall be permitted to communicate with any attorney or attorneys retained by the other party in connection with your defense of such litigation. Additionally, except as prohibited by law, the Company agrees that, during the 24-hour period (or less, if the circumstances so warrant) prior to their release, the Company will forward to an email address designated by you all press releases prepared by the Company which mention you so you can provide comments thereon to the Company, which comments will be reasonably considered by the Company.

10. Return of Company Documents. Within 30 days of the Effective Date, you will deliver to the Company any and all notes, memoranda, documents, together with all copies thereof, and any other material containing or disclosing any confidential or proprietary

information (whether in written, printed, electronic or other form) (the "Company Documents"); provided, however, that you may retain any such Company Documents you reasonably determine, in good faith, are necessary to perform the consulting services described in Section 3(b) of this Agreement; provided further, that you shall return such Company Documents at the termination of the Consulting Period. You further agree that any property situated on Company's premises and owned by Company including disks and other storage media, filing cabinets or other work areas, is subject to inspection by Company personnel at any time, with or without notice, for the purpose of protecting the Company's rights and interests in its confidential or proprietary information.

11. Indemnification. The Company hereby agrees to continue to indemnify you and hold you harmless to the fullest extent permitted under applicable law, under the Indemnification Agreements, as such agreements exist as of the date hereof without giving any effect to any subsequent amendment to any such document if and to the extent that the indemnification protection under such agreement would be reduced or eliminated by such amendment, against and in respect to any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses (including attorney's fees), losses, and damages resulting from your performance of your duties and obligations with the Company, whether before or after the Termination Date. Notwithstanding any other provision of this Agreement or any of the Indemnification Agreements, if (but only if), in connection with the defense of any litigation or other proceeding brought against you relating to your service to the Company prior to the Termination Date and/or against the Company and/or its officers, employees or directors, (i) one or more defenses to any such litigation are available to you, which defense(s) materially differ from or are in addition to any of the defenses that are available to or for any other defendant to any such litigation so as to warrant the retention of separate counsel, or (ii) there exists any material conflict of interest between you and any other defendant to any such litigation, you shall be entitled to retain legal counsel of your choice subject to the Company's approval which shall not be unreasonably withheld at the sole expense of the Company, subject to the terms of the Company's applicable indemnification agreements, insurance policies and governing statutes.

None of the provisions of this Agreement or the actions contemplated hereunder shall be considered in determining whether a "Change in Control" or "Potential Change in Control" has occurred under the 1999 Indemnification Agreement. Notwithstanding anything herein to the contrary, Section 16 of the 1999 Indemnification Agreement shall be null and void and you hereby irrevocably waive any and all rights under such section.

12. Miscellaneous.

(a) Entire Agreement. This Agreement represents the complete understanding between you and the Company with respect to the subject matter hereof and supersedes any and all other agreements between the parties, including without limitation, the Employment Agreement (except as otherwise provided in (a) the Voting Trust Agreement, (b) this Agreement, (c) the Indemnification Agreements (except for Section 16 of the 1999 Indemnification Agreement), (d) any D&O policy maintained by or for the

benefit of the Company or its officers, employees or directors at any time during or after your employment and consultancy with the Company and (e) the Noncompetition Agreement). No other promises or agreements will be binding unless in a subsequent writing and signed by you and the Company. Notwithstanding anything contained in Section 6 of this Agreement, the rights to the parties under the Star Gas LLC Agreement and the Star Gas Partnership Agreement shall not be affected, except as expressly provided herein.

(b) Notices. All notices under this Agreement will be given in writing and will be either delivered personally or sent by certified or registered mail, return receipt requested, addressed to the other party at the appropriate address first set forth above, or to such other address as such party will designate by written notice as aforesaid. Notices will be deemed given when received or two days after mailing, whichever is earlier.

(c) Waiver. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

(d) Arbitration. Any dispute or controversy arising under or in connection with this Agreement will be settled exclusively by arbitration conducted in New York, New York under the Commercial Arbitration Rules then prevailing of the American Arbitration Association and such submission will request the American Arbitration Association to: (a) appoint a single arbitrator experienced and knowledgeable concerning the matter then in dispute to preside over the arbitration; (b) require the testimony to be transcribed; (c) require the award to be accompanied by findings of fact and the statement for reasons for the decision; and (d) request the matter to be handled by and in accordance with the expedited procedures provided for in the Commercial Arbitration Rules. The determination of the arbitrator, which will be based upon a *de novo* interpretation of this Agreement, will be final and binding and judgment may be entered on the arbitrator's award in any court having jurisdiction.

(e) Governing Law. Except as it may be preempted by ERISA, this Agreement will be governed and construed in accordance with the laws of the State of New York, without reference to principles of conflict of laws.

(f) Severability. If, at any time after the execution of this Agreement, any provision of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction or by an arbitrator solely such provision will be of no force or effect. Except with respect to claims under the ADEA, if you seek to challenge the validity of or otherwise vitiate this Agreement, you will, as a precondition, be required to repay the Company all amounts paid to you by the Company pursuant to this Agreement and the

Company will not be required to make any additional payments. For the avoidance of doubt, the assertion by you of a claim arising out of, or any attempt by you to enforce, this Agreement, or any challenge by you to the Company's interpretation of any provision of this Agreement shall not constitute a challenge to the validity of, or an attempt to vitiate, this Agreement.

(g) Successors. This Agreement is binding upon, and will inure to the benefit of, you and the Company and your and its respective heirs, executors, administrators, successors and assigns, provided that you may not assign this Agreement or any of your rights or duties hereunder.

(h) Legal Fees. The Company will pay you or your designee for your reasonable legal fees (based on standard, non-premium billing rates) incurred in connection with the negotiation and execution of this Agreement and the Voting Trust Agreement.

(i) Withholding Taxes. The Company may withhold from all payments due hereunder such federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

(j) Counterparts. This Agreement may be executed in several counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

13. Acknowledgment. You acknowledge that you have been advised by the Company in writing to consult independent legal counsel of your choice before signing this Agreement. You further acknowledge that you have had the opportunity to consult, and you have consulted with, independent legal counsel and to consider the terms of this Agreement for a period of at least 21 days.

14. Effective Date. You further acknowledge that this Agreement will not become effective until the eighth day following your execution of this Agreement (the "Effective Date"), and that you may at any time prior to the Effective Date revoke this Agreement by delivering written notice of revocation to the Company at 2187 Atlantic Street Stamford, CT 06902, to the attention of the Chairman. In the event that you revoke this Agreement prior to the eighth day after its execution, this Agreement and the promises contained in the Agreement, will automatically be null and void.

[remainder of page intentionally left blank]

Mr. Irik P. Sevin
March 7, 2005
Page 14

If this Agreement is acceptable to you, please sign the enclosed duplicate original and return the signed Agreement to me.

STAR GAS LLC

By: _____

Name:

Title:

Accepted and Agreed to:

By: /s/ Irik P. Sevin

Irik P. Sevin

Dated: March __, 2005

Exhibit A

Supplemental General Release

To: Star Gas LLC
2187 Atlantic Street
Stamford, CT 06902
Attention: _____

1. I hereby sign this Supplemental General Release for and in consideration of the payments and benefits previously paid or provided to me or to be made or provided to me and the promises set forth herein and in the letter agreement, dated March 7, 2005 between Star Gas Partners, L.P., Star Gas LLC (the "LLC"), and their affiliates, successors and assigns (collectively, the "Company") and me (the "Letter Agreement"). I further acknowledge that the payments, benefits and other entitlements under the Letter Agreement exceed any payment, benefit, or other thing of value to which I might otherwise be entitled under any policy, plan or procedure of the Company or any prior agreement between me and the Company.

2. Supplemental General Release. (a) For and in consideration of the payments and benefits previously paid or provided to me, payments to be made to me under the Letter Agreement, and other good and valuable consideration, I, for myself and for my heirs, dependents, executors, administrators, trustees, legal representatives and assigns (collectively referred to as "Releasors"), hereby forever release, waive and discharge (i) the Company, its and their employee benefit and/or pension plans or funds, insurers, successors and assigns, (ii) all past, present and/or future officers, directors, trustees, members, partners, employees, fiduciaries, administrators, controlling persons and successors and assigns of the foregoing, and (iii) all of the past, present and/or future agents, representatives and attorneys (including outside legal counsel) of any of the persons or entities described in (i) or (ii) in this Section 2(a) and any of its and their successors and assigns in all cases whether acting as agents for or with respect to the Company or in their individual capacities (collectively referred to as "Releasees"), from any and all claims, demands, causes of action, fees and liabilities of any kind whatsoever, whether known or unknown, which Releasors ever had or now have against Releasees by reason of any actual or alleged act, omission, transaction, practice, policy, procedure, conduct, occurrence, or other matter up to, and including, the date of my execution of this Supplemental General Release, including without limitation, those in connection with, or in any way related to or arising out of, any of my positions with the Company or termination thereof.

(b) Without limiting the generality of the foregoing, this Supplemental General Release is intended and will release the Releasees from any and all claims, whether known or unknown, which Releasors ever had or now have against the Releasees including, but not limited to, (i) any claim of discrimination or retaliation under the Age Discrimination in Employment Act ("ADEA") 29 U.S.C. Section 621 et seq., Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Employee Retirement Income Security Act of 1974, as amended, or the Family and Medical Leave Act; (ii) any claim under the New York State Human Rights Law and the New York City Administrative Code; (iii) any other claim (whether based on federal, state or

local law or ordinance statutory or decisional) relating to or arising out of my service with the Company, the terms and conditions of such service, the termination of such service and/or any of the events relating directly or indirectly to or surrounding the termination of such service, and/or any of the events relating directly or indirectly to or surrounding the termination of such service, including, but not limited to, breach of contract (express or implied), tort, wrongful discharge, detrimental reliance, defamation, emotional distress or compensatory or punitive damages; and (iv) any claim for attorney's fees, costs, disbursements and the like related to any claims described in Sections 2(b)(i), 2(b)(ii) or 2(b)(iii) above.

(c) I agree that I will not, from any source or proceeding, seek or accept any award or settlement with respect to any claim or right covered by Sections 2(a) or (b) above. I further agree that I will not, at any time hereafter, commence, maintain, prosecute, participate in as a party, permit to be filed by any other person on my behalf (to the extent it is within my control or permitted by law), or assist in the commencement or prosecution of as an advisor, witness (unless compelled by legal process or court order) or otherwise, any action or proceeding of any kind, judicial or administrative (on my own behalf, on behalf of any other person and/or on behalf of or as a member of any alleged class of persons) in any court, agency, investigative or administrative body against any Releasee with respect to any actual or alleged act, omission, transaction, practice, conduct, occurrence or any other matter up to and including the date of my execution of this Supplemental General Release which I released pursuant to Sections 2(a) or (b) above. I further represent that, as of the date I sign this Supplemental General Release, I have not taken any action encompassed by this Section 2(c). If, notwithstanding the foregoing promises, I violate this Section 2(c), I will indemnify and hold harmless Releasees from and against any and all demands, assessments, judgments, costs, damages, losses and liabilities and attorneys' fees and other expenses which result from, or are incidents to, such violation. Notwithstanding anything herein to the contrary, this Section 2(c) will not apply to any claims that I may have under the ADEA and will not apply to the portion of the release provided for in Sections 2(a) or (b) relating to the ADEA.

(d) The sole matters to which the release and covenants in this Section 2 do not apply are: (i) my rights under the Letter Agreement, my rights under the Indemnification Agreements, including my rights of indemnification and related rights (except as provided in Section 11 of the Letter Agreement) or otherwise with regard to my service as an officer or director of the Company (if any) and my rights under any D&O policy maintained by or for the benefit of the Company or its employees or directors at any time during or after the course of my employment with the Company (if any); (ii) my rights to contribution (if any) with regard to my service as an officer and director of the Company; and (iii) my rights as a unitholder of the Company (if any). All capitalized terms in this Section 2(d) shall have the meaning ascribed to them in the Letter Agreement.

3. **Governing Law; Enforceability.** The interpretation of this Supplemental General Release will be governed and construed in accordance with the laws of the State of New York, without reference to principles of conflict of laws. If any provisions of this Supplemental General Release will be declared to be invalid or unenforceable, in whole or in part, such invalidity or unenforceability will not affect the remaining provisions hereof which will remain in full force and effect.

4. Acknowledgement. I acknowledge that I have been advised by the Company in writing to consult independent legal counsel of my choice before signing this Supplemental General Release. I further acknowledge that I have had the opportunity to consult, and I have consulted with, independent legal counsel and to consider the terms of this Supplemental General Release for a period of at least 21 days.

5. Effective Date. I further acknowledge that this Supplemental General Release will not become effective until the eighth day following my execution of this Supplemental General Release (the "Effective Date"), and that I may at any time prior to the Effective Date revoke this Supplemental General Release by delivering written notice of revocation to the Company at 2187 Atlantic Street Stamford, CT 06902, to the attention of the Chairman of the Board of Directors of the LLC. In the event that I revoke this Supplemental General Release prior to the eighth day after its execution, this Supplemental General Release and the promises contained in the Letter Agreement, will automatically be null and void.

6. Entire Agreement. I understand that this Supplemental General Release and the Letter Agreement constitute the complete understanding between the Company and me and that no other promises or agreements will be binding unless in writing and signed by me and the Company after the date hereof.

7. Counterparts. This Supplemental General Release may be executed in several counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

By: /s/ Irik P. Sevin

STAR GAS LLC

Irik P. Sevin

Dated: _____, 200_

By: _____

Name:

Title:

Dated: _____, 200_

Exhibit B**Unit Appreciation Rights**

| <u>Date of Grant</u> | <u>Number of Vested Unit Appreciation Rights</u> | <u>Exercise Price</u> | <u>Vesting Date</u> |
|---|--|---------------------------|---|
| December 1, 1999, as amended on November 14, 2001 | 381,304 | \$7.8536 | 25% vested on each of: (i) January 31, 2001, (ii) December 1, 2001, (iii) December 1, 2002 and (iv) December 1, 2003. |
| December 1, 2000, as amended on November 14, 2001 | 54,715 | \$7.6259 | January 5, 2001 |



March 7, 2005

PERSONAL AND CONFIDENTIAL

Mrs. Audrey Sevin
850 Park Avenue
New York, NY 10021

Dear Audrey:

The purpose of this letter agreement and general release (the "Agreement") is to acknowledge, and set forth the terms of, our agreement with regard to your termination of employment with Star Gas Partners, L.P. (the "Partnership"), Star Gas LLC (the "LLC"), and their affiliates, successors and assigns (collectively, the "Company").

1. Resignation.

(a) Resignation from Positions. Effective as of 4 p.m. March 7, 2005 (the "Termination Date"), you hereby confirm your resignation from employment as Secretary of the LLC (and its subsidiaries). You also hereby confirm your resignation from any employment with the Partnership and any of its subsidiaries, effective as of the Termination Date. In addition, effective as of the Termination Date, you hereby confirm your resignation from all offices, positions, trusteeships, committee memberships and fiduciary capacities held with, or on behalf of, the Company or any benefit plans of the Company. You will not represent yourself as being an employee, officer, trustee, agent or representative of any of the foregoing for any purpose.

(b) No Obligation to Rehire. You acknowledge and agree that the Company will not have an obligation to rehire you or to consider you for reemployment after the Termination Date.

2. Rights and Benefits Upon Termination.

(a) Amounts Payable. On and after the Termination Date, you will not be eligible for any payments, fees, awards, benefits or compensation (including, without limitation, any amounts, fees, awards, or reimbursements paid or provided to directors of the LLC), and your participation in employee benefit plans of the Company will cease as of the Termination Date, other than as specifically provided herein. Notwithstanding the foregoing, within 10 days of the Termination Date, the Company will provide or cause to

be provided to you (i) any unpaid base salary through the Termination Date; (ii) any accrued vacation through the Termination Date (up to four weeks); and (iii) 26 weeks of your base salary, at your level of base salary in effect as of the Termination Date, payable at intervals in accordance with the Company's customary payroll practices.

(b) Health Benefits. The Company will provide you with medical benefits under the Company's medical plan, as may be amended generally for all employees from time to time, for a period of one year after the Termination Date; provided, however, that the annual premium paid by the Company on your behalf will not exceed \$7,000. To the extent that the annual premium exceeds \$7,000, the Company will automatically deduct such premiums against the payments described in Section 2(a) of this Agreement paid immediately prior to the time the premium payment is to be paid by the Company to the medical insurer; provided that, if there are no such payments due to you, you shall reimburse the Company for any such excess premium payments. In the event that you are entitled to medical coverage with a new employer, the Company's obligations under this Section 2(b) will cease. As you are entitled to Medicare, you have no rights to medical continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

(c) Partnership and Membership Units. You will retain your 42,829 Senior Subordinated Units, your 153,131 Junior Subordinated Units and your 6,000 Common Units (all of which are fully vested) in the Partnership and your 44.2580% Membership Interest in the LLC, subject to and in accordance with the terms of the Partnership and LLC Agreements (as defined in Section 4 of this Agreement).

3. General Release

(a) Release of Claims. For and in consideration of the payments and benefits to be made or provided hereunder and the promises set forth in this Agreement and to induce the LLC to enter into a letter agreement of even date with your son, you, for yourself and for your heirs, dependents, executors, administrators, trustees, legal representatives and assigns (collectively referred to as "Releasors"), hereby forever release, waive and discharge (i) the Company, its and their employee benefit and/or pension plans or funds, insurers, successors and assigns, (ii) all past, present and/or future officers, directors, trustees, members, partners, employees, fiduciaries, administrators, controlling persons and successors and assigns of the foregoing, and (iii) all of the past, present and/or future agents, representatives and attorneys (including outside legal counsel) of any of the persons or entities described in (i) or (ii) in this Section 3(a) and any of its and their successors and assigns in all cases whether acting as agents for or with respect to the Company or in their individual capacities (collectively referred to as "Releasees"), from any and all claims, demands, causes of action, fees and liabilities of any kind whatsoever, whether known or unknown, which Releasors ever had or now have against Releasees by reason of any actual or alleged act, omission, transaction, practice,

policy, procedure, conduct, occurrence, or other matter up to and including the date of your execution of this Agreement, including without limitation, those in connection with, or in any way related to or arising out of, your employment, service as a director, service as an officer, service as a trustee, service as a fiduciary or termination of any of the foregoing or any other agreement, understanding, relationship, arrangement, act, omission or occurrence, with the Company or other claims.

(b) Additional Release of Claims. Without limiting the generality of the foregoing, this Agreement is intended and will release the Releasees from any and all claims, whether known or unknown, which Releasers ever had or now have against the Releasees including, but not limited to, (i) any claim of discrimination or retaliation under the Age Discrimination in Employment Act ("ADEA") 29 U.S.C. Section 621 et seq., Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or the Family and Medical Leave Act; (ii) any claim under the New York State Human Rights Law and the New York City Administrative Code; (iii) any other claim (whether based on federal, state or local law or ordinance statutory or decisional) relating to or arising out of your employment and service as a director to the Company, the terms and conditions of such employment and service, the termination of such employment and service and/or any of the events relating directly or indirectly to or surrounding the termination of such employment and service, and/or any of the events relating directly or indirectly to or surrounding the termination of such employment and service, including, but not limited to, breach of contract (express or implied), tort, wrongful discharge, detrimental reliance, defamation, emotional distress or compensatory or punitive damages; and (iv) any claim for attorney's fees, costs, disbursements and the like related to any claim described in Sections 3(b)(i), 3(b)(ii) or 3(b)(iii) above.

(c) Adversarial Actions. You agree that you will not, from any source or proceeding, seek or accept any award or settlement with respect to any claim or right covered by Sections 3(a) or (b) above, including, without limitation, any source or proceeding involving any person or entity, the United States Equal Employment Opportunity Commission or other similar federal or state agency. Except as otherwise required by law, you further agree that you will not, at any time hereafter, commence, maintain, prosecute, participate in as a party, permit to be filed by any other person on your behalf (to the extent it is within your control or permitted by law), or assist in the commencement or prosecution of as an advisor, witness (unless compelled by legal process or court order) or otherwise, any action or proceeding of any kind, judicial or administrative (on your own behalf, on behalf of any other person and/or on behalf of or as a member of any alleged class of persons) in any court, agency, investigative or administrative body against any Releasee with respect to any actual or alleged act, omission, transaction, practice, conduct, occurrence or any other matter up to and including the date of your execution of this Agreement which you released pursuant to Sections 3(a) or (b) above. You further represent that, as of the date you sign this

Agreement, you have not taken any action encompassed by this Section 3(c). If, notwithstanding the foregoing promises, you violate this Section 3(c), you will indemnify and hold harmless Releasees from and against any and all demands, assessments, judgments, costs, damages, losses and liabilities and attorneys' fees and other expenses which result from, or are incidents to, such violation. Notwithstanding anything herein to the contrary, this Section 3(c) will not apply to any claims that you may have under the ADEA and will not apply to the portion of the release provided for in Sections 3(a) or (b) relating to the ADEA.

(d) Preserved Rights. The sole matters to which the release and covenants in this Section 3 do not apply are: (i) your rights under this Agreement; (ii) your rights of indemnification with regard to your service as an officer or director of the Company (if any); (iii) your rights under any D&O policy maintained by or for the benefit of the Company or its employees or directors at any time during or after the course of your employment with the Company (if any); (iv) your rights to contribution (if any) with regard to your service as an officer and director of the LLC; (v) your rights to any vested accrued benefits under the LLC's employee benefit plans, under ERISA (if any); (vi) your rights as a member of the LLC (if any); or (v) your rights as a unitholder of the Partnership (if any).

4. Indemnification. The Company hereby agrees to continue to indemnify you and hold you harmless to the fullest extent permitted under applicable law and by the Amended and Restated Agreement of Limited Partnership of Star Gas Partners, L.P., as amended to the date hereof and the Limited Liability Company Agreement of Star Gas LLC, as amended to the date hereof (collectively, the "Partnership and LLC Agreements"), as such agreements exist as of the date hereof without giving any effect to any subsequent amendment to either such document, against and in respect to any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses (including attorney's fees), losses, and damages resulting from your performance of your duties and obligations with the Company, whether before or after the Termination Date, including without limitation your severance or other benefits under the Agreement.

5. Governing Law; Enforceability. The interpretation of this Agreement will be governed and construed in accordance with the laws of the State of New York, without reference to principles of conflict of laws. If any provisions of this Agreement will be declared to be invalid or unenforceable, in whole or in part, such invalidity or unenforceability will not affect the remaining provisions hereof which will remain in full force and effect.

6. Entire Agreement. This Agreement represents the complete understanding between you and the Company with respect to the subject matter hereof and supersedes any and all other agreements between the parties. Notwithstanding anything contained in Section 3 of this Agreement, the rights to the parties under the Partnership and LLC Agreements shall not be affected, except as expressly provided herein.

7. Acknowledgement. You acknowledge that you have been advised by the Company in writing to consult independent legal counsel of your choice before signing this Agreement. You further acknowledge that you have had the opportunity to consult, and you have consulted with, independent legal counsel and to consider the terms of this Agreement for a period of at least 21 days.

8. Effective Date. You further acknowledge that this Agreement will not become effective until the eighth day following your execution of this Agreement (the "Effective Date"), and that you may at any time prior to the Effective Date revoke this Agreement by delivering written notice of revocation to: the LLC at 2187 Atlantic Street, Stamford, CT 06902, to the attention of the Chairman of the Board of Directors of the LLC. In the event that you revoke this Agreement prior to the eighth day after its execution, this Agreement will automatically be null and void.

9. Counterparts. This Agreement may be executed in several counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

[remainder of page intentionally left blank]

Ms. Audrey Sevin
March 7, 2005
Page 6

If this Agreement is acceptable to you, please sign the enclosed duplicate original and return the signed Agreement to me.

STAR GAS LLC

By: _____

Name:

Title:

Accepted and Agreed to:

By: /s/ Audrey Sevin

Audrey Sevin

Dated: March __, 2005

PERSONAL AND CONFIDENTIAL

The Board of Directors
Star Gas LLC
2187 Atlantic Street
Stamford, CT 06902

Gentleman:

I hereby resign effective immediately as a director of Star Gas LLC and each of its affiliates and subsidiaries. I agree that I will not represent myself as being a director of any of the foregoing for any purpose.

Sincerely,

/s/ Audrey L. Sevin

Audrey L. Sevin

VOTING TRUST AGREEMENT

THIS VOTING TRUST AGREEMENT (as it may be amended or supplemented from time to time, the "Agreement") is entered into as of March 7, 2005, by and among Star Gas LLC, a Delaware limited liability company (the "Company"), and Irik P. Sevin, in his capacity as a member of the Company (the "Member"), and Irik P. Sevin, Stephen Russell and Joseph P. Cavanaugh in their capacities as trustees under this Agreement (the "Voting Trustees", which term shall be deemed to include a reference to their respective successors as Voting Trustees hereunder).

RECITALS

- A. The Member is the owner of 15.6363 percent of the aggregate outstanding membership interests in the Company (the "Membership Interests").
- B. The Member desires to assign and transfer all of his Membership Interests in the Company into a trust for his benefit pursuant to this Agreement.
- C. The voting trust created by this Agreement is for the benefit of the Member.
- D. The parties hereto deem it to be in the interest of the Member that this Agreement should be made.

AGREEMENTS

In consideration of the mutual covenants and obligations set forth in this Agreement, the parties hereto agree as follows:

1. Representations of the Member: Creation of Voting Trust.

1.1. Representations of the Member. The Member hereby represents, warrants and covenants to the Company and the Voting Trustees as follows:

- (a) the Member is an individual domiciled in the State New York;
- (b) the Member has the power, authority and legal right to enter into and perform his obligations under this Agreement;
- (c) this Agreement has been duly executed and delivered by the Member and is a legal, valid and binding agreement of the Member enforceable against the Member in accordance with its terms;
- (d) the Member is the beneficial and record owner of 15.6363 percent of the aggregate outstanding Membership Interests in the Company, and all of such Membership Interests are owned free and clear of all claims, liens, pledges, options, charges, security interests and other encumbrances, except as may exist under the Company's Limited Liability Company Agreement or under any federal or state securities laws; and

(e) none of the Member's Membership Interests in the Company are subject to any voting agreement, voting trust, proxy or other agreement concerning the voting of such Membership Interests, except for this Agreement.

1.2 Assignment of Membership Interests. The Member hereby assigns and transfers, and agrees to assign and transfer, to the Voting Trustees all of his Membership Interests in the Company, which represents 15.6363 percent of the aggregate outstanding Membership Interests in the Company, and all additional Membership Interests at any time hereafter owned by him during the term of this Agreement, however acquired. Notwithstanding the assignment and transfer of the Membership Interests in the Company to the Voting Trustees, none of the parties will state, assert or otherwise take a position that the Member is not the beneficial owner of the Membership Interests.

1.3 Delivery of Voting Trust Certificates. The Voting Trustees shall hold such Membership Interests subject to the terms and conditions of this Agreement and shall deliver or cause to be delivered to the Member one or more voting trust certificates ("Voting Trust Certificates") representing the Membership Interests so assigned and transferred by the Member in the form provided for in Section 2.1 hereof.

1.4 Limited Liability Company Agreement. Schedule A of the limited liability company agreement of the Company shall be amended to reflect that the Member has assigned and transferred all of his Membership Interests in the Company to the Voting Trustees, and shall be further amended to reflect any additional Membership Interests assigned and transferred to the Voting Trustees as provided in Section 1.2.

1.5 Acceptance of Trust. The Voting Trustees accept the voting trust created hereby in accordance with all of the terms and conditions contained in this Agreement.

2. Voting Trust Certificates.

2.1 Form; Legend. The Voting Trust Certificates to be issued and delivered by the Voting Trustees under this Agreement in respect of the Membership Interests in the Company shall be substantially in the form of Exhibit A attached hereto, with such changes therein consistent with the provisions of this Agreement as the Voting Trustees may from time to time deem appropriate. Each Voting Trust Certificate shall have the following legend stamped, typed or otherwise legibly placed on the face or reverse side thereof:

Sale, pledge or other disposition or transfer of this Voting Trust Certificate and the Membership Interests in Star Gas LLC, a Delaware limited liability company (the "Company"), represented hereby, is restricted by the terms of a Voting Trust Agreement, dated as of March 7, 2005, which may be examined in the principal office of the Company.

2.2. Transfer, Registered Holders: Transfer Books.

(a) The Voting Trust Certificates shall be transferable only on the books of the Voting Trustees upon surrender of such Voting Trust Certificates (duly endorsed in blank or accompanied by a proper instrument of assignment duly executed in blank, together with requisite transfer tax stamps attached thereto and an amount sufficient to pay all federal, state and local taxes or other government charges, if any, then payable in connection with such transfer) by the registered holder in person or by such holder's duly authorized attorney. Upon the surrender of any Voting Trust Certificates for transfer, the Voting Trustees shall cancel such Voting Trust Certificates and new certificates shall be delivered in accordance with the instructions of the registered holder in person or such holder's duly authorized attorney in the same form and representing the same percentage interest in the Membership Interests in the Company as the Voting Trust Certificates presented for cancellation.

(b) The Member represents and warrants that he is acquiring the Voting Trust Certificates for investment purposes and not with a view to their resale or distribution.

(c) The Voting Trustees may treat the registered holder of each of such Voting Trust Certificate as the absolute owner thereof for all purposes whatsoever, and accordingly shall not be required to recognize any legal, equitable or other claim or interest in each such Voting Trust Certificate on the part of any other person, whether or not it or they shall have express or other notice thereof.

(d) The Voting Trustees shall keep or cause to be kept, a record of the registered holders of the Voting Trust Certificates and such other books and records as the Voting Trustees are required to maintain by law.

3. Distributions. The Voting Trustees shall receive and hold, subject to the terms of this Agreement, any distributions declared and paid on the Membership Interests assigned and transferred to the Voting Trustees hereunder and shall promptly after receipt distribute directly any such distributions to holders of Voting Trust Certificates in proportion to their respective interests therein as shown on the books of the Voting Trustees, such distribution to be equivalent to the distribution that each respective holder would have been entitled to receive had such holder not assigned and transferred to the Voting Trustees such holder's Membership Interests in the Company hereunder.

4. The Voting Trustees.

4.1. Status. Each Voting Trustee hereby severally and not jointly represents, warrants and covenants as follows:

(a) the Voting Trustee is an individual domiciled in the State set forth below opposite such Voting Trustees name:

| | |
|---------------------|----------|
| Irik P. Sevin | New York |
| Stephen Russell | Indiana |
| Joseph P. Cavanaugh | New York |

(b) the Voting Trustee is duly qualified for the performance of his obligations under this Agreement, and has the power, authority and legal right to enter into and perform his obligations under this Agreement; and

(c) this Agreement has been duly executed and delivered by the Voting Trustee and is a legal, valid and binding agreement of the Voting Trustee enforceable against the Voting Trustee in accordance with its terms.

4.2. Voting of Membership Interests; Meetings.

(a) Until the assignment and retransfer of the Membership Interests in exchange for Voting Trust Certificates pursuant to Section 7.2 hereof, the Voting Trustees shall possess and be entitled in their discretion to exercise all rights and powers to vote such Membership Interests and to give consents with respect to any lawful limited liability company action of the Company. Each Voting Trustee shall cause the Membership Interests to be voted or consents to be given in respect of the Membership Interests in accordance with the decision of a majority of the Voting Trustees.

(b) For this purposes of this Agreement, a “majority of the Voting Trustees” shall mean an affirmative vote of a majority of the votes cast by the Voting Trustees on a particular matter at a meeting of the Voting Trustees at which a majority of the Voting Trustees are present in person or by proxy, with each Voting Trustee entitled to one vote. The Voting Trustees may also act by unanimous written consent.

(c) Meetings of the Voting Trustees may be called by any Voting Trustee. Written notice of the time and place of any meeting of the Voting Trustees must be given to the Voting Trustees at least three days prior to the meeting. The notice of meeting must specify the purpose of the meeting. Any requirements of furnishing notice shall be waived by any Voting Trustee who signs a written waiver of such notice. Attendance by a Voting Trustee at a meeting shall constitute a waiver of the notice of such meeting, except when the Voting Trustee attends a meeting for the express purpose of objecting, at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Meetings of the Voting Trustees shall be held at such place within or without the State of Delaware as shall be fixed by the person calling the meeting. Voting Trustees may participate in a meeting of the Voting Trustees by means of telephone conference or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 4(c) shall constitute presence in person at the meeting.

(d) No holder of Voting Trust Certificates shall in such capacity have any rights or powers to vote such Membership Interests or to give consents with respect to or otherwise take part in any limited liability company action of the Company.

4.3. Duty to Company. The Voting Trustees shall exercise their voting power and other powers in respect of the control of management of the Company in a manner that is in the best interests of the Company.

4.5. Resignation. Any Voting Trustee may resign at any time upon giving 30 days prior written notice of such resignation to the Company and to the holders of the Voting Trust Certificates. Such resignation shall take effect upon expiration of such 30-day period, whereupon all powers, rights and obligations of the resigning Voting Trustee under this Agreement shall cease and terminate.

4.6. Successor Trustee. Promptly upon (a) receipt of a notice of resignation from a Voting Trustee in accordance with Section 4.5 hereof or (b) any vacancy in the position of a Voting Trustee by reason of the death of the Voting Trustee, the inability or refusal to act of a Voting Trustee or any other reason, a successor trustee shall be appointed in accordance with this Section 4.6. Such successor trustee shall assume all powers, rights and obligations of such Voting Trustee hereunder immediately upon the appointment of such successor Voting Trustee. If Irik P. Sevin or his successor resigns as a Voting Trustee or there is otherwise a vacancy in the position formerly held by Mr. Sevin or his successor, Mr. Sevin (or, in the case of his death, his executor) shall be entitled to designate a successor Voting Trustee; provided that such successor Voting Trustee is approved by the other Voting Trustees, such approval not being unreasonably delayed or withheld. If Stephen Russell and Joseph P. Cavanaugh or their respective successors resign or there is a vacancy in the position formerly held by Stephen Russell or Joseph P. Cavanaugh or their respective successors, the Board of Directors of the Company shall be entitled to designate a successor Voting Trustee, by majority vote or unanimous written consent; provided that such successor Voting Trustee is approved by Irik P. Sevin, such approval not being unreasonably delayed or withheld.

4.7. No Fees. The Company shall not pay any fees to the Voting Trustees as compensation for their administration of the voting trust created hereby and for the proper exercise of their powers and performance of their duties under this Agreement; however, the Company shall reimburse the Voting Trustees for all reasonable out-of-pocket expenses (including reasonable legal fees and disbursements) incurred by the Voting Trustees in the (i) establishment of the voting trust contemplated hereby and the preparation of this Agreement and other documentation prepared in connection herewith and (ii) the administration of the voting trust contemplated hereby; provided that such expenses were approved by a majority of the Voting Trustees.

4.8. Voting Trustees May Rely. No Voting Trustee shall incur any liability to anyone in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper reasonably and in good faith believed by him to be genuine and signed by the proper party or parties thereto. Each Voting

Trustee may for all purposes hereof rely on a certificate, signed by or on behalf of the party executing such certificate, as to any fact or matter, and such certificate shall constitute full protection of such Voting Trustee for any action taken or omitted to be taken by him in good faith in reliance thereon. In the administration of the voting trust, the Voting Trustees may, with the approval of a majority of the Voting Trustees and at the cost and expense of the Company, seek advice of counsel, accountants and other skilled persons to be selected and employed by the Voting Trustees acting with the approval of a majority of the Voting Trustees, and no Voting Trustee shall be liable for anything done, suffered or omitted in good faith by such Voting Trustee in accordance with the actions, advice or opinion of any such counsel, agents, accountants or other skilled persons.

4.9. Voting Trustee Acts as Trustee. In accepting the voting trust, each Voting Trustee acts solely as a trustee hereunder and not in any individual capacity, and all persons having any claim against such Voting Trustee by reason of the transactions contemplated hereby shall not have any recourse to such Voting Trustee in his individual capacity, except in the case of gross negligence or willful misconduct of such Voting Trustee.

4.10. No Expenses for the Voting Trustees. No Voting Trustee shall have any obligation by virtue of this Agreement to spend any of his own funds, or to take any action which could, in the judgment of such Voting Trustee, result in any cost or expense being incurred by such Voting Trustees other than in connection with his own obligations hereunder. No Voting Trustee shall be required to take any action or refrain from taking any action under this Agreement unless he shall have been indemnified by the holders of the Voting Trust Certificates in a manner and form satisfactory to such Voting Trustee against any liability, cost or expense (including reasonable legal fees and disbursements) that may be incurred by him in connection therewith. No provision of this Agreement shall be deemed to impose any duty on any Voting Trustee to take any action if such Voting Trustee shall have been advised by counsel that such action would expose such Voting Trustee to personal liability, is contrary to the terms hereof or is contrary to law.

5. Indemnification of Voting Trustees by Company and Member. Whether or not any of the transactions contemplated hereby shall be consummated, the Company hereby agrees to assume liability for and does hereby indemnify, protect, save and keep harmless each Voting Trustee, in both their individual and trust capacities, and all of their past, present and/or future agents, representatives and attorneys (including outside legal counsel) and any of their successors and assigns from and against any and all liabilities, obligations, losses, damages, penalties, taxes, claims, actions, suits, costs, expenses or disbursements (including legal fees and expenses) of any kind and nature whatsoever which may be imposed upon, incurred by or asserted against such Voting Trustee or the enforcement of any of the terms hereof in any way relating to or arising out of the administration of the trust created hereby or the action or inaction of such Voting Trustee hereunder, except resulting from (a) the willful misconduct or gross negligence of such Voting Trustee in the performance of his duties hereunder, or (b) the breach by such Voting Trustee in his individual capacity of any of their respective representations, agreements and covenants in this Agreement. Whether or not any of the transactions contemplated hereby shall be consummated, the Member hereby agrees to assume liability for

and does hereby indemnify, protect, save and keep harmless (i) the Company, (ii) all of the Company's past, present and/or future officers, directors, trustees, members, partners, employees, fiduciaries, administrators and controlling persons, in all cases whether acting as agents for or with respect to the Company or in their individual capacities, (iii) each Voting Trustee, in both their individual and trust capacities, (iv) all of the past, present and/or future agents, representatives and attorneys (including outside legal counsel) of any of the persons or entities described in (i), (ii) or (iii) in this Section 5 and any of their successors and assigns (collectively, the "Releasees") from and against any and all liabilities, obligations, losses, damages, penalties, taxes, claims, actions, suits, costs, expenses or disbursements (including legal fees and expenses) of any kind and nature whatsoever which may be imposed upon, incurred by or asserted against the Releasees or the enforcement of any of the terms hereof in any way relating to or arising out of a material breach by the Member in his individual capacity of any of the representations, warranties or agreements of the Member contained in this Agreement. The indemnities contained in this Section 5 shall survive the termination of this Agreement.

6. Holders of Voting Trust Certificates Bound; Waiver of Claims Against Voting Trustees. Every registered holder of a Voting Trust Certificate, and every bearer of a Voting Trust Certificate properly endorsed in blank or properly assigned by the acceptance or holding thereof, shall be deemed conclusively for all purposes to have assented to this Agreement and to all of its terms, conditions and provisions and shall be bound thereby with the same force and effect as if such holder or bearer had executed this Agreement.

7. Termination.

7.1. Termination Date. The voting trust created by this Agreement shall terminate on the earliest of (a) March 7, 2030, unless extended by further agreement as provided by law, (b) at any time upon the agreement of all three of the Voting Trustees and the holders of Voting Trust Certificates representing all of the Membership Interests in the Company that are being held in trust pursuant to this Agreement and (c) the date upon which this Agreement is required to be terminated in order to comply with applicable law.

7.2. Exchange of Shares and Voting Trust Certificates. Upon termination of this Agreement, the Voting Trustees, in exchange for or upon surrender of any Voting Trust Certificates then outstanding, shall, in accordance with the terms thereof assign and transfer to the holders of the Voting Trust Certificates, the Membership Interests in the Company represented by such Voting Trust Certificates, and thereupon all liability of the Voting Trustees for the assignment and retransfer of such Membership Interests shall terminate.

8. Notices. All notices in connection with this Agreement shall be in writing and shall be given by registered mail, overnight courier, personal delivery, or facsimile, addressed as follows:

Voting Trustees: Irik P. Sevin
 4 East 72nd Street
 New York, New York 10021
 Facsimile:

Stephen Russell
c/o Celadon Trucking Services, Inc.
9503 East 33rd Street
Indianapolis, IN 46235
Facsimile: (317) 890-8099

Joseph P. Cavanaugh
c/o Star Gas LLC
2187 Atlantic Street
Stamford, CT 06902
Facsimile:

Company: Star Gas LLC
2187 Atlantic Street
Stamford, CT 06902
Facsimile:

Member: Irik P. Sevin
4 East 72nd Street
New York, New York 10021
Facsimile:

or, as to any party, to such other address as such party shall from time to time designate by written notice to the other parties. Notice provided in accordance with this Section 8 shall be deemed delivered upon personal delivery, receipt by facsimile or overnight mail, or receipt by first class U.S. mail in accordance with the above; provided, however, that a notice given in accordance with this Section 8 but received on a day other than a business day, or after business hours in the place of receipt, will be deemed received on the next business day in that place.

9. Miscellaneous. The terms of this Agreement shall be binding upon and inure to the benefit of and shall be enforceable by the Company, the Member and the Voting Trustees and their respective successors, assigns and personal representatives. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware. In case any provision of this Agreement shall be held to be invalid or unenforceable in whole or in part, neither the validity nor the enforceability of the remainder of this Agreement shall in any way be affected. Any party may amend or supplement this Agreement at any time by an instrument in writing duly executed by the other parties hereto. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. Copies of this Agreement and of every agreement amending or supplementing this Agreement shall be kept by the Voting Trustees and by the Company on file in its principal office each of which shall be open to inspection in accordance with the requirements of law.

10. Consent to Jurisdiction, Waiver of Immunities. The Company, the Voting Trustees and the Member hereby irrevocably submit to the jurisdiction of the Courts of the State of New York located in the Borough of Manhattan or the United States District Court for the Southern District of New York, in any action or proceeding brought to enforce or otherwise arising out of or relating to this Agreement. The Company, the Voting Trustees and the Member irrevocably consent to the service of any and all process to the Company or the Member by registered or certified mail at its respective address designated in Section 8. In addition, the Company, the Voting Trustees and the Member hereby irrevocably waive to the fullest extent permitted by law any objection which they may now or hereafter have to the laying of venue in any such action or proceeding in the Courts of the State of New York located in the Borough of Manhattan or the United States District Court for the Southern District of New York, and hereby further irrevocably waive any claim that any such forum is an inconvenient forum. The Company, the Voting Trustees and the Member agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

11. Material Agreements. None of the parties will state, assert or otherwise take a position that the execution, delivery and performance of this Agreement constitutes (i) a "Change in Control" under the Credit Agreement dated as of December 17, 2004 between Petroleum Heat and Power Co., Inc., JPMorgan Chase Bank, N.A., as Administrative Agent, the loan parties party thereto and the lenders party thereto (the "Credit Agreement") or (ii) a "Change of Control" under the Indenture dated as of February 6, 2003 between Star Gas Partners, L.P., Star Gas Finance Company and Union Bank of California, N.A., as Trustee, as supplemented (the "Indenture"). To the extent that the execution, delivery and performance of this Agreement constitutes a Change in Control under the Credit Agreement or a Change of Control under the Indenture, this Agreement shall be inoperable.

12. Counterparts. This Agreement may be executed in counterparts, each of which may be deemed to be an original instrument but all of which together shall constitute but one instrument and only one set of rights and obligations shall arise therefrom.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

COMPANY:

STAR GAS LLC

By: _____

Name:

Title:

MEMBER:

Irik P. Sevin

VOTING TRUSTEES:

Irik P. Sevin

Stephen Russell

Joseph P. Cavanaugh

Sale, pledge or other disposition or transfer of this Voting Trust Certificate and the Membership Interests in Star Gas LLC, a Delaware limited liability company (the "Company"), represented hereby, is restricted by the terms of a Voting Trust Agreement dated as of March 7, 2005, which may be examined at the principal office of the Company.

No. ____

____ Percentage Interest

VOTING TRUST CERTIFICATE

THIS IS TO CERTIFY THAT:

1. This Certificate is issued pursuant to, and the rights of the holder hereof are subject to, the terms and conditions of a Voting Trust Agreement, dated as of March 7, 2005 (as it may be amended or supplemented from time to time, the "Voting Trust Agreement"), by and among Star Gas LLC, a Delaware limited liability company (the "Company"), and Irik P. Sevin, in his capacity as a member of the Company (the "Member"), and Irik P. Sevin, Stephen Russell and Joseph P. Cavanaugh in their capacities as trustees under this Voting Trust Agreement (the "Voting Trustees", which term shall be deemed to include their respective successors as Voting Trustees thereunder). Copies of the Voting Trust Agreement are kept on file by the Voting Trustees and by the Company in its principal office and are open to inspection in accordance with the requirements of law.

2. By delivery of this Certificate, the holder hereof and every transferee agree to be bound by the terms of this Certificate and of the Voting Trust Agreement.

3. On March 7, 2030 (or upon such later date as may be provided by further agreement lawfully extending the term of the Voting Trust created pursuant to the Voting Trust Agreement) or upon the earlier termination of the Voting Trust Agreement as provided therein, the holder of this Certificate shall be entitled to have the Voting Trustees assign and retransfer to the holder, the Membership Interests in the Company (the "Membership Interests") represented by this Certificate.

4. The Voting Trustees shall receive and hold, subject to the terms of this Agreement, any distributions declared and paid on the Membership Interests represented by this Certificate and shall promptly after receipt distribute directly any such distributions to holder of this Certificate, such distribution to be equivalent to the distribution that such holder would have been entitled to receive had such holder not assigned and transferred to the Voting Trustees such holder's Membership Interests in the Company.

5. Until the assignment and retransfer of the Membership Interests represented by this Certificate to the holder of this Certificate, the Voting Trustees shall possess and be entitled

in their discretion to exercise all rights and powers to vote such Membership Interests as provided in the Voting Trust Agreement, and to give consents with respect to any lawful limited liability company action of the Company, and no holder of this Certificate shall in such capacity have any rights or powers to vote such Membership Interests or to give consents with respect to or otherwise take part in any limited liability company action of the Company.

6. This Certificate is transferable only on the books of the Voting Trustees to be kept by them or their agents upon surrender hereof (duly endorsed in blank or accompanied by a proper instrument of assignment duly executed in blank, together with all requisite transfer tax stamps attached thereto and an amount sufficient to pay all state and local taxes or other governmental charges, if any, then payable in respect of such transfer) by the registered holder in person or by such holder's duly authorized attorney. Until this Certificate is transferred as above, the Voting Trustees may treat the registered holder hereof as the absolute owner hereof for all purposes whatsoever.

7. This Certificate is not valid unless signed by the Voting Trustees.

IN WITNESS WHEREOF, the undersigned Voting Trustees have caused this Certificate to be signed this __ day of _____, 20__.

VOTING TRUSTEES:

Name: Irik P. Sevin

Name: Stephen Russell

Name: Joseph P. Cavanaugh

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto _____, _____ the Membership Interests represented by the attached certificate and does hereby irrevocably constitute and appoint the Voting Trustees to transfer the said Membership Interests on the books of the Voting Trustees.

Dated: _____, 20__

In the presence of:
