

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) July 23, 2013

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 06902
(Address of principal executive offices) (Zip Code)

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

Not Applicable

(Former name or former address, if changed since last report.)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On July 23, 2013, Star Gas Partners, L.P., a Delaware limited partnership (the "Partnership") announced that Mr. Dan Donovan will be retiring as the Partnership's President and Chief Executive Officer, effective as of September 30, 2013. Mr. Donovan will continue as a director of the Partnership's general partner. In addition, in accordance with a letter agreement effective as of October 1, 2013, Mr. Donovan will serve as a consultant to the Partnership for a two year period for which he will receive consulting fees of \$250,000 per annum.

The Partnership also announced the appointment of Mr. Steven Goldman to succeed Mr. Donovan as the President and Chief Executive Officer of the Partnership, effective as of October 1, 2013. Mr. Goldman has been an officer of the Partnership and its subsidiaries since 2004 and was most recently the Executive Vice President and Chief Operating Officer. Mr. Goldman entered into a three year employment agreement with the Partnership, effective as of October 1, 2013, under which his salary will be \$360,000 per annum. Under his employment agreement, if Mr. Goldman is terminated for reasons other than cause or if he terminates his employment for good reason, Mr. Goldman will be entitled to one year's salary as severance. In addition, under a separate change of control agreement entered into at the same time, if Mr. Goldman's employment is terminated either by Mr. Goldman or the Partnership for any reason (other than his death) within 180 days following a change in control (as defined in the agreement) he will be entitled to a payment equal to two times his base annual salary in the year of such termination plus two times the average amount paid as a bonus and/or as profit sharing during the three years preceding the year of such termination.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

**Exhibit
Number**

- | | |
|------|----------------------------------------------------------------------------------------------------------------------|
| 10.1 | Letter Agreement, dated as of July 22, 2013, between the Partnership and Dan Donovan. |
| 10.2 | Letter Agreement, dated as of July 22, 2013, between the Partnership and Steven Goldman regarding employment. |
| 10.3 | Letter Agreement, dated as of July 22, 2013, between the Partnership and Steven Goldman regarding Change of Control. |
| 99.1 | Press Release dated as of July 23, 2013. |
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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

STAR GAS PARTNERS, L.P.
By: Kestrel Heat, LLC (General Partner)

By: /s/ Richard Ambury
Name: Richard Ambury
Title: Chief Financial Officer

Date: July 23, 2013

Star Gas Partners, L.P.
2187 Atlantic Street
Stamford, CT 06904

Entered into July 22, 2013. Effective as of October 1, 2013

Dan Donovan
Star Gas Partners, L.P.
1287 Atlantic Avenue
Stamford, CT 06902

Dear Dan:

This letter confirms that by our mutual agreement you will resign as an officer, director and employee of Star Gas Partners, L.P. and its subsidiaries (collectively the "Partnership"), effective September 30, 2013, however, you will continue as an at will director of Kestrel Heat LLC on the understanding that you may resign or be removed at any time. While serving as a director, you will not receive fees for board or committee service.

This also confirms the following agreements commencing on October 1, 2013:

1. Consulting. You will become a consultant for the Partnership and shall perform such assignments and provide such consulting services as the Chief Executive Officer and Chairman of the Board may request from time to time during the Contract Term. You shall receive an annual consulting fee of \$250,000, payable monthly in arrears (except that consulting fees payable for the period October 1, 2013 – March 31, 2014 shall be deferred and paid on April 1, 2014), with respect to each of the 12 month periods ending September 30, 2014 and September 30, 2015 (each such 12 months period a "Contract Year" and together the "Contract Term") and you will be reimbursed for all expenses reasonably incurred by you in connection with these services. You shall not be required to devote more than 500 hours per Contract Year for the Partnership. You may be required to travel to industry conferences and meetings and functions, all at the expense of the Partnership. In the event of your death or disability, if you can no longer perform these services, the payments for the balance of the Contract Term shall be made to you if living or, if not, to your estate. The Partnership may terminate this Agreement and its obligations should you be in breach or default, which breach or default continues for a period of ten days after written notice.

2. Restrictive Covenant. You agree that during the Contract Term, you will not directly or indirectly, sell or distribute, or solicit or accept orders for the sale or distribution of, or assist or advise any person in connection with the retail sale or distribution of, or the solicitation or acceptance of orders for the retail sale of, heating oil, diesel, kerosene propane, natural gas, electricity gasoline or hvac equipment or hvac equipment installation or maintenance services of any type or with respect to any other products or services presently offered or hereafter offered by the Partnership during the Contract Term.

3. Nondisclosure. At no time will you disclose any confidential information concerning the Partnership, including, without limitation, information with respect to its customers, financial condition or operations. All information with respect to such matters shall be deemed confidential except if generally known to the public or any specific industry.

4. Miscellaneous.

(a) All prior agreements and arrangements between you and the Company as to compensation, including health and other benefits and severance payments, but excluding the Management Incentive Plan, as amended through July 19, 2012, shall be terminated effective September 30, 2013. This letter expresses our entire agreement and may not be terminated or changed in any respect except by the written consent of both parties.

(b) All notices and other communications shall be sent by (i) certified mail, return receipt requested, (ii) by a recognized overnight with delivery confirmed or (iii) via facsimile transmission with a copy simultaneously sent by one of the methods set forth in (i) or (ii) as follows:

If to Dan Donovan:

Petroleum Heat and Power Co., Inc.
1287 Atlantic Avenue
Stamford, CT 06902

If to the Partnership:

Petroleum Heat and Power Co., Inc.
1287 Atlantic Ave.
Stamford, CT 06902
Attn: CEO

Either party may change its address for notices and communications in writing in the manner provided above for notices.

Please indicate your agreement with the foregoing in the space provided below.

STAR GAS PARTNERS, L.P.

By: /s/ Richard Ambury
Richard Ambury
Chief Financial Officer

AGREED:

/s/ Dan Donovan
Dan Donovan

Star Gas Partners, L.P.
2187 Atlantic St.
Stamford, CT 06902

Entered into July 22, 2013. Effective as of October 1, 2013

Mr. Steve Goldman
Star Gas Partners, L.P.
2187 Atlantic Street
Stamford, CT 06904

Dear Steve:

This letter confirms your continuing in the position of Chief Executive Officer of Star Gas Partners, L.P. and its subsidiaries (the "Partnership"), effective as of October 1, 2013. In addition, you will continue to serve as the President of the Partnership. We are pleased to offer you the following compensation package and other terms, the levels and conditions of which will be in effect for three years following the date of this letter, unless otherwise modified by agreement between you and the Partnership.

Base Salary: Your base annual salary commencing October 1, 2013 will be \$360,000 per year. You will be paid \$15,000 semi-monthly subject to withholding of all applicable taxes and benefit deductions.

Benefit Coverage: You will be eligible to participate in the Partnership's benefits plans in accordance with their terms and conditions.

Terms: It is understood that your employment is at will and that either party can terminate the relationship at any time. If the Partnership terminates your employment for reasons other than for cause, or you terminate your employment for good reason, you will be entitled to one year's salary as severance. Such amount shall be paid to you in a lump sum within 30 days after the termination of your employment. In consideration of this offer you agree that while you are an employee of the Partnership and for twelve months thereafter, you will not compete with the Partnership nor become involved either as an employee, as a consultant or in any other capacity, in the sale of heating oil or propane on a retail basis. You agree that you will not reveal any confidential information concerning the Partnership and that you will not solicit nor seek to hire, employees of the Partnership during that time.

Please indicate your acceptance of this offer by signing and dating this letter below.

Should you have any questions, please do not hesitate to call me.

Sincerely,

By: /s/ Richard Ambury
Richard Ambury
Chief Financial Officer

Accepted:

/s/ Steve Goldman
Steve Goldman

Star Gas Partners, L.P.
2187 Atlantic Street
Stamford, CT 06904

Entered into July 22, 2013. Effective as of October 1, 2013

Steven Goldman
Star Gas Partners, L.P.
2187 Atlantic Street
Stamford, CT 06904

Dear Steve:

This will confirm our mutual Agreement with respect to a severance payment to be made to you after a Change in Control (as defined below) with respect to Star Gas Partners, L.P. ("Star Gas") as follows:

1. If your employment with Star Gas is terminated for any reason (either by you or by Star Gas), other than by reason of your death, within a period of 180 days following a Change in Control, you will be entitled to receive from Petro Holdings Inc. a severance payment equal to two times your base annual salary in the year of such termination plus two times the average amount paid to you as a bonus and/or as profit sharing during the three years preceding the year of such termination ("Severance Payment"), to be paid to you in a lump sum within 30 days after the termination of your employment. The term "Change of Control" shall mean the present equity owners of Kestrel and their affiliates collectively shall cease for any reason to beneficially own equity interests having the voting power to elect at least a majority of the members of the board of directors or other governing board of the general partner of Star Gas Partners L.P. or any successor entity to Star Gas Partners L.P.

2. Controlling Nature of this Agreement. This Agreement shall be in addition to any other agreements between you and Star Gas (or any affiliate of Star Gas). In the event of any conflict between this Agreement and any such other agreement, the terms of this Agreement shall control.

3. Full Settlement. The obligation to pay the Severance Payment is subject to receipt by the Partnership of a waiver and release in form reasonably satisfactory to the Partnership pursuant to which you will acknowledge that the Severance Payment is in lieu of all claims against the Partnership and its affiliates arising out of or relating to your employment and the termination of your employment, excepting only compensation and benefits accrued to the date of termination of employment. In no way will you be obligated to seek other employment or take any other action to mitigate the amounts payable to you pursuant to this Agreement.

4. Miscellaneous.

(a) Successor. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

(b) Waiver of Breach. The waiver by either party of a breach of any provision of this Agreement by the other party shall not be construed as a waiver of any subsequent or continuing breach of the same provision or of any other provision of this Agreement.

(c) Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been given when delivered by hand, or mailed by first-class certified mail, postage prepaid and return receipt requested, or facsimiled or sent by reputable overnight courier addressed as follows:

If to Steve Goldman:

Star Gas Partners, L.P.
2187 Atlantic Street
Stamford, CT 06904

If to the Company:

Star Gas Partners, L.P.
2187 Atlantic Street
Stamford, CT 06904
Attn: President

With a copy to:

Phillips Nizer LLP
666 Fifth Avenue
New York, NY 10103
Telephone No.: 212-977-9700
Facsimile No.: 212-262-5152
Attn: Alan Shapiro, Esq.

or, in each case, at such other address as may from time to time be specified to the other party in a notice similarly given.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to the conflicts of law principles thereof.

(e) Entire Agreement. This Agreement contains the entire Agreement of the parties and their affiliates relating to the subject matter hereof and supersedes all prior Agreements, representations, warranties and understandings, written or oral, with respect thereto.

(f) Validity. If any term or provision of this Agreement or the application thereof to any person, property or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons, property or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(g) Amendments, Miscellaneous, Etc. Neither this Agreement, nor any term hereof, may be changed, waived, discharged or terminated except by an instrument in writing signed by the party against which such change, waiver, discharge or termination is sought to be enforced. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Please indicate your agreement with the foregoing by signing in the space provided below.

STAR GAS PARTNERS, L.P.

By: /s/ Richard Ambury
Richard Ambury
Chief Financial Officer

AGREED:

/s/ Steve Goldman
Steve Goldman

Star Gas Partners, L.P. Announces Retirement of Dan Donovan

COO Steve Goldman to Become New President & CEO at Fiscal Year End

STAMFORD, Conn., July 23, 2013 (GLOBE NEWSWIRE) – Star Gas Partners, L.P. (the "Partnership" or "Star") (NYSE:SGU), a home energy distributor and services provider specializing in heating oil, today announced that Dan Donovan, the Partnership's President and Chief Executive Officer, will retire effective the end of its current fiscal year – September 30, 2013. Mr. Donovan will remain a member of Star's Board of Directors and provide his services on a consulting basis for the next two fiscal years. Concurrent with his retirement, Steve Goldman, Star's Chief Operating Officer, will become President and Chief Executive Officer.

"After 42 years within the industry – including 33 excellent years with Star and its predecessor companies – I would now like to spend more time with my family," said Dan Donovan, President and Chief Executive Officer. "It has been an honor to work with such an esteemed team and an incredible organization, and I look forward to assisting Steve and the Board as they take on new challenges in the years to come."

"We wish Dan well in retirement and appreciate the many years of dedicated leadership he has provided – essentially building the Partnership into what it is today," added Paul Vermeylen, Chairman. "We also look forward to his continued role on the Board and as a consultant while, at the same time, we are confident that Steve is the right choice to become Star's next CEO – given his strong experience, management skills, and unique understanding of our customers and industry. We wish him the best as Star continues to grow, evolve, and deliver the best service in our markets."

"I am excited by the opportunity to lead Star through its next level of expansion," commented Steve Goldman, Chief Operating Officer. "I know we will continue to embrace the strong values instilled during Dan's tenure and not waiver in our determination to grow our newer service offerings, particularly in the propane area. Working with Star's dedicated staff, whom I know so well, we'll make this a seamless transition and continue to deliver excellent customer service, strong financial results, and value for our unit-holders."

About Star Gas Partners, L.P.

Star Gas Partners, L.P. is the nation's largest retail distributor of home heating oil, based upon sales volume, operating throughout the Northeast and Mid-Atlantic. Additional information is available by obtaining the Partnership's SEC filings at www.sec.gov and by visiting Star's website at www.star-gas.com, where unit holders may request a hard copy of Star's complete audited financial statements free of charge.

CONTACT: Star Gas Partners
Investor Relations
203/328-7310

Chris Witty
Darrow Associates, Inc.
646/438-9385 or cwitty@darrowir.com