

STAR GAS PARTNERS LP  
Form PRE 14A  
May 14, 2003  
Table of Contents

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Material
- Soliciting Material Pursuant to [240.14a-11(c) or 240.14a-1]

STAR GAS PARTNERS, L.P.

(Name of Registrant as Specified in its Charter)

Not applicable

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No filing fee required.
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  - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:
  - 4) Proposed maximum aggregate value of transaction:
  - 5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- 6) Amount Previously Paid:
  - 7) Form, Schedule or Registration Statement No.:
  - 8) Filing Party:
  - 9) Date Filed:

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### **Table of Contents**

STAR GAS PARTNERS, L.P.

2187 Atlantic Street

Stamford, CT 06902

May , 2003

To our Unitholders:

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You are cordially invited to attend a special meeting of the unitholders of Star Gas Partners, L.P. to be held at \_\_\_\_\_ on July \_\_, 2003, at \_\_\_\_\_ a.m. local time. The Board of Directors of Star Gas LLC, our general partner, has called the special meeting.

The accompanying proxy statement describes the matters to be presented for approval at the special meeting. In summary, the proposals relate to amendments to our partnership agreement to increase the number of common units or parity units that we may issue under certain circumstances.

Representation of your units at the meeting is very important. We urge you, whether or not you plan to attend the meeting, to promptly date, sign and return the enclosed proxy in the envelope furnished for that purpose. If you attend the meeting, you may, if you wish, revoke your proxy and vote in person.

Sincerely,

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Irik P. Sevin,  
Chairman of the Board and Chief Executive Officer of Star Gas LLC,  
the general partner of Star Gas Partners, L.P.

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**Table of Contents**

STAR GAS PARTNERS, L.P.

2187 Atlantic Street

Stamford, CT 06902

NOTICE OF SPECIAL MEETING OF UNITHOLDERS

TO BE HELD ON July , 2003

To our Unitholders:

We, the Board of Directors of Star Gas LLC, the general partner of Star Gas Partners, L.P., give notice that a special meeting of our unitholders will be held at \_\_\_\_\_ on July \_\_, 2003, at \_\_\_\_\_ a.m. local time. At the meeting, our unitholders will act on the following matters:

1. Proposals to amend our partnership agreement to permit us to issue additional common units or units ranking on a parity with common units in the following amounts and under the following circumstances:

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- (A) an unlimited number of common units or parity units if the proceeds from such issuances are used to repay long term indebtedness (Proposal 1);
  - (B) an unlimited number of common units or parity units if the proceeds from such issuances are used to acquire capital assets in a transaction approved by our general partner s independent directors (Proposal 2); and
  - (C) up to 3,000,000 additional common units or parity units for general partnership purposes. (Proposal 3).
2. Such other matters as may properly come before the special meeting or any adjournment thereof.

We are sending this proxy statement to our unitholders on May \_\_, 2003. We have set the close of business on May 27, 2003 as the record date for determining which unitholders are entitled to receive notice of and to vote at the special meeting. A list of unitholders entitled to vote is on file at our principal offices, 2187 Atlantic Street, Stamford, CT 06902 and will be available for inspection by any unitholder during the meeting.

If you cannot attend the special meeting, you may vote over the telephone or the Internet as instructed on the enclosed proxy card or by mailing the proxy card in the enclosed postage-prepaid envelope. Any unitholder attending the meeting may vote in person, even though he or she already has returned a proxy card or voted by telephone or through the Internet.

Sincerely,

---

Irik P. Sevin,  
Chairman of the Board and Chief  
Executive Officer of Star Gas LLC, the  
general partner of Star Gas Partners,  
L.P.

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### Table of Contents

STAR GAS PARTNERS, L.P.

2187 Atlantic Street

Stamford, CT 06902

PROXY STATEMENT

SPECIAL MEETING OF UNITHOLDERS

July \_\_, 2003

TABLE OF CONTENTS

	<u>Page</u>
<u>ABOUT THE MEETING</u>	1
<u>What is the purpose of the special meeting?</u>	1
<u>Why is the partnership seeking to increase the number of common units that may be issued?</u>	2
<u>How will my proxy be voted?</u>	2
<u>Who sent me this proxy statement?</u>	2
<u>Whom can I contact for further information?</u>	3
<u>Why did I receive this proxy statement and proxy card?</u>	3
<u>Who is entitled to vote at the special meeting?</u>	3
<u>Who can attend the special meeting?</u>	3
<u>What constitutes a quorum?</u>	3
<u>How do I vote?</u>	4
<u>Can I vote by telephone or electronically?</u>	4
<u>Can I change my vote after I return my proxy card?</u>	4
<u>What vote is required to approve each item?</u>	5
<u>What should I do if I want to make a proposal to be considered at the meeting?</u>	5
<u>Do I have any dissenters' rights?</u>	5
<u>OUR BUSINESS</u>	6
<u>General</u>	6
<u>Home Heating Oil Operations</u>	6
<u>Propane Operations</u>	6
<u>Electricity and Natural Gas Operations</u>	7
<u>UNIT OWNERSHIP</u>	8
<u>PROPOSAL 1</u>	9
<u>Proposal</u>	9
<u>Background</u>	9
<u>Recommendation</u>	10
<u>PROPOSAL 2</u>	11
<u>Proposal</u>	11
<u>Background</u>	11
<u>Recommendation</u>	12
<u>PROPOSAL 3</u>	13
<u>Proposal</u>	13
<u>Background</u>	13
<u>Recommendation</u>	14
<u>FORWARD-LOOKING STATEMENT</u>	15
<u>INCORPORATION BY REFERENCE OF CERTAIN DOCUMENTS</u>	16
<u>PROXY CARD</u>	17
<u>Appendix A - Amendment No. 2 to Amended and Restated Partnership Agreement</u>	A-1

Table of Contents

STAR GAS PARTNERS, L.P.

2187 Atlantic Street

Stamford, CT 06902

PROXY STATEMENT

SPECIAL MEETING OF UNITHOLDERS

July \_\_, 2003

This proxy statement contains information related to the special meeting of unitholders of Star Gas Partners, L.P. ( we or Star Gas Partners ) and any postponements or adjournments thereof. The special meeting will be held on July \_\_, 2003 beginning at \_\_\_\_\_ a.m. local time at \_\_\_\_\_.

## ABOUT THE MEETING

### *What is the purpose of the special meeting?*

At the special meeting, our unitholders will act upon the matters outlined in the notice of the special meeting that appear on the cover page of this proxy statement. These matters include the approval of amendments to our partnership agreement to increase the number of common units or parity units that we may issue without further unitholder approval. The proposals are summarized as follows:

1. Proposals to amend our partnership agreement to permit us to issue additional common units or units ranking on a parity with common units in the following amounts and under the following circumstances:
  - (A) an unlimited number of common units or parity units if the proceeds from such issuances are used to repay long term indebtedness (Proposal 1);
  - (B) an unlimited number of common units or parity units if the proceeds from such issuances are used to acquire capital assets in a transaction approved by our general partner s independent directors (Proposal 2); and
  - (C) up to 3,000,000 additional common units or parity units for general partnership purposes. (Proposal 3).

The text of the proposed amendments to our partnership agreement is set forth in Appendix A hereto.

2. Such other matters as may properly come before the special meeting or any adjournment.

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## **Table of Contents**

*Why is the partnership seeking to increase the number of common units that may be issued?*

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Our general partner is seeking these approvals to provide us with the financial flexibility to properly manage the partnership and to further our growth strategies. These units would be available to us for such purposes as the general partner shall determine, including to provide funds for operations, capital expenditures, the repayment of indebtedness, acquisitions and for general partnership purposes.

### *How will my proxy be voted?*

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board of Directors of Star Gas LLC. The recommendations are set forth together with the description of each item in this proxy statement. In summary, the recommendations are to vote in favor of the following:

1. Proposals to amend our partnership agreement to permit us to issue additional common units or units ranking on a parity with common units in the following amounts and under the following circumstances:
  - (A) an unlimited number of common units or parity units if the proceeds from such issuances are used to repay long term indebtedness (Proposal 1);
  - (B) an unlimited number of common units or parity units if the proceeds from such issuances are used to acquire capital assets in a transaction approved by our general partner's directors (Proposal 2); and
  - (C) up to 3,000,000 additional common units or parity units for general partnership purposes. (Proposal 3).
2. With respect to any other matter that properly comes before the special meeting the proxy holders will vote as recommended by the Board of Directors of Star Gas LLC, or, if no recommendation is given, in their own discretion.

### *Who sent me this proxy statement?*

The Board of Directors of Star Gas LLC, the general partner of Star Gas Partners, sent you this proxy statement and proxy card. The solicitation will be paid for by Star Gas Partners. In addition to this solicitation by mail, proxies may be solicited by our directors, officers and other employees by telephone, Internet, telegraph, telefax or telex, in person or otherwise. These people will not receive any additional compensation for assisting in the solicitation. We have retained \_\_\_\_\_ to assist us in the solicitation of proxies, by mail, in person or by telephone, for a fee of \$ \_\_\_\_\_ plus reimbursement of reasonable out-of-pocket expenses. In addition, we have retained \_\_\_\_\_ to

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### **Table of Contents**

answer telephone call inquiries from unitholders for which we will pay a fee of \$\_\_\_\_ per call. We will also request brokerage firms, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of our units and will reimburse them for their reasonable out-of-pocket expenses.

### *Whom can I contact for further information?*

If you have any questions about the proposals, please call us at \_\_\_\_\_.

***Why did I receive this proxy statement and proxy card?***

You received this proxy statement and proxy card from us because you owned our common units, senior subordinated units or junior subordinated units as of May 27, 2003. We refer to this date as the record date. This proxy statement contains important information for you to consider when deciding whether to vote for the listed proposals. Please read it carefully.

***Who is entitled to vote at the special meeting?***

All unitholders who owned our common units, senior subordinated units or junior subordinated units at the close of business on the record date, May 27, 2003, are entitled to receive notice of the special meeting and to vote the units that they held on the record date at the special meeting, or any postponements or adjournments of the special meeting. Each unitholder is entitled to one vote for each common unit, senior subordinated unit and junior subordinated unit owned on all matters to be considered. On May 22, 2003, \_\_\_\_\_ common units, \_\_\_\_\_ senior subordinated units and \_\_\_\_\_ junior subordinated units were issued and outstanding.

***Who can attend the special meeting?***

All unitholders as of the record date, or their duly appointed proxies, may attend the special meeting. Each unitholder may be asked to present valid picture identification, such as a driver's license or passport. Cameras recording devices and other electronic devices will not be permitted at the meeting.

Please note that if you own your common units or senior subordinated units in street name, meaning through a broker or other nominee, you will need to bring a copy of a brokerage statement reflecting your unit ownership as of the record date.

***What constitutes a quorum?***

If the following number of units are present in person or by proxy at the special meeting:

(1) a majority of common units entitled to vote and outstanding as of the record date, and



**Table of Contents**

(2) a majority of senior subordinated units and junior subordinated units, voting together as one class, entitled to vote and outstanding as of the record date,

in each case excluding units owned by Star Gas LLC or its affiliates, these majorities will constitute a quorum and will permit us to conduct the proposed business at the special meeting. Your units will be counted as present at the meeting if you:

are present and vote in person at the meeting; or

have properly submitted a proxy card or voted over the telephone or the Internet.

Proxies received but marked as abstentions and broker non-votes will be included in the number of units considered to be present at the special meeting.

***How do I vote?***

If you properly complete, sign and return the accompanying proxy card it will be voted as you direct. If you owned common units, senior subordinated units or junior subordinated units as of the record date and attend the special meeting, you may deliver your completed proxy card in person. Street name unitholders who wish to vote at the special meeting will need to obtain a proxy card from the institution that holds their units. Even if you plan to attend the special meeting, your plans may change, so it is a good idea to complete, sign and return your proxy card or vote through the Internet or by telephone in advance of the meeting.

***Can I vote by telephone or electronically?***

If you are a registered unitholder (that is, you hold your units in certificate form), you may vote by telephone or through the Internet by following the instructions included with your proxy card.

If your common units or senior subordinated units are held in street name, please check your proxy card or contact your broker or nominee to determine whether you will be able to vote by telephone or electronically.

The deadline for voting by telephone or through the Internet is \_\_\_\_\_ p.m. Eastern Daylight Time on [one day before meeting date], 2003.

***Can I change my vote after I return my proxy card?***

Yes. Even after you have submitted your proxy, you may change your vote at any time before the proxy is exercised by filing with the Secretary of Star Gas LLC either a notice of revocation or

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**Table of Contents**

a duly executed proxy bearing a later date. The powers of the proxy holders will be suspended if you attend the special meeting in person and so request. Please note that attendance at the meeting will not by itself revoke a previously granted proxy.

***What vote is required to approve each item?***

Each proposal requires the approval of:

(1) a majority of common units entitled to vote and outstanding as of the record date, and

(2) a majority of senior subordinated units and junior subordinated units, voting together as one class, entitled to vote and outstanding as of the record date,

in each case excluding units owned by Star Gas LLC or its affiliates.

A properly executed proxy marked **ABSTAIN** with respect to any matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention, or the failure to vote at all, will have the effect of a negative vote.

If you own your common units or senior subordinated units in **street name** through a broker or nominee, your broker or nominee may not be permitted to exercise voting discretion with respect to the matters to be acted upon at the special meeting. Thus, if you do not give your broker or nominee specific instructions, your units may not be voted on those matters and will not be counted in determining the number of common units or senior subordinated units necessary for approval. Common units or senior subordinated units represented by such **broker non-votes** will, however, be counted in determining whether there is a quorum. Voting results are tabulated and certified by our transfer agent, EquiServe.

***What should I do if I want to make a proposal to be considered at the meeting?***

Your units do not entitle you to make proposals at the special meeting. Under our partnership agreement, only our general partner, Star Gas LLC, can make a proposal at the meeting. Our partnership agreement established a procedure for calling meetings whereby limited partners owning 20% or more of the outstanding units of the class for which a meeting is proposed may call a meeting. In any case, limited partners are not allowed to vote on matters that would cause the limited partners to be deemed to be taking part in the management and control of the business and affairs of the partnership. Doing so would jeopardize the limited partners' limited liability under the Delaware Act or the law of any other state in which we are qualified to do business.

*Do I have any dissenters' rights?*

No. We were formed under the laws of the State of Delaware. Under those laws, dissenters' rights are not available to our unitholders with respect to matters to be voted on at the special meeting.

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**Table of Contents**

**OUR BUSINESS**

*General*

We are the largest retail distributor of home heating oil and one of the largest retail distributors of propane in the United States, based on volume as reported by the National Oilheat Research Alliance Organization, March 2003 and by LP/Gas magazine, February 2003. Our home heating oil operations serve customers in the Northeast and Mid-Atlantic regions and our propane operations serve customers in the Midwest and Northeast regions, Florida and Georgia. We are also an independent reseller of natural gas and electricity to residential customers in deregulated energy markets primarily in the Northeast and Mid-Atlantic regions. For the twelve months ended March 31, 2003, we sold 555.6 million gallons of heating oil, which represented approximately 8% of total heating oil sales in the United States using data reported by the Energy Information Administration, Annual Fuel Oil and Kerosene Sales Report for 2001 and the American Petroleum Institute, Sales of Natural Gas Liquids and Liquefied Refinery Gases report for 2001. For the same period, we sold 166.6 million gallons of propane, which represented approximately 3% of total residential propane sales in the United States. For the twelve months ended March 31, 2003, we generated total sales of \$1.4 billion.

*Home Heating Oil Operations*

Through our subsidiary, Petro Holdings, Inc. or Petro, we are engaged in delivering heating oil and providing heating equipment repair and maintenance services to approximately 510,000 home heating oil customers from 32 branch locations in eight states and the District of Columbia. Our heating oil operations are concentrated in the Northeast and Mid-Atlantic. These regions account for approximately two-thirds of the home heating oil sold annually in the United States.

For the twelve months ended March 31, 2003, approximately 76% of total sales from our heating oil operations were from sales of home heating oil, approximately 16% were from the installation and repair of heating and air conditioning equipment and approximately 8% were from the sale of other petroleum products, including diesel fuel and gasoline, primarily to commercial customers for fleet fuel service. During this period, our home heating oil operations generated total sales of \$1.1 billion.

*Propane Operations*

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Through our subsidiary, Star Gas Propane, L.P., or Star Gas Propane, we are primarily engaged in the retail distribution of propane and related supplies and equipment to residential, commercial, industrial, agricultural and motor fuel customers. We serve approximately 305,000 propane customers in seventeen states from 116 branch locations and 64 satellite storage facilities in the Midwest and the Northeast regions, Florida and Georgia. In addition to our retail business, we also serve wholesale customers from our 21 million gallon storage facility in southern Indiana.

6

### Table of Contents

Star Gas Propane sells propane to residential customers to meet their space heating and cooking needs and to smaller commercial customers for general space heating purposes. For the twelve months ended March 31, 2003, approximately 72% of our retail propane sales were to residential customers. During this period, approximately 93% of the total sales from our propane operations were to retail customers and approximately 7% were to wholesale customers. Our retail sales have historically had a greater profit margin, more stable customer base and less price sensitivity than our wholesale business. For the twelve months ended March 31, 2003, our propane operations generated total sales of \$260.5 million.

### *Electricity and Natural Gas Operations*

Through our subsidiary, Total Gas & Electric, Inc., or Total Gas & Electric, we are an independent reseller of natural gas and electricity to approximately 56,000 natural gas and 14,000 electric customers in deregulated energy markets primarily in New York, New Jersey, Florida and Maryland. In deregulated energy markets, customers have a choice in selecting energy suppliers to power and/or heat their homes. Competitors range from independent resellers, similar to Total Gas & Electric, to large public utilities. For the twelve months ended March 31, 2003, Total Gas & Electric generated total sales of \$69.5 million.

7

### Table of Contents

## UNIT OWNERSHIP

The following table shows the beneficial ownership as of May 27, 2003, of common units, senior subordinated units, junior subordinated units and general partner units by: (1) Star Gas LLC and certain beneficial owners and all of the directors and officers of Star Gas LLC; (2) each of the named executive officers of Star Gas LLC; and (3) all directors and executive officers of Star Gas LLC as a group. The address of each person is c/o Star Gas Partners, L.P. at 2187 Atlantic Street, Stamford, Connecticut 06902-0011. An asterisk in the percentage column refers to a percentage less than one percent.

Name	Common Units		Senior Subordinated Units		Junior Subordinated Units		General Partner Units(a)	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Star Gas LLC		%	29,133	%			325,729	100%
Irik P. Sevin			52,171(b)	1.7	53,426	15.5	325,729(b)	100
Audrey L. Sevin	6,000	*	42,829(b)	1.4	153,131	44.3	325,729 (b)	100
Hanseatic Americas, Inc.			29,133 (b)	*	138,807	40.2	325,729(b)	100
Paul Biddelman			6,357	*				

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Thomas Edelman			109,501(c)(d)	3.5
I. Joseph Massoud	519	*	3,552	*
William P. Nicoletti			3,552	*
Stephen Russell			3,552	*
Richard F. Ambury	2,125	*		*
Ami Trauber				
Carolyn LoGalbo				