

OBJECTIONS TO NEW SOROS GROUP PROPOSAL

The New Soros Group proposal was determined not to be superior for a number of reasons. While the Soros Group indicated that they were confident that they would be able to secure or provide sufficient financing to alleviate the risks associated with a potential alleged default being asserted by the Partnership's senior noteholders after April 30, 2006 (the date upon which the Partnership's lockup agreements with Star's senior noteholders terminate), the Soros Group did not provide any details of such financing. The Board considered these factors in light of a recent letter received from counsel to certain of Star's senior noteholders who have entered into lockup agreements, which indicated that while such noteholders have not determined whether to exercise their rights and remedies under the senior notes Indenture, such noteholders reserved the right to do so following the termination of their lockup agreements. In addition, the Board believed that the New Soros Group proposal would likely trigger the change in control provisions under the Partnership's senior note Indenture, which could result in the Partnership having to offer to repurchase all \$265 million of these senior notes. The Soros Group has not provided any details as to how it would meet that obligation.

The conditions contained in the New Soros Group proposal also were problematic, as a number of the conditions related to the equity interests of Star's general partner. Neither the Board nor Star has the ability to compel the equity holders of Star's general partner to comply with the conditions set forth in the New Soros Group proposal and accordingly, there could be no assurance that these conditions would be satisfied. These additional conditions were assessed by the Board in determining the ability of the Soros Group to consummate the transaction contemplated by the New Soros Group proposal.

After consulting with its financial advisors, the Board also concluded that from a financial point of view the New Soros Group proposal was substantially equivalent, but not superior, to the Kestrel transaction. While the Board recognized that the New Soros Group proposal would provide additional cash to Star, after deducting the termination fee and expense reimbursement due under the Amended Kestrel Unit Purchase Agreement and the estimated incremental transaction expenses and interest that would accrue during any period of delay on the senior notes which otherwise would have been repaid or converted to common units in the Kestrel transaction, the amount of additional cash provided to Star would only be approximately \$1.75 million. In addition, the New Soros Group proposal did not assure the same amount of deleveraging as would occur under the Kestrel transaction, which contemplates deleveraging in an amount up to \$100 million.

The Board believed that the \$100 million of debt reduction associated with the Kestrel transaction would stabilize Star's financial condition, reduce its interest expense and thereby improve its earnings as well as increase its ability to grow its business through acquisitions. In addition, the Kestrel transaction, unlike the New Soros Group proposal, assures the Partnership that it can redeem up to approximately \$73.1 million of senior notes at par without any premium providing for an efficient use of the cash provided by its proposal. The Board also believed that the relatively small incremental amount of cash to the Partnership in the New Soros Group proposal was outweighed by the lack of deleveraging, the lack of a clear proposal to deal with Star's senior noteholders within the existing time parameters of the lockup agreements, the conditions pertaining to Star's general partner's equity holders for which there could be no assurance of satisfaction and the other elements of uncertainty and risks of the New Soros Group proposal.

The Board noted that the financial aspects of the Kestrel transaction had been enhanced by increasing the price Kestrel would pay for its investment in Star from \$2.25 per unit to \$2.50 per unit, while at the same time reducing the price to be paid by common unitholders in the rights offering from \$2.25 per unit to \$2.00 per unit. In addition, the Board noted that Kestrel's willingness to backstop the rights offering at a price of \$2.25 per unit could result in additional cash for the Partnership to the extent that the rights offering was not fully subscribed for by common unitholders.

The Board also considered the impact on the Partnership's business and employees in light of the additional uncertainty about the New Soros Group's proposal, the time required to consummate a transaction with the Soros Group, the related additional uncertainty associated with the due diligence review required to be undertaken by the Soros Group, and the additional effort and expense required to obtain a new vote of common unitholders (and potentially senior subordinated unitholders) for the Soros Group's revised proposal, and concluded that these factors could pose additional risks to the Partnership under the New Soros Group proposal.

In comparing the New Soros Group proposal to the Amended Kestrel Unit Purchase Agreement, the Board concluded, based on the factors discussed above and the analyses performed by its financial advisors, the New Soros Group proposal did not constitute a "Superior Proposal" under the terms of the Amended Kestrel Unit Purchase Agreement.

The agreements relating to the Kestrel transaction can be found as exhibits to the Partnership's Form 8-K, filed on December 5, 2005. The Partnership also filed proxy material relating to the Kestrel transaction on January 24, 2006 and additional proxy materials on March 1, 2006, March 13, 2006, March 17, 2006 and March 27, 2006. The Partnership will be mailing supplemental proxy materials to unitholders shortly.