INERGY L P
Form S-4/A
September 28, 2010
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Registration No. 333-169220

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1

To

Form S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Inergy, L.P.

(Exact name of registrant as specified in its charter)

Delaware	**5960**	**43-1918951**
(State or other jurisdiction of	**(Primary Standard Industrial**	**(I.R.S. Employer**

incorporation or organization)	Classification Code Number)	Identification Number)

Two Brush Creek Boulevard

Suite 200

Kansas City, Missouri 64112

(816) 842-8181

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

R. Brooks Sherman, Jr.

Executive Vice President and Chief Financial Officer

Two Brush Creek Boulevard

Suite 200

Kansas City, Missouri 64112

(816) 842-8181

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Laura L. Ozenberger	**David P. Oelman**	**Steven F. Carman**	**G. Michael O Leary**
Senior Vice President, General	**Gillian A. Hobson**	**Greg S. Steinberg**	**Gislar Donnenberg**
Counsel and Secretary	**Vinson & Elkins L.L.P.**	**Husch Blackwell LLP**	**Andrews Kurth LLP**
Inergy, L.P.	**1001 Fannin Street, Suite 2500**	**4801 Main Street, Suite 1000**	**600 Travis Street, Suite 4200**
Two Brush Creek Boulevard	**Houston, Texas 77002**	**Kansas City, Missouri 64112**	**Houston, Texas 77002**
Suite 200	**(713) 758-2222**	**(816) 983-8080**	**(713) 220-4200**
Kansas City, Missouri 64112			
(816) 842-8181			

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this registration statement and the effective time of the merger pursuant to the merger agreement described in the enclosed proxy statement/prospectus.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x
Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)
Smaller reporting company ¨

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ¨

Exchange Act Rule 14d-1(d) (Cross-Border Third Party Tender Offer) ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common units representing limited partner interests (Inergy LP units)	49,799,619	$1,379,947,443	$98,391

(1) Represents the estimated maximum number of Inergy LP units of the registrant (i) to be issued in the merger to holders of common units of Inergy Holdings, L.P. (Holdings) based on the product of 0.77 (the exchange ratio of Inergy LP units to be issued for each Holdings common unit converted in the merger pursuant to the merger agreement) and the number of Holdings common units outstanding as of September 24, 2010 and eligible for exchange into Inergy LP units pursuant to the merger agreement, including (a) outstanding Holdings common units exchangeable into Inergy LP units and (b) outstanding options to purchase Holdings common units and (ii) to be issued upon conversion of the Class B units of the registrant.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(f)(1) and 457(c) under the Securities Act of 1933, as amended, based on the average of the high and low sales prices of the common units of Holdings on September 1, 2010 on the New York Stock Exchange, which was $27.71.

(3) The registrant previously paid a registration fee of $98,343 in connection with the initial filing of this Registration Statement on September 3, 2010. The amount of the registration fee that the registrant is required to pay in connection with this filing is offset by the amount of such previously paid registration fee. Accordingly, the registrant is paying an additional registration fee of $48 in connection with this filing.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this proxy statement/prospectus is not complete and may be changed. We may not distribute the common units of Inergy, L.P. being registered pursuant to this registration statement until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where such offer or sale is not permitted.

PRELIMINARY SUBJECT TO COMPLETION, DATED SEPTEMBER 28, 2010

INERGY HOLDINGS UNITHOLDERS

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Inergy, L.P. (Inergy) and Inergy Holdings, L.P. (Holdings) have entered into a First Amended and Restated Agreement and Plan of Merger, dated as of September 3, 2010 (the merger agreement), as part of a plan to simplify their capital structures. Through a number of steps, Holdings will merge into a wholly owned subsidiary of its general partner and the outstanding common units in Holdings (the Holdings common units) will be cancelled. In connection with the merger, the incentive distribution rights in Inergy held by Holdings will be cancelled, and Inergy will acquire the approximate 0.6% economic general partner interest in Inergy that is held by its non-managing general partner. After the merger, Holdings will continue to control Inergy through Holdings ownership of Inergy s managing general partner. On August 7, 2010, Inergy and Holdings entered into an Agreement and Plan of Merger, which we refer to throughout this proxy statement/prospectus as the original merger agreement. The merger agreement amends and restates the original merger agreement in its entirety.

Upon completion of the merger, the holders of Holdings common units (the Holdings unitholders) will receive 0.77 common units of Inergy (the Inergy LP units) for each Holdings common unit that they own (the exchange ratio). The exchange ratio includes 1,080,453 Inergy LP units that are owned by Holdings that will be distributed to the Holdings unitholders as part of the merger consideration. The exchange ratio is fixed and will not be adjusted to reflect Inergy LP unit price changes prior to the closing of the merger. The exchange ratio represents an 8.9% premium to Holdings unitholders based on the 20-trading day average closing prices of Holdings common units and Inergy LP units ending August 6, 2010, the last trading day before the public announcement of the proposed merger. Holders of Inergy LP units (the Inergy unitholders) will continue to own their existing Inergy LP units. Holdings common units currently trade on the NYSE under the symbol NRGP, and Inergy LP units currently trade on the NYSE under the symbol NRGY. **We urge you to obtain current market quotations of Holdings common units and Inergy LP units.**

In lieu of a portion of the merger consideration to which they are otherwise entitled, certain members of senior management and directors of Holdings general partner and other beneficial owners of Holdings common units have agreed to take 11,568,560 Class B units, which are convertible into Inergy LP units. The Class B units will convert automatically into Inergy LP units on a one-for-one basis in two tranches over a two-year period. Until the Class B units are converted into Inergy LP units, distributions on Class B units will be paid in additional Class B units issued in kind no later than 45 days after the end of each quarter following consummation of the merger.

Based on the estimated number of Inergy LP units that will be outstanding immediately prior to the closing of the merger, we estimate that, following consummation of the merger, Inergy will be owned approximately 60.4% by current Inergy unitholders and approximately 39.6% by former Holdings unitholders. Holdings common units will cease to be publicly traded upon consummation of the merger. Inergy LP units will continue to be traded on the NYSE under the symbol NRGY following consummation of the merger.

YOUR VOTE IS VERY IMPORTANT. As a condition to the completion of the merger, the affirmative vote of the holders of a majority of the Holdings common units outstanding and entitled to vote on the proposal is required. Certain directors and members of senior management, who beneficially own approximately 57.9% of the Holdings common units, have conditionally agreed to vote their Holdings common units in favor of the merger, the merger agreement (as amended, supplemented, restated or otherwise modified from time to time) and the transactions contemplated thereby.

Approval of the merger by the Inergy unitholders is not required. Therefore, no solicitation of approval of the Inergy unitholders is being made.

Holdings will hold a special meeting on November 2, 2010 at 10:00 a.m., local time, at its principal executive offices located at Two Brush Creek Boulevard, Suite 200, Kansas City, Missouri 64112. Whether or not you plan to attend the Holdings special meeting, to ensure your Holdings common units are represented at the meeting, please complete and submit the enclosed proxy card as soon as possible or transmit your voting instructions by using the telephone or internet as described on your proxy card.

The independent conflicts committee (the Holdings Conflicts Committee) of the board of directors (the Holdings Board) of Inergy Holdings GP, LLC, the general partner of Holdings (Holdings GP), has determined that the merger, the merger agreement and the transactions contemplated thereby are fair and reasonable to, and in the best interest of, Holdings and the Holdings unitholders other than Holdings GP and its affiliates, officers and directors (the unaffiliated Holdings unitholders) and recommended that the Holdings Board approve the merger, the merger agreement and the transactions contemplated thereby. Based in part on the Holdings Conflicts Committee s determination and recommendation, the Holdings Board has unanimously approved (with the board member who is also a member of management recusing himself) the merger, the merger agreement and the transactions contemplated thereby, and recommends that the Holdings unitholders vote FOR the proposal to approve the merger, the merger agreement and the transactions contemplated thereby.

This proxy statement/prospectus gives you detailed information about the Holdings special meeting and the proposed merger. Inergy and Holdings both urge you to read carefully this entire proxy statement/prospectus, including all of its annexes. **In particular, please read Risk Factors beginning on page 25 of this proxy statement/prospectus for a discussion of risks relevant to the merger, Inergy and other matters.**

John J. Sherman

President and Chief Executive Officer

Inergy Holdings GP, LLC

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or has passed upon the adequacy or accuracy of the disclosure in this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated , 2010 and is first being mailed to the Holdings unitholders on or about , 2010.

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NOTICE OF SPECIAL MEETING OF

INERGY HOLDINGS, L.P. UNITHOLDERS

TO BE HELD ON NOVEMBER 2, 2010

To the Unitholders of Inergy Holdings, L.P.:

This is a notice that a special meeting of the unitholders of Inergy Holdings, L.P. (Holdings) will be held on November 2, 2010 at 10:00 a.m., local time, at its principal executive offices located at Two Brush Creek Boulevard, Suite 200, Kansas City, Missouri 64112. The purpose of the special meeting is:

1. To consider and vote upon the approval of the First Amended and Restated Agreement and Plan of Merger (the merger agreement) by and among Inergy, L.P. (Inergy), Inergy GP, LLC, the managing general partner of Inergy (Inergy GP), Holdings, Inergy Holdings GP, LLC, the general partner of Holdings (Holdings GP), NRGP Limited Partner, LLC, a wholly owned subsidiary of Holdings GP (New NRGP LP), and NRGP MS, LLC, a wholly owned subsidiary of Holdings GP (MergerCo), dated as of September 3, 2010, as such agreement may be amended from time to time, pursuant to which, among other things, MergerCo will merge with and into Holdings, the separate existence of MergerCo will cease and Holdings will survive and continue to exist as a Delaware limited partnership, such that immediately following consummation of the merger, Holdings GP will continue to be the sole general partner of Holdings, and Holdings GP and New NRGP LP will remain as the only holders of limited partner interests in Holdings; and

2. To transact such other business as may properly come before the special meeting and any adjournment or postponement thereof.

A copy of the merger agreement is attached as Annex A to this proxy statement/prospectus.

The independent conflicts committee (the Holdings Conflicts Committee) of the board of directors of Holdings GP (the Holdings Board) has determined that the merger, the merger agreement and the transactions contemplated thereby are fair and reasonable to, and in the best interest of, Holdings and the Holdings unitholders other than Holdings GP and its affiliates, officers and directors and recommended that the Holdings Board approve the merger, the merger agreement and the transactions contemplated thereby. Based in part on the Holdings Conflicts Committee s determination and recommendation, the Holdings Board has unanimously approved (with the board member who is also a member of management recusing himself) the merger, the merger agreement and the transactions contemplated thereby, and recommends that the Holdings unitholders vote FOR the proposal to approve the merger, the merger agreement and the transactions contemplated thereby.

The proposal described in paragraph 1 above requires the affirmative vote of the holders of a majority of the common units of Holdings outstanding and entitled to vote at the meeting as of the record date. Certain directors and members of senior management, who beneficially own approximately 57.9% of the Holdings common units, have conditionally agreed to vote their Holdings common units in favor of the merger, the merger agreement and the transactions contemplated thereby. The approval and adoption of the proposal described in paragraph 1 is a condition to consummation of the merger. Only Holdings unitholders of record at the close of business on October 1, 2010, the record date, are entitled to receive this notice and to vote at the Holdings special meeting or any adjournment or postponement of that meeting.

Whether or not you plan to attend the Holdings special meeting, please submit your proxy with voting instructions as soon as possible. If you hold common units of Holdings in your name as a unitholder of record, please complete, sign, date and return the accompanying proxy card in the enclosed self-addressed stamped envelope, use the toll-free telephone number shown on the proxy card or use the internet website shown on the proxy card. If you hold your Holdings common units through a bank or broker, please use the voting instructions you have received from your bank or broker. Submitting your proxy will not prevent you from attending the Holdings special meeting and voting in person. Please note, however, that if you hold your Holdings common units through a bank or broker and you wish to vote in person at the Holdings special meeting, you must obtain

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from your bank or broker a proxy issued in your name. You may revoke your proxy by attending the Holdings special meeting and voting your Holdings common units in person at the Holdings special meeting. You may also revoke your proxy at any time before it is voted by giving written notice of revocation to at the address provided with the proxy card at or before the Holdings special meeting or by submitting a proxy with a later date.

The accompanying document describes the proposed merger in more detail. We urge you to read carefully the entire document before voting your Holdings common units at the Holdings special meeting or submitting your voting instructions by proxy.

By Order of the Board of Directors of Inergy Holdings GP, LLC, the general partner of Inergy Holdings, L.P.

Laura L. Ozenberger
Senior Vice President, General Counsel and Secretary
Kansas City, Missouri

, 2010

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IMPORTANT NOTE ABOUT THIS PROXY STATEMENT/PROSPECTUS

This proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed with the Securities and Exchange Commission (the SEC), constitutes a proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), of Holdings with respect to the solicitation of proxies for the Holdings special meeting to, among other things, approve the merger, the merger agreement and the transactions contemplated thereby. This proxy statement/prospectus is also a prospectus of Inergy under Section 5 of the Securities Act of 1933, as amended (the Securities Act), for Inergy LP units that Holdings unitholders will receive in the merger.

As permitted under the rules of the SEC, this proxy statement/prospectus incorporates by reference important business and financial information about Inergy and Holdings from other documents filed with the SEC that are not included in or delivered with this proxy statement/prospectus. Please read Where You Can Find More Information beginning on page 163. This information is available to you without charge upon your request. You can obtain documents incorporated by reference in this proxy statement/prospectus by requesting them in writing or by telephone from Inergy or Holdings at the following addresses and telephone numbers:

Inergy, L.P.	Inergy Holdings, L.P.
Two Brush Creek Boulevard	Two Brush Creek Boulevard
Suite 200	Suite 200
Kansas City, Missouri 64112	Kansas City, Missouri 64112
(816) 842-8181	(816) 842-8181
Attention: Investor Relations	Attention: Investor Relations

Please note that copies of the documents provided to you will not include exhibits, unless the exhibits are specifically incorporated by reference into the documents or this proxy statement/prospectus.

You may obtain certain of these documents at Inergy s website, *www.inergylp.com*, by selecting Inergy, L.P. under Investor Relations and then selecting SEC Filings, and at Holdings website, *www.inergylp.com*, by selecting Inergy Holdings, L.P. under Investor Relations and then selecting SEC Filings. Information contained on Inergy s and Holdings websites is expressly not incorporated by reference into this proxy statement/prospectus.

In order to receive timely delivery of the documents in advance of the Holdings special meeting, your request should be received no later than October 26, 2010.

Inergy and Holdings have not authorized anyone to provide any information or make any representation about the merger and related matters or about Inergy or Holdings that is different from, or in addition to, that contained in this proxy statement/prospectus or in any of the materials that have been incorporated by reference into this proxy statement/prospectus. Therefore, if anyone distributes this type of information, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this proxy statement/prospectus or the solicitation of proxies is unlawful, or you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this proxy statement/prospectus does not extend to you. The information contained in this proxy statement/prospectus speaks only as of the date of this proxy statement/prospectus unless the information specifically indicates that another date applies.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

In the following questions and answers, selected information from this proxy statement/prospectus has been highlighted, but all of the information that may be important to the holders of Holdings common units, which we refer to as the Holdings unitholders, regarding the merger and the other transactions contemplated by the merger agreement has not been included. To better understand the merger and the other transactions contemplated by the merger agreement, and for a complete description of their legal terms, please read carefully this proxy statement/prospectus in its entirety, including all of its annexes, as well as the documents incorporated by reference into this proxy statement/prospectus. Please read Important Note About This Proxy Statement/Prospectus on page iv and Where You Can Find More Information beginning on page 163.

Q: Why am I receiving these materials?

A: Inergy and Holdings have agreed to simplify their capital structures through a number of steps under the terms of a merger agreement that is described in this proxy statement/prospectus and attached hereto as Annex A. The merger cannot be completed without obtaining the appropriate approval of the Holdings unitholders. Holdings will hold a special meeting of its common unitholders to obtain this approval. Approval of the merger by the Inergy unitholders is not required. Therefore, no solicitation of approval of the Inergy unitholders is being made.

Q: Why are Inergy and Holdings proposing the merger?

A: Inergy and Holdings both believe that the merger and the transactions contemplated by the merger agreement will provide substantial benefits to the Inergy unitholders and the Holdings unitholders by creating a single, publicly traded partnership that is better positioned to compete in the marketplace. The board of directors (the Inergy Board) of Inergy GP, LLC, the managing general partner of Inergy (Inergy GP), and the Holdings Board both believe that the merger is expected to provide the following benefits, among others, to the Inergy unitholders and the Holdings unitholders:

- reducing Inergy s cost of equity capital as a result of the elimination of the incentive distribution rights in Inergy (the IDRs), which will enhance Inergy s ability to compete for future acquisitions and finance organic growth projects;
- attracting a broader investor base to a single, larger entity with increased public float and greater liquidity;
- preserving Inergy s balance sheet flexibility and liquidity position through an equity exchange transaction; and
- increasing investor transparency by simplifying the ownership structure and governance structure.

Q: What will Holdings unitholders receive in connection with the merger?

A: If the merger is completed, each Holdings unitholder will be entitled to receive 0.77 Inergy LP units for each Holdings common unit. As a result, the merger consideration will consist of (i) approximately 35.2 million Inergy LP units that will be issued by Inergy to the Holdings unitholders, (ii) 1,080,453 Inergy LP units directly owned by Holdings that will be distributed by Holdings to the Holdings unitholders, and (iii) 11,568,560 Class B units that will be issued by Inergy to certain members of senior management and directors of Holdings GP and other beneficial owners of Holdings common units (the PIK Recipients). The exchange ratio represents an 8.9% premium to Holdings unitholders based on the 20-trading day average closing prices of Holdings common units and Inergy LP units ending August 6, 2010, the

last trading day before the public announcement of the proposed merger.

The Class B units will convert automatically into Inergy LP units on a one-for-one basis, with 50% of the outstanding Class B units converting into Inergy LP units following the payment date of the fourth quarterly

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distribution following the closing of the merger and the remaining outstanding Class B units converting into Inergy LP units following the payment date of the eighth quarterly distribution following the closing of the merger. Until the Class B units are converted into Inergy LP units, distributions on Class B units will be paid in additional Class B units issued in kind no later than 45 days after the end of each quarter following consummation of the merger. Inergy has also agreed to assume all of Holdings indebtedness under its credit agreements, of which approximately $24.5 million was outstanding as of September 24, 2010.

If the exchange ratio would result in a Holdings unitholder being entitled to receive a fraction of an Inergy LP unit or Class B unit, that Holdings unitholder will be entitled to receive, in lieu of such fractional interest, a cash payment in an amount equal to the product of (a) the volume weighted average trading price of Inergy LP units as reported by Bloomberg during the 20-trading day period ending on the third trading day immediately preceding the date on which the effective time of the merger occurs and (b) the fraction of an Inergy LP unit or Class B unit, as applicable, that such holder would otherwise be entitled to receive. For additional information regarding exchange procedures, please read The Merger Agreement Merger Consideration Exchange Procedures.

Q: How do I exchange my Holdings common units for Inergy LP units?

A: Each holder of record of Holdings common units at the close of business on the effective date of the merger will receive a letter of transmittal and other appropriate and customary transmittal materials that will contain instructions for the surrender of Holdings common units for Inergy LP units.

Q: Do I have appraisal rights?

A: No. Holdings unitholders do not have appraisal rights under Holdings partnership agreement, the merger agreement or applicable Delaware law.

Q: Will Holdings unitholders be able to trade Inergy LP units that they receive pursuant to the merger?

A: Yes. Inergy LP units received pursuant to the merger will be registered under the Securities Act and will be listed on the New York Stock Exchange (the NYSE) under the symbol NRGY. All Inergy LP units that each Holdings unitholder receives in the merger will be freely transferable unless such Holdings unitholder is deemed to be an affiliate of Inergy following consummation of the merger for purposes of U.S. federal securities laws.

Q: What will Inergy unitholders receive in connection with the merger?

A: Inergy unitholders will not receive any consideration in the merger. Inergy unitholders will continue to own their existing Inergy LP units.

Q: What happens to distributions by Inergy?

A: Once the merger is completed and Holdings unitholders receive their Inergy LP units, when distributions are approved and declared by Inergy GP and paid by Inergy, the former Holdings unitholders and the current Inergy unitholders will receive distributions on their Inergy LP units.

Q: As a Holdings unitholder, what happens to the payment of distributions for the quarter in which the merger is effective?

A: If the merger is completed before the record date for a quarterly distribution, Holdings unitholders will receive no quarterly distribution from Holdings; instead, a Holdings unitholder will receive Inergy distributions on all Inergy LP units such unitholder received in the merger. If the merger closes after the record date, Holdings unitholders will receive distributions on Holdings common units held as of the record date. However, Holdings unitholders will not receive distributions from both Holdings and Inergy for the same quarter. Inergy and Holdings typically pay distributions approximately 45 days after the end of each quarter to holders of record on the applicable record date, with the record date generally set approximately one week prior to the distribution date.

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With respect to the quarterly cash distribution for the fourth quarter ended September 30, 2010, management of Holdings intends to recommend to the Holdings Board that: (i) the record date for the quarterly distribution be October 22, 2010, (ii) the distribution be declared in the amount of $0.34 per common unit ($1.36 annualized), and (iii) the distribution be paid on October 29, 2010.

Q: What will happen to Holdings after the merger?

A: Under the terms of the merger agreement, NRGP MS, LLC, a wholly owned subsidiary of Holdings GP (MergerCo), will merge with and into Holdings, the separate existence of MergerCo will cease and Holdings will survive and continue to exist as a Delaware limited partnership. In connection with and immediately following consummation of the merger, Holdings GP will continue to be the sole general partner of Holdings, and Holdings GP and NRGP Limited Partner, LLC, a wholly owned subsidiary of Holdings GP (New NRGP LP), will remain as the only holders of limited partner interests in Holdings. As a result of the transactions contemplated by the merger agreement, the outstanding Holdings common units and the IDRs in Inergy that Holdings owns will be cancelled and trading of Holdings common units on the NYSE will cease. Holdings purpose will be limited to owning all of the non-economic limited liability company interests in, and being the sole member of, Inergy GP, and Holdings GP will cause Holdings not to engage, directly or indirectly, in any business activity other than the ownership, and being a member, of Inergy GP and immaterial or administrative actions related thereto, without the prior consent of the New NRGP LP.

Q: When do you expect the merger to be completed?

A: A number of conditions must be satisfied before the merger can be consummated, including the approval of the merger by Holdings unitholders and the effectiveness of the registration statement on Form S-4, of which this proxy statement/prospectus is a part, relating to Inergy LP units to be received by Holdings unitholders. We expect to complete the merger promptly following the Holdings special meeting, which we currently anticipate will occur in the fourth quarter of 2010.

Q: After completion of the merger, will I be able to vote to elect directors of the Inergy Board?

A: No. As the sole member of Inergy GP, Holdings will continue to have the power to appoint members of the Inergy Board.

Q: After the merger, who will direct the activities of Inergy?

A: Pursuant to the proposed Third Amended and Restated Agreement of Limited Partnership of Inergy (the amended and restated partnership agreement) that will be in effect after the merger, the Inergy Board will direct the activities of Inergy. The amended and restated partnership agreement is attached as Annex B to this proxy statement/prospectus and is incorporated into this proxy statement/prospectus by reference.

Q: What are the expected U.S. federal income tax consequences to a Holdings unitholder as a result of the transactions contemplated by the merger agreement?

A: Under current law, it is anticipated that for U.S. federal income tax purposes no income or gain should be recognized by a Holdings unitholder solely as a result of the transactions contemplated by the merger agreement (the Transactions) other than an amount of income or gain, which Holdings expects to be immaterial, due to (i) any decrease in a Holdings unitholder s share of partnership liabilities pursuant to Section 752 of the U.S. Internal Revenue Code of 1986, as amended (the Internal Revenue Code), (ii) any actual or constructive distributions of cash or other property, and (iii) amounts paid by one person to or on behalf of another person pursuant to the merger

agreement.

Please read Risk Factors Tax Risks Related to the Transactions beginning on page 33 and Material U.S. Federal Income Tax Consequences of the Transactions Tax Consequences of the Transactions to Holdings Unitholders beginning on page 125.

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Q: What are the expected U.S. federal income tax consequences for a Holdings unitholder of the ownership of Inergy LP units after the Transactions are completed?

A: Each Holdings unitholder who becomes an Inergy unitholder as a result of the Transactions will, as is the case for existing Inergy unitholders, be required to report on its U.S. federal income tax return such unitholder s distributive share of Inergy s income, gains, losses, deductions and credits. In addition to U.S. federal income taxes, such a holder will be subject to other taxes, including state and local income taxes, unincorporated business taxes, and estate, inheritance or intangibles taxes that may be imposed by the various jurisdictions in which Inergy conducts business or owns property or in which the unitholder is resident.

Please read U.S. Federal Income Taxation of Ownership of Inergy LP Units and Class B Units beginning on page 130.

Q: What Holdings unitholder and Inergy unitholder approvals are required?

A: The approval of the merger, the merger agreement and the transactions contemplated thereby requires the affirmative vote of the holders of a majority of the common units of Holdings outstanding and entitled to vote at the Holdings special meeting as of the record date.

Certain directors and members of senior management, who beneficially own approximately 57.9% of the Holdings common units, have conditionally agreed to vote their Holdings common units in favor of the merger, the merger agreement and the transactions contemplated thereby pursuant to a support agreement dated August 7, 2010 among Inergy and such unitholders (a copy of which is attached as Annex C to this proxy statement/prospectus). These unitholders beneficially own a sufficient number of Holdings common units to approve the merger, the merger agreement and the transactions contemplated thereby. Please read Interests of Certain Persons in the Merger Support Agreement beginning on page 149.

The approval of the merger, the merger agreement and the transactions contemplated thereby does not require a vote of Inergy unitholders.

Q: Who is entitled to vote at the Holdings special meeting?

A: All of Holdings common unitholders of record at the close of business on October 1, 2010, the record date for the Holdings special meeting, are entitled to receive notice of and to vote at the Holdings special meeting.

Q: What do I need to do now?

A: After you have carefully read this proxy statement/prospectus, please respond by completing, signing and dating your proxy card and returning it in the enclosed postage-paid envelope or by submitting your proxy or voting instruction by telephone or through the internet as soon as possible so that your Holdings common units will be represented and voted at the Holdings special meeting.

If your Holdings common units are held in street name, please refer to your proxy card or the information forwarded by your broker or other nominee to see which options are available to you. The internet and telephone proxy submission procedures are designed to authenticate Holdings unitholders and to allow you to confirm that your instructions have been properly recorded.

The method you use to submit a proxy will not limit your right to vote in person at the Holdings special meeting if you later decide to attend the special meeting. If your Holdings common units are held in the name of a broker or other nominee, you must obtain a proxy, executed in your favor from the holder of record, to be able to vote in person at the Holdings special meeting.

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Q: If my Holdings common units are held in street name by my broker or other nominee, will my broker or other nominee vote my units for me?

A: No. If your Holdings common units are held in the name of a broker, bank or other nominee, you are considered the beneficial holder of the Holdings common units held for you in what is known as street name. You are not the record holder of such Holdings common units. If this is the case, this proxy statement/prospectus has been forwarded to you by your broker, bank or other nominee. As the beneficial holder, unless your broker, bank or other nominee has discretionary authority over your Holdings common units, you generally have the right to direct your broker, bank or other nominee as to how to vote your Holdings common units. If you do not provide voting instructions, your Holdings common units will not be voted on any proposal on which your broker, bank or other nominee does not have discretionary authority. This is often called a broker non-vote. In connection with the Holdings special meeting, broker non-votes will have the same effect as a vote AGAINST the proposal to adopt the merger agreement. You should therefore provide your broker, bank or other nominee with instructions as to how to vote your Holdings common units.

Please follow the voting instructions provided by your broker, bank or other nominee so that it may vote your Holdings common units on your behalf. Please note that you may not vote Holdings common units held in street name by returning a proxy card directly to Holdings or by voting in person at the Holdings special meeting unless you first obtain a proxy from your broker, bank or other nominee.

Q: What will happen if I fail to vote or I abstain from voting?

A: If you are a Holdings unitholder and fail to vote, fail to instruct your broker, bank or other nominee to vote, or mark your proxy or voting instructions to abstain, it will have the effect of a vote AGAINST the proposal to adopt the merger agreement.

Q: If I am a Holdings unitholder with certificated units, should I send in my unit certificates with my proxy card?

A: No. Please DO NOT send your Holdings common unit certificates with your proxy card. A letter of transmittal for your Holdings common units and instructions will be delivered to you in a separate mailing. If your Holdings common units are held in street name by your broker or other nominee, you should follow their instructions.

Q: If I am planning on attending the Holdings special meeting in person, should I still submit a proxy?

A: Yes. Whether or not you plan to attend the Holdings special meeting, you should submit a proxy. Generally, Holdings common units will not be voted if the holder of Holdings common units does not submit a proxy and if that holder does not vote in person at the Holdings special meeting. Failure to submit a proxy would have the same effect as a vote against all the proposals at the Holdings special meeting.

Q: What do I do if I want to change my vote after I have delivered my proxy card?

A: You may change your vote at any time before Holdings common units are voted at the Holdings special meeting. You can do this in any of the three following ways:

by sending a written notice to American Stock Transfer & Trust Company in time to be received before the Holdings special meeting stating that you revoke your proxy;

by completing, signing and dating another proxy card and returning it by mail in time to be received before the Holdings special meeting or by submitting a later dated proxy by telephone or the internet, in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or

if you are a holder of record, or if you hold a proxy in your favor executed by a holder of record, by attending the Holdings special meeting and voting in person.

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If your Holdings common units are held in an account at a broker or other nominee, you should contact your broker or other nominee to change your vote.

Q: What should I do if I receive more than one set of voting materials for the Holdings special meeting?

A: You may receive more than one set of voting materials for the Holdings special meeting and the materials may include multiple proxy cards or voting instruction cards. For example, you will receive a separate voting instruction card for each brokerage account in which you hold Holdings common units. If you are a holder of record registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive according to the instructions on it.

Q: Can I submit my proxy by telephone or the internet?

A: Yes. In addition to mailing your proxy, you may submit it telephonically or on the internet. Voting instructions for using the telephone or internet are described on your proxy card.

Q: Who can I contact with questions about the Holdings special meeting or the merger and related matters?

A: If you have any questions about the merger and the other matters contemplated by this proxy statement/prospectus or how to submit your proxy or voting instruction card, or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card or voting instruction card, you should contact:

Investor Relations

Inergy Holdings, L.P.

Attention: Mike Campbell

(816) 842-8181

investorrelations@inergyservices.com

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SUMMARY

This brief summary highlights selected information from this proxy statement/prospectus. It does not contain all of the information that may be important to you. To understand the merger fully and for a complete description of the terms of the merger agreement and related matters, you should read carefully this proxy statement/prospectus, the documents incorporated by reference and the full text of the annexes to this proxy statement/prospectus. Please read Where You Can Find More Information beginning on page 163.

The Parties to the Merger Agreement (page 84)

Inergy, L.P.

Inergy is a publicly traded Delaware limited partnership. Inergy owns and operates a geographically diverse retail and wholesale propane supply, marketing and distribution business. Inergy s propane business includes the retail marketing, sale and distribution of propane, including the sale and lease of propane supplies and equipment, to residential, commercial, industrial and agricultural customers. In addition to its propane operations, Inergy also owns and operates a midstream business that includes three natural gas storage facilities, a liquefied petroleum gas storage facility, a natural gas liquids business and a solution-mining and salt production company.

The executive offices of Inergy are located at Two Brush Creek Boulevard, Suite 200, Kansas City, Missouri 64112. The telephone number is (816) 842-8181.

Inergy Holdings, L.P.

Holdings is a publicly traded Delaware limited partnership. Holdings owns the following direct and indirect partnership interests:

- a 100% non-economic limited liability company interest in Inergy GP, the managing general partner of, and owner of the non-economic general partner interest in, Inergy;
- a 100% limited liability company interest in Inergy Partners, LLC, a direct and indirect wholly owned subsidiary of Holdings and the non-managing general partner of Inergy (Inergy Partners), which currently owns an approximate 0.6% economic general partner interest in Inergy;
- 4,706,689 Inergy LP units, representing an approximate 6.0% limited partner interest in Inergy, consisting of (i) the 1,080,453 Inergy LP units directly owned by Holdings that will be distributed to Holdings unitholders as part of the merger consideration, and (ii) an aggregate of 3,626,236 Inergy LP units directly owned by IPCH Acquisition Corp., a wholly owned subsidiary of Holdings (IPCH), and Inergy Partners, which will be converted into Class A units of equivalent value in connection with the merger; and
- all of Inergy s IDRs.

The IDRs entitle Holdings to receive amounts equal to specified percentages of the incremental amount of cash distributed by Inergy to the holders of Inergy LP units when target distribution levels for each quarter are exceeded. The target distribution levels begin at $0.33 and increase in steps to the highest target distribution level of $0.45 per eligible Inergy LP unit. When Inergy makes quarterly distributions above $0.45 per eligible Inergy LP unit, the incentive distributions include an amount equal to 48% of the incremental cash distributed to each eligible Inergy unitholder for the quarter. The Inergy IDRs currently participate at the maximum 48% target cash distribution level in all distributions made by Inergy above the current distribution level.

The executive offices of Holdings are located at Two Brush Creek Boulevard, Suite 200, Kansas City, Missouri 64112. The telephone number is (816) 842-8181.

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NRGP MS, LLC

NRGP MS, LLC, which we sometimes refer to as MergerCo, is a direct wholly owned subsidiary of Holdings GP, the general partner of Holdings. MergerCo was formed solely for the purpose of consummating the merger. MergerCo has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement.

The Proposed Merger (page 91)

Under the merger agreement, MergerCo will merge with and into Holdings, the separate existence of MergerCo will cease and Holdings will survive and continue to exist as a Delaware limited partnership. In connection with and immediately following consummation of the merger, Holdings GP will continue to be the sole general partner of Holdings, and Holdings GP and New NRGP LP will remain as the only holders of limited partner interests in Holdings. As a result of the transactions contemplated by the merger agreement, the outstanding Holdings common units and the IDRs in Inergy that Holdings owns will be cancelled and trading of Holdings common units on the NYSE will cease.

The merger agreement is attached as Annex A to this proxy statement/prospectus and is incorporated into this proxy statement/prospectus by reference.

Please read the merger agreement carefully and fully as it is the legal document that governs the merger. For a summary of the merger agreement, please read The Merger Agreement beginning on page 97.

Merger Consideration (page 97)

If the merger is completed, each Holdings unitholder will be entitled to receive 0.77 Inergy LP units per Holdings common unit. As a result, the merger consideration will consist of (i) approximately 35.2 million Inergy LP units that will be issued by Inergy to the Holdings unitholders, (ii) 1,080,453 Inergy LP units directly owned by Holdings that will be distributed by Holdings to the Holdings unitholders, and (iii) 11,568,560 Class B units that will be issued by Inergy to the PIK Recipients. The exchange ratio represents an 8.9% premium to Holdings unitholders based on the 20-trading day average closing prices of Holdings common units and Inergy LP units ending August 6, 2010, the last trading day before the public announcement of the proposed merger.

The Class B units will convert automatically into Inergy LP units on a one-for-one basis, with 50% of the outstanding Class B units converting into Inergy LP units following the payment date of the fourth quarterly distribution following the closing of the merger and the remaining outstanding Class B units converting into Inergy LP units following the payment date of the eighth quarterly distribution following the closing of the merger. Until the Class B units are converted into Inergy LP units, distributions on the Class B units will be paid in additional Class B units issued in kind no later than 45 days after the end of each quarter following the consummation of merger. For a further description of the Class B units, please read Description of Inergy Units Class B Units.

In connection with the merger, the IDRs will be cancelled. Inergy has also agreed to assume all of Holdings indebtedness under its credit agreements and will acquire Holdings ownership interests in IPCH and Inergy Partners. As a result of the acquisition of these interests, the 789,202 Inergy LP units owned by IPCH and the 2,837,034 Inergy LP units and the approximate 0.6% economic general partner interest in Inergy owned by Inergy Partners will be converted into Class A units in Inergy of equivalent value.

Transactions Related to the Merger (page 92)

Amended and Restated Partnership Agreement

Immediately following the effective time of the merger, Inergy s existing partnership agreement will be amended and restated. Under Inergy s amended and restated partnership agreement: (i) the limited partner

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interest represented by the IDRs will be cancelled; (ii) the limited partner interests represented by Class A units, which will be issued to IPCH and Inergy Partners, will be established; (iii) the limited partner interests represented by Class B units, which will be issued to the PIK Recipients, will be established; (iv) Inergy Partners approximate 0.6% economic general partner interest (including rights to ownership, profit or any rights to receive distributions from operations or the liquidation of Inergy) will be eliminated, and Inergy Partners will withdraw as the non-managing general partner of Inergy; and (v) certain legacy provisions that are no longer applicable to Inergy will be eliminated.

For a summary of the amended and restated partnership agreement, please read The Amended and Restated Partnership Agreement of Inergy beginning on page 113.

The foregoing description of the amended and restated partnership agreement is qualified in its entirety by reference to the full text of the form of amended and restated partnership agreement, which is attached as Annex B to this proxy statement/prospectus and is incorporated by reference into this proxy statement/prospectus.

Support Agreement

John J. Sherman, Phillip L. Elbert, R. Brooks Sherman, Jr., Andrew L. Atterbury, William C. Gautreaux and Carl A. Hughes (the Holdings Supporting Unitholders) have conditionally agreed to vote their Holdings common units in favor of the merger and the merger agreement (as amended, supplemented, restated or otherwise modified from time to time) pursuant to a support agreement dated August 7, 2010 among Inergy and such unitholders (a copy of which is attached as Annex C to this proxy statement/prospectus). As of September 24, 2010, the Holdings Supporting Unitholders beneficially owned 35,987,774 Holdings common units, representing approximately 57.9% of all outstanding Holdings common units. The Holdings Supporting Unitholders beneficially own a sufficient number of Holdings common units to approve the merger, the merger agreement and the transactions contemplated thereby.

Under the support agreement, the Holdings Supporting Unitholders conditionally agreed to vote their Holdings common units (a) in favor of the approval and adoption of the merger agreement, the approval of the merger and any other action required in furtherance thereof, (b) against any acquisition proposal (as defined in the merger agreement), and (c) against any action, agreement or transaction that would or would reasonably be expected to materially impede, interfere with, delay, postpone, discourage, frustrate the purposes of or adversely affect the merger or the other transactions contemplated by the merger agreement. The support agreement terminates upon, among other things, the termination of the merger agreement or a change in recommendation by the Holdings Board. In addition, the support agreement will terminate immediately after December 31, 2010 unless all parties have agreed to a continuation of the support agreement beyond that date. For additional information, please read Interests of Certain Persons in the Merger Support Agreement.

The foregoing description of the support agreement is qualified in its entirety by reference to the full text of the support agreement, which is attached as Annex C to this proxy statement/prospectus and is incorporated by reference into this proxy statement/prospectus.

Amendment No. 1 to the Existing Partnership Agreement of Holdings

Prior to the effective time of the merger but in contemplation thereof, Holdings GP will amend Holdings existing partnership agreement to provide for the creation of a new class of limited partner interest in Holdings (the Holdings nonparticipating limited partner units). In general, under Amendment No. 1 to the Amended and Restated Agreement of Limited Partnership of Holdings (Amendment No. 1 to the existing partnership agreement of Holdings), the Holdings nonparticipating limited partner units will not (i) be entitled to allocations of Holdings income, gain, loss, deduction and credit, (ii) have the right to share in any distributions made to

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Holdings unitholders, (iii) be entitled to vote and (iv) be entitled to receive any merger consideration in connection with the merger. In connection with Amendment No. 1 to the existing partnership agreement of Holdings, Holdings GP and New NRGP LP will be admitted to Holdings as limited partners holding 99% and 1%, respectively, of the Holdings nonparticipating limited partner units.

The foregoing description of Amendment No. 1 to the existing partnership agreement of Holdings is qualified in its entirety by reference to the full text of the form of Amendment No. 1 to the existing partnership agreement of Holdings, which is included as an annex to the merger agreement that is attached as Annex A to this proxy statement/prospectus and is incorporated by reference into this proxy statement/prospectus.

Directors and Executive Officers of Inergy GP Following the Merger (page 150)

Inergy GP will continue to direct the activities of Inergy after the merger. Inergy GP s management team will continue in their current roles and will manage Inergy GP following consummation of the merger. As the sole member of Inergy GP, Holdings will continue to have the power to appoint members of the Inergy Board. The five current members of the Inergy Board are expected to continue as directors of the Inergy Board. Shortly prior to the announcement of the merger, Mr. Richard T. O Brien was extended an offer to join the Inergy Board after the completion of the merger; however, to date no decision has been made.

Recommendation of the Holdings Conflicts Committee and the Holdings Board and Reasons for the Merger (page 50)

The Holdings Conflicts Committee determined that the merger, the merger agreement and the transactions contemplated thereby, were fair and reasonable to, and in the best interests of, Holdings and the Holdings unitholders other than Holdings GP and its affiliates, officers and directors (the unaffiliated Holdings unitholders). In addition, the Holdings Conflicts Committee approved and declared advisable the merger, the merger agreement and the transactions contemplated thereby, such approval by the Holdings Conflicts Committee constituting Special Approval under the Holdings partnership agreement. Also, the Holdings Conflicts Committee recommended that the Holdings Board approve the merger, the merger agreement and the transactions contemplated thereby, and recommended that the Holdings Board cause Holdings GP and Holdings to execute and deliver the merger agreement and consummate the transactions contemplated thereby, and submit the proposal for approval of the merger, the merger agreement and transactions contemplated thereby, to the Holdings unitholders for approval at a special meeting. In reaching its determination, the Holdings Conflicts Committee consulted with and received the advice of its independent financial and legal advisors, considered potential alternatives available to Holdings, including the uncertainties and risks facing it, and considered the interests of the unaffiliated Holdings unitholders.

Based in part on the Holdings Conflicts Committee s determination, Special Approval and recommendation, the Holdings Board unanimously approved (with the board member who is also a member of management recusing himself) the merger, the merger agreement and the transactions contemplated thereby and recommended that the Holdings unitholders vote FOR the proposal to approve the merger, the merger agreement and the transactions contemplated thereby.

To review the background of and the Holdings Conflicts Committee s and the Holdings Board s reasons for the merger in greater detail, please read Special Factors Background of the Merger beginning on page 36 and Special Factors Recommendation of the Holdings Conflicts Committee and the Holdings Board and Reasons for the Merger beginning on page 50. To review certain risks related to the merger, please read Risk Factors beginning on page 25.

Conditions to the Completion of the Merger (page 107)

Before Inergy and Holdings can complete the merger, a number of conditions must be satisfied, or where permissible waived, by Inergy or Holdings, as appropriate. For the complete list of conditions to the completion of the merger, please read The Merger Agreement Conditions to the Completion of the Merger.

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Relationship of the Parties (page 84)

Holdings directly owns all of the non-economic limited liability company interests in Inergy GP, which is the managing general partner of Inergy. Holdings directly owns all of the capital stock of IPCH, which owns 789,202 Inergy LP units, representing approximately 1.0% of the outstanding Inergy LP units. Holdings directly and indirectly owns all of the limited liability company interests of Inergy Partners, which owns 2,837,034 Inergy LP units, representing approximately 3.6% of the outstanding Inergy LP units, and an approximate 0.6% economic general partner interest in Inergy. Holdings directly owns 1,080,453 Inergy LP units, representing approximately 1.4% of the outstanding Inergy LP units, and all of Inergy s IDRs.

Since Holdings initial public offering (IPO) in June 2005, distributions by Inergy have increased from $0.510 per Inergy LP unit for the quarter ended June 30, 2005 to $0.705 per Inergy LP unit for the quarter ended June 30, 2010. As a result, distributions from Inergy to Holdings have increased.

The following table summarizes the cash Holdings received for the years ended September 30, 2007, 2008 and 2009 and the nine months ended June 30, 2010 as a result of its direct and indirect ownership of partnership interests in Inergy (in millions):

	Year Ended September 30,			Nine Months Ended June 30,
	2007	2008	2009	2010
Incentive distribution payments from Inergy	$ 27.1	$ 35.8	$ 46.5	$ 47.8
Distributions from the ownership of economic general partner interest	1.4	1.5	1.6	1.3
Distributions from the direct and indirect ownership of 4,706,689 Inergy LP units	9.7	11.5	12.3	9.7
	$ 38.2	$ 48.8	$ 60.4	$ 58.8

In addition, Messrs. John J. Sherman, Warren H. Gfeller and Arthur B. Krause serve as members of both the Holdings Board and Inergy Board. The executive officers of Holdings GP are also executive officers of Inergy GP.

Information About the Holdings Special Meeting and Voting (page 86)

Where and when: The Holdings special meeting will take place at its principal executive offices located at Two Brush Creek Boulevard, Suite 200, Kansas City, Missouri 64112, on November 2, 2010 at 10:00 a.m., local time.

What Holdings unitholders are being asked to vote on: At the Holdings special meeting, Holdings unitholders will be asked to consider and vote on the following matters:

- a proposal to approve the merger, the merger agreement and the transactions contemplated thereby; and
- any proposal to transact such other business as may properly come before the Holdings special meeting and any adjournment or postponement thereof.

Who may vote: You may vote at the Holdings special meeting if you owned Holdings common units at the close of business on the record date, October 1, 2010. You may cast one vote for each Holdings common unit that you owned on the record date.

How to vote: Please complete and submit the enclosed proxy card as soon as possible or transmit your voting instructions by using the telephone or internet procedures described on your proxy card.

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What vote is needed: The affirmative vote of the holders of a majority of the common units of Holdings outstanding and entitled to vote at the meeting as of the record date is required to approve the merger, the merger agreement and the transactions contemplated thereby.

Recommendation of the Holdings Board: The Holdings Board unanimously recommends that you vote FOR the proposal to approve the merger, the merger agreement and the transactions contemplated thereby.

The approval of the merger and the merger agreement by the Holdings unitholders is a condition to the completion of the merger.

Risk Factors (page 25)

You should consider carefully all of the risk factors together with all of the other information included in this proxy statement/prospectus before deciding how to vote. Certain risks related to the merger are described under the caption Risk Factors beginning on page 25 of this proxy statement/prospectus. Some of these risks include, but are not limited to, those described below:

- the directors and executive officers of Inergy GP and of Holdings GP may have interests that differ from your interests;
- at the effective time, the market value of Inergy LP units to be received in the merger could decrease and Holdings unitholders cannot be sure of the market value of such Inergy LP units;
- no ruling has been obtained with respect to the tax consequences of the Transactions; and
- the benefits of the merger may not be realized.

Appraisal Rights (page 93)

Holdings unitholders do not have appraisal rights under Holdings partnership agreement, the merger agreement or applicable Delaware law.

Solicitation of Other Offers by Holdings (page 106)

Commencing on the sixty-first (61st) calendar day after this proxy statement/prospectus is first filed with the SEC (the window-shop period), Holdings is prohibited from knowingly initiating, soliciting or encouraging the submission of any acquisition proposal (as defined in the merger agreement) or from participating in any discussions or negotiations regarding, or furnishing to any person any non-public information with respect to, any acquisition proposal, subject to certain exceptions. Notwithstanding these restrictions, at any time prior to the approval of the merger agreement by Holdings unitholders, Holdings is permitted to enter into or participate in any discussions or negotiations with any party that has made a solicited (prior to the expiration of the window-shop period) or an unsolicited written acquisition proposal if the Holdings Board determines, after consultation with its outside legal counsel and financial advisors, that such acquisition proposal constitutes or is likely to result in a superior proposal (as defined in the merger agreement) and that failure to take such action would be inconsistent with its fiduciary duties under the existing partnership agreement of Holdings and applicable law. Please read The Merger Agreement Solicitation of Other Offers by Holdings beginning on page 106.

In addition, Holdings may terminate the merger agreement and enter into a definitive agreement with respect to a superior proposal. Please read The Merger Agreement Solicitation of Other Offers by Holdings Change in Recommendation by the Holdings Board on page 107.

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Termination of Merger Agreement (page 109)

The merger agreement may be terminated at any time prior to the effective time of the merger in any of the following ways:

by mutual written consent of Holdings and Inergy.

by either Holdings or Inergy upon written notice to the other:

if the merger is not completed on or before December 31, 2010 (the termination date) unless the failure of the closing to occur by this date is primarily due to the failure of the party seeking to terminate the merger agreement to fulfill any material obligation under the merger agreement or a material breach of the merger agreement by such party;

if any regulatory authority has issued a final and nonappealable statute, rule, order, decree or regulation or taken any other action that permanently restrains, enjoins or prohibits the consummation of the merger or makes the merger illegal, provided that the terminating party is not in breach of its obligation to use commercially reasonable best efforts to complete the merger promptly;

if there has been a material breach of the support agreement; provided, that Holdings is not entitled to terminate the merger agreement if Holdings has breached any of its obligations described under The Merger Agreement Solicitation of Other Offers by Holdings beginning on page 106;

if there has been a material breach of or any material inaccuracy in any of the representations or warranties set forth in the merger agreement on the part of any of the other parties, which breach has not been cured within 30 days after receiving notice from the terminating party, or which breach, by its nature, cannot be cured prior to the termination date. However, the terminating party itself must not be in material breach of any representation, warranty, covenant or agreement. In order for termination to take place, the breaches must be of such nature that they would entitle the party receiving such representation not to carry out the merger agreement because certain closing conditions are not met; or

if there has been a material breach of any of the covenants or agreements set forth in the merger agreement on the part of any of the other parties, which breach has not been cured within 30 days after receiving notice from the terminating party, or which breach, by its nature, cannot be cured prior to the termination date. However, the terminating party itself must not be in material breach of any representation, warranty, covenant or agreement. In order for termination to take place, the breaches must be of such nature that they would entitle the party receiving the benefits of such covenants or agreements not to consummate the transactions contemplated by the merger agreement because certain closing conditions are not met.

by Inergy if (i) Holdings has materially breached any of the provisions described under The Merger Agreement Solicitation of Other Offers by Holdings beginning on page 106 or (ii) the Holdings Board makes a change in recommendation as described under The Merger Agreement Solicitation of Other Offers by Holdings Change in Recommendation by the Holdings Board.

by Holdings if, at any time after the date of the original merger agreement and prior to obtaining the Holdings unitholder approval, Holdings receives an acquisition proposal and the Holdings Board concludes in good faith that such acquisition proposal constitutes a superior proposal, the Holdings Board has made a change in recommendation with respect to the superior proposal, Holdings has not knowingly and intentionally breached any of the provisions described under The Merger Agreement Solicitation of Other Offers by Holdings, and the Holdings Board concurrently approves, and Holdings concurrently enters into, a definitive agreement with

respect to the superior proposal and has paid the termination fee.

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by Holdings if as a result of a change in U.S. federal income tax law, the Holdings Conflicts Committee determines, in its reasonable judgment, that consummation of the transactions contemplated by the merger agreement could materially increase the amount of U.S. federal income tax due from any holder of Holdings common units as a result of owning or disposing of the Inergy LP units acquired pursuant to such transactions, as compared to U.S. federal income tax due from such holder as a result of owning or disposing of any Holdings common units in the event the transactions contemplated by the merger agreement did not occur; provided that Holdings will not have the right to terminate the merger agreement pursuant to such change in U.S. federal income tax law in the event, within 30 days after the receipt of such notice, Inergy has provided to Holdings the opinion of nationally recognized tax counsel, reasonably acceptable to Holdings, to the effect that such holder of Holdings common units should not be liable for such increased tax as a result of owning or disposing of Inergy LP units.

by Inergy if as a result of a change in U.S. federal income tax law, the consummation of the transactions contemplated by the merger agreement could materially increase the amount of U.S. federal income tax due from any holder of Inergy LP units as a result of owning or disposing of Inergy LP units, as compared to U.S. federal income tax due from such holder in the event the transactions contemplated by the merger agreement did not occur; provided that Inergy shall not have the right to terminate the merger agreement pursuant to such change in U.S. federal income tax law in the event, within 30 days after the receipt of such notice, Holdings has provided to Inergy the opinion of nationally recognized tax counsel, reasonably acceptable to Inergy, to the effect that it is more likely than not that such holder of Inergy LP units should not be liable for such increased tax as a result of owning or disposing of Inergy LP units.

Termination Fee and Expenses (page 111)

Holdings will be obligated to pay a termination fee (to be held by an escrow agent) equal to $20 million in cash, reduced by certain amounts paid, upon the termination of the merger agreement in the following circumstances:

the merger agreement is terminated by Inergy because Holdings materially breaches any of the provisions described under The Merger Agreement Solicitation of Other Offers by Holdings or the Holdings Board effects a change in recommendation;

the merger agreement is terminated by Holdings to enter into a superior proposal under certain circumstances; or

after an acquisition proposal for 50% or more of the assets of, the equity interest in or businesses of Holdings has been made to the Holdings unitholders or an intention to make such an acquisition proposal has been made known, the merger agreement is terminated (i) by either Inergy or Holdings because (a) the merger was not consummated by the termination date or (b) a material breach of the support agreement has occurred or (ii) by Inergy because of a breach of Holdings representations and warranties or agreements or covenants and, in each case, within 12 months after the merger agreement is terminated, Holdings or any of its subsidiaries enters into a definitive agreement in respect of any acquisition proposal and consummates the transaction contemplated by such definitive agreement (which need not be the same acquisition proposal as the acquisition proposal first mentioned in this paragraph).

If Holdings is obligated to pay the termination fee to Inergy, the escrow agent will release to Inergy a portion of the termination fee equal to no greater than 70% of the maximum remaining amount which, in the good faith view of Inergy GP may be taken in the gross income of Inergy without exceeding the permissible qualifying income limits for a publicly traded partnership based on applicable provisions of the Internal Revenue Code. Following the year in which the initial release of the termination fee occurs, additional amounts may be released or a portion of the fee may be required to be returned so that the amount released equals between

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80% and 90% of the maximum which Inergy could actually have taken in gross income. Any amount of the termination fee not distributed to Inergy will be refunded to Holdings. In addition, Holdings has waived for itself and its affiliates, and will cause Inergy GP to waive, any rights to any distribution by Inergy of any termination fee paid to Inergy.

To the extent that Holdings has already paid Inergy its expenses in connection with the termination of the merger agreement and subsequently Holdings is obligated to pay the termination fee to the escrow agent on Inergy s behalf, Holdings is only obligated to pay the escrow agent an amount equal to the difference of the applicable termination fee and expenses previously paid.

Holdings or Inergy will be obligated to pay expenses upon the termination of the merger agreement in the following circumstances:

Holdings will be obligated to pay Inergy s expenses, not to exceed $3 million (exclusive of the termination fee), if the merger agreement is terminated by:

Inergy because of a material breach of Holdings or Holdings GP s representations and warranties or agreements or covenants; or

Inergy or Holdings because a material breach of the support agreement has occurred.

Inergy will be obligated to pay Holdings expenses, not to exceed $3 million, if the merger agreement is terminated by Holdings because of a breach of Inergy s or Inergy GP s material representations and warranties or agreements or covenants.

If the merger is consummated, Inergy will pay the property and transfer taxes imposed on either party in connection with the merger. Inergy will also pay the expenses for filing, printing and mailing this proxy statement/prospectus. Any filing fees payable pursuant to regulatory laws and other filing fees incurred in connection with the merger agreement will be paid by the party incurring the fees.

Opinions of the Holdings Conflicts Committee s Financial Advisor (page 62)

At a meeting of the Holdings Conflicts Committee held on August 7, 2010, Tudor, Pickering, Holt & Co. Securities, Inc. (TudorPickering), the financial advisor to the Holdings Conflicts Committee, delivered to the Holdings Conflicts Committee its oral opinion (which was subsequently confirmed in writing) (the August 7 opinion) that, as of August 7, 2010, and based upon and subject to the factors and assumptions set forth in the August 7 opinion, the consideration to be paid to the unaffiliated Holdings unitholders pursuant to the original merger agreement, was fair, from a financial point of view, to the unaffiliated Holdings unitholders. The summary of TudorPickering s August 7 opinion is qualified in its entirety by reference to the full text of its written opinion, which is included as Annex D to this proxy statement/prospectus and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by TudorPickering in preparing its August 7 opinion.

At a meeting of the Holdings Conflicts Committee held on September 22, 2010, TudorPickering delivered to the Holdings Conflicts Committee its oral opinion (which was subsequently confirmed in writing) (the September 22 opinion and, together with the August 7 opinion, the opinions) that, as of September 22, 2010, and based upon and subject to the factors and assumptions set forth in the September 22 opinion, the consideration to be paid to the unaffiliated Holdings unitholders pursuant to the merger agreement, was fair, from a financial point of view, to the unaffiliated Holdings unitholders. The summary of TudorPickering s September 22 opinion in this proxy statement/prospectus is qualified in its entirety by reference to the full text of its written opinion, which is included as Annex E to this proxy statement/prospectus and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by TudorPickering in preparing its September 22 opinion.

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TudorPickering s opinions do not address the relative merits of the merger as compared to any alternative transaction that might be available to Holdings, nor do they address the underlying business decision of Holdings to engage in the merger. TudorPickering s opinions relate solely to the fairness, from a financial point of view, to the unaffiliated Holdings unitholders of the consideration to be paid pursuant to the original merger agreement or the merger agreement to such holders. TudorPickering does not express any view on, and its opinions do not address, any other term or aspect of the original merger agreement or the merger agreement, the Holdings amended and restated partnership agreement, the Inergy amended and restated partnership agreement, the support agreement or the merger, including, without limitation, the fairness of the merger to, or any consideration received in connection therewith by, creditors or other constituencies of Holdings or Inergy; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of Holdings or Inergy, or any other class of such persons, in connection with the merger, whether relative to the consideration to be received by the holders of Holdings common units pursuant to the original merger agreement, the merger agreement or otherwise. TudorPickering has not been asked to consider, and its opinions do not address, the price at which Holdings common units will trade at any time. TudorPickering did not render any legal, regulatory, tax or accounting advice to the Holdings Conflicts Committee in connection with the merger.

Comparison of Inergy Unitholder Rights and Holdings Unitholder Rights (page 152)

As a result of the merger, Holdings unitholders will become holders of Inergy LP units. The PIK Recipients have agreed to take a portion of their merger consideration in the form of Class B units in lieu of Inergy LP units. The rights of holders of Inergy LP units and holders of Class B units will be governed by Inergy s amended and restated partnership agreement and applicable Delaware law. There are differences between the rights of Holdings unitholders and Inergy unitholders pursuant to the existing partnership agreement of Holdings and the amended and restated partnership agreement of Inergy. Certain of these differences are described under Comparison of Inergy Unitholder Rights and Holdings Unitholder Rights beginning on page 152.

Interests of Certain Persons in the Merger (page 145)

In considering the recommendation of the Holdings Board to approve the merger, the merger agreement and the transactions contemplated thereby, Holdings unitholders should be aware that some of the executive officers and directors of Holdings GP have interests in the merger that may differ from, or may be in addition to, the interests of Holdings unitholders generally. These interests may present such executive officers and directors with actual or potential conflicts of interest. These interests include the following:

Holdings and Inergy Units. Some of the executive officers and directors of Holdings GP currently own Holdings common units and will be receiving Inergy LP units and Class B units as a result of the merger. Holdings common units held by the directors and executive officers will be exchanged for Inergy LP units at a ratio of 0.77 Inergy LP units per Holdings common unit. This is the same ratio as that applicable to the unaffiliated Holdings unitholders. However, the PIK Recipients, which include certain members of senior management and directors of Holdings GP, have agreed to take a portion of their merger consideration in the form of Class B units in lieu of Inergy LP units. Inergy will issue an aggregate of 11,568,560 Class B units to the PIK Recipients. The Class B units will convert automatically into Inergy LP units on a one-for-one basis, with 50% of the outstanding Class B units converting into Inergy LP units following the payment date of the fourth quarterly distribution following the closing of the merger and the remaining outstanding Class B units converting into Inergy LP units following the payment date of the eighth quarterly distribution following the closing of the merger. Until Class B units are converted into Inergy LP units, distributions on Class B units will be paid in additional Class B units issued in kind no later than 45 days after the end of each quarter following consummation of the merger. For a further description of the Class B units, please read Description of Inergy Units Class B Units. In addition, certain directors and officers of Holdings GP currently own Inergy LP units.

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Holdings Equity Based Awards. Directors and certain executive officers of Holdings GP also hold Holdings Unit Options and Holding Restricted Units (each as defined under the heading The Merger Agreement Treatment of Holdings Equity Based Awards). These Holdings equity awards will continue to vest in accordance with the vesting schedule of the original award. However, upon eventual exercise or vesting, as applicable, the awards will be settled through the delivery of a number of Inergy LP units adjusted to reflect the 0.77 exchange ratio. In addition, the exercise price of Holdings Unit Options will be increased to reflect the 0.77 exchange ratio.

Indemnification and Insurance. The merger agreement provides for indemnification by Inergy of each person who was, as of the date of the original merger agreement, or is at any time from the date of the original merger agreement through the effective date, an officer or director of Holdings or any of its subsidiaries or acting as a fiduciary under or with respect to any employee benefit plan of Holdings and for the maintenance of directors and officers liability insurance covering directors and executive officers of Holdings GP for a period of six years following consummation of the merger. Inergy also agreed that all rights to indemnification now existing in favor of indemnified parties as provided in the Holdings partnership agreement (or, as applicable, the charter, bylaws, partnership agreement, limited liability company agreement, or other organizational documents of any of Holdings subsidiaries) will be assumed by Inergy and Inergy GP in the merger, without further action, at the effective time of the merger and will survive the merger and will continue in full force and effect in accordance with their terms.

Director and Executive Officer Interlock. Certain of Holdings GP s directors and all of Holdings GP s executive officers are currently directors and executive officers of Inergy GP, respectively, and will remain directors and executive officers of Inergy GP following consummation of the merger. The five current members of the Inergy Board are expected to continue as directors of the Inergy Board.

Support Agreement. In addition, the Holdings Supporting Unitholders include certain of the executive officers and directors of Holdings GP. The Holdings Supporting Unitholders beneficially own approximately 57.9% of the total Holdings common units and have entered into a support agreement to vote in favor of the merger, the merger agreement and the transactions contemplated thereby. For more information on the support agreement, please read Interests of Certain Persons in the Merger Support Agreement.

The directors and executive officers of Holdings GP beneficially owned an aggregate of 33.6 million Holdings common units as of September 24, 2010, representing approximately 54.1% of the total voting power of Holdings voting securities.

Senior management of Inergy GP and Holdings GP (senior management) prepared projections with respect to Inergy s future financial and operating performance on a stand-alone basis and on a combined basis. These projections were provided to TudorPickering for use in connection with the preparation of its opinions to the Holdings Conflicts Committee and related financial advisory services. The projections were also provided to the Inergy Board, the Holdings Board, the committees and their financial advisors.

Accounting Treatment of the Merger (page 94)

The merger between Holdings and Inergy will result in Holdings being treated as the surviving consolidated entity of the merger for accounting purposes, even though Inergy will be the surviving consolidated entity for legal and reporting purposes. The changes in ownership interest will be accounted for in accordance with Accounting Standards Codification 810 Consolidation as an equity transaction and no gain or loss will be recognized as a result of the merger.

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Material U.S. Federal Income Tax Consequences of the Transactions (page 124)

Tax matters associated with the Transactions are complicated. The tax consequences to a Holdings unitholder of the Transactions and related matters will depend on such unitholder s own personal tax situation. Holdings unitholders are urged to consult their tax advisors for a full understanding of the federal, state, local and non-U.S. tax consequences of the Transactions that will be applicable to them.

Holdings expects to receive an opinion from Andrews Kurth LLP (Andrews Kurth), counsel to the Holdings Conflicts Committee, to the effect that, subject to the limitations set forth in Material U.S. Federal Income Tax Consequences of the Transactions, no gain or loss should be recognized by the holders of Holdings common units to the extent Inergy LP units or Class B units, as applicable, are received in exchange therefor, other than gain resulting from either (i) any decrease in partnership liabilities pursuant to Section 752 of the Internal Revenue Code, (ii) any actual or constructive distributions of cash or other property, or (iii) amounts paid by one person to or on behalf of another person pursuant to the merger agreement. Opinions of counsel, however, are not binding on the U.S. Internal Revenue Service, or IRS, and no assurance can be given that the IRS would not successfully assert a contrary position regarding the U.S. federal income tax consequences of the Transactions and this opinion of counsel.

Please read Risk Factors Tax Risks Related to the Transactions beginning on page 33, and Material U.S. Federal Income Tax Consequences of the Transactions beginning on page 124 for a more complete discussion of the U.S. federal income tax consequences of the Transactions.

Litigation

Since Inergy and Holdings first announced on August 9, 2010 their entry into the original merger agreement, five unitholder class action lawsuits have been filed by Holdings unitholders against Inergy, Holdings, Holdings GP, MergerCo, New NRGP LP, Inergy GP, Inergy Partners, John J. Sherman, Phillip L. Elbert, R. Brooks Sherman, Jr., Warren H. Gfeller, Arthur B. Krause and Richard T. O Brien (the Holdings Unitholder Lawsuits). Additionally, one unitholder class action lawsuit has been filed by Inergy unitholders against Inergy, Holdings, Inergy GP, John J. Sherman, Phillip L. Elbert, Warren H. Gfeller, Arthur B. Krause, Robert D. Taylor, R. Brooks Sherman, Jr., Andrew L. Atterbury, William C. Gautreaux, and Carl A. Hughes (the Inergy Unitholder Lawsuit).

The Holdings Unitholder Lawsuits are as follows: (i) *Daniel Himmel v. John J. Sherman et al.*, No. 1016-CV24783, In the Circuit Court of Jackson County, Missouri, at Kansas City; (ii) *John Oliver v. Inergy Holdings, L.P. et al.*, No. 1016-CV25524, In the Circuit Court of Jackson County, Missouri, at Kansas City; (iii) *Peter D Orazio v. John J. Sherman et al.*, No. 1016-CV25705, In the Circuit Court of Jackson County, Missouri, at Kansas City; (iv) *Harvey Silver v. John Sherman et al*., No. 1016-CV26112, In the Circuit Court of Jackson County, Missouri, at Kansas City; and (v) *David Lessard v. Inergy Holdings, L.P. et al*., No. 1016-CV27141, In the Circuit Court of Jackson County, Missouri, at Kansas City. The Inergy Unitholder Lawsuit is *G-2 Trading LLC v. Inergy GP, LLC et al.*, No. 5816, In the Court of Chancery of the State of Delaware.

The Holdings Unitholder Lawsuits allege a variety of causes of action challenging the proposed merger, including that the named directors and officers have breached their fiduciary duties in connection with the proposed merger and that the named entities have aided and abetted in these breaches of the directors and officers fiduciary duties. Specifically, the Holdings Unitholder Lawsuits allege, among other things, that (i) the consideration offered by Inergy is unfair and inadequate, (ii) the merger is structured to preclude other potential purchasers of Holdings from proposing a competing transaction, (iii) the named directors and officers have engaged in self-dealing and, through the merger, will obtain benefits not equally shared by the public unitholders of Holdings, and (iv) the Registration Statement on Form S-4 filed by Inergy on September 3, 2010 fails to disclose material information regarding the proposed merger.

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With respect to the allegations that the proposed consideration is unfair and inadequate, the Holdings Unitholder Lawsuits allege that the premium offered by Inergy is only 4.8% greater than the closing price of Holdings common units on the trading day prior to the merger announcement. The Holdings Unitholder Lawsuits further allege that the premium fails to adequately compensate unitholders for the likely future performance and value of Holdings, especially given the alleged potential growth in incentive distributions that Inergy may owe to Holdings.

With respect to the allegations that the merger is structured to preclude competing alternative transactions, the Holdings Unitholder Lawsuits allege that the merger agreement requires Holdings to pay Inergy a $20 million termination fee if the merger is terminated under certain circumstances. The Holdings Unitholder Lawsuits also allege that minority unitholders lack the ability to reject the proposed merger because certain individual defendants, who collectively beneficially own a sufficient percentage of the outstanding Holdings common units to approve the merger without other unitholder approval, have agreed to vote in favor of the proposed merger. One of the Holdings Unitholder Lawsuits also alleges that the merger agreement provides only sixty days for solicitation of superior alternative transactions and provides an unfair mechanism for Inergy to outbid any competing transactions. Another of the Holdings Unitholder Lawsuits alleges that Holdings must notify Inergy of any competing offer and provide Inergy with an opportunity to match the competing offer.

With respect to the allegations that the named directors and officers have engaged in self-dealing and will obtain special benefits through the merger, the Holdings Unitholder Lawsuits allege that Richard T. O Brien, the only member of the Holdings Board that is not also a member of the Inergy Board, has been promised membership on the Inergy Board. At least one of the Holdings Unitholder Lawsuits also alleges that certain members of senior management have agreed to accept payment-in-kind securities that are allegedly superior to the Inergy LP units that other unitholders will receive for their Holdings common units.

With respect to the allegations that Inergy s Registration Statement on Form S-4 initially filed on September 3, 2010 fails to disclose material information regarding the proposed merger, two of the Holdings Unitholder Lawsuits allege that the registration statement fails to disclose various criteria, assumptions and factors used to estimate certain future financial results. These two lawsuits also allege that the registration statement fails to disclose various data, methodologies and assumptions relied on by Inergy s and Holdings respective financial advisors in making their recommendations. Additionally, one of these two lawsuits alleges that the registration statement fails to disclose certain events and actions surrounding the proposed merger, such as whether the Holdings Conflicts Committee evaluated any alternatives to the proposed merger.

Based on these allegations, the plaintiffs seek to enjoin the defendants from proceeding with or consummating the proposed merger until a procedure is adopted and implemented that will result in maximization of value for Holdings unitholders. Certain of the plaintiffs have filed motions to consolidate these actions for the appointment of a lead plaintiff and lead counsel and for expedited treatment of their claims. Currently, a hearing is scheduled for October 7, 2010 on one of the motions to consolidate and the motions for the appointment of lead plaintiff and lead counsel. To the extent that the merger is implemented before relief is granted, the plaintiffs seek to have the merger rescinded. The plaintiffs also seek damages and attorneys fees.

The Inergy Unitholder Lawsuit also alleges several causes of action challenging the proposed merger, including that the named directors and officers have breached Inergy s limited partnership agreement and their fiduciary duties in connection with the proposed merger. Specifically, the Inergy Unitholder Lawsuit alleges that Inergy is paying an excessive price to Holdings unitholders, thereby diluting the value of Inergy to its current unitholders. The consideration provided to Holdings unitholders, the Inergy Unitholder Lawsuit alleges, represents a 20.7% premium to Holdings unitholders and exceeds Holdings aggregate enterprise value by 27%. The Inergy Unitholder Lawsuit alleges that the proposed merger will reduce Inergy s public unitholders ownership in Inergy from 92% to 57% without providing an adequate return to Inergy unitholders so that the named directors and officers can avoid potential tax ramifications related to their Holdings common units.

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Additionally, the Inergy Unitholder Lawsuit alleges several deficiencies in the process by which the named directors and officers are conducting the proposed transaction. First, the Inergy Unitholder Lawsuit alleges that the Holdings Conflicts Committee did not have the requisite number of members and will receive a legal opinion related to both Inergy and Holdings from a single, conflicted law firm. Second, the Inergy Unitholder Lawsuit alleges that Inergy is seeking to amend the Inergy partnership agreement without the approval of public unitholders. Third, the Inergy Unitholder Lawsuit alleges that Inergy has failed, as allegedly required by the partnership agreement, to determine whether the proposed merger adversely affects Inergy s limited partners. Fourth, the Inergy Unitholder Lawsuit alleges that the named directors and officers have agreed to vote in favor of the proposed merger, thereby eliminating the ability of Holdings unitholders to reject the proposed merger.

Based on these allegations, the Inergy Unitholder Lawsuit seeks to enjoin the defendants from proceeding with or consummating the proposed merger. To that end, the plaintiff in the Inergy Unitholder lawsuit has filed a motion for a temporary injunction and a motion for expedited treatment. A hearing on the motion for expedited treatment is scheduled for September 29, 2010. To the extent that the merger is implemented before relief is granted, the Inergy Unitholder Lawsuit seeks to have the merger rescinded. The Inergy Unitholder Lawsuit also seeks a declaration that the proposed merger and the amendment of Inergy s partnership agreement without unitholder approval is a breach of the partnership agreement. Finally, the Inergy Unitholder Lawsuit seeks damages and attorneys fees.

Defendants have not yet answered these lawsuits. Holdings and Inergy cannot predict the outcome of these lawsuits, or any others that might be filed subsequent to the date of the filing of this proxy statement/prospectus, nor can Holdings and Inergy predict the amount of time and expense that will be required to resolve the lawsuits. Holdings and Inergy intend to vigorously defend the actions.

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Ownership Structure

The following diagrams depict Inergy s and Holdings ownership structure before and after giving effect to the merger and based on Inergy s ownership as of September 24, 2010.

(1) Includes 508,033 Holdings common units held by management and directors (other than Holdings Supporting Unitholders).

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(1) Includes Inergy LP units held by management and directors. Please read Interests of Certain Persons in the Merger.

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Selected Historical and Unaudited Pro Forma Consolidated Financial Data of Holdings

Holdings will be treated as the surviving consolidated entity of the merger for accounting purposes. The following table sets forth selected historical and unaudited pro forma consolidated financial data of Holdings. The selected historical consolidated financial data of Holdings as of and for the fiscal years ended September 30, 2005, 2006, 2007, 2008 and 2009 are derived from Holdings audited consolidated financial statements and related notes. The selected historical consolidated financial data of Holdings as of and for the nine months ended June 30, 2009 and 2010 are derived from Holdings unaudited consolidated financial statements and related notes.

The data in the following table should be read together with, and is qualified in its entirety by reference to, the historical consolidated financial statements and the accompanying notes and should also be read together with Management s Discussion and Analysis of Financial Condition and Results of Operations, which is included in Holdings Current Report on Form 8-K filed on September 3, 2010, which retrospectively revised portions of Holdings Annual Report on Form 10-K for the fiscal year ended September 30, 2009, and Holdings Quarterly Report on Form 10-Q for the three months ended June 30, 2010, each of which is incorporated by reference in this proxy statement/prospectus.

The unaudited pro forma financial information of Holdings presented below consists of the Unaudited Pro Forma Condensed Consolidated Balance Sheet as of June 30, 2010 and the Unaudited Pro Forma Condensed Consolidated Income Statement for the year ended September 30, 2009 and the nine months ended June 30, 2010. The unaudited pro forma financial information of Holdings presented below under the heading Pro Forma has been prepared giving effect to the merger agreement as if this transaction had occurred as of October 1, 2008 and October 1, 2009 for the Unaudited Pro Forma Condensed Consolidated Income Statements for the year ended September 30, 2009 and the nine months ended June 30, 2010, respectively, and as of June 30, 2010 for the Unaudited Pro Forma Condensed Consolidated Balance Sheet. The unaudited pro forma financial information of Holdings presented below under the heading As Further Adjusted also gives further effect to the following: (i) the closing of the acquisition of 100% of the equity interests in Tres Palacios Gas Storage LLC and related agreements for approximately $725 million, (ii) Inergy s September 2010 offering of 11,787,500 Inergy LP units and (iii) Inergy s September 2010 offering of $600 million aggregate principal amount of 7% Senior Notes due 2018. Please read Recent Developments. The unaudited pro forma financial information of Holdings presented below under the heading As Further Adjusted has been prepared giving effect to the merger, the acquisition of Tres Palacios Gas Storage LLC and Inergy s September 2010 equity and debt offerings as if those transactions had occurred as of October 1, 2008 and October 1, 2009 for the Unaudited Pro Forma Condensed Consolidated Income Statements for the year ended September 30, 2009 and the nine months ended June 30, 2010, respectively, and on June 30, 2010 for the Unaudited Pro Forma Condensed Consolidated Balance Sheet.

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	Holdings Consolidated Historical							Pro Forma		As Further Adjusted	
	Year Ended September 30,					Nine Months Ended June 30,		Year Ended September 30,	Nine Months Ended June 30,	Year Ended September 30,	Nine Months Ended June 30,
	2005	2006	2007	2008	2009	2009	2010	2009	2010	2009	2010
	($ in millions)										
Statement of operations data:											
Revenues	$ 1,051.9	$ 1,390.2	$ 1,483.1	$ 1,878.9	$ 1,570.6	$ 1,339.1	$ 1,484.4	$ 1,570.6	$ 1,484.4	$ 1,611.5	$ 1,524.4
Cost of product sold (excluding depreciation and amortization as shown below)	726.2	993.3	1,026.1	1,376.7	996.9	855.4	965.0	996.9	965.0	996.9	965.0
Gross profit	325.7	396.9	457.0	502.2	573.7	483.7	519.4	573.7	519.4	614.6	559.4
Expenses:											
Operating and administrative	195.6	246.6	248.6	266.6	280.5	213.3	231.2	280.5	231.2	291.2	243.5
Depreciation and amortization	50.4	76.8	83.4	98.0	115.8	79.3	117.7	115.8	117.7	144.7	139.4
Loss on disposal of assets	0.7	11.5	8.0	11.5	5.2	4.1	5.8	5.2	5.8	7.4	5.9
Operating income	79.0	62.0	117.0	126.1	172.2	187.0	164.7	172.2	164.7	171.3	170.6
Other income (expense):											
Interest expense, net	(36.1)	(55.8)	(54.4)	(62.6)	(70.5)	(52.8)	(67.4)	(70.5)	(67.4)	(114.5)	(100.4)
Interest expense related to write-off of deferred financing costs(a)	(7.6)										
Other income	0.3	0.8	1.9	1.0	0.1		0.9	0.1	0.9	0.1	0.9
Income before gain on issuance of units in Inergy, L.P. and income taxes	35.6	7.0	64.5	64.5	101.8	134.2	98.2	101.8	98.2	56.9	71.1
Gain on issuance of units in Inergy, L.P.			80.6		8.0	3.4		8.0		8.0	
Provision for income taxes	(0.5)	(0.6)	(6.5)	(1.4)	(1.7)	(1.3)	(0.3)	(1.7)	(0.3)	(1.7)	(0.3)
Net income	35.1	6.4	138.6	63.1	108.1	136.3	97.9	108.1	97.9	63.2	70.8
Net income attributable to non-controlling partners in Inergy, L.P. s net income (loss)	26.8	(8.0)	36.0	26.2	49.6	90.7	47.0				
Net income attributable to non-controlling partners in Arlington Storage Company, LLC s (ASC) consolidated net income				1.4	1.4	1.0	0.7	1.4	0.7	1.4	0.7
Net income attributable to partners	$ 8.3	$ 14.4	$ 102.6	$ 35.5	$ 57.1	$ 44.6	$ 50.2	$ 106.7	$ 97.2	$ 61.8	$ 70.1

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	Holdings Consolidated Historical							Pro Forma		As Further Adjusted	
	Year Ended September 30,					Nine Months Ended June 30,		Year Ended September 30, 2009	Nine Months Ended June 30, 2010	Year Ended September 30, 2009	Nine Months Ended June 30, 2010
	2005	2006	2007	2008	2009	2009	2010				
	($ in millions)										
Balance sheet data (end of period):											
Total assets(b)	$ 1,493.7	$ 1,614.7	$ 1,741.9	$ 2,098.5	$ 2,154.1	$ 2,116.0	$ 2,365.7	n/a	$ 2,365.7	n/a	$ 3,368.2
Total debt, including current portion	587.8	690.0	742.2	1,139.2	1,124.8	1,142.6	1,302.6	n/a	1,312.6	n/a	1,912.6
Inergy Holdings, L.P. partners capital	(6.7)	(18.7)	50.9	36.9	40.5	42.6	45.1	n/a	859.4	n/a	1,254.9
Other financial data:											
Net cash provided by operating activities	$ 84.1	$ 99.9	$ 163.5	$ 180.2	$ 237.2	$ 207.8	$ 140.4				
Net cash used in investing activities	(840.7)	(210.9)	(187.8)	(386.7)	(230.6)	(161.1)	(319.3)				
Net cash provided by (used in) financing activities	763.8	113.5	20.1	216.0	(12.3)	(51.0)	172.8				

(a) Reflects amounts recognized as expense in the year ended September 30, 2005, incurred in connection with the retirement of Inergy s 364-day credit facility used to fund a portion of the Star Gas Propane acquisition, and deferred financing costs written off with the retirement of Inergy s previous credit facility.

(b) These amounts differ from those previously presented as a result of Holdings adoption of FASB Accounting Standards Codification Subtopic 210-20 on October 1, 2008. In conjunction with the adoption of this standard, Holdings elected to change its accounting policy for derivative instruments executed with the same counterparty under a master netting agreement. This change in accounting policy has been presented retroactively.

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Selected Historical Consolidated Financial and Operating Data of Inergy

The following table sets forth selected historical consolidated financial data and operating data of Inergy. The selected historical consolidated financial data of Inergy as of and for the fiscal years ended September 30, 2005, 2006, 2007, 2008 and 2009 are derived from Inergy s audited consolidated financial statements and related notes. The selected historical consolidated financial data of Inergy as of and for the nine months ended June 30, 2009 and 2010 are derived from Inergy s unaudited consolidated financial statements and related notes.

The data in the following table should be read together with, and is qualified in its entirety by reference to, the historical consolidated financial statements and the accompanying notes and should also be read together with Management s Discussion and Analysis of Financial Condition and Results of Operations, which is included in Inergy s Annual Report on Form 10-K for fiscal 2009 and Inergy s Quarterly Report on Form 10-Q for the three months ended June 30, 2010, each of which is incorporated by reference in this proxy statement/prospectus.

	Year Ended September 30,					Nine Months Ended June 30,	
	2005	2006	2007	2008	2009	2009	2010
	($ in millions)						
Statement of operations data:							
Revenues	$ 1,051.9	$ 1,390.2	$ 1,483.1	$ 1,878.9	$ 1,570.6	$ 1,339.1	$ 1,484.4
Cost of product sold (excluding depreciation and amortization as shown below)	726.2	993.3	1,026.1	1,376.7	996.9	855.4	965.0
Gross profit	325.7	396.9	457.0	502.2	573.7	483.7	519.4
Expenses:							
Operating and administrative	195.1	245.2	247.8	265.6	279.6	212.6	230.2
Depreciation and amortization	50.3	76.7	83.4	98.0	115.8	79.3	117.7
Loss on disposal of assets	0.7	11.5	8.0	11.5	5.2	4.1	5.8
Operating income	79.6	63.5	117.8	127.1	173.1	187.7	165.7
Other income (expense):							
Interest expense, net	(34.2)	(53.8)	(52.0)	(60.9)	(69.7)	(52.1)	(66.9)
Write-off of deferred financing costs	(7.0)						
Other income	0.3	0.8	1.9	1.0	0.1		0.9
Income before income taxes	38.7	10.5	67.7	67.2	103.5	135.6	99.7
Provision for income taxes	(0.1)	(0.7)	(0.7)	(0.7)	(0.7)	(0.4)	
Net income	38.6	9.8	67.0	66.5	102.8	135.2	99.7
Net income attributable to non-controlling partners in ASC s consolidated net income				1.4	1.4	1.0	0.7
Net income attributable to partners	$ 38.6	$ 9.8	$ 67.0	$ 65.1	$ 101.4	$ 134.2	$ 99.0

	Year Ended September 30,					Nine Months Ended June 30,	
	2005	2006	2007	2008	2009	2009	2010
	($ in millions)						
Balance sheet data (end of period):							
Total assets(a)	$ 1,485.6	$ 1,606.9	$ 1,722.9	$ 2,077.3	$ 2,133.1	$ 2,095.2	$ 2,345.2
Total debt, including current portion	559.7	659.7	710.2	1,106.6	1,093.3	1,110.6	1,274.7
Inergy, L.P. partners capital	663.9	676.1	741.2	637.8	799.4	767.2	896.9
Other financial data:							
EBITDA(b) (unaudited)	$ 130.2	$ 141.0	$ 203.1	$ 223.9	$ 287.1	$ 265.6	$ 283.4

Adjusted EBITDA(b) (unaudited)	111.5	175.4	211.2	239.0	296.8	273.4	295.5
Net cash provided by operating activities	87.6	104.4	167.9	183.8	239.4	209.2	141.6
Net cash used in investing activities	(840.6)	(210.9)	(187.8)	(386.7)	(230.6)	(161.1)	(319.3)
Net cash provided by (used in) financing activities	760.1	109.0	15.6	212.5	(14.5)	(52.4)	171.5
Maintenance capital expenditures(c) (unaudited)	3.6	3.7	5.1	5.4	8.0	5.1	7.1
Ratio of earnings to fixed charges(d)	1.88x	1.18x	2.22x	2.02x	2.39x	3.45x	2.40x
Other operating data (unaudited):							
Retail propane gallons sold	318.4	360.3	362.2	331.9	310.0	271.0	294.7
Wholesale propane gallons delivered	391.3	365.3	383.9	358.5	380.6	310.6	341.3

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(a) These amounts differ from those previously presented as a result of Inergy s adoption of FASB Accounting Standards Codification Subtopic 210-20 on October 1, 2008. In conjunction with the adoption of this standard, Inergy elected to change its accounting policy for derivative instruments executed with the same counterparty under a master netting agreement. This change in accounting policy has been presented retroactively.

(b) EBITDA is defined as income (loss) before taxes, plus net interest expense and depreciation and amortization expense. As indicated in the table, Adjusted EBITDA represents EBITDA excluding the gain or loss on derivative contracts associated with retail propane fixed price sales contracts, the gain or loss on the disposal of assets, long-term incentive and equity compensation expenses and transaction costs. Transaction costs are third party professional fees and other costs that are incurred in conjunction with closing a transaction. EBITDA and Adjusted EBITDA should not be considered an alternative to net income, income before income taxes, cash flows from operating activities, or any other measure of financial performance calculated in accordance with generally accepted accounting principles as those items are used to measure operating performance, liquidity or the ability to service debt obligations. Inergy GP s management believes that EBITDA provides additional information for evaluating Inergy s ability to make the minimum quarterly distribution and is presented solely as a supplemental measure. Inergy GP s management believes that Adjusted EBITDA provides additional information for evaluating Inergy s financial performance without regard to its financing methods, capital structure and historical cost basis. EBITDA and Adjusted EBITDA, as Inergy defines them, may not be comparable to EBITDA and Adjusted EBITDA or similarly titled measures used by other corporations or partnerships.

The following table reconciles EBITDA and Adjusted EBITDA to net income:

	Year Ended September 30,					Nine Months Ended June 30,	
	2005	2006	2007	2008	2009	2009	2010
	($ in millions)						
Reconciliation of net income to EBITDA and Adjusted EBITDA:							
Net income attributable to partners	$ 38.6	$ 9.8	$ 67.0	$ 65.1	$ 101.4	$ 134.2	$ 99.0
Interest of non-controlling partners in ASC s taxes, interest expense and depreciation and amortization expense				(0.8)	(0.5)	(0.4)	(0.2)
Provision for income taxes	0.1	0.7	0.7	0.7	0.7	0.4	
Interest expense, net	34.2	53.8	52.0	60.9	69.7	52.1	66.9
Write-off of deferred financing costs	7.0						
Depreciation and amortization	50.3	76.7	83.4	98.0	115.8	79.3	117.7
EBITDA	$ 130.2	$ 141.0	$ 203.1	$ 223.9	$ 287.1	$ 265.6	$ 283.4
Non-cash (gain) loss on derivative contracts	(19.4)	20.0					