

INERGY L P
Form 4
August 14, 2006

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
SHERMAN JOHN J

(Last) (First) (Middle)
TWO BRUSH CREEK
BLVD., SUITE 200

(Street)

KANSAS CITY, MO 64112

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
INERGY L P [NRGY]

3. Date of Earliest Transaction
(Month/Day/Year)
08/10/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)
President/CEO

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price |
| Common Units | | | | | 2,643,0659 | I | By unit purchase plan |
| Common Units | | | | | 789,202 | I | See referenced footnote ⁽¹⁾ |
| Common Units | 08/14/2006 | | C | | 986,588 | A | <u>(5)</u> See referenced footnote ⁽²⁾ |
| Common Units | 08/14/2006 | | C | | 107,277 | A | <u>(5)</u> See referenced |

| | | | | | | | | | footnote ⁽³⁾ |
|--------------|------------|--|---|---------|---|------------|-----------|---|--|
| Common Units | 08/10/2006 | | P | 2,000 | A | \$ 26.95 | 68,500 | I | As Trustee of the John J. Sherman Revocable Trust ⁽⁴⁾ |
| Common Units | 08/14/2006 | | C | 975,126 | A | <u>(6)</u> | 2,837,034 | I | See referenced footnote ⁽²⁾ |
| Common Units | 08/14/2006 | | C | 798 | A | <u>(6)</u> | 161,104 | I | See referenced footnote ⁽³⁾ |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount Number Shares |
| Sr. Subordinated Units | <u>(5)</u> | 08/14/2006 | | C | | 986,588 | <u>(5)</u> <u>(5)</u> | Common Units | 986,588 |
| Sr. Subordinated Units | <u>(5)</u> | 08/14/2006 | | C | | 107,277 | <u>(5)</u> <u>(5)</u> | Common Units | 107,277 |
| Jr. Subordinated Units | <u>(6)</u> | 08/14/2006 | | C | | 975,126 | <u>(6)</u> <u>(6)</u> | Common Units | 975,126 |
| Jr. Subordinated Units | <u>(6)</u> | 08/14/2006 | | C | | 798 | <u>(6)</u> <u>(6)</u> | Common Units | 798 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------------|-------|
| | Director | 10% Owner | Officer | Other |
| SHERMAN JOHN J TWO BRUSH CREEK BLVD. SUITE 200 KANSAS CITY, MO 64112 | X | | President/CEO | |

Signatures

/s/ Judy Riddle (attorney-in-fact) for John J. Sherman

08/14/2006

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) These units are held by IPCH Acquisition Corp., a wholly-owned subsidiary of Inergy Holdings L.P. (formerly Inergy Holdings, LLC.) Mr. Sherman holds an ownership interest in Inergy Holdings through the John J. Sherman Revocable Trust, the John J. Sherman 2005 Grantor Retained Annuity Trusts I and II and has voting control. Mr. Sherman disclaims beneficial ownership of the reported securities except to the extent of his pecuniary interest.

(2) These units are held by New Inergy Propane, LLC, of which Inergy Holdings L.P. (formerly Inergy Holdings, LLC) has 100% voting control. Mr. Sherman holds an ownership interest in Inergy Holdings through the John J. Sherman Revocable Trust, the John J. Sherman 2005 Grantor Retained Annuity Trusts I and II and has voting control. Mr. Sherman disclaims beneficial ownership of the reported securities except to the extent of his pecuniary interest.

(3) These units are held by Inergy Holdings, L.P. (formerly Inergy Holdings, LLC.) Mr. Sherman holds an ownership interest in Inergy Holdings through the John J. Sherman Revocable Trust, the John J. Sherman Grantor Retained Annuity Trusts I and II and has voting control. Mr. Sherman disclaims beneficial ownership of the reported securities except to the extent of his pecuniary interest.

(4) Mr. Sherman is the trustee of the John J. Sherman Revocable Trust. John Sherman is the sole beneficiary of this trust.

(5) On August 14, 2006, 3,821,884 Senior Subordinated Units converted to Common Units on a one-to-one basis (pro rata distribution among all holders).

(6) On August 14, 2006, 1,145,084 Junior Subordinated Units converted to Common Units on a one-to-one basis (pro rata distribution among all holders).

Remarks:

Contributions to the EUPP plan are used to purchase Inergy, L.P. Common Units at the end of each quarter.

On January 12, 2004, the Common, Senior Subordinated and Junior Subordinated Units of Inergy, L.P. underwent a two-for-one

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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