

INERGY L P  
Form 425  
August 09, 2010

Investor Presentation  
August 9, 2010  
Filed by Inergy, L.P.  
Pursuant to Rule 425 under the Securities Act of 1933  
and deemed filed pursuant to Rule 14a-12  
under the Securities Exchange Act of 1934  
Subject Company: Inergy Holdings, L.P.  
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Inergy and Holdings caution that the foregoing list of factors is not exclusive. Additional information concerning these and other most recently filed Annual Reports on Form 10-K, subsequent Quarterly Reports on Form 10-Q, recent Current Reports on Form 8-K, and written and oral forward-looking statements concerning Inergy, Holdings, the proposed transaction or other matters and attributes of Inergy and Holdings on their behalf are expressly qualified in their entirety by the cautionary statements above. Neither Inergy nor Holdings undertake any forward-looking statements to reflect events or circumstances that may arise after the date hereof.

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Transaction Summary

The Boards of Directors of NRGY & NRGP have agreed to simplify their capital structure by merging the two partnerships in a tax-free, equity exchange

The merger is subject to approval by a majority of NRGP unitholders and is expected to close in 4Q 2010

Certain members of management have entered into support agreements in favor of the merger

Ownership of the managing general partner will remain unchanged

NRGP unitholders will receive 0.77 NRGY units in exchange for each NRGP unit

NRGY will issue approximately 47.7 million units to the owners of NRGP in exchange for its non-managing general partner s

interest, incentive distribution rights ( IDRs ) and ownership of two wholly-owned NRGP subsidiaries

Represents  
~10%  
premium  
to  
NRGP  
unitholders  
based  
on  
a  
20-trading  
day  
average  
closing  
price  
for  
both  
securities  
on  
August  
3  
rd

Approximately \$27 million of NRGP debt will be assumed and repaid by NRGY  
Certain members of management

(a)  
have agreed to receive non-cash distribution paying, paid-in-kind equity securities ( PIK Units ) in exchange for a portion of their NRGP units in lieu of common units  
(b)

Represents approximately 11.6 million units or 24% of the total NRGY units issued

Holders of the PIK Units will receive additional PIK Units in lieu of cash distributions at PIK terms that favor NRGY unitholder period of 2 years

Expected to eliminate near term cash dilution to common unitholders

Demonstrates management's long-term support for the merger and the company's prospects for growth  
The transaction is expected to be immediately neutral to NRGY's distributed cash flow of \$0.705  
per  
unit  
(\$2.82  
annualized)  
and  
is  
expected  
to  
provide

long-term  
accretion  
to  
unitholders

(c)

Upon completion of the merger, the NRG unitholders will own approximately 44% of the combined entity, including management

(a)

ownership of approximately 28%

(d)

The NRG director that does not currently serve on the NRG Board of Directors will be invited to join the NRG board

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(a)

Includes the participation of a founding investor in Inergy Holdings GP, LLC.

(b)

See page 7 for further description of PIK Units.

(c)

See page 8 for key transaction assumptions.

(d)

As adjusted for the transaction, NRG's outstanding units total ~108.9 million.

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Transaction Benefits

Accelerates Distribution Growth Potential

Cancellation of IDRs lowers NRGY's cost of capital

Lower cost of capital enhances NRGY's competitive position for acquisition opportunities and organic growth projects

Cancellation of IDRs and purchase of GP economic interest results in 100% of economic return from capital expansion projects and acquisitions being paid to unitholders of NRGY

Equity transaction maintains NRGY's balance sheet flexibility and liquidity

Streamlines Capital Structure

Attracts

a  
broader  
investor  
base  
to  
a  
single,  
larger  
entity  
with  
increased  
public float and liquidity  
Single entity simplifies the governance of NRGY which reduces the  
potential for conflicts  
Improves  
transparency  
for  
investors  
benefit  
Reduces G&A costs associated with two publicly traded entities



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Inergy Holdings, L.P.  
& Affiliates  
NYSE Symbol: NRGP  
Inergy Holdings  
GP, LLC  
(Board of Directors)  
Inergy GP, LLC  
Managing General Partner  
(Board of Directors)  
Inergy, L.P.

NYSE Symbol: NRGY

Propane

Operating &

Other Subsidiaries

Midstream

Operating &

Other Subsidiaries

Inergy

Finance Corp.

Public

Unitholders

Public

Unitholders

100% Member Interest

100% Member Interest

100% Ownership

Non-Economic Mgmt Rights

63.4% Limited Partner Interest

36.6% Limited Partner Interest

Non-Economic Mgmt Rights

7.1% Limited Partner Interest

0.7% General Partner Interest

100% Incentive Distribution Rights

92.2% Limited Partner Interest

(a)

Simplified.

(b)

Includes the ownership of a certain founding investor in Inergy Holdings GP, LLC.

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Management

(b)

Current

Inergy

Structure

(a)

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Post-Transaction Structure  
(a)  
Inergy  
GP, LLC  
Managing General Partner  
(Board of Directors)  
Inergy , L.P.  
& Affiliates  
NYSE Symbol : NRGY  
Propane  
Operating &  
Other Subsidiaries  
Midstream  
Operating &  
Other Subsidiaries  
Inergy

Finance Corp.

Public

Unitholders

100% Member Interest

100% Ownership

28.3%

Limited

Partner

Interest,

including

PIK

Units

(c)

(PIK Units convertible to common units over a 2-year period)

Non-Economic Mgmt Rights

71.7% Limited Partner Interest

(a)

Simplified.

(b)

Includes the ownership of a certain founding investor in Inergy Holdings GP, LLC.

(c)

Reflects

pro

forma

ownership

as

of

August

9,

2010.

See

page

7

for

further

description

of

PIK

Units.

100% Member Interest

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Management

(b)

7  
PIK Unit Overview  
Description  
Approximately  
40%  
of  
the  
original  
NRGP  
interests  
owned  
by  
management  
(a)  
are  
expected  
to

be  
exchanged  
for  
PIK  
Units at the same 0.77 exchange ratio as common unitholders

~ 11.6 million PIK Units will be issued, representing approximately 24% of the 47.7 million total NRGY units issued  
PIK Units have been structured in a manner so that the recipients receive less value than the non-affiliated public  
unitholders of NRGY

PIK Units are non-transferable and will not be entitled to a cash distribution until converted into common units

The  
number  
of  
new  
PIK  
Units  
to  
be  
issued  
each  
quarter  
in  
lieu  
of  
cash  
distributions  
will  
be  
determined  
quarterly  
by  
dividing  
the  
then  
current  
annualized  
distribution  
by  
the  
greater  
of  
\$41.6854  
(b)  
,  
or  
by  
the  
20-day

NRGY  
VWAP  
ending  
on  
the 3  
trading day prior to the applicable quarterly ex-dividend date PIK  
terms that favor NRGY unitholders  
PIK Units will automatically convert on a one-for-one basis to NRGY common units based upon the following  
schedule:

50%  
immediately  
following  
the  
payment  
of  
the  
first  
quarterly  
cash  
distribution  
on  
NRGY  
units  
after  
the  
first  
anniversary  
of  
the  
close  
of  
the transaction; and

50%  
immediately  
following  
the  
payment  
of  
the  
first  
quarterly  
cash  
distribution  
on  
NRGY  
units  
after  
the

second  
anniversary  
of  
the  
close  
of the transaction

In  
support  
of  
the  
merger,  
certain  
members  
of  
management

(a)  
have  
agreed  
to  
exchange

a  
portion  
of  
their  
ownership  
in NRGP for PIK Units

Expected to eliminate near term cash dilution to NRGY common unitholders

Demonstrates management's long-term support for the transaction to NRGY and NRGP unitholders

Overview & Rationale

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(a)

Includes the ownership of a certain founding investor in Inergy Holdings GP, LLC.

(b)

Represents the 20-trading day volume weighted average price (VWAP) ending on the 3 trading day prior to the announcement

rd



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Key

Assumptions

(a)

Base Case and Merger Transaction Assumptions

FY 2010 guidance range of \$330-\$340 million

FY 2011-2014 retail propane gallons and gross margins based on preliminary FY 2011 budget and remaining stable over forecast period

2011-2014 Base Case Midstream operations forecast includes the following capital deployed:

-

Seneca Lake Acquisition

-

Finger Lakes LPG Storage Project

-

North-South Project

-

Marc I Project

-

Seneca Lake Gas Storage Expansion Project

Merger  
transaction

assumes  
additional  
annual  
capital  
deployed

of  
\$375  
million

at  
an 8.8x EBITDA multiple

Merger transaction assumes repayment of NRGP's current credit facility  
(~\$27mm) by NRGY

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(a)

This forecast is based on various forward-looking assumptions made by the management of of NRGY. While management believes such results will materialize. Please refer to our forward-looking statement disclosure on page 2

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Transaction Milestones

Announce definitive merger agreement and support agreement execution

Prepare and file with SEC proxy statement/registration statement

SEC review of proxy statement and registration statement

File definitive proxy/registration statement

NRGP Unitholder meeting

Transaction closing (expected close calendar Q4 2010)

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Committed to Generating Industry-Leading Returns to  
Our Investors