



**CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS OF
INERGY HOLDINGS GP, LLC**

I. AUDIT COMMITTEE PURPOSE

The Audit Committee is appointed by the Board of Directors of Inergy Holdings GP, LLC (the "General Partner") to assist the Board in fulfilling its oversight responsibilities with respect to the accounting and auditing procedures and financial reporting of Inergy Holdings, L.P. (the "Company"). The Audit Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the integrity of the Company's financial reporting process and internal control system.
- Assist the Board of Directors in fulfilling its oversight of the Company's compliance with legal and regulatory requirements.
- Select, and monitor the independence and performance of, the Company's independent accountants.
- Provide an avenue of free and open communication among the independent accountants, management and the Board of Directors.
- Monitor the Company's system of internal controls and disclosure controls and procedures established by management.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent accountants as well as anyone in the organization. The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

II. AUDIT COMMITTEE COMPOSITION AND MEETINGS

The Audit Committee will be comprised of three or more directors of the General Partner as determined by the Board, each of whom will be an independent director. Independence, financial competence and the ability to devote sufficient time to serving on the Audit Committee will be determined by the Board using the listing standards of the NASDAQ and other applicable regulations. The Audit Committee will report to the Board. The Committee will meet as required to fulfill its responsibilities set forth in this Charter. The Committee will meet privately in executive session with the independent accountants, and as a Committee to discuss any matters that the Committee or each of these groups believe should be discussed.

III. PRINCIPAL RESPONSIBILITIES AND DUTIES

A. Independent Accountants. The Audit Committee is responsible for appointing, compensating, terminating and overseeing the work of the independent accountants for the purpose of preparing and issuing an audit report or related work for the Company. The independent accountants will report directly to the Audit Committee and will, in all respects, be accountable to the Audit Committee. Accordingly, the Audit Committee is responsible for:

1. Selecting the Company's independent accountants, after considering their independence and effectiveness, and approving the fees and other compensation to be paid to the independent accountants. The Audit Committee may delegate pre-approval authority to one or more of the members but any decisions made by the delegate must be reported to the Audit Committee at its next meeting.

2. Reviewing the performance of the independent accountants and approving any discharge of the independent accountants when circumstances warrant.

3. At least annually, consulting with the independent accountants out of the presence of management about internal controls and the fullness and accuracy of the Company's financial statements.

4. Resolving disagreements, if any, between management and the independent accountants regarding financial reporting.

5. At least annually, reviewing and discussing with the accountants all significant relationships the accountants have with the Company and its executive officers and the General Partner and obtaining a written statement from the independent accountants to determine and confirm the accountants' independence in relation to the Company and its executive officers and the General Partner.

6. Reviewing and approving the overall nature and scope of the audit process, receiving and reviewing all reports and recommendations of the independent accountants and providing the accountants complete access to the Audit Committee and the Board to discuss all appropriate matters.

7. Approving all permitted non-audit services; provided, however, the following services cannot be provided even with Audit Committee approval, unless the Public Accounting Oversight Board (established pursuant to the Sarbanes-Oxley Act of 2002) approves an exemption on a case by case basis: (A) bookkeeping or other services related to the accounting records or financial statements of the issuer; (B) financial information systems design and implementation; (C) appraisal or valuation services, fairness opinions or contribution-in-kind reports; (D) actuarial services; (E) internal audit outsourcing services; (F) management functions or human resources; (G) broker-dealer, investment adviser, or investment banking services; (H) legal services and expert services

unrelated to the audit; and (I) any other service that the Public Accounting Oversight Board determines, by regulation is not permissible.

8. At least annually, obtaining and reviewing a report by the independent accountants describing: (A) the firm's internal quality-control procedures; and (B) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, any steps taken to deal with any such issues.

9. At least annually, to assess the outside accountant's independence, qualifications and performance (A) evaluating the lead partner of the Company's independent accountants considering the opinions of management, and (B) considering whether the Company should change independent accountants to ensure continued independence.

10. Reviewing compliance with legal and regulatory requirements, including regular rotation of the lead (or coordinating) audit partner of the Company's independent accountants.

B. Financial Reporting Process. The Audit Committee is responsible for:

1. Reviewing and discussing with management and the independent accountants the annual audited financial statements, including any opinion, certification, annual report on Form 10-K submitted to the SEC or other annual report sent to unitholders, along with the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" to determine that they are satisfied with the disclosures and content of the financial statements for presentation to the unitholders and others.

2. Reviewing and discussing with management and the independent accountants the quarterly financial statements, including any opinion, certification, quarterly report on Form 10-Q submitted to the SEC or other quarterly report sent to unitholders, along with the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" to determine that they are satisfied with the disclosures and content of the financial statements for presentation to the unitholders and others; provided, however, this review and discussion may be performed by the entire Audit Committee or, in the alternative, the Chairperson of the Audit Committee or designee Audit Committee member, and other members as deemed appropriate by the Chairperson.

3. Generally discuss the types of information and the type of presentation included in earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.

4. Discussing with management and the independent accountants the content of the Company's financial statements including quality of earnings, review of reserves and accruals, suitability of accounting principles, quality and adequacy of internal controls and disclosure controls and procedures, review of highly judgmental areas, recorded and unrecorded audit adjustments and other inquiries as may be appropriate.

C. Process Improvement. In conjunction with the Audit Committee's review of financial statements and reports, the Audit Committee will:

1. Obtain and review reports from management regarding internal controls and disclosure controls and procedures.

2. Obtain and review reports submitted by the independent accountants regarding the Company's critical accounting policies and alternative treatment of financial information.

3. Obtain and review information from each of management and the independent accountants regarding any significant management judgments or significant adjustments made in preparation of the financial statements and the view of each as to appropriateness of such judgments and adjustments.

4. Discuss policies with respect to risk assessment and risk management.

5. Meet separately with management, with the personnel responsible for the internal audit function and with independent accountants, in each case, on a periodic basis.

6. Review with the independent accountants any audit problems or difficulties and management's response.

7. Set clear policies for the Company and the General Partner with respect to hiring employees or former employees of the independent accountants.

8. Maintain free and open communication between the Audit Committee and the Company's personnel responsible for the internal audit function to confirm and ensure their continual independence and objectivity.

9. Review the overall internal audit function of the Company, reporting obligations and the qualifications of the department employees.

10. Review the proposed internal audit plan on an annual basis, and review the department's performance against the plan.

11. Review internal audit reports to be aware of any potentially significant issues or control weaknesses and corporate management's responses to these issues.

D. Ethical and Legal Compliance. The Audit Committee will:

1. Adopt and implement a procedure regarding the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, keeping confidential certain complaints, and keeping confidential the identity of certain employees making such complaints.

2. Investigate, as it deems appropriate, any accounting, financial or compliance matter brought to its attention, with full power to retain outside counsel or other experts for this purpose, as deemed necessary.

3. Review, with the Company's counsel, legal compliance matters including corporate securities trading policies.

4. Review, with the Company's counsel, any legal matter that could have a significant impact on the Company's financial statements.

E. Other Functions. The Audit Committee will also:

1. As appropriate, obtain advice and assistance from outside legal, accounting or other advisors.

2. Perform an annual evaluation of its performance.

3. Review and reassess the adequacy of the Audit Committee Charter on an annual basis.

4. Prepare minutes of all Audit Committee meetings and regularly report all Audit Committee activities to the full Board of Directors

5. Review with management, the independent accountants and the personnel responsible for the internal audit function any legal matters, risks or exposures that could have a significant impact on the financial statements and what steps management has taken to address the Company's exposure.

6. Perform any other activities consistent with this Charter and governing law, as the Audit Committee or the Board deems necessary or appropriate.

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