U.S. Shipping Partners L.P.

Form 4

August 09, 2006

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION **OMB** Washington, D.C. 20549 Number: Check this box January 31, Expires: if no longer STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF subject to **SECURITIES** Section 16. Form 4 or

2. Issuer Name and Ticker or Trading

2005 Estimated average burden hours per response... 0.5

5. Relationship of Reporting Person(s) to

Issuer

OMB APPROVAL

3235-0287

Form 5 Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, obligations Section 17(a) of the Public Utility Holding Company Act of 1935 or Section may continue. 30(h) of the Investment Company Act of 1940 See Instruction 1(b).

Symbol

(Print or Type Responses)

GRIDLEY PAUL B

1. Name and Address of Reporting Person *

	U.S. Shipping Partners L.P. [USS]				[]	(Check all applicable)						
(Last) C/O U.S. SHI L.P., 399 THO 8TH FLOOR	3. Date of Earliest Transaction (Month/Day/Year) 08/07/2006				_	_X Director 10% Owner X Officer (give title Other (specify below) Chairman and CEO						
EDISON, NJ	Filed(Mon				onth/Day/Year) A				o. Individual or Joint/Group Filing(Check Applicable Line) X_ Form filed by One Reporting Person Form filed by More than One Reporting			
					Pe	Person						
(City)	(State)	(Zip)	Table I	- Non-Der	ivative Se	curitie	s Acquir	ed, Disposed of,	or Beneficial	y Owned		
1.Title of Security (Instr. 3)	2. Transactio (Month/Day/	Year) Exe any	cution Date, if	Code (Instr. 8)	4. Securion(A) or D (Instr. 3,	isposed	d of (D)	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)		
units representing limited partner interests	08/07/2006	5		P	2,020	A	\$ 18.34	4,320	D			
Class B convertible units (1)	08/07/2006	5		P	4,820	A	\$ 17.12	4,820	D			
Common units								18,000	I	wife		

representing limited partner interests			
Common units representing limited partner interests	27,000	I	sons (2)
Subordinated units	0 (4) (5) (6)	I	See footnotes (4) (5) (6)
General partner interest	0 (3) (4) (5)	I	See footnotes (3) (4) (5)
Incentive distribution rights	0 (4) (5)	I	See footnotes (4) (5)

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

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(9-02)

9. Nu Deriv Secu Bene Own Follo Repo Trans (Insti

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

1. Title of	2.	3. Transaction Date	3A. Deemed	4.	5.	6. Date Exerc	cisable and	7. Tit	le and	8. Price of	
Derivative Conversion		(Month/Day/Year)	Execution Date, if	Transacti	onNumber	Expiration Date		Amou	ınt of	Derivative	
Security	or Exercise		any	Code	of	(Month/Day/	Year)	Unde	rlying	Security	
(Instr. 3)	Price of		(Month/Day/Year)	(Instr. 8)	Derivative	e		Secur	rities	(Instr. 5)	Ī
	Derivative	vative		Securities	urities			. 3 and 4)		-	
Security					Acquired						
					(A) or						
					Disposed						
					of (D)						
					(Instr. 3,						
					4, and 5)						
									Amount		
						Date Exercisable	Expiration Date	Title I	or		
									Number		
					(A) (B)				of		
				Code V	(A) (D)				Shares		

Reporting Owners

Reporting Owner Name / Address

Relationships

Reporting Owners 2

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Director 10% Owner Officer Other

GRIDLEY PAUL B C/O U.S. SHIPPING PARTNERS L.P. 399 THORNALL STREET, 8TH FLOOR EDISON, NJ 08837

X

Chairman and CEO

Signatures

Paul B. Gridley 08/07/2006

**Signature of Date
Reporting Person

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).
- The class B units are subordinate to the common units and, if approved by the unitholders, will be converted into common units. The class B units vote as a single class with the common units, except that the class B units are entitled to vote as a separate class on any matters that adversely affect their rights or preferences.
- (2) Mr. Gridley disclaims any beneficial ownership of these units.
- (3) Shipping Master owns 100% of US Shipping General Partner LLC ("Shipping GP), the sole general partner of the Issuer. Shipping GP owns a 2% general partner interest in the Issuer.
 - At the Closing of the Offering, each of Shipping Master and Shipping GP agreed to convey certain assets and liabilities to the Issuer and in exchange therfor (a) Shipping Master received 899,968 Common Units, 5,272,341 Class A subordinated units and 1,627,627 class B
- (4) subordinated units of the Issuer and (b) Shipping GP continued its 2% general partner interest and received incentive distribution rights ("IDRs"), which represent the right to receive an increasing percentage of quarterly distributions in excess of specified amounts. Shipping Master is the indirect beneficial owner of the general partner interest in the Issuer and the IDRs owned by Shipping GP.
 - Pursuant to Shipping Master's operating agreement, Mr. Gridley owns a (a) 12.14% pecuniary interest in the common units directly owned by Shipping Master and the GP interest and IDRs indirectly owned by Shipping Master, and (b) 51.47% pecuniary interest in the class B subordinated units directly owned by Shipping Master. He will have the right to receive 2.5% of the distributions received by
- (5) Shipping GP attributable to (i) the IDRs and (ii) that portion of its 2% GP interest attributable to distributions on the common units and subordinated units in excess of the minimum quarterly distribution. He will only receive these amounts on conversion of class A subordinated units into common, but upon such conversion he will also be entitled to receive a "catch up" payment equal to the cumulative amount he would have received if such payments had commenced at closing of the Offering. He will receive a pro rata share of such amounts if less than all class A units convert.
- United States Shipping Master LLC ("Shipping Master") owned a 98% limited interest in the Issuer. At the closing of the Issuer's initial public offering of common units ("Common Units") representing limited partner interests (the "Offering") on November 3, 2004, Shipping Master's 98% limited partner interest was redeemed for \$1,960.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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