ENTERPRISE PRODUCTS PARTNERS L P
Form 424B3
June 23, 2004

PROPOSED MERGER YOUR VOTE IS VERY IMPORTANT

Dear Unitholders:

On December 14, 2003, the board of directors of the general partner of Enterprise Products Partners L.P. (Enterprise) and the board of directors of the general partner of GulfTerra Energy Partners, L.P. (GulfTerra) agreed to combine the businesses of Enterprise and GulfTerra by merging a wholly-owned subsidiary of Enterprise into GulfTerra. As a result of the merger, GulfTerra will become a wholly-owned subsidiary of Enterprise. In the merger, each GulfTerra common unitholder will receive 1.81 common units of Enterprise for each common unit that the GulfTerra unitholder owns. It is generally expected that neither the Enterprise common unitholders nor the GulfTerra common unitholders who receive Enterprise common units in exchange for their GulfTerra common units will recognize any gain or loss for U.S. federal income tax purposes as a result of the merger.

The issuance of Enterprise common units pursuant to the merger agreement requires the approval of Enterprise common unitholders. In addition, the merger agreement must be approved and adopted by GulfTerra common unitholders and Series C unitholders, each voting separately as a class. Enterprise and GulfTerra have each scheduled special meetings of their common unitholders to vote on these matters on July 29, 2004. Regardless of the number of common units that you own or whether you plan to attend a meeting, it is important that your common units be represented and voted at the meeting. Voting instructions are inside.

The board of directors of Enterprise Products GP, LLC, Enterprise s general partner, has unanimously approved and adopted the merger agreement and approved the issuance of Enterprise common units pursuant to the merger agreement and determined that they are advisable and in the best interest of Enterprise and Enterprise s common unitholders. Accordingly, the board of directors of Enterprise Products GP, LLC recommends that Enterprise s common unitholders vote to approve the issuance of Enterprise common units pursuant to the merger agreement.

Similarly, the board of directors of GulfTerra Energy Company, L.L.C., GulfTerra s general partner, has unanimously approved and adopted the merger agreement and determined that it is advisable and in the best interests of GulfTerra and GulfTerra s common unitholders. Accordingly, the board of directors of GulfTerra Energy Company, L.L.C. recommends that GulfTerra s common unitholders vote to approve and adopt the merger agreement.

Enterprise is also proposing that the common unitholders approve the conversion of our Class B special units into common units on a one-for-one basis.

This document provides you with detailed information about the proposed merger and related matters. We encourage you to read the entire document carefully.

Enterprise s common units are listed on the NYSE under the symbol EPD , and GulfTerra s common units are listed on the NYSE under the symbol GTM .

See Risk Factors beginning on page 20 of this document for a discussion of risks relevant to the merger.

O. S. Andras	Robert G. Phillips
President and Chief Executive Officer	*Chairman and Chief Executive Officer*
Enterprise Products GP, LLC	*GulfTerra Energy Company, L.L.C.*

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this document is truthful or complete. Any representation to the contrary is a criminal offense.

This document is dated June 22, 2004, and was first mailed to common unitholders on or about June 24, 2004.

[Alternate GulfTerra Page]

PROPOSED MERGER YOUR VOTE IS VERY IMPORTANT

Dear Unitholders:

On December 14, 2003, the board of directors of the general partner of GulfTerra Energy Partners, L.P. (GulfTerra) and the board of directors of the general partner of Enterprise Products Partners L.P. (Enterprise) agreed to combine the businesses of Enterprise and GulfTerra by merging a wholly-owned subsidiary of Enterprise into GulfTerra. As a result of the merger, GulfTerra will become a wholly-owned subsidiary of Enterprise. In the merger, each GulfTerra common unitholder will receive 1.81 common units of Enterprise for each common unit that the GulfTerra unitholder owns. It is generally expected that neither the Enterprise common unitholders nor the GulfTerra common unitholders who receive Enterprise common units in exchange for their GulfTerra common units will recognize any gain or loss for U.S. federal income tax purposes as a result of the merger.

The merger agreement must be approved and adopted by GulfTerra common unitholders and Series C unitholders, each voting separately as a class. In addition, the issuance of Enterprise common units pursuant to the merger agreement requires the approval of Enterprise common unitholders. GulfTerra and Enterprise have each scheduled special meetings of their common unitholders to vote on these matters on July 29, 2004. Regardless of the number of common units that you own or whether you plan to attend a meeting, it is important that your common units be represented and voted at the meeting. Voting instructions are inside.

The board of directors of GulfTerra Energy Company, L.L.C., GulfTerra s general partner, has unanimously approved and adopted the merger agreement and determined that it is advisable and in the best interests of GulfTerra and GulfTerra s common unitholders. Accordingly, the board of directors of GulfTerra Energy Company, L.L.C. recommends that GulfTerra s common unitholders vote to approve and adopt the merger agreement.

Similarly, the board of directors of Enterprise Products GP, LLC, Enterprise s general partner, has unanimously approved and adopted the merger agreement and approved the issuance of Enterprise common units pursuant to the merger agreement and determined that the merger is advisable and in the best interest of Enterprise and Enterprise s common unitholders. Accordingly, the board of directors of Enterprise Products GP, LLC recommends that Enterprise common unitholders vote to approve the issuance of Enterprise common units pursuant to the merger agreement.

This document provides you with detailed information about the proposed merger and related matters. We encourage you to read the entire document carefully.

GulfTerra s common units are listed on the NYSE under the symbol GTM , and Enterprise s common units are listed on the NYSE under the symbol EPD .

See Risk Factors beginning on page 20 of this document for a discussion of risks relevant to the merger.

Robert G. Phillips	O. S. Andras
Chairman and Chief Executive Officer	*President and Chief Executive Officer*
GulfTerra Energy Company, L.L.C.	*Enterprise Products GP, LLC*

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this document is truthful or complete. Any representation to the contrary is a criminal offense.

This document is dated June 22, 2004, and was first mailed to common unitholders on or about June 24, 2004.

This document incorporates by reference important business and financial information about both Enterprise and GulfTerra that is not included in or delivered with this document. Please read Where You Can Find More Information.

You can obtain any of the documents incorporated by reference into this document from Enterprise or GulfTerra, as the case may be, or from the Securities and Exchange Commission s website at http://www.sec.gov. Documents incorporated by reference are available from Enterprise and GulfTerra without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference into this document. You may obtain documents incorporated by reference into this document by requesting them in writing or by telephone from the appropriate company as follows:

Enterprise Products Partners L.P. 2727 North Loop West Attention: Investor Relations Houston, Texas 77008-1044 Telephone: (713) 880-6812	GulfTerra Energy Partners, L.P. 4 Greenway Plaza Attention: Investor Relations Houston, Texas 77046 Telephone: (832) 676-5315

You should request the documents incorporated by reference no later than July 22, 2004 to obtain timely delivery. Please be sure to include your complete name and address in your request. If you request any documents, we will mail them to you by first class mail, or another equally prompt means, within one business day after we receive your request.

All information in this document concerning Enterprise has been furnished by Enterprise. All information in this document concerning GulfTerra has been furnished by GulfTerra. Enterprise has represented to GulfTerra, and GulfTerra has represented to Enterprise, that the information furnished by and concerning it is true and correct.

ENTERPRISE PRODUCTS PARTNERS L.P.

2727 North Loop West, Suite 700
Houston, Texas 77008-1044

NOTICE OF SPECIAL MEETING OF COMMON UNITHOLDERS

To Be Held On July 29, 2004

To the Common Unitholders of Enterprise Products Partners L.P.:

We will hold a special meeting of common unitholders of Enterprise Products Partners L.P. for the following purposes:

To consider and vote on approval of the issuance of Enterprise common units pursuant to the Merger Agreement, dated as of December 15, 2003, by and among Enterprise Products Partners L.P., Enterprise Products GP, LLC, Enterprise Products Management LLC, GulfTerra Energy Partners, L.P. and GulfTerra Energy Company, L.L.C., as it may be amended from time to time;

To consider and vote on approval of the conversion of our 4,413,549 outstanding Class B special units into an equal number of common units; and

To transact other business as may properly be presented at the meeting or any adjournments of the meeting.

The date, time and place of the meeting are as follows:

July 29, 2004
9:00 a.m., local time

Sheraton Houston Brookhollow Hotel
3000 North Loop West
Houston, Texas 77092

THE BOARD OF DIRECTORS OF ENTERPRISE S GENERAL PARTNER HAS UNANIMOUSLY APPROVED AND ADOPTED THE MERGER AGREEMENT AND APPROVED THE ISSUANCE OF ENTERPRISE COMMON UNITS PURSUANT TO THE MERGER AGREEMENT AND DETERMINED THAT THEY ARE ADVISABLE AND IN THE BEST INTERESTS OF ENTERPRISE AND ENTERPRISE S COMMON UNITHOLDERS, AND UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ISSUANCE OF THE ENTERPRISE COMMON UNITS PURSUANT TO THE MERGER AGREEMENT.

THE AUDIT AND CONFLICTS COMMITTEE OF THE BOARD OF DIRECTORS OF ENTERPRISE S GENERAL PARTNER, COMPRISED OF DIRECTORS WHO ARE DEEMED TO BE INDEPENDENT OF THE INTERESTS OF ENTERPRISE S GENERAL PARTNER, HAS CONSIDERED THE BENEFITS AND RISKS OF THE MERGER AND HAS UNANIMOUSLY APPROVED THE MERGER AS BEING IN THE BEST INTERESTS OF ENTERPRISE AND ENTERPRISE S COMMON UNITHOLDERS. ENTERPRISE S COMMON UNITHOLDERS ARE URGED TO REVIEW CAREFULLY THE BACKGROUND AND REASONS FOR THE MERGER AND THE RISKS ASSOCIATED WITH THE MERGER DESCRIBED IN THE ATTACHED DOCUMENT.

The proposal regarding the issuance of Enterprise common units pursuant to the merger agreement and the proposal regarding the conversion of Enterprise s Class B special units into common units both require the affirmative vote of the holders of a majority of Enterprise s outstanding common units present and entitled to vote at the special meeting. As a result, abstentions and broker non-votes will have the same effect as a vote against either proposal.

Only common unitholders of record at the close of business on June 22, 2004, are entitled to notice of and to vote at the meeting and any adjournments of the meeting. Enterprise will keep at its offices in

Houston, Texas, a list of common unitholders entitled to vote at the meeting available for inspection for any purpose relevant to the meeting during normal business hours for the 10 days before the meeting.

YOUR PROXY IS IMPORTANT. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE VOTE IN ONE OF THE FOLLOWING WAYS:

USE THE TOLL-FREE TELEPHONE NUMBER SHOWN ON THE PROXY CARD;

USE THE INTERNET WEBSITE SHOWN ON THE PROXY CARD; OR

MARK, SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE POSTAGE-PAID ENVELOPE. IT REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

By order of the Board of Directors of
Enterprise Products GP, LLC,
as general partner of Enterprise Products
Partners L.P.

Richard H. Bachmann
Executive Vice President,
Chief Legal Officer and Secretary

Houston, Texas
June 22, 2004

[Alternate GulfTerra Page]

GULFTERRA ENERGY PARTNERS, L.P.

4 Greenway Plaza
Houston, Texas 77046

NOTICE OF SPECIAL MEETING OF COMMON UNITHOLDERS

To Be Held On July 29, 2004

To the Common Unitholders of GulfTerra Energy Partners, L.P.:

We will hold a special meeting of common unitholders of GulfTerra Energy Partners, L.P. for the following purposes:

To consider and vote on the approval and adoption of the Merger Agreement, dated as of December 15, 2003, by and among Enterprise Products Partners L.P., Enterprise Products GP, LLC, Enterprise Products Management LLC, GulfTerra Energy Partners, L.P. and GulfTerra Energy Company, L.L.C., as it may be amended from time to time; and

To transact other business as may properly be presented at the meeting or any adjournments of the meeting.

The date, time and place of the meeting are as follows:

July 29, 2004
10:30 a.m., local time

Room C-100
4 Greenway Plaza
Houston, Texas 77046

THE BOARD OF DIRECTORS OF GULFTERRA S GENERAL PARTNER HAS UNANIMOUSLY APPROVED AND ADOPTED THE MERGER AGREEMENT AND DETERMINED THAT THE MERGER IS ADVISABLE AND IN THE BEST INTERESTS OF GULFTERRA AND GULFTERRA S COMMON UNITHOLDERS, AND UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE APPROVAL AND ADOPTION OF THE MERGER AGREEMENT.

THE AUDIT AND CONFLICTS COMMITTEE OF THE BOARD OF DIRECTORS OF GULFTERRA S GENERAL PARTNER, COMPRISED OF DIRECTORS WHO ARE DEEMED TO BE INDEPENDENT OF THE INTERESTS OF GULFTERRA S GENERAL PARTNER, HAS CONSIDERED THE BENEFITS AND RISKS OF THE MERGER AND HAS UNANIMOUSLY RECOMMENDED THE MERGER AS BEING IN THE BEST INTERESTS OF GULFTERRA AND GULFTERRA S COMMON UNITHOLDERS. GULFTERRA S COMMON UNITHOLDERS ARE URGED TO REVIEW CAREFULLY THE BACKGROUND AND REASONS FOR THE MERGER AND THE RISKS ASSOCIATED WITH THE MERGER DESCRIBED IN THE ATTACHED DOCUMENT.

The proposal regarding approval and adoption of the merger agreement requires the affirmative vote of the holders of a majority of GulfTerra s outstanding common units. As a result, an abstention or broker non-vote or the failure to return a proxy will have the same effect as a vote against the proposal.

Only common unitholders of record at the close of business on June 22, 2004, are entitled to notice of and to vote at the meeting and any adjournments of the meeting. GulfTerra will keep at its offices in Houston, Texas, a list of common unitholders entitled to vote at the meeting available for inspection for any purpose relevant to the meeting during normal business hours for the 10 days before the meeting.

YOUR PROXY IS IMPORTANT. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE VOTE IN ONE OF THE FOLLOWING WAYS:

USE THE TOLL-FREE TELEPHONE NUMBER SHOWN ON THE PROXY CARD;

USE THE INTERNET WEBSITE SHOWN ON THE PROXY CARD; OR

[Alternate GulfTerra Page]

MARK, SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE POSTAGE-PAID ENVELOPE. IT REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

By order of the Board of Directors of
GulfTerra Energy Company, L.L.C.,
as general partner of GulfTerra Energy
Partners, L.P.

David L. Siddall
Secretary

Houston, Texas
June 22, 2004

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: *Why am I receiving these materials?*

A: Enterprise and GulfTerra have agreed to combine their businesses by merging a wholly-owned subsidiary of Enterprise with and into GulfTerra. The merger cannot be completed without approvals of the unitholders of both Enterprise and GulfTerra. Additionally, Enterprise is proposing that its common unitholders approve the conversion of its Class B special units into an equal number of common units.

Q: *What will happen to GulfTerra as a result of the merger?*

A: As a result of the merger, GulfTerra will be a wholly-owned subsidiary of Enterprise. To accomplish this, an Enterprise subsidiary will merge with and into GulfTerra, and GulfTerra will be the surviving subsidiary company following the merger.

Q: *What will GulfTerra common unitholders receive in the merger?*

A: Each GulfTerra common unitholder will receive 1.81 Enterprise common units in exchange for each GulfTerra common unit that the unitholder owns at the effective time of the merger. Instead of receiving fractional common units, GulfTerra common unitholders will receive cash from Enterprise in an amount equal to the amount of such fractional interest multiplied by the average closing price of Enterprise common units on the NYSE during the four trading days ending on the third business day prior to the merger.

Q: *What will El Paso Corporation receive in the merger?*

A: In the first step of the merger transactions, which occurred when the merger agreement was signed, El Paso Corporation sold a 50% membership interest in GulfTerra s general partner to Enterprise for $425 million. Immediately prior to the merger, El Paso Corporation will contribute the remaining 50% membership interest in GulfTerra s general partner to Enterprise s general partner in exchange for $370 million in cash and a 9.9% membership interest in Enterprise s general partner. In addition, El Paso Corporation will receive $500 million by selling to Enterprise all 10,937,500 GulfTerra Series C Units now outstanding and an aggregate of 2,876,620 of its GulfTerra common units. The remaining 7,433,425 GulfTerra common units owned by El Paso Corporation will be converted in the merger into the right to receive 13,454,499 Enterprise common units based on the 1.81 exchange ratio. Finally, immediately following the merger, El Paso Corporation will receive $150 million, plus the value of related inventory then outstanding, by selling to Enterprise selected natural gas treating and processing plants and related assets in South Texas. We refer to these assets as the South Texas midstream assets.

Q: *What will happen to GulfTerra s Series C Units and the other GulfTerra common units being acquired by Enterprise from El Paso Corporation in and after the merger?*

A: Enterprise will purchase all 10,937,500 GulfTerra Series C Units and 2,876,620 GulfTerra common units now owned by El Paso Corporation immediately prior to the closing of the merger. Those units will not be converted into the right to receive Enterprise common units, nor will they have any right to receive distributions following the merger. They will, however, constitute the remaining limited partner interests in GulfTerra, which will be wholly-owned by Enterprise.

Q: *What happens to my future distributions?*

A: Once the merger is completed, GulfTerra common unitholders will be Enterprise common unitholders and, when distributions are approved and declared by the general partner of Enterprise, they will receive distributions on their Enterprise common units in accordance with Enterprise s partnership agreement. Current Enterprise common unitholders will continue to receive distributions on their common units in accordance with Enterprise s partnership agreement. Under the merger agreement, Enterprise has agreed, subject to the terms of its partnership agreement, to increase the quarterly cash distribution for the next regular quarterly distribution date following completion of the merger to at least $0.395 per unit, representing an increase of $0.005 per GulfTerra common unit based on the 1.81

exchange ratio. For a description of Enterprise s distribution policy, please read Comparison of the Rights of Enterprise and GulfTerra Common Unitholders.

Q. *What will be the highest level of incentive distributions payable to the general partner of the combined partnership following the merger?*

A. Enterprise s partnership agreement caps the incentive distribution rights payable to Enterprise s general partner at 25% of cash distributions in excess of the highest incentive distribution threshold. By contrast, GulfTerra s partnership agreement contains a 49% cap. Because Enterprise s partnership agreement will govern the combined partnership, GulfTerra s common unitholders will benefit from the lower cap as holders of Enterprise common units following the merger.

Q: *Should GulfTerra unitholders send in their certificates representing GulfTerra common units now?*

A: No. After the merger is completed, GulfTerra common unitholders who hold their units in certificated form will receive written instructions for exchanging their certificates representing GulfTerra common units. Please do not send in your certificates representing GulfTerra common units with your proxy card.

Q: *What unitholder approvals are needed to complete the merger?*

A: The following unitholder approvals are needed to complete the merger:

the affirmative vote of the holders of at least a majority of GulfTerra s outstanding common units and Series C Units, each voting as a separate class, is required to approve and adopt the merger agreement; and

the affirmative vote of the holders of at least a majority of Enterprise s outstanding common units present and entitled to vote at the special meeting is required to approve the issuance of Enterprise common units pursuant to the merger agreement.

El Paso Corporation holds all of GulfTerra s Series C Units and has agreed to vote those units as well as its regular GulfTerra common units in favor of the approval and adoption of the merger agreement.

With respect to the vote of Enterprise s common unitholders, the common units owned by Dan L. Duncan and his affiliates represent a number of votes sufficient to approve both the issuance of Enterprise common units pursuant to the merger agreement and the conversion of Enterprise s Class B special units into common units.

The merger is not contingent upon approval of the conversion of Enterprise s Class B special units into common units, and that proposal is not contingent upon completion of the merger.

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

A: We are working to complete the merger as soon as possible. A number of conditions must be satisfied before we can complete the merger, including approval by the unitholders of both Enterprise and GulfTerra and the expiration of applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. Although we cannot be sure when all of the conditions to the merger will be satisfied, we expect to complete the merger in the second half of 2004. Please read The Merger Agreement Conditions to the Merger.

Q: *What are the tax consequences to common unitholders of the transaction?*

A: It is generally expected that neither the Enterprise common unitholders nor the GulfTerra common unitholders who receive Enterprise common units in exchange for their GulfTerra common units will recognize any gain or loss for U.S. federal income tax purposes as a result of the merger. For a description of the material federal income tax consequences of the merger and the holding of Enterprise common units after the merger, please see the information set forth in Material Federal Income Tax Consequences.

Q: What do I need to do now?

A: You should read this document carefully. Then, if you choose to vote by proxy, you should do so as soon as possible by following the instructions listed on your proxy card.

Q: If I am planning on attending a meeting in person, should I still vote by proxy?

A: Yes. Whether or not you plan to attend a meeting, you should vote by proxy as described above. Your units will not be voted if you do not vote your proxy as described above or if you do not vote in person at either of the scheduled special meetings of the common unitholders of GulfTerra and Enterprise to be held on July 29, 2004. For GulfTerra unitholders, this would have the same effect as a vote against approval and adoption of the merger agreement. For Enterprise unitholders, this would have no effect on the outcome of the vote regarding either the issuance of the Enterprise common units pursuant to the merger agreement or the conversion of Enterprise s Class B special units into its common units.

Q: Can I change my vote after I have voted by proxy?

A: Yes. You can change your vote at any time before your proxy is voted at the meeting by following the procedures set forth in The Special Unitholder Meetings Voting Procedures Revocation.

Q: If my units are held in street name by my broker, will my broker vote my units for me?

A: Your broker will not vote your units for or against approval and adoption of the merger agreement or the issuance of Enterprise common units pursuant to the merger agreement unless you tell the broker how to vote. If you are an Enterprise common unitholder, your broker will not vote your units for or against conversion of Enterprise s Class B special units into its common units unless you tell the broker how to vote. To tell your broker how to vote, you should follow the directions that your broker provides to you. A non-vote by your broker will have the same effect as a vote against the transactions described in this document.

Q: Whom do I call if I have further questions about voting, the meetings or the merger?

A: Enterprise unitholders may call Enterprise s Investor Relations department at (713) 880-6812, or if you would like additional copies, without charge, of Enterprise s proxy statement or if you have questions about the procedures for voting your units, you should contact Mellon Investor Services LLC, which is acting as information agent for Enterprise, at (888) 566-9471.

GulfTerra unitholders may call GulfTerra s Investor Relations department at (832) 676-5315, or if you would like additional copies, without charge, of GulfTerra s proxy statement or if you have questions about the merger, including the procedures for voting your units, you should contact D.F. King & Co., Inc., which is assisting GulfTerra in the solicitation of proxies, as follows:

D.F. King & Co., Inc.
48 Wall Street
New York, New York 10005
Toll-Free: 1-800-487-4870.

TABLE OF CONTENTS

SUMMARY

This summary highlights some of the information in this document. It may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the terms of the merger, you should read carefully this document, the documents we incorporate by reference and the full text of the merger agreement included as Annex A to this document. Please also read Where You Can Find More Information. All references in this document to numbers of units, earnings per unit or unit prices with respect to Enterprise give effect to Enterprise s two-for-one unit split on May 15, 2002.

Unless otherwise indicated, pro forma as adjusted financial results presented in this document give effect to the completion of the merger, the concurrent purchase by Enterprise from El Paso Corporation of the related South Texas midstream assets and Enterprise s recent common unit offering (the May 2004 offering).

The Merger Parties

GulfTerra

Formed in 1993, GulfTerra is one of the largest publicly-traded master limited partnerships, or MLPs, in terms of market capitalization. GulfTerra manages a balanced, diversified portfolio of interests and assets relating to the midstream energy sector, which involves gathering, transporting, separating, handling, processing, fractionating and storing natural gas, oil and natural gas liquids, or NGLs. GulfTerra considers this portfolio, which generates relatively stable cash flows, to be balanced due to its diversity of geographic locations, business segments, customers and product lines.

GulfTerra s principal executive offices are located at 4 Greenway Plaza, Houston, Texas 77046, and its phone number is (832) 676-4853.

Enterprise

Formed in 1998 as a limited partnership, Enterprise is the second largest publicly traded energy partnership and a leading North American midstream energy company that provides a wide range of services to producers and consumers of natural gas and NGLs. In addition to its strategic position in the Gulf Coast region, Enterprise has access to major natural gas and NGL supply basins throughout the United States and Canada, including the Rocky Mountains, the San Juan and Permian basins, the Mid-Continent region and, through third-party pipeline connections, north into Canada s Western Sedimentary basin. Enterprise s asset platform in the Gulf Coast region of the United States, combined with its Mid-America and Seminole pipeline systems, creates the only integrated natural gas and NGL transportation, fractionation, processing, storage and import/export network in North America.

Enterprise s principal executive offices are located at 2727 North Loop West, Houston, Texas 77008, and its phone number is (713) 880-6500.

The Merger

Pursuant to the merger agreement, at the effective time of the merger, Enterprise Products Management LLC, a nominally capitalized Delaware limited liability company that is wholly owned by Enterprise, will merge with and into GulfTerra, and each of the outstanding common units of GulfTerra, other than those common units purchased by Enterprise prior to the merger as described below under Transactions Related to the Merger, will be converted into the right to receive Enterprise common units. GulfTerra will survive the merger as Enterprise s wholly-owned subsidiary. Each GulfTerra common unitholder will receive 1.81 Enterprise common units in exchange for each GulfTerra common unit that the unitholder owns at the effective time of the merger. Instead of receiving fractional common units, GulfTerra common unitholders will receive cash from Enterprise in an amount determined under the merger agreement.

Transactions Related to the Merger

The Parent Company Agreement

In connection with executing the merger agreement on December 15, 2003, Enterprise, Enterprise s general partner and a subsidiary of Enterprise also executed a parent company agreement with El Paso Corporation and four of its wholly-owned subsidiaries that provided for a Step One transaction, which was completed when the parent company agreement was executed, and two Step Two transactions to be completed at the closing of the merger. The parent company agreement was amended on April 19, 2004 and, as so amended, is referred to in this document as the parent company agreement.

In the Step One transaction, a wholly-owned subsidiary of Enterprise purchased a 50% membership interest in GulfTerra s general partner for $425 million from GulfTerra GP Holding Company, a wholly-owned subsidiary of El Paso Corporation, resulting in GulfTerra s general partner now being 50% owned by GulfTerra GP Holding Company and 50% owned by the Enterprise subsidiary. Goldman, Sachs & Co. had held a 9.9% membership interest in GulfTerra s general partner, but GulfTerra GP Holding Company repurchased this interest from Goldman, Sachs & Co. pursuant to a separate agreement immediately prior to the signing of the parent company agreement. In addition, concurrently with the signing of the parent company agreement and the closing of the Step One transaction, GulfTerra GP Holding Company and the Enterprise subsidiary entered into an amended and restated limited liability company agreement for GulfTerra s general partner. Pursuant to this limited liability company agreement, GulfTerra GP Holding Company serves as the managing member of GulfTerra s general partner and the Enterprise subsidiary s rights are limited to protective consent rights on specified material transactions affecting GulfTerra or its general partner and the rights and preferences associated with the membership interest in the general partner owned by the Enterprise subsidiary.

Under the first Step Two transaction provided for in the parent company agreement, at the closing of the merger but just prior to its effectiveness, GulfTerra GP Holding Company will contribute its 50% membership interest in GulfTerra s general partner to Enterprise s general partner in exchange for a 9.9% membership interest in Enterprise s general partner and $370 million from Enterprise s general partner (which will not be funded or reimbursed by Enterprise). Enterprise s general partner will then make a capital contribution of that 50% membership interest in GulfTerra s general partner to Enterprise (without increasing its interest in Enterprise s earnings or cash distributions).

Under the second Step Two transaction provided for in the parent company agreement, immediately after Enterprise s acquisition of the 50% membership interest in the general partner of GulfTerra, but prior to the consummation of the merger, Enterprise will purchase from specified subsidiaries of El Paso Corporation all 10,937,500 outstanding GulfTerra Series C Units and an aggregate of 2,876,620 GulfTerra common units owned by those subsidiaries for $500 million, none of which will be converted into the right to receive Enterprise common units in the merger. The purchase price of approximately $36.19 per unit to be paid for the units purchased from these subsidiaries of El Paso Corporation is equal to 90% of the average closing prices of the GulfTerra common units on the NYSE for the 20 trading days ending on December 12, 2003 (the last full trading day before the proposed merger was announced). The remaining 7,433,425 GulfTerra common units owned by El Paso Corporation will be converted in the merger into the right to receive 13,454,499 Enterprise common units based on the 1.81 exchange ratio.

The parent company agreement also provides that for a period of three years following the closing of the merger, at the request of GulfTerra, El Paso Corporation will provide support services to GulfTerra similar to those provided by El Paso Corporation before the closing of the merger, and GulfTerra will reimburse El Paso Corporation for 110% of its direct costs of such services (excluding any overhead costs).

The parent company agreement also provides that, for the three-year period following the closing of the merger, El Paso Corporation will make transition support payments to Enterprise in annual amounts of $18 million, $15 million and $12 million for the first, second and third years of such period, respectively, payable in 12 equal monthly installments for each such year.

The parent company agreement also provides that Enterprise and its general partner and GulfTerra GP Holding Company will enter into an exchange and registration rights agreement. Under that agreement, GulfTerra GP Holding Company will have a three-year right, commencing 180 days following the closing of the merger, or earlier in certain circumstances, to contribute all of its 9.9% membership interest in the Enterprise general partner to the Enterprise general partner for a number of Enterprise common units, an amount of cash or a combination of Enterprise common units and cash computed by reference to the cash distribution associated with the exchanged membership interest in the Enterprise general partner. Under that agreement, Enterprise is also obligated, subject to certain limitations and conditions, to register for resale the 13,454,499 Enterprise common units to be owned by subsidiaries of El Paso Corporation following the closing of the merger and any Enterprise common units received by GulfTerra GP Holding Company in respect of the exchange right.

Acquisition of South Texas Midstream Assets

On December 15, 2003, Enterprise, as purchaser, and El Paso Corporation and certain of its subsidiaries, as sellers, executed a purchase and sale agreement for 100% of the equity interests of El Paso Hydrocarbons, L.P. and El Paso NGL Marketing Company, L.P. for a price of $150 million plus the value of related inventory then outstanding. Through its purchase of the equity interests of these companies, Enterprise will acquire nine cryogenic natural gas processing plants, one natural gas gathering system, one natural gas treating plant, and a small natural gas liquids connecting pipeline. Located across South Texas, these assets have historically been associated with and are integral to GulfTerra s Texas intrastate natural gas pipeline system. The closing of this purchase is effectively conditioned upon, and is expected to occur immediately following, the closing of the merger. The closing of the merger, however, is not conditioned upon the closing of this purchase, provided that neither party breaches its obligations under the purchase and sale agreement. We refer to the assets that Enterprise will acquire from El Paso Corporation pursuant to the purchase and sale agreement as the South Texas midstream assets and to this transaction as Step Three of the merger transactions.

The Special Unitholder Meetings

GulfTerra Special Unitholder Meeting

Where and when: The GulfTerra special unitholder meeting will take place at Room C-100, 4 Greenway Plaza, Houston, Texas 77046, on July 29, 2004 at 10:30 a.m., local time.

GulfTerra has agreed to call and hold the special meeting regardless of whether it receives a proposal that it believes to be superior to the merger or whether the board of directors of its general partner changes its recommendation that GulfTerra s unitholders approve and adopt the merger agreement.

What you are being asked to vote on: At the GulfTerra meeting, GulfTerra unitholders will vote on the approval and adoption of the merger agreement. GulfTerra unitholders also may be asked to consider other matters as may properly come before the meeting. GulfTerra knows of no other matters that will be presented for consideration of its unitholders at the meeting.

Who may vote: You may vote at the GulfTerra meeting if you owned GulfTerra common units at the close of business on the record date, June 22, 2004. On that date, there were 59,698,129 GulfTerra common units outstanding and entitled to vote. You may cast one vote for each GulfTerra common unit that you owned on the record date.

What vote is needed: The affirmative vote of the holders of at least a majority of the outstanding GulfTerra common units is required to approve and adopt the merger agreement.

Series C Units. GulfTerra currently has 10,937,500 Series C Units outstanding, all of which are owned by a subsidiary of El Paso Corporation. The Series C Units are a class of GulfTerra limited partner interests that are similar to GulfTerra s common units, except that the Series C Units are generally non-voting. Holders of the Series C Units are, however, entitled to vote separately as a class on any amendment to GulfTerra s partnership agreement that has a material adverse effect on the rights or preferences of the Series C Units. The affirmative vote of the holders of at least a majority of the outstanding Series C Units is required to approve any such amendment to GulfTerra s partnership agreement. Holders of the Series C Units will vote these units at the special meeting because the merger agreement may be viewed as an amendment to GulfTerra s partnership agreement.

Subsidiaries of El Paso Corporation owned approximately 17.3% of the GulfTerra common units and 100% of the GulfTerra Series C Units as of the record date for the special meeting. Pursuant to a voting agreement and proxy, El Paso Corporation and its subsidiaries have agreed with Enterprise to vote all of their common units and all of the Series C Units in favor of the merger agreement. Additionally, El Paso Corporation and its subsidiaries have granted a proxy to Enterprise that allows an officer of Enterprise to vote all such common units and Series C Units in favor of the merger agreement.

Enterprise Special Unitholder Meeting

Where and when: The Enterprise special unitholder meeting will take place at the Sheraton Houston Brookhollow Hotel, 3000 North Loop West, Houston, Texas 77092, on July 29, 2004, at 9:00 a.m., local time.

What you are being asked to vote on: At the Enterprise meeting, Enterprise unitholders will vote on approval of the issuance of Enterprise common units pursuant to the merger agreement, which we estimate could be up to 117,613,202 Enterprise common units (assuming the exercise of all outstanding GulfTerra options and the maximum number of GulfTerra common units are issued upon conversion of GulfTerra s Series F Convertible Units). Enterprise is also proposing that the common unitholders approve the conversion of Enterprise s Class B special units into common units on a one-for-one basis. Enterprise unitholders also may be asked to consider other matters as may properly come before the meeting. Enterprise knows of no other matters that will be presented for consideration of its unitholders at the meeting.

Who may vote: You may vote at the Enterprise meeting if you owned Enterprise common units at the close of business on the record date, June 22, 2004. On that date, there were 233,761,345 Enterprise common units outstanding and entitled to vote. You may cast one vote for each Enterprise common unit that you owned on the record date.

What vote is needed: The affirmative vote of the holders of at least a majority of the outstanding Enterprise common units present and entitled to vote at the meeting is required to approve both the issuance of Enterprise common units pursuant to the merger agreement and the conversion of Enterprise s Class B special units into common units on a one-for-one basis.

Dan L. Duncan, Enterprise s co-founder and the chairman of its general partner, and certain other Enterprise affiliates beneficially owned approximately 51.4% of Enterprise s outstanding common units as of the record date for the special meeting. Pursuant to a voting agreement and proxy, so long as the board of directors of Enterprise s general partner does not withdraw its recommendation of the merger, Mr. Duncan and these other affiliates have agreed with GulfTerra to vote all of the Enterprise common units owned by them in favor of the approval of the issuance of Enterprise common units pursuant to the merger agreement. Additionally, Mr. Duncan and these other affiliates granted a proxy to GulfTerra that allows an officer of GulfTerra to vote these common units in favor of the issuance of Enterprise common units pursuant to the merger agreement. The common units owned by Mr. Duncan and these other affiliates represent a number of votes sufficient to approve both the issuance of Enterprise common units pursuant to the merger agreement and the conversion of Enterprise s Class B special units into common units.

What GulfTerra Unitholders Will Receive in the Merger

Each GulfTerra common unitholder will receive 1.81 Enterprise common units for each GulfTerra common unit that the unitholder owns at the effective time of the merger. Instead of receiving fractional common units, GulfTerra common unitholders will receive cash from Enterprise in an amount equal to the amount of such fractional interest multiplied by the average closing price of Enterprise common units on the NYSE Composite Transaction Reporting System over the four trading days ending on the third business day prior to the closing of the merger. None of the 2,876,620 GulfTerra common units or the 10,937,500 GulfTerra Series C Units to be purchased by Enterprise from subsidiaries of El Paso Corporation immediately prior to the merger will be converted into the right to receive Enterprise common units.

Under the merger agreement, Enterprise has agreed, subject to the terms of its partnership agreement, to increase the quarterly cash distribution for the next regular quarterly distribution date following completion of the merger to at least \$0.395 per unit, representing an increase of \$0.005 per GulfTerra common unit based on the 1.81 exchange ratio. In addition, as holders of Enterprise common units following the merger, GulfTerra s common unitholders will benefit from a reduction, from 49% to 25%, of the cap on incentive distributions payable to the general partner of the combined partnership. For a description of Enterprise s distribution policy, please read Comparison of the Rights of Enterprise and GulfTerra Common Unitholders.

U.S. Federal Income Tax Consequences

Tax matters are very complicated. The tax consequences of the merger to you will depend on your own situation. We urge you to consult your tax advisor for a full understanding of the U.S. federal, state, local and foreign tax consequences of the merger to you. For a more detailed discussion of the expected tax consequences of the merger, please read *Material Federal Income Tax Consequences beginning on page 131 of this document.*

For U.S. federal income tax purposes, except as described below with respect to a net decrease in a unitholder s share of nonrecourse liabilities, no gain or loss will be recognized by a GulfTerra unitholder or an Enterprise unitholder as a result of the merger. The merger will, however, result in the recalculation of each Enterprise and GulfTerra common unitholder s share of nonrecourse liabilities. Each Enterprise and GulfTerra unitholder will be treated as receiving a deemed cash distribution equal to the excess, if any, of the unitholder s share of the nonrecourse liabilities immediately before the merger and the unitholder s share of the nonrecourse liabilities immediately following the merger. If the amount of the deemed cash distribution received by a GulfTerra or Enterprise common unitholder exceeds such unitholder s basis in its partnership interest, such unitholder will recognize gain in an amount equal to such excess.

The application of the rules governing the allocation of nonrecourse liabilities in the context of the merger is complex and subject to uncertainty. Enterprise has agreed to apply these rules, to the extent permissible, in a manner that minimizes the amount of any net decrease in the amount of nonrecourse liabilities allocable to the GulfTerra and Enterprise unitholders. Enterprise and GulfTerra do not anticipate that there will be a material decrease in the amount of nonrecourse liabilities allocable to a GulfTerra common unitholder or an Enterprise common unitholder as a result of the merger.

Directors and Management of Enterprise Following the Merger

Under the limited liability company agreement of the general partner of the combined company, Dan L. Duncan, acting through a wholly-owned limited liability company, will have the right to designate the persons who will serve on the board of directors of the general partner. The combined company s board of directors will consist of no fewer than five and no more than ten persons, a majority of whom must be independent under the NYSE s independence standards. Mr. Duncan s designees to the board of directors of the combined company s general partner are as follows:

Name	Position with General Partner of Combined Company	Current Affiliation
Dan L. Duncan	Director and Chairman of the Board	Enterprise
O.S. Andras	Director, Vice Chairman of the Board and Chief Executive Officer	Enterprise
Robert G. Phillips	Director, President and Chief Operating Officer	GulfTerra
Dr. Ralph S. Cunningham	Director*	Enterprise
Lee W. Marshall, Sr.	Director*	Enterprise
Richard S. Snell	Director*	Enterprise
W. Matt Ralls	Director*	GulfTerra

* Independent directors

Mr. Duncan and his affiliated companies will own approximately 35.4% of the limited partner interests in the combined company, and 90.1% of the general partner of the combined company. Enterprise and its general partner are now, and the combined company and its general partner will be, separate entities from Mr. Duncan and his affiliated companies, with separate assets and liabilities, including separate indebtedness secured by those assets, from those of Mr. Duncan and his other affiliates.

El Paso Corporation, through its 9.9% membership interest in the general partner of the combined company, will have protective consent rights on certain material transactions affecting the combined company, such as any merger or consolidation resulting in a change of control of the combined company, a disposition of all or substantially all of the assets or properties of the general partner and the combined company taken as a whole, certain amendments to the combined company s partnership agreement that adversely affect the general partner or El Paso Corporation and the taking by the combined company of certain actions in respect of its bankruptcy or insolvency.

Market Prices of Enterprise and GulfTerra Common Units Prior to Announcing the Proposed Merger

Enterprise common units are traded on the NYSE under the symbol EPD . GulfTerra common units are traded on the NYSE under the symbol GTM . The following table shows the closing per unit sales prices of Enterprise and GulfTerra common units on December 12, 2003 (the last full trading day before Enterprise and GulfTerra announced the proposed merger).