ENTERPRISE PRODUCTS PARTNERS L P
Form 424B5
August 05, 2004

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Registration No. 333-102778
333-102778-01

PROSPECTUS SUPPLEMENT
(To Prospectus Dated April 21, 2003)

15,000,000 Common Units

Enterprise Products Partners L.P.

$20.20 per common unit

We are selling 15,000,000 common units, including an aggregate of 1,751,500 common units to be offered to an entity controlled by Dan L. Duncan, the Chairman of our general partner, to O.S. Andras, the President and Chief Executive Officer of our general partner, and to two other members of our senior management team. We have granted the underwriters an option to purchase up to 2,250,000 additional common units to cover over-allotments.

Our common units are listed on the New York Stock Exchange under the symbol EPD. The last reported sales price of our common units on the New York Stock Exchange on August 4, 2004 was $20.20 per common unit.

Investing in our common units involves risk. See Risk Factors beginning on page S-26 of this prospectus supplement and on page 2 of the accompanying prospectus.

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

	Per Common Unit	Total
Public Offering Price	$20.2000	$303,000,000
Underwriting Discount(1)	$ 0.8585	$ 11,373,837
Proceeds to Enterprise Products Partners (before expenses)	$19.3415	$291,626,163

(1) The underwriters will receive no discount or commission on the sale of an aggregate of 1,751,500 common units to an entity controlled by Mr. Duncan, to Mr. Andras and to two other members of our senior management team.

The underwriters expect to deliver the common units on or about August 9, 2004.

Joint Book-Running Managers

Citigroup **Morgan Stanley**

Lehman Brothers
UBS Investment Bank
Wachovia Securities
Sanders Morris Harris

A.G. Edwards

Merrill Lynch & Co.

RBC Capital Markets

JP Morgan

KeyBanc Capital Markets

August 4, 2004

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[ENTERPRISE PRODUCTS PARTNERS SYSTEM MAP, GULFTERRA SYSTEM MAP

AND COMBINED COMPANY SYSTEM MAP APPEAR HERE]

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of common units. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to the common units. If the description of the common unit offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. We have not authorized anyone to provide you with additional or different information. We are not making an offer to sell these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of these documents or that any information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since these dates.

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SUMMARY

This summary highlights information from this prospectus supplement and the accompanying prospectus to help you understand the common units. It does not contain all of the information that is important to you. You should read carefully the entire prospectus supplement, the accompanying prospectus, the documents incorporated by reference and the other documents to which we refer for a more complete understanding of this offering. You should read Risk Factors beginning on page S-26 of this prospectus supplement and on page 2 of the accompanying prospectus for more information about important risks that you should consider before making a decision to purchase common units in this offering.

The information presented in this prospectus supplement assumes that the underwriters do not exercise their over-allotment option. All references in this prospectus supplement and the accompanying prospectus to number of units, earnings per unit or unit price give effect to our two-for-one unit split on May 15, 2002. Our, we, us and Enterprise as used in this prospectus supplement and the accompanying prospectus refer solely to Enterprise Products Partners L.P. and its wholly-owned subsidiaries, and do not refer to GulfTerra Energy Partners, L.P. GulfTerra as used in this prospectus supplement refers to GulfTerra Energy Partners, L.P. and its wholly-owned subsidiaries, and El Paso Corporation as used in this prospectus supplement refers to El Paso Corporation and its wholly-owned subsidiaries. References to the combined company in this prospectus supplement mean Enterprise Products Partners L.P. and its wholly-owned subsidiaries following the closing of our merger with GulfTerra and related transactions.

Unless otherwise indicated, pro forma financial results presented in this prospectus supplement give effect to the completion of our merger with GulfTerra, the concurrent purchase from El Paso Corporation of the related South Texas midstream assets, our May 2004 common unit offering, the issuance of common units pursuant to our distribution reinvestment plan, or DRIP, in May 2004, the conversion of the 4,413,549 Class B special units into an equal number of our common units on July 29, 2004 and this offering. For a complete description of the adjustments we have made to arrive at the pro forma financial measures that we present in this prospectus supplement, please read our unaudited pro forma financial statements included elsewhere in this prospectus supplement.

Enterprise Products Partners L.P.

We are a leading North American midstream energy company that provides a wide range of services to producers and consumers of natural gas and natural gas liquids, or NGLs. NGLs are used by the petrochemical and refining industries to produce plastics, motor gasoline and other industrial and consumer products and also are used as residential, agricultural and industrial fuels. Our existing asset platform in the Gulf Coast region of the United States, combined with our Mid-America and Seminole pipeline systems acquired in 2002, creates the only integrated natural gas and NGL transportation, fractionation, processing, storage and import/export network in North America. We provide integrated services to our customers and generate fee-based cash flow from multiple sources along our natural gas and NGL value chain. Our principal executive offices are located at 2727 North Loop West, Houston, Texas 77008, and our phone number is (713) 880-6500.

On December 15, 2003, we entered into a series of agreements with El Paso Corporation and GulfTerra Energy Partners, L.P. pursuant to which:

- we purchased a 50% membership interest in GulfTerra s general partner for $425 million;
- we agreed to merge with GulfTerra; and
- we agreed to purchase from El Paso Corporation approximately $150 million of midstream assets located in South Texas and related inventories that are closely related to GulfTerra s operations.

GulfTerra is a master limited partnership formerly known as El Paso Energy Partners, L.P. and is principally engaged in activities in the midstream energy sector. GulfTerra s common units are traded on the New York Stock Exchange under the symbol GTM.

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On July 29, 2004, we held a special meeting of our unitholders at which our unitholders approved the issuance of our common units pursuant to the merger agreement and approved the conversion of our 4,413,549 Class B special units into an equal number of our common units. The conversion of the Class B special units into an equal number of our common units occurred immediately following this approval. On the same day, GulfTerra held a special meeting of its unitholders at which GulfTerra s unitholders approved and adopted the merger agreement. For a discussion of the remaining conditions to the effectiveness of the merger, please read Conditions to the Effectiveness of the Merger and Related Transactions.

For the year ended December 31, 2003, we had revenues of $5.3 billion, operating income of $248.1 million and net income of $104.5 million. On a pro forma basis for the year ended December 31, 2003, we had revenues of $7.2 billion, operating income of $582.8 million and net income of $274.7 million. For the three months ended March 31, 2004, we had revenues of $1.7 billion, operating income of $87.3 million and net income of $58.5 million. On a pro forma basis for the three months ended March 31, 2004, we had revenues of $2.1 billion, operating income of $173.3 million and net income of $110.7 million. Please read Our Other Recent Developments Second Quarter 2004 Unaudited Results for additional summarized financial information.

Our Business Segments

Pipelines. Our Pipelines segment includes approximately 14,200 miles of NGL, petrochemical and natural gas pipelines located primarily in the Rocky Mountain, Mid-Continent and Gulf Coast regions of the United States. This segment also includes our storage and import/export terminalling businesses.

Fractionation. Our Fractionation segment includes six NGL fractionators, the largest commercial isomerization complex in the United States and four propylene fractionation facilities. NGL fractionators separate mixed NGL streams produced as by-products of natural gas production and crude oil refining into discrete NGL products: ethane, propane, isobutane, normal butane and natural gasoline. Our isomerization complex converts normal butane into isobutane. Our propylene fractionators separate refinery-sourced propane/propylene mix into propane, propylene and mixed butane.

Processing. Our Processing segment is comprised of our natural gas processing business and related NGL marketing activities. At the core of our natural gas processing business are 12 gas plants, located primarily in south Louisiana, that process raw natural gas into a product that meets pipeline and industry specifications by removing NGLs and impurities. In connection with our processing businesses, we receive a portion of the NGL production from our gas plants. This equity NGL production, together with the NGLs we purchase, supports the NGL marketing activities included in this operating segment.

Octane Enhancement and Other. Our Octane Enhancement segment consists of a 66.6% equity investment in Belvieu Environmental Fuels L.P., or BEF, which owns a facility that produces motor gasoline additives used to enhance octane. Our Other segment consists primarily of fee-based marketing services and unallocated cost of services that support our operations and business activities.

GulfTerra s Business Segments

Natural Gas Pipelines and Plants. GulfTerra owns or has interests in natural gas pipeline systems extending over 15,650 miles. These pipeline systems include natural gas gathering systems onshore in Alabama, Colorado, Louisiana, Mississippi, New Mexico and Texas and offshore in some of the most active drilling and development regions in the Gulf of Mexico. GulfTerra also owns interests in five processing and treating plants in New Mexico, Texas and Colorado.

Oil and NGL Logistics. GulfTerra owns over 1,000 miles of intrastate NGL gathering and transportation pipelines and four fractionation plants in Texas, owns interests in four offshore oil pipeline systems, which extend over 380 miles, is constructing the 390-mile Cameron Highway Oil Pipeline, owns a 3.3 million barrel, or MMBbl, propane storage business in Mississippi and owns or leases NGL storage facilities in Louisiana and Texas with aggregate capacity of approximately 21.3 MMBbls.

Natural Gas Storage. GulfTerra owns two salt dome natural gas storage facilities in Mississippi that have a combined current working capacity of 13.5 billion cubic feet, or Bcf, and are capable of delivering in excess of 1.2 billion cubic feet per day, or Bcf/d, of natural gas into five interstate pipeline systems. In addition, GulfTerra has the exclusive right to use a natural gas storage facility in Wharton County, Texas under an operating lease that expires in January 2008. This facility has a working gas capacity of 6.4 Bcf and a maximum withdrawal capacity of 800 million cubic feet per day, or MMcf/d, of natural gas.

Platform Services. GulfTerra has interests in seven multi-purpose offshore hub platforms in the Gulf of Mexico, including the recently completed Marco Polo tension leg platform. These platforms were specifically designed to be used as deepwater hubs and production handling and pipeline maintenance facilities. Many of GulfTerra s offshore natural gas and oil pipelines utilize these platforms.

Other Assets. GulfTerra owns interests in four oil and natural gas properties located in waters offshore of Louisiana. Production is gathered, transported, and processed through GulfTerra s pipeline systems and platform facilities, and sold to various third parties and subsidiaries of El Paso Corporation.

Our Reasons for the Merger

The board of directors of our general partner considered various factors in pursuing the proposed merger with GulfTerra and the related transactions, including the following:

Significant increases to the diversity and scale of our operations. We believe that the merger will enable us to have a more balanced business mix and to expand our geographic presence to areas where we currently have no significant operations, such as the San Juan and Permian Basins.

Greater cash flow stability. After the merger, we believe that a higher percentage of our income will be generated from fee-based businesses. Additionally, GulfTerra s operations currently benefit from higher natural gas prices, and are expected to provide a natural hedge to our NGL business, which generally benefits from lower or stable natural gas prices.

Incremental growth opportunities. GulfTerra has significant organic growth projects, and the combination of our operations with GulfTerra s operations is expected to provide incremental growth opportunities.

Potential cost savings. We expect that the annual operating costs of the combined company will be lower than the aggregate pro forma historical costs of our company and GulfTerra, and we expect that the combined company will have annual interest expense savings.

Long-term accretion to distributable cash flow per unit to our unitholders. In connection with the proposed merger, we agreed, subject to the terms of our partnership agreement, to increase our quarterly cash distribution on our common units to at least $0.395 per unit, or $1.58 per unit on an annual basis, commencing with the first regular quarterly distribution after the merger closes. Our unitholders are expected to benefit from accretion to distributable cash flow per unit, which is the basis for the contracted distribution increase. Additionally, the accretion to distributable cash flow per unit could allow us to further increase future distributions to our unitholders.

Business Strategy of the Combined Company

The business strategy of the combined company will be to:

capitalize on expected increases in natural gas, NGL and oil production resulting from development activities in the Rocky Mountain region and in the deepwater and continental shelf areas of the Gulf of Mexico;

maintain a balanced and diversified portfolio of midstream energy assets and expand this asset base through organic development projects and accretive acquisitions of complementary midstream energy assets;

share capital costs and risks through joint ventures or alliances with strategic partners that will provide the raw materials for these projects or purchase the projects end products; and

increase fee-based cash flows by investing in pipelines and other fee-based businesses and de-emphasize commodity-based activities.

Competitive Strengths of the Combined Company

We believe that the combined company will have the following competitive strengths:

Large-Scale, Integrated Platform of Assets in Strategic Locations. The proposed merger will further expand our integrated natural gas and NGL transportation, fractionation, processing, storage and import/export network in North America. The operations of the combined company will be strategically located to serve the major supply basins for NGL-rich natural gas, the major NGL storage hubs in North America and international markets. We believe that the combined company s location in these markets will provide better access to natural gas, NGL and petrochemical supply volumes, anticipated demand growth and business expansion opportunities. The geographic presence of the combined company will be strengthened in areas where we currently have no significant operations, such as the San Juan and Permian Basins.

Strategic Platform for Continued Expansion and Distribution Growth. We believe that GulfTerra has significant development opportunities, and that the combination of our operations and GulfTerra s operations will provide the combined company with incremental growth opportunities for both onshore and offshore projects. Many of the combined company s assets will have additional capacity that can accommodate increased volumes at low incremental cost. We expect that taking advantage of these growth opportunities will increase the combined company s cash flow from operations and result in accretion to distributable cash flow per unit.

Enhanced Access to Capital. We believe that over the long term the combined company will have a lower cost of capital than many of its competitors, which will enable it to compete more effectively in acquiring assets and expanding its systems. In December 2002, we amended our partnership agreement to eliminate our general partner s right to receive 50% of cash distributions with respect to that portion of quarterly cash distributions that exceed $0.392 per unit. We believe our unitholders will enjoy an advantage over unitholders of many other publicly traded partnerships whose general partners are either already sharing 50% of the cash distribution increases pursuant to their incentive distribution rights or are near the threshold for the effectiveness of their 50% incentive distribution rights.

Relationships with Major Oil, Natural Gas and Petrochemical Companies. Both we and GulfTerra have long-term relationships with many of our suppliers and customers, and we believe that the combined company will continue to benefit from these relationships. The combined company will jointly own facilities with many of its customers who will either provide raw materials to or consume the end products from the combined company s facilities. These joint venture partners include major oil, natural gas and petrochemical companies, including BP, Burlington Resources, ChevronTexaco, Dow Chemical, Duke Energy Field Services, El Paso Corporation, ExxonMobil, Marathon and Shell.

Cash-Flow Stability Through Fee-Based Businesses and Balanced Asset Mix. The combined company s cash flow will be derived primarily from fee-based businesses whose revenue will not be directly affected by volatility in energy commodity prices. We expect that the diversified asset portfolio of the combined company will provide operating income from a broader range of sources than our current operations. Additionally, GulfTerra s operations currently benefit from higher natural gas prices and will provide a natural hedge to our NGL business, which generally benefits from stable or lower natural gas prices.

Operating Cost Advantage. We believe that the combined company s operating costs, especially for its large-scale facilities, will be competitive with, or lower than, those associated with the combined company s competitors. We expect that the combined company s annual operating costs will be lower than our and GulfTerra s aggregate historical costs and expect that the combined company will achieve annual interest expense savings through its strategy for management of its debt obligations.

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Experienced Operator and Management Team whose Interests are Aligned with Those of Our Unitholders. Both we and GulfTerra have historically operated our largest natural gas processing and fractionation facilities and most of our pipelines. As the leading provider of NGL-related services, we have established a reputation in the industry as a reliable and cost-effective operator. After the closing of the merger, affiliates of Dan L. Duncan, our co-founder and the chairman of our general partner, will own a 90.1% membership interest in our general partner, and El Paso Corporation will own a 9.9% membership interest in our general partner. In addition, after giving effect to this offering and the merger, Mr. Duncan and his affiliates will collectively own an approximate 34.6% limited partner interest in us. The persons whom we expect will serve as senior executive officers of the combined company, Dan L. Duncan, O.S. Andras and Robert G. Phillips, average more than 35 years of industry experience.

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The Offering

Common units offered	15,000,000 common units; or 17,250,000 common units if the underwriters exercise their over-allotment option in full.
Units outstanding after this offering	253,174,894 common units, or 255,424,894 common units if the underwriters exercise their over-allotment option in full, including 4,413,549 common units that were issued upon conversion of all of our 4,413,549 Class B special units following approval of the conversion by our common unitholders at the special meeting of our common unitholders held on July 29, 2004.
Use of proceeds	We will use the net proceeds from this offering, including our general partner s proportionate capital contribution, to temporarily reduce borrowings under our multi-year revolving credit facility and to fund a portion of the purchase price at the closing of the Step Two and Step Three merger transactions, or, if the merger does not close, for working capital purposes or for future acquisitions. For more information about the Step Two and Step Three Merger Transactions, please read The Merger and Related Transactions.
Cash distributions	Under our partnership agreement, we must distribute all of our cash on hand as of the end of each quarter, less reserves established by our general partner. We refer to this cash as available cash, and we define its meaning in our partnership agreement. On May 12, 2004, we paid a quarterly cash distribution for the first quarter of 2004 of $0.3725 per unit, or $1.49 per unit on an annualized basis. On July 14, 2004, our general partner declared a quarterly cash distribution for the second quarter of 2004 of $0.3725 per unit, or $1.49 per unit on an annualized basis. The distribution will be paid on August 6, 2004 to unitholders of record at the close of business on July 30, 2004. Holders of units purchased in this offering will not be entitled to receive this distribution. When quarterly cash distributions exceed $0.253 per unit in any quarter, our general partner receives a higher percentage of the cash distributed in excess of that amount, in increasing percentages up to 25% if the quarterly cash distributions exceed $0.3085 per unit. For a description of our cash distribution policy, please read Cash Distribution Policy in the accompanying prospectus. We have agreed, subject to the terms of our partnership agreement, to increase the quarterly cash distribution for the first regular quarterly distribution after the closing of the merger to at least $0.395 per unit, or $1.58 per unit on an annualized basis.
Estimated ratio of taxable income to distributions	We estimate that if you own the common units you purchase in this offering through December 31, 2006, you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be less than 10% of the cash distributed with respect to that period. We expect this estimate to remain the same following the GulfTerra merger. Please read Tax Consequences in this prospectus supplement for the basis of this estimate.
New York Stock Exchange symbol	EPD

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Risk Factors

There are risks associated with the merger and the related transactions, risks associated with the combined company s business and risks associated with our business. You should consider carefully the risk factors beginning on page S-26 of this prospectus supplement and beginning on page 2 of the accompanying prospectus before making a decision to purchase common units in this offering.

The Merger and Related Transactions

Under the definitive agreements relating to the merger, the merger is to occur in several interrelated transactions described below. Step One occurred on December 15, 2003, concurrent with the announcement of the proposed merger and related transactions. With respect to Step Two and Step Three, we have entered into binding agreements subject to certain standard conditions. Please read Conditions to the Effectiveness of the Merger and Related Transactions.

Step One: Acquisition of 50% Membership Interest in GulfTerra s General Partner. On December 15, 2003, we purchased a 50% membership interest in GulfTerra s general partner for $425 million from El Paso Corporation, resulting in GulfTerra s general partner now being 50% owned by El Paso Corporation and 50% owned by us. Our interest in GulfTerra s general partner entitles us to receive, subject to the terms of GulfTerra s general partner s limited liability company agreement, quarterly distributions equal to 50% of all available cash held by GulfTerra s general partner. At GulfTerra s current distribution rate of $2.84 per unit annually, GulfTerra s general partner is entitled to receive annual distributions of approximately $85 million. Our 50% membership interest in GulfTerra s general partner would entitle us to receive approximately $42.5 million annually, assuming that no portion of such annual cash distribution is retained by GulfTerra s general partner under its limited liability company agreement to establish cash reserves. El Paso Corporation serves as the managing member of the GulfTerra general partner, and our rights are limited to protective consent rights on specified material transactions affecting GulfTerra or its general partner or the rights and preferences associated with our membership interest in GulfTerra s general partner. We will continue to own this 50% membership interest in GulfTerra s general partner even if the merger does not close. We financed the $425 million Step One purchase through a combination of a $225 million interim term loan, which we repaid in full with a portion of the proceeds of our May 2004 common unit offering, and $200 million borrowed under our 364-day revolving credit facility.

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The following organizational chart depicts our current organizational structure and our ownership immediately after giving effect to this offering.

(1) Includes units held by affiliates of EPCO, Inc. (formerly Enterprise Products Company), or EPCO, as well as 4,413,549 common units that were issued upon the conversion of all of our 4,413,549 Class B special units on July 29, 2004.

(2) The ownership of limited partner interests in GulfTerra is as of June 30, 2004.

(3) Does not include any of GulfTerra s common units that may be issued upon conversion of GulfTerra s 25 remaining Series F1 convertible units and 80 Series F2 convertible units prior to the closing of the merger.

The table below shows the current ownership of our common units and the ownership of our common units after giving effect to this offering.

	Current Ownership		Ownership After the Offering	
	Units	**Percentage Interest**	**Units**	**Percentage Interest**
Public common units	72,600,340	29.9%	86,100,340	33.3%
EPCO common units(1)	124,574,554	51.2%	126,074,554	48.8%
Shell common units	41,000,000	16.9%	41,000,000	15.9%
General partner interest		2.0%		2.0%
Total	238,174,894	100.0%	253,174,894	100.0%

(1) Includes common units held by affiliates of EPCO, as well as 4,413,549 common units that were issued upon the conversion of all of our 4,413,549 Class B special units on July 29, 2004.

Step Two: The Merger and Related Transactions. Immediately prior to the closing of the merger, El Paso Corporation will contribute its 50% membership interest in GulfTerra s general partner to our general partner in exchange for a 9.9% membership interest in our general partner and $370 million in cash from our general partner. Our general partner will then make a capital contribution of that 50% membership interest in GulfTerra s general partner to us (without increasing its interest in our earnings or cash distributions). In addition, we will purchase from El Paso Corporation all 10,937,500 outstanding GulfTerra Series C Units and 2,876,620 GulfTerra common units for $500 million, none of which will be converted into the right to receive our common units in the merger. We expect to use a portion of the net proceeds of this offering to fund a portion of this purchase, and we expect to finance the remaining portion of the purchase through one or more issuances of debt securities, a temporary acquisition term facility, borrowings under our revolving credit facilities, or through any combination of the foregoing. The size, terms and timing of any future debt offerings are subject to market conditions that are beyond our control. The purchase price of approximately $36.19 per unit is equal to 90% of the average closing prices of the GulfTerra common units on the New York Stock Exchange for the 20 trading days ending on December 12, 2003 (the last full trading day before the proposed merger was announced). Under the merger agreement, the remaining 7,433,425 GulfTerra common units owned by El Paso Corporation will be converted into the right to receive 13,454,499 Enterprise common units.

Pursuant to the merger agreement, a subsidiary of our company will merge with and into GulfTerra. GulfTerra will survive the merger and become our wholly-owned subsidiary, and GulfTerra s outstanding common units, other than the common units purchased by us prior to the merger, will be converted into the right to receive our common units. Each GulfTerra common unitholder will be entitled to receive 1.81 of our 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 us in an amount determined under the merger agreement. We have agreed, subject to the terms of our partnership agreement, to increase our quarterly cash distribution on our common units to at least $0.395 per unit, or $1.58 per unit on an annual basis, commencing with the first regular quarterly distribution after the merger closes.

The following organizational chart depicts our anticipated organizational and ownership structure after giving effect to this offering and to Step Two of the merger transaction.

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(1) Includes common units held by affiliates of EPCO, as well as 4,413,549 common units that were issued upon the conversion of all of our 4,413,549 Class B special units on July 29, 2004. Also includes 409,965

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of our common units that will be issued upon conversion of GulfTerra common units owned by Mr. Duncan and his affiliates in connection with the merger.

(2) Does not include any of our common units that may be issued upon conversion of GulfTerra s remaining 25 Series F1 convertible units and 80 Series F2 convertible units. Pursuant to an assumption agreement to be entered into between us and GulfTerra at the effective time of the merger, we will assume all of GulfTerra s obligations with respect to the outstanding Series F convertible units that have not been converted or expired.

(3) The structure of the combined company s subsidiaries may be different than what is depicted above. For example, GulfTerra Energy Partners, L.P. may become a wholly-owned subsidiary of our operating partnership.

The table below shows the ownership of our common units after giving effect to this offering and the merger.

	Units	Percentage Interest
Public common units(1)	177,297,116	48.5%
EPCO common units(2)	126,484,519	34.6%
Shell common units	41,000,000	11.2%
El Paso Corporation common units	13,454,499	3.7%
General partner interest		2.0%
Total	358,236,134	100.0%

(1) Gives effect to the issuance of approximately 105.1 million of our common units in the merger. A maximum of 117.6 million of our common units could be issued in the merger if, prior to the closing of the merger, (1) all outstanding options to purchase 974,400 of GulfTerra s common units are exercised, and (2) the maximum number of GulfTerra s common units are issued in connection with the conversion of all of GulfTerra s remaining outstanding Series F convertible units.

(2) Includes common units held by affiliates of EPCO, as well as 4,413,549 common units that were issued upon the conversion of all of our 4,413,549 Class B special units on July 29, 2004. Also includes 409,965 of our common units that will be issued upon conversion of GulfTerra common units owned by Mr. Duncan and his affiliates in connection with the merger.

Step Three: Acquisition of South Texas Midstream Assets from El Paso Corporation. In connection with the proposed merger, we entered into a purchase and sale agreement with El Paso Corporation to acquire 100% of the equity interests in two El Paso Corporation subsidiaries for $150 million, plus the value of inventory then outstanding. We anticipate that this acquisition will be financed initially through one or more issuances of debt securities, a temporary acquisition term facility, borrowings under our revolving credit facilities, or through any combination of the foregoing. The size, terms and timing of any future debt offerings are subject to market conditions that are beyond our control. Through our purchase of these equity interests, we will acquire nine cryogenic natural gas processing plants, one natural gas gathering pipeline, one natural gas treating plant and one small natural gas liquids connecting pipeline. These plants are located in South Texas and 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 obligation to close this purchase under the purchase and sale agreement. We refer to the assets that we will acquire from El Paso Corporation as the South Texas midstream assets.

Transactions Following the Merger. We further agreed with El Paso Corporation 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); and

El Paso Corporation will pay us annual transition support payments in amounts of $18 million, $15 million and $12 million for the first, second and third years of such period, respectively.

Management of the Combined Company

Information regarding our current management and the management of the combined company is set forth under Management beginning on page S-51 of this prospectus supplement.

Conditions to the Effectiveness of the Merger and Related Transactions

On July 29, 2004, both we and GulfTerra received the unitholder approvals necessary to complete the merger. Completion of the merger and the related transactions is expected to occur during the third quarter of 2004, but is subject to the conditions described below.

The completion of the merger is also subject to customary regulatory approvals, including under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. We and GulfTerra made the required filings with the Federal Trade Commission, or FTC, and the Antitrust Division of the Department of Justice, or DOJ, relating to the merger on January 21, 2004, but we are not permitted to complete the merger until the applicable waiting periods have expired or otherwise terminated.

We are in the process of negotiating a consent decree with the FTC for the divestiture of certain of our assets to resolve their competitive concerns. We do not believe these divestitures will be significant to the combined company s business.

In addition to the conditions described above, the transaction agreements contain many other conditions that, if not satisfied or waived, would result in the merger not occurring. Please read Risk Factors Risks Related to the Merger and Related Transactions beginning on page S-26 of this prospectus supplement for a discussion of some of these conditions and for a discussion of the risks associated with the merger. The transaction agreements are filed as exhibits to our Current Reports on Form 8-K filed with the SEC on December 15, 2003 and April 21, 2004, and are incorporated by reference into this prospectus supplement.

Intended Financing Transactions in Connection with the Merger

In connection with the closing of the merger, we intend to make a tender offer to purchase GulfTerra s outstanding senior and senior subordinated notes at a market-based price and to finance the tender offer through one or more issuances of debt securities and/or through a temporary acquisition term facility. The size, terms and timing of any future debt offerings are subject to market conditions that are beyond our control.

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Our Other Recent Developments

Second Quarter 2004 Unaudited Results

The following table sets forth our summarized results of operations for the periods indicated:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2003	2004	2003	2004
Income Statement Data:				
Revenues	$1,210.6	$1,713.4	$2,692.3	$3,418.2
Costs and expenses	1,144.1	1,660.4	2,542.3	3,291.4
Equity earnings from unconsolidated affiliates	(0.2)	12.1	1.4	25.5
Operating income	66.3	65.1	151.4	152.4
Other income (expense)	(31.4)	(30.8)	(70.5)	(62.0)
Provision for taxes	(0.5)	(0.4)	(3.6)	(2.0)
Minority interest	(1.3)	(0.7)	(3.7)	(3.7)
Cumulative effect of change in accounting principle				7.0
Net income	$ 33.1	$ 33.1	$ 73.6	$ 91.6
Fully diluted earnings per unit	$ 0.14	$ 0.11	$ 0.32	$ 0.35
EBITDA	$ 94.7	$ 97.2	$ 208.0	$ 220.5
Gross operating margin:				
Pipelines	$ 72.0	$ 67.1	$ 143.9	$ 150.1
Fractionation	35.9	35.9	64.9	66.2
Processing	2.7	4.4	32.7	22.4
Octane enhancement	(3.2)	(0.7)	(6.7)	(1.9)
Other	(0.9)	(0.6)	(1.9)	(1.0)
Total gross operating margin	$ 106.5	$ 106.1	$ 232.9	$ 235.8
Selected Volumetric Operating Data:				
Pipelines, net volumes as shown				
NGL and petrochemical liquids pipelines (MBPD, net)	1,295	1,331	1,303	1,381
Natural gas pipelines (BBtus per day, net)	1,033	1,068	1,033	1,071
Fractionation, net volumes in MBPD				
NGL fractionation	201	237	218	233
Propylene fractionation	58	60	59	57
Isomerization	82	78	81	69
Natural gas processing, net volumes as shown				
Fee-based natural gas processing (MMcf per day, net)	160	1,248	112	805
Equity NGL production (MBPD, net)	39	45	43	47
Octane enhancement, net volumes in MBPD	3	10	3	7

Please read Non-GAAP Financial Measures on pages S-22 through S-25 for an explanation of our gross operating margin and a reconciliation of gross operating margin to operating income, which is the financial measure calculated and presented in accordance with GAAP that is the most directly comparable to gross operating margin, and for an explanation of EBITDA and a reconciliation of EBITDA to net income and operating activities cash flows, which are the financial measures calculated and presented in accordance with GAAP that are the most directly comparable to EBITDA.

As of June 30, 2004, our total debt balance was approximately $1.8 billion. Our debt as of June 30, 2004, pro forma for the application of the proceeds from this offering, was approximately $1.5 billion.

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Overview of Second Quarter 2004 Unaudited Results

The fundamentals for the NGL industry during the second quarter were the strongest that we have seen in the past two years. Ethane demand by the ethylene industry (which is the largest single consumer of ethane and propane) averaged 747 thousand barrels per day, or MBPD, in the second quarter of 2004 compared to 614 MBPD in the second quarter of 2003. Ethane demand in June 2004 was 765 MBPD compared to 560 MBPD in June 2003.

As a result of global events, we expect that the unusual level of volatility in crude oil, natural gas and NGL prices will continue. The volatility in hydrocarbon prices impacts the prices we charge customers for products and services and those we pay vendors for feedstocks, fuel and other purchases. In addition, this volatility can result in lower of cost or market valuation adjustments to our inventories depending on the carrying values of products at the end of each reporting period.

In addition, higher fuel costs (primarily for natural gas) continue to impact our profitability. This is due to the combination of higher prices for natural gas, natural gas fired electricity and NGLs and the fact that, unlike most of our other facilities, our transportation tariffs for the Mid-America and Seminole pipelines do not provide for automatic surcharges to customers for increased fuel costs. During the second quarter of 2004, we took additional steps to minimize our exposure to the volatility of fuel costs by converting NGL-fueled pipeline pump stations to electricity and by entering into a five-year fixed-price contract to purchase power from a coal-fired power plant in Texas. We are also evaluating a cost of service filing with the FERC for the recovery of the increased fuel costs on the Mid-America and Seminole pipelines through an increase in our transportation tariffs.

Three Months Ended June 30, 2004 Compared to Three Months Ended June 30, 2003

Revenues for the second quarter of 2004 increased $502.8 million over those recorded during the same period in 2003. Processing segment revenues increased $315.6 million quarter-to-quarter primarily due to higher sales volumes and NGL prices. On a weighted-average basis, NGL prices increased from 52 cents per gallon, or CPG, during the second quarter of 2003 to 66 CPG during the second quarter of 2004. Fractionation segment revenues increased $103.1 million quarter-to-quarter primarily due to a $131.4 million increase in propylene fractionation revenues resulting from higher sales volumes and polymer and refinery-grade propylene prices. In addition, the consolidation of BEF added $41.8 million in revenues. We began consolidating BEF s results with those of our own after purchasing an additional 33.3% interest in BEF on September 30, 2003.

Costs and expenses increased $516.3 million quarter-to-quarter primarily due to an increase in cost of sales related to NGL and propylene fractionation marketing activities. The increase in cost of sales was caused by higher purchase volumes and prices. In addition, the consolidation of BEF also increased operating costs and expenses. Lastly, depreciation and amortization in operating costs and expenses increased $3.9 million quarter-to-quarter as a result of capital expenditures and business acquisitions completed since June 30, 2003.

Selling, general and administrative costs decreased $3 million quarter-to-quarter generally due to the timing of such expenditures and cost reduction programs. Earnings from equity method unconsolidated affiliates increased $12.3 million quarter-to-quarter primarily due to $10.7 million recorded from GulfTerra s general partner in the second quarter of 2004. We acquired a 50% membership interest in GulfTerra s general partner from El Paso Corporation in December 2003. Overall, the impact of increased operating expenses for the second quarter of 2004 lowered operating income $1.2 million quarter-to-quarter.

The following information highlights the significant quarter-to-quarter variances in gross operating margin by business segment:

Pipelines. Gross operating margin from our Pipelines segment was $67.1 million for the second quarter of 2004 compared to $72 million for the second quarter of 2003. On an energy-equivalent basis, net pipeline throughput was 1,612 MBPD for the second quarter of 2004 versus 1,566 MBPD for the second quarter of 2003. Gross operating margin for the second quarter of 2004 includes $10.7 million of equity earnings from GulfTerra s general partner.

NGL and petrochemical volumes increased to 1,331 MBPD during the second quarter of 2004 from 1,295 MBPD during the second quarter of 2003. Gross operating margin from our Mid-America and Seminole pipelines for the second quarter of 2004 was $31.1 million compared to $39.9 million for the second quarter of 2003. Net NGL volumes transported by the two pipelines increased by 43 MBPD quarter-to-quarter. The $8.8 million decrease in gross operating margin from the second quarter of last year was primarily due to a one-time $3.8 million reduction in operating expense related to acquisition costs in 2003 that did not recur in 2004 and a $3.6 million increase in repair, maintenance and fuel expenses, including $1.8 million that was attributable to our pipeline integrity inspection program. The increase in expenses from the prior year more than offset the increase in gross operating margin associated with the higher transportation volumes. Beginning July 1, 2004, the tariffs on the Mid-America and Seminole pipeline will increase revenue by approximately $7.2 million on an annual basis as the result of the annual adjustment for the increase in the Producer Price Index.

Our NGL import facility posted a $2.2 million decrease in gross operating margin quarter-to-quarter primarily due to a 63 MBPD decrease in import volumes. Greater worldwide demand for NGLs during the second quarter of 2004 resulted in competition for NGLs and the diversion of volumes to other international markets that normally would have been delivered to the U.S. Gulf Coast. Gross operating margin from our Houston Ship Channel pipeline decreased $1.8 million quarter-to-quarter due to lower volumes originating from our NGL import facility.

Gross operating margin from the Lou-Tex NGL pipeline decreased by $2.8 million quarter-to-quarter due to a 12 MBPD decrease in volume. This decrease in margin and volume was due to our election to maximize total gross operating margin by diverting mixed NGLs and refinery-grade propylene to our other facilities.

As a result of increased natural gas sales margins, gross operating margin from Acadian Gas increased $1.4 million quarter-to-quarter. Natural gas throughput on this system increased 29 billion British thermal units per day, or BBtu/d, quarter-to-quarter. Equity earnings from our Gulf of Mexico natural gas pipeline investments decreased $1.4 million quarter-to-quarter primarily due to the underperformance of the Brutus and Hickory fields and natural depletion of natural gas reserves served by our pipeline systems, which was partially offset by new production from other fields. Overall, natural gas pipeline throughput volumes were 1,068 BBtu/d during the second quarter of 2004 versus 1,033 BBtu/d during the second quarter of 2003.

Total pipeline integrity inspection and testing expense for the second quarter of 2004 was approximately $3.1 million compared to $0.1 million in the second quarter of 2003. In addition, approximately $1.2 million of major pipeline integrity repair costs were capitalized during the second quarter of 2004 compared to $0.7 million in the second quarter of last year.

Fractionation. Gross operating margin from our Fractionation segment was $35.9 million for the second quarters of both 2004 and 2003. Gross operating margin from NGL fractionation decreased $3.4 million quarter-to-quarter. NGL fractionation volumes were 237 MBPD during the second quarter of 2004 compared to 201 MBPD during the second quarter of 2003. Gross operating margin from our Mont Belvieu NGL fractionator decreased $8.7 million quarter-to-quarter primarily due to $6.8 million in net gains associated with the measurement of mixed NGLs in storage pending fractionation we recorded in the second quarter of 2003, which did not recur in the second quarter of 2004. Gross operating margin from our Norco facility increased $5 million quarter-to-quarter primarily due to (i) a net 23 MBPD increase in volumes resulting from an expansion of the facility completed during the fourth quarter of 2003 and (ii) higher prices for NGL volumes sold by Norco that it takes ownership of as a result of percent-of-liquids arrangements.

Gross operating margin from propylene fractionation increased $4.2 million quarter-to-quarter primarily due to an increase in petrochemical marketing sales volumes. Propylene fractionation volumes were 60 MBPD during the second quarter of 2004 compared to 58 MBPD during the second quarter of 2003. Gross operating margin from isomerization decreased $0.5 million quarter-to-quarter primarily due to a lower volumes and tolling revenues, which were partially offset by higher by-product revenues. Isomerization volumes were 78 MBPD during the second quarter of 2004 compared to 82 MBPD during the second quarter of 2003.

Processing. Gross operating margin from our Processing segment was $4.4 million for the second quarter of 2004 compared to $2.7 million for the second quarter of 2003. Gross operating margin from our gas processing plants increased $9.2 million quarter-to-quarter. Equity NGL production was 45 MBPD for the second quarter of 2004 compared to 39 MBPD for the second quarter of 2003. Fee-based natural gas processing volumes increased to 1,248 MMcf/d in the second quarter of 2004 from 160 MMcf/d in the second quarter of 2003 reflecting the conversion of our major processing agreements to fee-based arrangements.

Gross operating margin from NGL marketing activities was a loss of $5.8 million for the second quarter of 2004 compared to a profit of $1.7 million in the second quarter of 2003. The second quarter of 2004 included a loss of $13.4 million associated with the ineffectiveness of a practice that we used to manage our NGL production and inventory on a seasonal basis. Historically, there has been a seasonal price decrease for NGLs from the first quarter to the second quarter of a given year, due in part to greater demand in the winter months for propane for space heating and for butanes in the production of motor gasoline. Part of our inventory practice at the beginning of the second quarter of 2004 was to sell NGLs at prices that were greater than our expected production or purchased volume costs in the second quarter of 2004 to take advantage of expected seasonal price differences. In prior years, this practice had been generally profitable. Unfortunately, this practice did not work for us in the second quarter of 2004 because of the unexpected increase and volatility in crude oil, natural gas and NGL prices partly due to global events. We expect that the unusual level of volatility in hydrocarbon prices will continue in the near term. As a result, we will limit the amount of NGLs that we will sell under this practice to about five days worth of our equity NGL production, or approximately 250,000 barrels.

When current market prices are below the carrying cost of our various inventories, we are required to record a lower of cost or market adjustment to reduce the carrying costs to their respective market values. We recorded $1.8 million of lower of cost or market adjustments for the second quarter of 2004 compared to $3.4 million of such adjustments for the second quarter of 2003. Beginning with the third quarter of 2004, we will reclassify approximately 775,000 barrels of linefill that we own as a shipper on certain NGL pipelines from inventory to property on our consolidated balance sheet. This change is due to business reasons that require us to maintain volumes as permanent linefill and is consistent with our classification of linefill for other pipelines. Such volumes will be subject to periodic impairment testing under Statement of Financial Accounting Standards No. 144.

Cash Tender Offers for GulfTerra s Senior and Senior Subordinated Notes

On August 4, 2004, we commenced four cash tender offers to purchase any and all of the outstanding senior subordinated and senior notes of GulfTerra having a total outstanding principal amount of approximately $921.5 million. In connection with the tender offers, we are soliciting consents to proposed amendments that would eliminate certain restrictive covenants and default provisions contained in the indentures governing the notes. We commenced the tender offers and consent solicitations in anticipation of completing our merger with GulfTerra, and the closing of the merger is a non-waivable condition to the completion of the tender offers and consent solicitations.

Special Meetings of Unitholders

On July 29, 2004, we held a special meeting of our unitholders at which our unitholders approved the issuance of our common units pursuant to the merger agreement, and approved the conversion of our 4,413,549 Class B special units into an equal number of common units. On the same day, GulfTerra held a special meeting of its common unitholders at which GulfTerra s common unitholders approved and adopted the merger agreement. For a discussion of the remaining conditions to the effectiveness of the merger, please read Conditions to the Effectiveness of the Merger and Related Transactions.

May 2004 Common Unit Offering

In May 2004, we completed a public offering of 17,250,000 common units (including 2,250,000 common units sold pursuant to the underwriters over-allotment option) from which we received net proceeds of

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approximately $353.1 million, including our general partner s $7.1 million capital contribution. We used the net proceeds from the offering, including our general partner s proportionate capital contribution, to repay in full our $225 million interim term loan and to temporarily reduce indebtedness under our revolving credit facilities by approximately $130 million.

Interest Expense Hedging Program

In the first quarter of 2004, we entered into interest rate hedging arrangements in anticipation of entering into permanent debt financing for the proposed GulfTerra merger. On April 23, 2004, we terminated these arrangements and, on April 27, 2004 we received approximately $104.5 million in cash as a result of the termination. This amount is included in distributable cash flow for the second quarter of 2004 and is expected to increase net income for book purposes over the life of the future planned debt issuances.

Distribution Reinvestment Plan

Our DRIP enables our limited partners to reinvest all or a portion of the quarterly cash distributions they receive from their common units in our company. In connection with the payment of our May 12, 2004 quarterly cash distribution, we issued 1,757,347 common units in connection with our DRIP from which we received net proceeds of approximately $35.3 million, including our general partner s $0.7 million capital contribution to maintain its 2% general partner interest in us. The proceeds from the reinvested distributions were used for general partnership purposes.

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Summary Historical and Pro Forma Financial and Operating Data

The following tables set forth, for the periods and at the dates indicated, summary historical financial and operating data for Enterprise and GulfTerra. The summary historical income statement and balance sheet data for the three years in the period ended December 31, 2003 are derived from and should be read in conjunction with the audited financial statements of Enterprise, GulfTerra and the South Texas midstream assets that are incorporated by reference into this prospectus supplement. The summary historical income statement data for the three-month periods ended March 31, 2003 and 2004 and balance sheet data at March 31, 2004 are derived from and should be read in conjunction with the unaudited financial statements of Enterprise, GulfTerra and the South Texas midstream assets that are incorporated by reference into this prospectus supplement.

The summary pro forma adjusted financial statements of Enterprise show the pro forma effect of (i) the proposed merger with GulfTerra through Step Three of this transaction; (ii) our other recent events , which include (a) the application of $353.1 million in net proceeds from our May 2004 public offering of 17,250,000 common units (including our general partner s $7.1 million net capital contribution) and the use of such proceeds to repay in full the $225 million outstanding under our interim term loan and to repay approximately $130 million outstanding under our revolving credit facilities; (b) the issuance of 1,757,347 common units in connection with our DRIP in May 2004 and the use of proceeds from that offering for general partnership purposes; and (c) the conversion of the 4,413,549 Class B special units into an equal number of our common units on July 29, 2004; and (iii) the completion of this offering and the application of the $296.9 million in net proceeds from this offering (including our general partner s $5.9 million net capital contribution) to temporarily reduce borrowings under our multi-year revolving credit facility and to fund a portion of the purchase price at the closing of the Step Two and Step Three merger transactions. The proposed merger with GulfTerra involves the following three steps:

Step One. On December 15, 2003, we purchased a 50% membership interest in GulfTerra s general partner for $425 million. GulfTerra s general partner owns a 1% general partner interest in GulfTerra. This investment is accounted for using the equity method and is already recorded in Enterprise s historical balance sheet at December 31, 2003. This transaction is referred to as Step One of the proposed merger and will remain in effect even if the remainder of the proposed merger and post-merger transactions, which are referred to as Step Two and Step Three, do not occur.

Step Two. If all necessary regulatory approvals are received and the other merger agreement conditions are either fulfilled or waived and the following steps are consummated, we will own 100% of the limited and general partner interests in GulfTerra. At that time, the proposed merger will be accounted for using the purchase method, and GulfTerra will be a consolidated subsidiary of Enterprise. Step Two of the proposed merger includes the following transactions:

El Paso Corporation s exchange of its remaining 50% membership interest in GulfTerra s general partner for a cash payment by our general partner of $370 million (which will not be funded or reimbursed by us) and a 9.9% membership interest in our general partner, and the subsequent capital contribution by our general partner of such 50% membership interest in GulfTerra s general partner to us (without increasing our general partner s interest in our earnings or cash distributions).

Our purchase of 10,937,500 GulfTerra Series C units and 2,876,620 GulfTerra common units owned by El Paso Corporation for $500 million.

The exchange of each remaining GulfTerra common unit for 1.81 Enterprise common units, resulting in the issuance of approximately 105.1 million of our common units to GulfTerra unitholders.

Step Three. Immediately after Step Two is completed, we expect to acquire the South Texas midstream assets from El Paso Corporation for $150 million plus the value of then outstanding inventory.

We anticipate that a portion of the purchase price at the closing of Steps Two and Three of the merger will be financed with the net proceeds from this offering. We expect to finance the remaining portion of this purchase price through one or more issuances of debt securities, a temporary acquisition term facility, borrowings under our credit facility, or through any combination of the foregoing. The size, terms and timing of any future debt offerings are subject to market conditions that are beyond our control.

Our pro forma adjustments give effect to the sale of 15,000,000 of our common units to the public in this offering at an offering price of $20.20 per unit. Net proceeds from this offering, including our general partner s proportionate net capital contribution of $5.9 million, are $296.9 million after deducting applicable underwriting discounts, commissions and offering expenses of $12.3 million. The net proceeds from this offering, including our general partner s proportionate net capital contribution, will be used to temporarily reduce borrowings under our multi-year revolving credit facility and to fund a portion of the purchase price at the closing of the Step Two and Step Three merger transactions, or, if the merger does not close, for working capital purposes or for future acquisitions. Please read Use of Proceeds.

The unaudited pro forma condensed statement of consolidated operations for the year ended December 31, 2003 and for the three months ended March 31, 2004 assume the merger-related transactions, the May 2004 common unit offerings and this offering all occurred on January 1 of each period presented. The unaudited pro forma condensed consolidated balance sheet shows the financial effects of the merger and related transactions, the May 2004 common unit offerings and this offering as if they had occurred on March 31, 2004. Step One of the proposed merger is already included in the March 31, 2004 unaudited historical balance sheet and the unaudited historical statement of consolidated operations for the three months ended March 31, 2004 of Enterprise. The unaudited pro forma condensed consolidated financial statements for the year ended December 31, 2003 and for the three months ended March 31, 2004 do not include the effect of any future long-term financing transactions contemplated in connection with the closing of the merger. In addition, the unaudited pro forma condensed consolidated financial statements do not give effect to any divestiture of assets that may be required for governmental approval of the proposed merger.

The non-generally accepted accounting principle, or non-GAAP, financial measures of gross operating margin and earnings before interest, income taxes, depreciation and amortization, which we refer to as EBITDA, are presented in the summary historical and pro forma financial data for Enterprise. In a supplemental section titled Non-GAAP Financial Measures, we have provided the necessary explanations and reconciliations for Enterprise s non-GAAP financial measures.

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Summary Historical and Pro Forma Financial and Operating Data of Enterprise

	Consolidated Historical			For Year Ended December 31, 2003		
	For Year Ended December 31,					
	2001	2002	2003	Through Step Three Enterprise Pro Forma	Adjusted Enterprise Pro Forma for Other Recent Events	Adjusted Enterprise Pro Forma for this Offering
					(Unaudited)	
	(Dollars in millions, except per unit amounts)					
Income Statement Data:						
Revenues	$3,154.4	$3,584.8	$5,346.4	$7,153.0	$7,153.0	$7,153.0
Costs and expenses:						
Operating costs and expenses	2,862.6	3,382.8	5,046.8	6,474.1	6,474.1	6,474.1
Selling, general and administrative	30.3	42.9	37.5	93.5	93.5	93.5
Total costs and expenses	2,892.9	3,425.7	5,084.3	6,567.6	6,567.6	6,567.6
Equity in income (loss) of unconsolidated affiliates	25.3	35.2	(14.0)	(2.6)	(2.6)	(2.6)
Operating income	286.8	194.3	248.1	582.8	582.8	582.8
Other income (expense):						
Interest expense	(52.4)	(101.6)	(140.8)	(282.6)	(276.8)	(270.4)
Other, net	10.3	7.3	6.4	(28.5)	(28.5)	(28.5)
Total other income (expense)	(42.1)	(94.3)	(134.4)	(311.1)	(305.3)	(298.9)
Income before provision for income taxes and minority interest	244.7	100.0	113.7	271.7	277.5	283.9
Provision for income taxes		(1.6)	(5.3)	(5.3)	(5.3)	(5.3)
Income before minority interest	244.7	98.4	108.4	266.4	272.2	278.6
Minority interest	(2.5)	(2.9)	(3.9)	(3.9)	(3.9)	(3.9)
Income from continuing operations	$ 242.2	$ 95.5	$ 104.5	$ 262.5	$ 268.3	$ 274.7
Cumulative effect of change in accounting principle						
Net income	$ 242.2	$ 95.5	$ 104.5			
Basic earnings per unit (net of general partner interest):						
Income from continuing operations per unit	$ 1.70	$ 0.55	$ 0.42	$ 0.75	$ 0.71	$ 0.70
Diluted earnings per unit (net of general partner interest):						

Income from continuing operations per unit	$ 1.39	$ 0.48	$ 0.41	$ 0.73	$ 0.70	$ 0.68
Distributions to limited partners:						
Per common unit	$ 1.19	$ 1.36	$ 1.47			
Balance sheet data:						
Total assets	$2,424.7	$4,230.3	$4,802.8			
Total debt	855.3	2,246.5	2,139.5			
Total partners equity	1,146.9	1,200.9	1,705.9			
Other financial data:						
Cash provided by operating activities	$ 283.3	$ 329.8	$ 424.7			
Cash flows used in investing activities	491.2	1,708.3	657.0			
Cash provided by financing activities	279.5	1,260.3	248.9			
Distributions received from unconsolidated affiliates	45.1	57.7	31.9			
Equity in income (loss) of unconsolidated affiliates	25.4	35.3	(14.0)			
Gross operating margin	375.9	332.3	410.4	$ 887.4	$ 887.4	$ 887.4
EBITDA	345.8	284.8	366.4	771.1	771.1	771.1
Commodity hedging income (losses)	101.3	(51.3)	(0.6)			

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Summary Historical and Pro Forma Financial and Operating Data of Enterprise (Continued)

	Enterprise Consolidated Historical For Three Months Ended March 31,		For Three Months Ended March 31, 2004		
	2003	2004	Through Step Three Enterprise Pro Forma	Adjusted Enterprise Pro Forma for Other Recent Events	Adjusted Enterprise Pro Forma for this Offering
	(Dollars in millions, except per unit amounts)				
Income Statement Data:					
Revenues	$1,481.6	$1,704.9	$2,120.6	$2,120.6	$2,120.6
Costs and expenses:					
Operating costs and expenses	1,386.7	1,621.5	1,929.4	1,929.4	1,929.4
Selling, general and administrative	11.5	9.5	22.9	22.9	22.9
Total costs and expenses	1,398.2	1,631.0	1,952.3	1,952.3	1,952.3
Equity in income of unconsolidated affiliates	1.6	13.4	5.0	5.0	5.0
Operating income	85.0	87.3	173.3	173.3	173.3
Other income (expense):					
Interest expense	(41.9)	(32.6)	(62.0)	(61.3)	(59.7)