SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1998   Commission file number: 1-14323

Enterprise Products Partners L.P.
(Exact name of registrant as specified in its charter)

Delaware	76-0568219
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

2727 North Loop West, Houston, Texas	77008-1037
(Address of principal executive offices)	(zip code)
Registrant's telephone number, including area code :	(713) 880-6500

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Units	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X]   No [_]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Aggregate market value of the Common Units held by non-affiliates of the registrant, based on closing prices in the daily composite list for transactions on the New York Stock Exchange on March 1, 1999, was approximately $174,138,874. This figure assumes that the directors and executive officers of the General Partner, the Enterprise Products 1998 Unit Option Plan Trust, and the EPOLP 1999 Grantor Trust were affiliates of the Registrant.

The registrant had 45,552,915 Common Units outstanding as of March 1, 1999.

ENTERPRISE PRODUCTS PARTNERS L.P.

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PART I

Items 1 and 2. Business and Properties.

Enterprise Products Partners L.P. ("Enterprise" or the "Company") is a leading integrated North American provider of processing and transportation services to domestic and foreign producers of natural gas liquids ("NGLs") and other liquid hydrocarbons and domestic and foreign consumers of NGL and liquid hydrocarbon products. The Company manages a fully integrated and diversified portfolio of midstream energy assets and is engaged in NGL processing and transportation through direct and indirect ownership and operation of NGL fractionators. It also manages NGL processing facilities, storage facilities, pipelines, and rail transportation facilities, and methyl tertiary butyl ether ("MTBE") and propylene production and transportation facilities in which it has direct and indirect ownership.

The Company is a publicly traded master limited partnership (NYSE, symbol "EPD") that conducts substantially all of its business through Enterprise Products Operating L.P. (the "Operating Partnership"), the Operating Partnership's subsidiaries, and a number of joint ventures with industry partners. The Company was formed in April 1998 to acquire, own, and operate all of the NGL processing and distribution assets of Enterprise Products Company ("EPCO").

The Company completed a public offering of 12,000,000 Common Units, representing a 17.7% interest in the Company on July 27, 1998. The net proceeds of the offering were approximately $243.3 million. EPCO and its affiliates hold 33,552,915 Common Units and 21,409,870 Subordinated Units. The general partner of the Company, Enterprise Products GP, LLC, a majority-owned subsidiary of EPCO, holds a 1.0% general partner interest in the Company and a 1.0101% general partner interest in the Operating Partnership.

The principal executive office of the Company is located at 2727 North Loop West, Houston, Texas, 77008-1038, and the telephone number of that office is 713-880-6500. References to, or descriptions of, assets and operations of the Company in this Annual Report include the assets and operations of the Operating Partnership and its subsidiaries as well as the predecessors of the Company.

Uncertainty of Forward-Looking Statements and Information. This Annual Report contains various forward-looking statements and information that are based on the belief of the Company and the General Partner, as well as assumptions made by and information currently available to the Company and the General Partner. When used in this document, words such as "anticipate," "estimate," "project," "expect," "plan," "forecast," "intend," "could," and "may," and similar expressions and statements regarding the Company's business strategy and plans and objectives of the Company for future operations, are intended to identify forward-looking statements. Although the Company and the General Partner believe that the expectations reflected in such forward-looking statements are reasonable, they can give no assurance that such expectations will prove to be correct. Such statements are subject to certain risks, uncertainties, and assumptions. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, projected, or expected. Among the key risk factors that may have a direct bearing on the Company's results of operations and financial condition are: (a) competitive practices in the industries in which the Company competes, (b) fluctuations in oil, natural gas, and NGL product prices and production, (c) operational and systems risks, (d) environmental liabilities that are not covered by indemnity or insurance, (e) the impact of current and future laws and governmental regulations (including environmental regulations) affecting the NGL industry in general, and the Company's operations in particular, (f) loss of a significant customer, and (g) failure to complete one or more new projects on time or within budget.

Enterprise Products Operating L.P. owns and operates NGL fractionation, propylene production, isobutane production, storage, pipeline, and import/export assets that were acquired from EPCO. Among these assets are the following joint ventures:

- a 33-1/3% economic interest in Belvieu Environmental Fuels ("BEF"), which owns and operates a MTBE production facility.
- a 49% economic interest in Mont Belvieu Associates ("MBA"), which owns a 50% interest in a NGL fractionation facility.
- a 50% aggregate economic interest in EPIK Terminalling L.P. and EPIK Gas Liquids, LLC (collectively, "EPIK"), which own a refrigerated NGL marine terminal loading facility.
- a 27.5% economic interest in Baton Rouge Fractionators LLC ("BRF"), which owns a NGL fractionation facility that is under construction.
- a 33-1/3% economic interest in Wilprise Pipeline Company, LLC ("Wilprise"), which owns a NGL pipeline system that is under construction.
- a 16-2/3% economic interest in Tri-States NGL Pipeline, LLC ("Tri-States"), which owns a NGL pipeline system that is under construction.

The following chart shows the organizational structure and ownership of entities:

[CHART APPEARS HERE]

Sorrento Pipeline Company, LLC, Cajun Pipeline Company, LLC and Chunchula Pipeline Company, LLC own NGL pipelines located in the southeastern United States. Propylene Pipeline Partnership, L.P. owns interests in propylene pipelines located in Texas and Louisiana. HSC Pipeline Partnership, L.P. owns NGL pipeline assets in Mont Belvieu, Texas and the Houston ship channel area. Enterprise Products Texas Operating L.P. owns a 49% interest in MBA which owns a 50% interest in a NGL fractionation facility.

Business Strategy

The Company's business strategy is to grow its core assets and maximize the returns to Unitholders. The Company intends to pursue this strategy principally by:

Capitalizing on Expected Increases in NGL Production. The Company believes production of both oil and natural gas in the Gulf of Mexico will continue to increase over the next several years. The Company intends to capitalize on its existing infrastructure, market position,

strategic relationships and financial flexibility to expand its operations to meet the anticipated increased demand for NGL processing services. Of particular significance will be production associated with the development of natural gas fields in Mobile Bay and the Gulf of Mexico offshore Louisiana, which are expected to produce natural gas with significantly higher NGL content than typical domestic production. The Company believes the Gulf Coast is the only major marketplace that has sufficient storage facilities, pipeline distribution systems and petrochemical and refining demand to absorb this new NGL production.

Expanding through Construction of Identified New Facilities. The Company is participating in a joint venture to own a new 60,000 barrel per day NGL fractionation facility (expandable to 100,000 barrels per day) near Baton Rouge, Louisiana that is currently under construction. The Company will operate the fractionator and will process NGLs from the Mobile Bay/Pascagoula and south Louisiana areas. In association with this project, the Company is participating in the Wilprise NGL pipeline system, and in January 1999, the Company completed the transaction to form the Tri-States Pipeline joint venture. These pipeline systems will transport NGLs from Mobile Bay and south Louisiana to near Baton Rouge. The Company is participating in a joint venture to own a NGL product chiller that is under construction and will be operated by the Company at its NGL import/export facility (the "NGL Product Chiller") on the Houston ship channel. This facility will improve the Company's ability to load refrigerated butane and propane onto tankers for export.

The Company's participation in these new projects is described in the following table:

Project	Status	Planned Start-Up Date	Estimated Cost to the Company (in millions)	Company's Ownership Percentage
Tri-States Pipeline	Under construction	2nd QTR 1999	$14.5	16-2/3%
Wilprise Pipeline	Under construction	2nd QTR 1999	7.7	33-1/3%
Baton Rouge Fractionator	Under construction	2nd QTR 1999	24.6	27.5%
NGL Product Chiller	Under construction	4th QTR 1999	11.0	50.0%
			$57.8	

Investing with Strategic Partners. The Company will continue to pursue joint investments with oil and natural gas producers that can commit feedstock volumes to new facilities or with petrochemical companies that agree to purchase a significant portion of the production from new facilities. For example, the Company will be partners with Amoco, Exxon and Williams in the Baton Rouge fractionation facility; with Amoco, Duke Energy, Koch, Tejas (a Shell subsidiary) and Williams in the Tri-States pipeline; and with Amoco and Williams in the Wilprise pipeline. The Company believes commitments from producers to bring NGL volumes to new fractionation facilities and pipelines are central to establishing the viability of new investments in the NGL processing and transportation industry.

Expanding Through Acquisitions. The Company intends to analyze potential acquisitions, joint ventures or similar transactions with businesses that operate in complementary markets and geographic regions. In recent years, major oil and natural gas companies have sold non-strategic assets including assets in the mid-stream natural gas industry. The Company believes this trend will continue and further expects independent oil and natural gas companies to consider similar options.

Managing Commodity Price Exposure. A substantial portion of the Company's operations are conducted pursuant to tolling contracts or involve NGL transportation where the Company does not take title to its customer's products, but rather processes or transports a raw feedstock or product for a fee. When the Company does take title to the products it processes, it generally attempts to match the timing and price of its feedstock purchases with those of the sales of end products so as to reduce exposure to fluctuations in commodity prices. The Company generally does not use derivatives to manage its commodity risk.

General

The Company is a leading integrated provider of processing and transportation services to producers of NGLs and consumers of NGL products. The Company (i) fractionates for a processing fee mixed NGLs produced as by-products of oil and natural gas production into their component products: ethane, propane, isobutane, normal butane and natural gasoline; (ii) converts normal butane to isobutane through the process of isomerization; (iii) produces MTBE from isobutane and methanol; and (iv) transports NGL products to end users by pipeline and railcar. The Company also separates high purity propylene from refinery-sourced propane/propylene mix and transports high purity propylene to plastics manufacturers by pipeline. Products processed by the Company generally are used as feedstocks in petrochemical manufacturing, in the production of motor gasoline and as fuel for residential and commercial heating.

The Company's processing operations are concentrated in Mont Belvieu, Texas, which is the hub of the domestic NGL industry and is adjacent to the largest concentration of refineries and petrochemical plants in the United States. The facilities operated by the Company at Mont Belvieu include: (i) one of the largest NGL fractionation facilities in the United States with an average production capacity of 210,000 barrels per day; (ii) the largest butane isomerization complex in the United States with an average isobutane production capacity of 116,000 barrels per day; (iii) one of the largest MTBE production facilities in the United States with an average production capacity of 14,800 barrels per day; and (iv) two propylene fractionation units with an average combined production capacity of 30,000 barrels per day. The Company owns all of the assets at its Mont Belvieu facility except for the NGL fractionation facility, in which it owns an effective 37.0% economic interest; one of the propylene fractionation units, in which it owns a 54.6% interest and controls the remaining interest through a long-term lease; the MTBE production facility, in which it owns a 33-1/3% interest; and one of its three isomerization units and one deisobutanizer which are held under long-term leases with purchase options. The Company also owns and operates approximately 35 million barrels of storage capacity at Mont Belvieu and elsewhere that are an integral part of its processing operations, a network of approximately 500 miles of pipelines along the Gulf Coast and a NGL fractionation facility in Petal, Mississippi with an average production capacity of 7,000 barrels per day. The Company also leases and operates one of only two commercial NGL import/export terminals on the Gulf Coast.

The Company's operating margins are derived from services provided to tolling customers and from merchant activities. In its toll processing operations, the Company does not take title to the product and is simply paid a fee based on volumes processed. The Company's profitability from toll processing operations depends primarily on the volumes of NGLs and refinery-sourced propane/propylene mix processed and transported and the level of associated fees charged to its customers. The profitability of the Company's toll processing operations is largely unaffected by short-term fluctuations in the prices for oil, natural gas or NGLs. In its merchant activities, the Company takes title to feedstock products and sells processed end products. The Company's profitability from merchant activities is dependent on the prices of its feedstocks and end products, which typically vary on a seasonal basis. In its merchant activities, the Company generally seeks to reduce commodity price exposure by matching the timing and price of its feedstock purchases with sales of end products.

The Company has expanded rapidly since its inception in 1968, primarily through internal growth and the formation of joint ventures. This growth reflects the increased demand for NGL processing due to increased domestic natural gas production and crude oil refining and increased demand for processed NGLs in the petrochemical industry. Over the last few years the Company has increased its NGL fractionation capacity by approximately 35%, built a third isomerization unit that increased its isobutane production capacity by approximately 60%, increased deisobutanizer capacity by approximately 54%, constructed a second propylene fractionation unit which approximately doubled production capacity and made its investment in the MTBE facility at Mont Belvieu. The Company believes the demand for its services will continue to increase, principally as a result of expected increases in natural gas production, particularly in the Gulf of Mexico, and

generally increasing domestic and worldwide petrochemical production. Accordingly, the Company has initiated several new projects which are currently in construction.

The Company has only one reportable segment: NGL Operations. This segment is reported on under five distinct business units: NGL Fractionation, Isomerization, MTBE Production, Propylene Fractionation, and Other Businesses. For a discussion of the financial results of these business units over the last three fiscal years, see "Management's Discussion and Analysis of Financial Condition and Results of Operation." For total consolidated revenues over the last three fiscal years, see the section labeled "Selected Financial Data."

NGL Fractionation

General

The three principal sources of NGLs fractionated in the United States are (i) domestic gas processing plants, (ii) domestic crude oil refineries and (iii) imports of butane and propane mixtures. When produced at the wellhead, natural gas consists of a mixture of hydrocarbons that must be processed to remove NGLs and other impurities. Gas processing plants are located near the production area and separate pipeline quality natural gas (principally methane) from NGLs and other materials. After being extracted in the field, mixed NGLs, sometimes referred to as "y-grade" or "raw make," are typically transported to a centralized facility for fractionation. Crude oil and condensate production also contain varying amounts of NGLs, which are removed during the refining process and are either fractionated by refiners or delivered to NGL fractionation facilities. Domestic NGL production has increased in recent years, and the Company believes, based on published industry data and its knowledge of the industry, that this supply growth will continue over the next several years.

The mixed NGLs delivered from gas plants to centralized fractionation facilities like those operated by the Company at Mont Belvieu are typically transported by NGL pipelines. The following table lists the primary NGL pipelines which connect to the Company's NGL fractionation facilities and the other sources of mixed NGL supply:

Source	Parties Served	Area of Origination
Black Lake Pipeline	Enterprise/Dynegy	North Louisiana Central Louisiana East Texas
Chaparral Pipeline	Common Carrier	West Texas North Texas
Dean Pipeline	Enterprise*	South Texas
Enterprise Import/Export Facility	Enterprise*	Foreign imports
Enterprise Rail/Truck Terminal	Common Carrier	United States
Houston Ship Channel Pipeline	Enterprise*	Foreign Imports Local Refineries
Panola Pipeline	Enterprise*	East Texas
Seminole Pipeline	Common Carrier	Rocky Mountains Mid-Continent West Texas
West Texas LPG Pipeline	Common Carrier	West Texas North Texas East Texas

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* NGLs from these sources are delivered exclusively to the Company's Mont Belvieu NGL fractionation facilities.

NGL fractionation facilities separate mixed NGL streams into discrete NGL products: ethane, propane, isobutane, normal butane and natural gasoline. Ethane is primarily used in the petrochemical industry as feedstock for ethylene, one of the basic building blocks for a wide range of plastics and other chemical products. Propane is used both as a petrochemical feedstock in the production of ethylene and propylene and as heating, engine and industrial fuel. Isobutane is

fractionated from mixed butane (a stream of normal butane and isobutane in solution) or refined from normal butane through the process of isomerization, principally for use in refinery alkylation to enhance the octane content of motor gasoline and in the production of MTBE, an oxygenation additive in cleaner burning motor gasoline. Normal butane is used as a petrochemical feedstock in the production of ethylene and butadiene (a key ingredient in synthetic rubber), as a blendstock for motor gasoline and to derive isobutane through isomerization. Natural gasoline, a mixture of pentanes and heavier hydrocarbons, is used primarily as motor gasoline blend stock or petrochemical feedstock.

The Company's NGL Fractionation Facilities

At Mont Belvieu, the Company operates one of the largest NGL fractionation facilities in the United States with an average production capacity of 210,000 barrels per day. Mont Belvieu is approximately 25 miles east of Houston and is the hub of the domestic NGL industry because of its proximity to the petrochemical and refinery markets of the Gulf Coast and its location on a large naturally-occurring salt dome that provides for the underground storage of significant quantities of NGLs. Excluding NGLs fractionated in facilities which are captive to certain refineries (non-commercial fractionation), approximately one-half of all NGLs fractionated in the United States are fractionated at Mont Belvieu, and the Company's fractionation facilities currently account for approximately 33% of total NGL fractionation capacity at Mont Belvieu.

The Company's Mont Belvieu NGL fractionation facilities include two fractionation trains. Each train consists of a series of towers and is named after the point of origin of the NGL pipelines from which the facilities were originally fed. The West Texas Fractionator was constructed in 1980 with an average production capacity of 35,000 barrels per day and was expanded to 70,000 barrels per day capacity in 1988 and 115,000 barrels per day capacity in 1996. The Seminole Fractionator was constructed in 1982 with an average production capacity of 60,000 barrels per day and was expanded to 95,000 barrels per day capacity in 1985. The individual towers within the fractionation trains are de-ethanizers, depropanizers, debutanizers and deisobutanizers ("DIBs"). The two fractionation trains currently include three de-ethanizers, three depropanizers, three debutanizers and one DIB.

The Company owns an effective 37.0% economic interest in the NGL fractionation facilities at its Mont Belvieu complex. The remaining interests are owned by Kinder Morgan (25.0%), Burlington Resources (12.5%), Texaco (12.5%), Union Pacific Resources (12.5%) and EPCO (0.5%). The Company operates the facilities pursuant to an operating agreement that extends for their useful operating life. The Company also owns and operates a NGL fractionation facility at Petal, Mississippi. The Petal facility has two depropanizers and two DIBs with an average production capacity of approximately 7,000 barrels per day. The Petal facility is connected to the Company's Chunchula pipeline system and serves NGL producers in Mississippi, Alabama and Florida.

The Company is participating in a joint venture with Amoco, Exxon and Williams to own a 60,000 barrel per day NGL fractionation facility near Baton Rouge, Louisiana. Construction of the facility is underway, with start-up scheduled during the second quarter of 1999. The Company will operate the facility and holds a 27.5% ownership interest at December 31, 1998. It is expected that Amoco, Exxon, and Williams will provide an adequate supply of NGLs produced in Alabama, Mississippi and southern Louisiana including offshore areas to ensure the plant will operate at full capacity.

The Company's NGL Fractionation Customers and Contracts

The Company primarily processes NGLs for a toll processing fee. Fractionation contracts typically include a base processing fee per gallon subject to adjustment for changes in natural gas, electricity and labor costs, which are the principal variable costs in NGL fractionation. NGL producers generally retain title to, and the pricing risks associated with, the NGL products.

The Company has long-term fractionation agreements with Burlington Resources, Texaco and Union Pacific Resources, each of which is a significant producer of NGLs and a co-owner of the Mont Belvieu NGL fractionation facility. Burlington Resources and Texaco have agreed to deliver either a minimum of 39,000 barrels per day of mixed NGLs or all of their mixed NGLs brought within 50 miles of Mont Belvieu. Union Pacific Resources has agreed to deliver 26,000 barrels per day of mixed NGLs as well as additional barrels that exceed its commitments to other facilities. The Company generally enters into contracts that cover most of the remaining capacity at the facilities for one to three-year terms with customers such as Lyondell, Aquila Energy, Enron, Exxon, Williams and Marathon/Ashland. The Company also purchases a small quantity of mixed NGLs from oil and natural gas producers who prefer to sell at the gas processing plant or the fractionation facility. The Company resells the separated components of these NGLs in the spot market or uses them as feedstock for its other operations.

The following table demonstrates the volumes of NGLs at the Mont Belvieu facility accounted for by the joint owners in 1998:

Principal 1998 NGL Fractionation Customers

Customer Name	Average Daily Volumes	Total 1998 Volumes	Percent of Total 1998 Volumes
	(thousands of barrels)	(millions of barrels)	
Joint Owners			
Burlington Resources	45.4	16.6	24%
Union Pacific Resources	60.4	22.0	32%
Texaco	37.1	13.6	19%
Enterprise	5.6	2.0	3%
Joint Owners Total	148.5	54.2	78%
All Others (12 Processing Customers)	42.7	15.6	22%
Total Processing	191.2	69.8	100%

In each of the last five years, the Mont Belvieu fractionation facilities have operated at more than 90% capacity. The following table shows the volumes of mixed NGLs fractionated and the utilization at these facilities over this period:

Mont Belvieu NGL Fractionation Volumes and Utilization

	1994	1995	1996	1997	1998
Average daily production volume (thousands of barrels)	158	158	166	189	191
Average capacity utilization (a)	95%	95%	97%	92%	92%
Tolling volume as a percentage of total volume	94%	86%	90%	96%	96%

(a) The Company completed an expansion of the facilities in November 1996, which increased capacity from 165,000 barrels per day to 210,000 barrels per day. This increased production capacity was not fully utilized until mid-1997. Capacity utilization is based on days the facilities are in operation and may vary from the stated capacity of the facilities.

Isomerization

General

Isomerization is the process of converting normal butane into mixed butane, which is subsequently fractionated into isobutane and normal butane. The demand for commercial isomerization services depends on requirements for isobutane in excess of naturally occurring isobutane that is produced from fractionation and refinery operations. The profitability of isomerization operations is largely dependent upon the differential in the prices of normal butane and isobutane. The spread between the prevailing prices of normal butane and isobutane must be sufficient to support the conversion of normal butane into isobutane by the isomerization process.

It is generally uneconomical to convert normal butane into isobutane when the price spread is too narrow. To satisfy its customers' requirements at these times, the Company has either purchased isobutane in the market or separated isobutane from mixed butane held in inventory.

Isobutane is principally supplied by NGL fractionation and commercial isomerization units, such as those operated by the Company. The principal sources of demand for isobutane are refineries for alkylation, petrochemical companies for the production of propylene oxide and MTBE producers.

The Company's Isomerization Facilities

The Company's Mont Belvieu facility includes three butane isomerization units and eight DIBs which comprise the largest butane isomerization complex in the United States. The Company's facilities have an average combined production capacity of 116,000 barrels of isobutane per day and account for more than 70% of the commercial isobutane production capacity in the United States. The Company built its first two isomerization units ("Isom I and II") in 1981, each with a capacity of 13,500 barrels per day. In 1991 and 1992, the capacity of each of these units was increased to 36,000 barrels per day. The third isomerization unit ("Isom III") was completed in 1992 with a capacity of 44,000 barrels per day. The Company has the operating flexibility to switch the process streams from its isomerization units among different DIB units in order to maximize overall plant efficiency. The Company is also able to process fluoridic, lower cost butanes from oil refineries, which it would otherwise be unable to process, by first passing those butanes through an associated defluorinator.

The Company's Isomerization Customers and Contracts

The Company uses its isomerization facilities to convert normal butane to isobutane for its tolling customers and to meet isobutane sales contracts. The Company's most significant processing customers typically operate under long-term contracts. Lyondell accounted for approximately 38.9% of the Company's isomerization volumes in 1998. The Company's current contract with Lyondell has a ten-year term which expires in December 2009. Lyondell supplies the normal butane feedstock and pays the Company a processing fee based on the gallons of isobutane produced. Lyondell uses the isobutane processed by the Company to produce propylene oxide and MTBE.

The Company also has significant isomerization processing contracts with Huntsman, Sun and Mitchell pursuant to which the customers supply the Company with normal butane feedstock and pay the Company a processing fee based on the gallons of isobutane produced. Sun and Mitchell use the isobutane processed for them by the Company to meet their feedstock obligations as partners in the BEF MTBE production facility. The Company can also meet its own obligation to provide isobutane feedstock to the BEF MTBE facility with production from its isomerization unit.

As the following table indicates, processing contracts, together with volumes processed by the Company to meet its obligations to BEF, accounted for almost 90% of utilization in 1998:

Principal 1998 Isomerization Processing Customers

Customer Name	Average Daily Volumes (thousands of barrels)	Total 1998 Volumes (millions of barrels)	Percent of Total 1998 Volumes
BEF			
Enterprise	4.9	1.8	7.4%
Mitchell	5.0	1.8	7.5%
Sun	5.0	1.8	7.5%
BEF Subtotal	14.9	5.4	22.4%
Lyondell	25.9	9.5	38.9%
Huntsman	16.5	6.0	24.8%
Total	57.3	20.9	86.1%

In addition to its processing contracts, the Company has also entered into contracts to sell isobutane to Global Octanes, Texas Petrochemicals, Equistar, Citgo, Crown Central and Texaco. The Company has long-standing business relationships with Global Octanes and Texas Petrochemicals. Both of these contracts were renegotiated in 1998 and provide for the delivery of isobutane on the Company's pipeline for a fee. The term of the Global contract extends to April 2002, and the Texas Petrochemicals contract extends to August 2003. Prices under these contracts generally are based on the spot market price for isobutane at Mont Belvieu. The Company can meet its sales obligations either by (i) purchasing normal butane in the spot market and isomerizing it, (ii) purchasing mixed butane on the spot market, including imports, and processing it through a DIB or (iii) purchasing isobutane in the spot market. When the price differential between normal butane and isobutane is not substantial enough to justify isomerization, the Company purchases isobutane and delivers it to its sales customers who pay market-based prices. Accordingly, the percentage of isomerization volumes represented by processing customers increases when the spread between normal butane and isobutane prices is narrow.

The following table describes the volumes of isobutane produced and the utilization at the Company's Mont Belvieu facility during the past five years:

Isomerization Volumes and Utilization

	1994	1995	1996	1997	1998
Average daily toll processing volume (a)	45	57	59	62	57
Average daily production volume (a)	66	67	71	67	67
Tolling volume as a percentage of total production	68%	86%	84%	92%	86%
Average capacity utilization	57%	58%	61%	57%	57%
Average daily merchant volume (a)(b)	42	44	52	53	41

(a) Thousands of barrels per day
(b) Average daily merchant volume includes merchant processing volume and sales of isobutane purchased in the spot market

Mixed Butane Fractionation

The Company also uses its DIB units to fractionate mixed butane produced from the Company's NGL fractionation and isomerization facilities and from imports and other outside sources into isobutane and normal butane. The operating flexibility provided by its multiple DIBs enables the Company to take advantage of fluctuations in demand and prices for the different types of butane. The Company also has DIB capacity available for toll processing of mixed butane streams for third parties.

Imports are the Company's most significant outside source of mixed butane. The Company leases and operates a NGL import/export facility on the Houston ship channel, one of only two commercial facilities on the Gulf Coast capable of receiving and unloading world-scale NGL tankers. This facility, which is connected to the Mont Belvieu facility via a pipeline which is part of the Company's Houston ship channel system, enables the Company to import large quantities of mixed butane for processing in its DIBs. During 1998, imports, primarily from Algeria, Mexico and Venezuela, accounted for 92% of the Company's supply of mixed butane from outside sources. The Company believes, because of new projects in Africa and South America and the lack of storage capacity in the Middle East, NGL import volumes will remain consistent over the near term.

MTBE Production

General

MTBE is produced by reacting methanol with isobutylene, which is derived from isobutane. MTBE was originally used as an octane enhancer in motor gasoline, partly in response to the lead phase-down program begun in the mid-1970s. Following implementation of the Clean Air Act Amendments of 1990, MTBE became a widely-used oxygenate to enhance the clean burning properties of motor gasoline. Although oxygen requirements can be obtained by using various oxygenates such as ethanol, ethyl tertiary butyl ether (ETBE) and tertiary amyl methyl ether (TAME), MTBE has gained the broadest acceptance due to its ready availability and history of acceptance by refiners. Additionally, motor gasoline containing MTBE can be transported through pipelines, which is a significant competitive advantage over alcohol blends.

Substantially all of the MTBE produced in the United States is used in the production of oxygenated motor gasoline that is required to be used in carbon monoxide and ozone non-attainment areas pursuant to the Clean Air Act Amendments of 1990 and the California oxygenated motor gasoline program. Demand for MTBE is primarily affected by the demand for motor gasoline in these areas. Motor gasoline usage in turn is affected by many factors, including the price of motor gasoline (which is dependent upon crude oil prices) and general economic conditions. Historically, the spot price for MTBE has been at a modest premium to gasoline blend values. Future MTBE demand is highly dependent on environmental regulation, federal legislation and the actions of individual states.

The Company's MTBE Production Facilities

The Company owns a 33-1/3% interest in BEF, the joint venture that owns the MTBE production facility located within the Company's Mont Belvieu complex. Both Sun and Mitchell own 33-1/3% interests in BEF. The BEF facility was completed in 1994 and has an average MTBE production capacity of 14,800 barrels per day. The Company operates the facility under a long-term contract.

The Company's MTBE Customers and Contracts

Each of the owners of BEF is responsible for supplying one-third of the facility's isobutane feedstock through June 2004. Sun and Mitchell have each contracted to supply their respective portions of the feedstock from the Company's isomerization facilities. The methanol feedstock is purchased from third parties under long-term contracts and transported to Mont Belvieu by a dedicated pipeline which is part of the Company's Houston ship channel system. Sun has entered into a contract with BEF under which Sun is required to take all of BEF's production of MTBE through May 2005. Under the terms of its agreement with BEF, through May 2000, Sun is required to pay the higher of a floor price (approximately $0.78 per gallon at December 31, 1998) or a market-based price for the first 193,450,000 gallons per contract year of production (equivalent to approximately 12,600 barrels per day) from the BEF facility, subject to quarterly adjustments on certain excess volumes. Sun is required to pay a market-based price for volumes produced in

excess of 193,450,000 gallons per contract year. Since the contract year begins on June 1, if the facility produces at full capacity during the year, it reaches 193,450,000 gallons of production near the end of March, and sales thereafter through the end of May are at market-based prices. Generally, the price charged by BEF to Sun for MTBE has been above the spot market price for MTBE. The average Gulf Coast MTBE spot price was $.46 per gallon for December 1998 and $.64 per gallon for all of 1998. Beginning in June 2000, pricing on all volumes will convert to market-based rates.

The following table shows the production volumes and utilization at BEF's MTBE facility over the past five years:

MTBE Volumes and Utilization

	1994	1995	1996	1997	1998
Average daily production volume (thousands of barrels)	7.8	9.6	13.2	14.4	14.0
Average capacity utilization	70%	65%	89%	97%	95%

Propylene Fractionation

General

Polymer grade, or high purity, propylene is one of three grades of propylene sold in the United States and is used in the petrochemical industry for the production of plastics. High purity propylene is typically over 99.5% pure propylene and is derived by purifying either of the lower grade propylene feedstocks, refinery grade or chemical grade. Chemical grade propylene is 92-93% pure propylene and is produced as a by-product of olefin (ethylene) plants. The supply of chemical grade propylene is insufficient to meet the demand for high purity propylene; therefore, remaining demand is satisfied by the purification of refinery grade propylene. Refinery grade propylene, or propane/propylene mix, is 50-70% pure propylene, with the primary impurity being propane. Propane/propylene mix is produced in crude oil refinery fluid catalytic cracking plants and is fractionated to separate propane and other impurities from the high purity propylene. The fractionation process occurs either at the crude oil refinery or at a commercial propylene fractionation facility like those operated by the Company.

Since 1995, domestic high purity propylene production has remained fairly constant, aggregating approximately 112,000 barrels per day in 1998. Polypropylene production accounts for approximately one-half of the demand for high purity propylene. Polypropylene has a variety of end uses, including fiber for carpets and upholstery, packaging film and molded plastic parts for appliance, automotive, houseware and medical products. Another use for propylene is to produce alkylate for blending into gasoline.

The Company's Propylene Facilities

In 1979, the Company, together with Montell (a Shell subsidiary), constructed its first propylene fractionation unit. The unit, which is also called a "splitter," had an initial average production capacity of 5,500 barrels per day. The facility has been expanded over the years to a current average propylene production capacity of 16,500 barrels per day. The Company owns a 54.6% interest in the splitter, and Montell owns the remaining 45.4% interest. The Company leases Montell's interest. In response to strong demand, the Company constructed a second propylene fractionation unit in March 1997. The new unit has an average production capacity of 13,500 barrels per day. The Company is the sole owner of the second splitter; however, Mobil has an option to purchase a 25.0% interest in the splitter for approximately $13.75 million for a one-year period ending September 30, 1999. Together, the splitters have an average production capacity of 30,000 barrels per day of high purity propylene.

The Company is able to unload barges carrying propane/propylene mix through its import/export facility on the Houston ship channel. The Company is also able to receive supplies of propane/propylene mix from its truck and rail loading facility and from refineries and other propane/propylene mix producers through its pipeline located along the Houston ship channel.

The Company's Propylene Customers and Contracts

The Company produces high purity propylene both as a toll processor and for sale pursuant to long-term agreements with market-based pricing and on the spot market. The Company's most significant toll processing contracts are with Equistar and Huntsman. Pursuant to those contracts, the Company is guaranteed certain minimum volumes and paid a processing fee based on the pounds of high purity propylene processed. The Company also has a toll processing contract with Montell. The Company has several long-term high purity propylene sales agreements, the most significant of which is with Montell. Pursuant to the Montell agreement, the Company agrees to sell Montell 700 million pounds, equal to approximately 11,000 barrels per day, of high purity propylene each year at market-based prices. The Company has supplied Montell with propylene since the first splitter facility was constructed in 1979. The contract is currently scheduled to expire on December 31, 2004. Montell has the option to renew the contract for another 12 years. To meet its sales obligations, the Company has entered into several long-term agreements to purchase propane/propylene mix. The Company's most significant feedstock contracts are with Mobil and Shell.

Principal 1998 Propylene Fractionation Customers

Customer Name	Average Daily Volumes (thousands of barrels)	Total 1998 Volumes (millions of barrels)	Percent of Total 1998 Volumes
Processing Customers:			
Montell	1.1	0.4	4.3%
Equistar	6.2	2.3	24.4%
Huntsman	3.7	1.4	14.9%
Chevron	1.1	0.4	4.3%
Total Processing	12.1	4.5	47.9%
Sales Customers:			
Montell	10.9	4.0	42.5%
Huntsman	1.2	0.4	4.3%
Other	1.4	0.5	5.3%
Total Sales	13.5	4.9	52.1%
Total	25.6	9.4	100.0%

The following table shows the volumes of propylene produced and utilization at the Company's facilities over the past five years:

Propylene Fractionation Volumes and Utilization

	1994	1995	1996	1997	1998
Average daily production volume (thousands of barrels)	14	16	16	26	26
Average capacity utilization (a)	84%	100%	100%	93%	85%
Tolling volumes as a percentage of total volume	35%	35%	33%	47%	47%

(a) The Company began operating its second splitter in March 1997 resulting in an increase in capacity to 30,000 barrels per day. During the last six months in 1997, average daily production volume was 29,000 barrels per day.

Other Businesses

Storage

NGLs, NGL products, propane/propylene mix and other light hydrocarbons must be pressurized or refrigerated for storage or transportation in a liquid state. Above-ground storage of these materials in refrigerated or pressurized containers is uneconomical in the quantities required for efficient processing and industrial consumption. For this reason, such materials are typically stored in underground caverns, or wells, within salt domes or salt beds. These salt formations provide a medium which is impervious to the stored products and can contain large quantities of hydrocarbons in a safer manner and at a significantly lower per-unit cost than any above-ground alternative. Brine is used to displace the stored products and to maintain pressure in the well as product volumes fluctuate. The Company owns nine storage wells at Mont Belvieu with an aggregate capacity of approximately 20 million barrels. The Company also owns NGL storage caverns in Breaux Bridge, Louisiana and Petal, Mississippi with additional capacity of 15 million barrels.

Several of the wells at Mont Belvieu are used to store mixed NGLs and propane/propylene mix that have been delivered for processing. Such storage allows the Company to mix various batches of feedstock and maintain a sufficient supply and stable composition of feedstock to the processing facilities. The Company stores certain fractionated products for its customers when they are unable to take immediate delivery. These products include propane, isobutane, normal butane, mixed butane and high purity propylene. The Company's storage and product handling facilities and pipeline systems also enable it to unload feedstocks and load processed products on marine tankers at maximum rates. Some of the Company's processing contracts allow for a short period of free storage (typically 30 days or less) and impose fees based on volumes stored for longer periods.

Pipelines

The Company owns and operates a network of approximately 500 miles of NGL, NGL product and propylene pipelines in the Gulf Coast area.

The following table identifies the Company's primary pipeline assets as of December 31, 1998:

Pipeline System	Location	Miles	Function	Company Ownership Percentage
Houston Ship Channel	Mont Belvieu to Port of Houston	175	Delivers NGLs to Mont Belvieu and NGL products to refineries and petrochemical companies	100%
Sorrento	Near Baton Rouge to near New Orleans	140	Delivers NGL products to refineries and petrochemical companies and Dixie Pipeline	100%
Chunchula	Alabama/Florida border to Petal, Mississippi	117	Delivers NGLs to Petal Fractionator	100%
Lake Charles/Bayport Propylene Pipeline	Mont Belvieu to Lake Charles, Louisiana and Bayport, Texas	134	Delivers high purity propylene from Mont Belvieu to Montell's Lake Charles and Bayport propylene plants and to Aristech's La Porte facility and receives refinery grade propylene from Mobil at Beaumont	50%

The Houston ship channel distribution system and the Sorrento system are bi-directional for maximum operating flexibility, market responsiveness and transportation efficiency. These systems transport feedstocks to the Company's facilities for processing and deliver products to petrochemical plants and refineries. The Houston ship channel distribution system has an aggregate

length of approximately 175 miles and extends west from Mont Belvieu, along the Houston ship channel to Pierce Junction south of Houston. The Houston ship channel system includes (i) a combination 6-inch and 8-inch propane/propylene mix pipeline; (ii) a combination 8-inch and 10-inch isobutane pipeline; (iii) an 8-inch methanol pipeline; and (iv) a combination 12-inch and 16-inch NGL import/export pipeline. The Houston ship channel distribution system serves the refinery and petrochemical industry concentrated along the Houston ship channel and connects the Mont Belvieu facilities to a number of the Company's major customers and suppliers.

The Sorrento system comprises two pipeline subsystems aggregating 140 miles in length that originate from Sorrento, Louisiana and serve the major refineries and petrochemical companies on the Mississippi River from near Baton Rouge, Louisiana to near New Orleans, Louisiana. One subsystem is used for transporting propane, and one is used for transporting butane and natural gasoline. Propane received in the Sorrento system is delivered to petrochemical plants or into the Dixie Pipeline. Butane from Mont Belvieu is received from the Dixie Pipeline at the Company's Breaux Bridge storage facility, and transported through the Sorrento system to refineries.

In January 1999, the Company announced the formation of a new joint venture, Entell NGL Services, LLC ("Entell"), for the development of a NGL transportation and distribution system. Entell anticipates that the system will be capable of distributing products from key NGL sources in southern Louisiana directly to major NGL markets, including the lower Mississippi River corridor, Dixie pipeline, Lake Charles, Louisiana and Mont Belvieu, Texas. Entell is equally owned by the Company and Tejas (a Shell subsidiary). Entell leases from the Company a portion of the Sorrento pipeline system connecting several market centers in Louisiana, including Breaux Bridge, Tebone, Riverside, Sorrento and Garyville. These assets have the capacity to move a total of 80,000 barrels per day.

The Chunchula system originates at the Alabama-Florida border and extends west to the Company's NGL storage and fractionation facility in Petal, Mississippi. The Company owns and operates this 117-mile, 6-inch line consisting of the Chunchula Pipeline and the Jay Extension that gathers NGLs from the Chunchula, Jay and Hatters Pond Fields in Florida and Alabama for delivery to the Company's facility in Petal, Mississippi for processing or storage and further distribution.

The Company operates a 134-mile propylene pipeline system which is used to distribute high purity propylene from Mont Belvieu to Montell's polypropylene plants in Lake Charles, Louisiana and Bayport, Texas and Aristech's facility in LaPorte, Texas. A segment of the pipeline is jointly owned by the Company and Montell, and another segment of the pipeline is jointly leased from Mobil.

The Company is participating in pipeline joint ventures which will support its Baton Rouge NGL fractionator joint venture. The Tri-States Pipeline, a joint venture with Amoco, Duke Energy, Koch, Williams and Tejas (a Shell subsidiary), will extend approximately 169 miles from Mobile Bay, Alabama to near Kenner, Louisiana. The Wilprise Pipeline, a joint venture with Williams and Amoco, will extend approximately 30 miles from Kenner to Sorrento, Louisiana.

Houston Ship Channel Import/Export Facility; Rail Cars and Facilities

The Company leases and operates a NGL import/export facility at the Oiltanking Houston marine terminal on the Houston ship channel. The import/export facility is connected to Mont Belvieu via the Company's 16-inch bi-directional import/export pipeline. This pipeline enables NGL tankers to be offloaded at their maximum (10,000 barrels per hour) unloading rate, thus minimizing laytime and increasing the number of vessels that can be offloaded. An 8-inch methanol pipeline which is part of the Houston ship channel distribution system also extends from the facility to Mont Belvieu and enables methanol to be delivered by ship and then transferred to the MTBE facility. EPIK, a joint venture with Idemitsu, is constructing the NGL Product Chiller

for cooling NGL products for loading refrigerated marine tankers at the import/export facility. The NGL Product Chiller will speed the loading of tankers and increase export capability.

The Company utilizes a fleet of approximately 350 rail cars under short and long-term leases used to deliver feedstocks to Mont Belvieu and transport NGL products throughout the United States. The Company also has rail loading/unloading facilities at Mont Belvieu, Texas, Breaux Bridge, Louisiana, and Petal, Mississippi to serve its own and customers' rail shipments.

Competition

The consumption of NGL products in the United States can be separated among four distinct markets. Petrochemical production provides the largest end-use market, followed by motor gasoline production, residential and commercial heating and agricultural uses. There are other hydrocarbon alternatives, primarily refined petroleum products, which can be substituted for NGL products in most end uses. In some uses, such as residential and commercial heating, a substitution of other hydrocarbon products for NGL products would require a significant expense or delay, but for other uses, such as the production of motor gasoline, ethylene, industrial fuels and petrochemical feedstocks, such a substitution can be readily made without significant delay or expense.

Because certain NGL products compete with other refined petroleum products in the fuel and petrochemical feedstock markets, NGL product prices are set by or in competition with refined petroleum products. Increased production and importation of NGLs and NGL products in the United States may decrease NGL product prices in relation to refined petroleum alternatives and thereby increase consumption of NGL products as NGL products are substituted for other more expensive refined petroleum products. Conversely, a decrease in the production and importation of NGLs and NGL products could increase NGL product prices in relation to refined petroleum product prices and thereby decrease consumption of NGLs. However, because of the relationship of crude oil and natural gas production to NGL production, the Company believes any imbalance in the prices of NGLs and NGL products and alternative products would be temporary.

Although competition for NGL product fractionation services is based primarily on the fractionation fee, the ability of a fractionator to obtain and distribute product is a function of the existence of the necessary pipelines and transportation facilities. A fractionator connected to an extensive transportation and distribution system has direct access to a larger market than its competitors. Overall, the Company believes it provides a broader range of services than any of its competitors at Mont Belvieu. In addition, the Company believes its joint venture relationships enable it to contract for the long-term utilization of a significant amount of its fractionation facilities with major producers and consumers of NGLs or NGL products.

The Company's Mont Belvieu fractionation facility competes for volumes of mixed NGLs with three other fractionators at Mont Belvieu: a joint venture between Dynegy and Amoco (205,000 barrels per day capacity); Gulf Coast Fractionators, a joint venture of Conoco, Mitchell and Dynegy (110,000 barrels per day capacity); and a joint venture between Koch and Union Pacific Resources (110,000 barrels per day capacity). The Koch/Union Pacific Resources fractionator is scheduled for expansion to a capacity of 200,000 barrels per day in 1999. Mobil operates a fractionation facility (60,000 barrels per day capacity) in Hull, Texas that is connected to Mont Belvieu by pipeline and Phillips Petroleum operates a fractionation facility (70,000 barrels per day capacity) in Sweeny, Texas that is connected to Mont Belvieu by pipeline. Mobil and Phillips use their facilities primarily to process their own NGL production but at certain times these facilities compete with the fractionators at Mont Belvieu. The Company's fractionation facilities also compete on a more limited basis with two fractionators in Conway, Kansas: Williams (107,000 barrels per day capacity) and Koch (200,000 barrels per day capacity) and with a number of decentralized, smaller fractionation facilities in Louisiana, the most significant of which are Promix at Napoleonville (55,000 barrels per day capacity), Texaco/Williams at Paradis (45,000 barrels per day capacity) and TransCanada at Eunice and Riverside (45,000 barrels per day combined

capacity). In recent years, the Conway market has experienced excess capacity and prices for NGL products that are generally lower than prices at Mont Belvieu, although prices in Conway tend to strengthen along with demand for propane in winter months. Finally, a number of producers operate smaller-scale fractionators at individual field processing facilities.

In the isomerization market, the Company competes primarily with Koch at Conway, Kansas; Enron at Riverside, Louisiana; and Conoco at Wingate, New Mexico. Enron and Valero also produce isobutane, primarily for internal production of MTBE. Competitive factors affecting isomerization operations include the price differential between normal butane and isobutane as well as the fees charged for isomerization services, long-term contracts, the availability of merchant capacity, the ability to produce a higher purity isobutane product and storage and transportation support.

BEF competes with a number of MTBE producers, including a number of refiners who produce MTBE for internal consumption in the manufacture of reformulated motor gasoline. Competitive factors affecting MTBE production include production costs, long-term contracts, the availability of merchant capacity and federal and state environmental regulations relating to the content of motor gasoline.

The Company competes with numerous producers of high purity propylene, which include many of the major refiners on the Gulf Coast. The Company and Ultramar Diamond Shamrock are the primary domestic commercial producers of high purity propylene from refinery-sourced propane/propylene mix. High purity propylene is also produced as a by-product from steam crackers used in ethylene production.

Certain of the Company's competitors are major oil and natural gas companies and other large integrated pipeline or energy companies that have greater financial resources than the Company. The Company believes its independence from the major producers of NGLs and petrochemical companies is often an advantage in its dealings with its customers, but the Company's continued success will depend upon its ability to maintain strong relationships with the primary producers of NGLs and consumers of NGL products, particularly in the form of long-term contracts and joint venture relationships.

Major Customers of the Company

Although the Company's revenues are derived from a wide customer base, revenues from Montell, the largest single customer, accounted for approximately 13.8% of consolidated revenues in fiscal 1998. Montell owns a 45.4% undivided interest in one of the propylene fractionation units and the related pipeline system, and it leases such undivided interest in these facilities to the Company. For a more complete discussion of major customers in the last three fiscal years, see Note 7 of the Notes to the Consolidated Financial Statements.

Significant Agreement with EPCO

The Company has no employees. All management, administrative and operating functions are performed by employees of EPCO. Operating costs and expenses include charges for EPCO's employees who operate the Company's various facilities. Such charges are based upon EPCO's actual salary costs and related fringe benefits.

In connection with the Company's initial public offering ("IPO") on July 27, 1998, EPCO, the General Partner and the Company entered into the EPCO Agreement pursuant to which (i) EPCO agreed to manage the business and affairs of the Company and the Operating Partnership; (ii) EPCO agreed to employ the operating personnel involved in the Company's business for which EPCO is reimbursed by the Company at cost; (iii) the Company and the Operating Partnership agreed to participate as named insureds in EPCO's current insurance program, and costs are allocated among the parties on the basis of formulas set forth in the agreement; (iv) EPCO agreed

to grant an irrevocable, non-exclusive worldwide license to all of the trademarks and trade names used in its business to the Company; (v) EPCO agreed to indemnify the Company against any losses resulting from certain lawsuits; and (vi) EPCO agreed to sublease all of the equipment which it holds pursuant to operating leases relating to an isomerization unit, a deisobutanizer tower, two cogeneration units and approximately 100 rail cars to the Company for $1 per year and assigned its purchase options under such leases to the Company (hereafter referred to as "Retained Leases"). Pursuant to the EPCO Agreement, EPCO is reimbursed at cost for all expenses that it incurs in connection with managing the business and affairs of the Company, except that EPCO is not entitled to be reimbursed for any selling, general and administrative expenses. In lieu of reimbursement for such selling, general and administrative expenses, EPCO is entitled to receive an annual administrative services fee that initially equals $12.0 million. The General Partner, with the approval and consent of the Audit and Conflicts Committee of the Company, has the right to agree to increases in such administrative services fee of up to 10% each year during the 10-year term of the EPCO Agreement and may agree to further increases in such fee in connection with expansions of the Company's operations through the construction of new facilities or the completion of acquisitions that require additional management personnel.

Employees

At December 31, 1998, EPCO employed approximately 500 employees involved in the management and operation of assets owned and operated by the Company; none of whom were members of a union.

Regulation

Interstate Common Carrier Pipeline Regulation

The Company's Chunchula and Lake Charles/Bayport pipelines are interstate common carrier oil pipelines subject to regulation by Federal Energy Regulatory Commission ("FERC") under the October 1, 1977 version of the Interstate Commerce Act ("ICA").

Standards for Terms of Service and Rates. As interstate common carriers, the Chunchula and Lake Charles/Bayport pipelines provide service to any shipper who requests transportation services, provided that the products tendered for transportation satisfy the conditions and specifications contained in the applicable tariff. The ICA requires the Company to maintain tariffs on file with the FERC that set forth the rates the Company charges for providing transportation services on the interstate common carrier pipelines as well as the rules and regulations governing these services.

The ICA gives the FERC authority to regulate the rates the Company charges for service on the interstate common carrier pipelines. The ICA requires, among other things, that such rates be "just and reasonable" and nondiscriminatory. The ICA permits interested persons to challenge proposed new or changed rates and authorizes the FERC to suspend the effectiveness of such rates for a period of up to seven months and to investigate such rates. If, upon completion of an investigation, the FERC finds that the new or changed rate is unlawful, it is authorized to require the carrier to refund the revenues in excess of the prior tariff collected during the pendency of the investigation. The FERC may also investigate, upon complaint or on its own motion, rates that are already in effect and may order a carrier to change its rates prospectively. Upon an appropriate showing, a shipper may obtain reparations for damages sustained for a period of up to two years prior to the filing of a complaint.

On October 24, 1992, Congress passed the Energy Policy Act of 1992 ("Energy Policy Act"). The Energy Policy Act deemed petroleum pipeline rates that were in effect for the 365-day period ending on the date of enactment or that were in effect on the 365th day preceding enactment and had not been subject to complaint, protest or investigation during the 365-day period to be just and reasonable under the ICA (i.e., "grandfathered"). The Energy Policy Act also limited the

circumstances under which a complaint can be made against such grandfathered rates. In order to challenge grandfathered rates, a party would have to show that it was previously contractually barred from challenging the rates or that the economic circumstances or the nature of the service underlying the rate had substantially changed or that the rate was unduly discriminatory or preferential. These grandfathering provisions and the circumstances under which they may be challenged have received only limited attention from the FERC, causing a degree of uncertainty as to their application and scope.

The Energy Policy Act required the FERC to issue rules establishing a simplified and generally applicable ratemaking methodology for petroleum pipelines, and to streamline procedures in petroleum pipeline proceedings. The FERC responded to this mandate by issuing Order No. 561, which, among other things, adopted a new indexing rate methodology for petroleum pipelines. Under the new regulations, which became effective January 1, 1995, petroleum pipelines are able to change their rates within prescribed ceiling levels that are tied to an inflation index. Rate increases made within the ceiling levels will be subject to protest, but such protests must show that the portion of the rate increase resulting from application of the index is substantially in excess of the pipeline's increase in costs. If the indexing methodology results in a reduced ceiling level that is lower than a pipeline's filed rate, Order No. 561 requires the pipeline to reduce its rate to comply with the lower ceiling. Under Order No. 561, a pipeline must as a general rule utilize the indexing methodology to change its rates. The FERC, however, retained cost-of-service ratemaking, market-based rates, and settlement as alternatives to the indexing approach, which alternatives may be used in certain specified circumstances.

The Company believes the rates it charges for transportation service on its interstate pipelines have been grandfathered under the Energy Policy Act and are thus considered just and reasonable under the ICA. As discussed above, however, because of the uncertainty related to the application of the Energy Policy Act's grandfathering provisions to the Company's rates as well as the novelty and uncertainty related to the FERC's new indexing methodology, the Company is unable to predict what rates it will be allowed to charge in the future for service on its interstate common carrier pipelines. Furthermore, because rates charged for transportation must be competitive with those charged by other transporters, the rates set forth in the Company's tariffs will be determined based on competitive factors in addition to regulatory considerations.

Allowance for Income Taxes in Cost of Service. In a 1995 decision regarding Lakehead Pipe Line Company ("Lakehead"), FERC ruled that an interstate pipeline owned by a limited partnership could not include in its cost of service an allowance for income taxes with respect to income attributable to limited partnership interests held by individuals. On request in 1996, FERC clarified that, in order to avoid any effect of a "curative allocation" of income from individual partners to the corporate partner, an allowance for income taxes paid by corporate partners must be based on income as reflected on the pipeline's books for earning and distribution rather than as reported for income tax purposes. Subsequent appeals of these rulings were resolved by a 1997 settlement among the parties and were never adjudicated. The effect of this policy on the Company is uncertain. The Company's rates are set using the indexing method and have been grandfathered. It is possible that a party might challenge the Company's grandfathered rates on the basis that the creation of the Company constituted a substantial change in circumstances, potentially lifting the grandfathering protection. Alternatively, a party might contend that, in light of the Lakehead ruling and creation of the Company, the Company's rates are not just and reasonable. While it is not possible to predict the likelihood that such challenges would succeed at FERC, if such challenges were to be raised and succeed, application of the Lakehead ruling would reduce the Company's permissible income tax allowance in any cost of service, and rates, to the extent income is attributable to partnership interests held by individual partners rather than corporations.

Intrastate Common Carrier Regulation

The Company's Houston ship channel pipeline is an intrastate private carrier not subject to rate regulation. The Sorrento pipeline is an intrastate common carrier pipeline that transports

NGL products and is subject to various Louisiana state laws and regulations that affect the terms of service and rates for such services.

Other State and Local Regulation

The Company's activities are subject to various state and local laws and regulations, as well as orders of regulatory bodies pursuant thereto, governing a wide variety of matters, including marketing, production, pricing, community right-to-know, protection of the environment, safety and other matters.

Cogeneration

The Company cogenerates electricity for internal consumption and heat for a process-related hot oil system at Mont Belvieu. If this electricity were sold to third parties, the Company's Mont Belvieu cogeneration facilities could be certified as qualifying facilities under the Public Utility Regulatory Policy Act of 1978 ("PURPA"). Subject to compliance with certain conditions under PURPA, this certification would exempt the Company from most of the regulations applicable to electric utilities under the Federal Power Act and the Public Utility Holding Company Act, as well as from most state laws and regulations concerning the rates, finances, or organization of electric utilities. However, since such electric power is consumed entirely by the Company's plant facilities, the Company's cogeneration activities are not subject to public utility regulation under federal or Texas law.

Environmental Matters

General. The operations of the Company are subject to federal, state and local laws and regulations relating to release of pollutants into the environment or otherwise relating to protection of the environment. The Company believes its operations and facilities are in general compliance with applicable environmental regulations.

However, risks of process upsets, accidental releases or spills are associated with the Company's operations and there can be no assurance that significant costs and liabilities will not be incurred, including those relating to claims for damage to property and persons.

The clear trend in environmental regulation is to place more restrictions and limitations on activities that may affect the environment, such as emissions of pollutants, generation and disposal of wastes and use and handling of chemical substances. The usual remedy for failure to comply with these laws and regulations is the assessment of administrative, civil and, in some instances, criminal penalties or, in rare circumstances, injunctions. The Company believes the cost of compliance with environmental laws and regulations will not have a material adverse effect on the results of operations or financial position of the Company. However, it is possible that the costs of compliance with environmental laws and regulations will continue to increase, and thus there can be no assurance as to the amount or timing of future expenditures for environmental compliance or remediation, and actual future expenditures may be different from the amounts currently anticipated. In the event of future increases in costs, the Company may be unable to pass on those increases to its customers. The Company will attempt to anticipate future regulatory requirements that might be imposed and plan accordingly in order to remain in compliance with changing environmental laws and regulations and to minimize the costs of such compliance.

Solid Waste. The Company currently owns or leases, and has in the past owned or leased, properties that have been used over the years for NGL processing, treatment, transportation and storage and for oil and natural gas exploration and production activities. Solid waste disposal practices within the NGL industry and other oil and natural gas related industries have improved over the years with the passage and implementation of various environmental laws and regulations. Nevertheless, a possibility exists that hydrocarbons and other solid wastes may have been disposed of on or under various properties owned by or leased by the Company during the operating history

of those facilities. In addition, a small number of these properties may have been operated by third parties over whom the Company had no control as to such entities' handling of hydrocarbons or other wastes and the manner in which such substances may have been disposed of or released. State and federal laws applicable to oil and natural gas wastes and properties have gradually become more strict and, pursuant to such laws and regulations, the Company could be required to remove or remediate previously disposed wastes or property contamination including groundwater contamination. The Company does not believe that there presently exists significant surface and subsurface contamination of the Company properties by hydrocarbons or other solid wastes.

The Company generates both hazardous and nonhazardous solid wastes which are subject to requirements of the federal Resource Conservation and Recovery Act ("RCRA") and comparable state statutes. From time to time, the Environmental Protection Agency ("EPA") has considered making changes in nonhazardous waste standards that would result in stricter disposal requirements for such wastes. Furthermore, it is possible that some wastes generated by the Company that are currently classified as nonhazardous may in the future be designated as "hazardous wastes," resulting in the wastes being subject to more rigorous and costly disposal requirements. Such changes in the regulations may result in additional capital expenditures or operating expenses by the Company.

Superfund. The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), also known as the "Superfund" law, and similar state laws, impose liability without regard to fault or the legality of the original conduct, on certain classes of persons, including the owner or operator of a site and companies that disposed or arranged for the disposal of the hazardous substances found at the site. CERCLA also authorizes the EPA and, in some cases, third parties to take actions in response to threats to the public health or the environment and to seek to recover from the responsible classes of persons the costs they incur. Although "petroleum" is excluded from CERCLA's definition of a "hazardous substance," in the course of its ordinary operations the Company will generate wastes that may fall within the definition of a "hazardous substance." The Company may be responsible under CERCLA for all or part of the costs required to clean up sites at which such wastes have been disposed. The Company has not received any notification that it may be potentially responsible for cleanup costs under CERCLA.

Clean Air Act--General. The operations of the Company are subject to the Clean Air Act and comparable state statutes. Amendments to the Clean Air Act were adopted in 1990 and contain provisions that may result in the imposition of certain pollution control requirements with respect to air emissions from the operations of the pipelines and the processing and storage facilities. For example, the Mont Belvieu processing and storage facility is located in the Houston-Galveston ozone non-attainment area, which is categorized as a "severe" area and, therefore, is subject to more restrictive regulations for the issuance of air permits for new or modified facilities. The Houston-Galveston area is among nine areas in the country in this "severe" category. One of the other consequences of this non-attainment status is the potential imposition of lower limits on the emissions of certain pollutants, particularly oxides of nitrogen which are produced through combustion, as in the gas turbines at the Mont Belvieu processing facility. Regulations imposing these new requirements on existing facilities will not be promulgated until the end of 2000, and, therefore, it is not possible at this time to assess the impact these requirements may have on the Company's operations. Failure to comply with these air statutes or the implementing regulations may lead to the assessment of administrative, civil or criminal penalties, and/or result in the limitation or cessation of construction or operation of certain air emission sources. As part of the regular overall evaluation of its current operations, the Company is updating certain of its operating permits. The Company believes its operations, including its processing facilities, pipelines and storage facilities, are in substantial compliance with applicable air requirements.

Clean Air Act--Fuels. To implement the Clean Air Act Amendments of 1990, the EPA, in November 1992, began requiring the use of motor gasoline containing 2.7% oxygen by weight during winter months in carbon monoxide non-attainment areas largely in the western half of the United States (approximately 25 metropolitan areas). Since January 1995, the EPA has required

the use of motor gasoline containing 2.0% oxygen by weight throughout the year in extreme and severe ozone non-attainment areas (nine metropolitan areas). The production of MTBE is driven by compliance with the requirements of these oxygenated fuels programs. Any changes to these programs that enable localities to opt out of these programs, lessen the requirements for oxygenates or favor the use of non-isobutane based oxygenated fuels would reduce demand for the Company's MTBE and could have a material adverse effect on the Company's results of operations. Several public advocacy and protest groups active in California and other states have asserted that MTBE contaminates water supplies, causes health problems and has not been as beneficial as originally contemplated in reducing air pollution. In California, state authorities negotiated an agreement with the EPA to implement a program requiring oxygenated motor gasoline at 2.0% for the whole state, rather than 2.7% only in selected areas. In addition, legislation to amend the Clean Air Act has been introduced in Congress to exempt California from the federal oxygenate requirements for reformulated motor gasoline. If this legislation is enacted, refiners could eliminate or reduce the amount of MTBE from motor gasoline sold in California as long as certain other minimum standards are met. This federal legislation is opposed by both the federal Department of Energy and the EPA. Many of the public advocacy and protest groups that have been campaigning for legislation to exempt California from the federal oxygenate requirement are also supporting a nationwide ban on the use of MTBE and other oxygenates, but no legislation to implement a nationwide ban has been introduced in Congress to date.

Clean Water Act. The Federal Water Pollution Control Act, also known as the Clean Water Act, and similar state laws require containment of potential discharges of contaminants into federal and state waters. Regulations promulgated pursuant to these laws require that entities such as the Company that discharge into federal and state waters obtain National Pollutant Discharge Elimination System ("NPDES") and/or state permits authorizing these discharges. The Clean Water Act and analogous state laws provide penalties for releases of unauthorized contaminants into the water and impose substantial liability for the costs of removing spills from such waters. In addition, the Clean Water Act and analogous state laws require that individual permits or coverage under general permits be obtained by covered facilities for discharges of stormwater runoff. The Company believes it will be able to obtain, or be included under, these Clean Water Act permits and that compliance with the conditions of such permits will not have a material effect on the Company.

Underground Storage Requirements. The Company currently owns and operates underground storage caverns that have been created in naturally occurring salt domes in Texas, Louisiana and Mississippi. These storage caverns are used to store NGLs, NGL products, propane/propylene mix and propylene. Surface brine pits and brine disposal wells are used in the operation of the storage caverns. All of these facilities are subject to strict environmental regulation by state authorities under the Texas Natural Resources Code and similar statutes in Louisiana and Mississippi. Regulations implemented under such statutes address the operation, maintenance and/or abandonment of such underground storage facilities, pits and disposal wells, and require that permits be obtained. Failure to comply with the governing statutes or the implementing regulations may lead to the assessment of administrative, civil or criminal penalties. The Company believes its salt dome storage operations, including the caverns, brine pits and brine disposal wells, are in substantial compliance with applicable statutes.

Safety Regulation

The Company's pipelines are subject to regulation by the U.S. Department of Transportation under the Hazardous Liquid Pipeline Safety Act, as amended ("HLPSA"), relating to the design, installation, testing, construction, operation, replacement and management of pipeline facilities. The HLPSA covers crude oil, carbon dioxide, NGL and petroleum products pipelines and requires any entity which owns or operates pipeline facilities to comply with the regulations under the HLPSA, to permit access to and allow copying of records and to make certain reports and provide information as required by the Secretary of Transportation. The Company believes its pipeline operations are in substantial compliance with applicable HLPSA requirements; however,

due to the possibility of new or amended laws and regulations or reinterpretation of existing laws and regulations, there can be no assurance that future compliance with the HLPSA will not have a material adverse effect on the Company's results of operations or financial position.

The workplaces associated with the processing and storage facilities and the pipelines operated by the Company are also subject to the requirements of the federal Occupational Safety and Health Act ("OSHA") and comparable state statutes. The Company believes it has operated in substantial compliance with OSHA requirements, including general industry standards, record keeping requirements and monitoring of occupational exposure to regulated substances.

In general, the Company expects expenditures will increase in the future to comply with likely higher industry and regulatory safety standards such as those described above. Such expenditures cannot be accurately estimated at this time, although the Company does not expect that such expenditures will have a material adverse effect on the Company.

Title to Properties

Real property held by the Company falls into two basic categories: (a) parcels that it owns in fee, such as the land at the Mont Belvieu complex and Petal fractionation and storage facility, and (b) parcels in which its interest derives from leases, easements, rights-of-way, permits or licenses from landowners or governmental authorities permitting the use of such land for Company operations. The fee sites upon which the major facilities are located have been owned by the Company or its predecessors in title for many years without any material challenge known to the Company relating to title to the land upon which the assets are located, and the Company believes it has satisfactory title to such fee sites. The Company has no knowledge of any challenge to the underlying fee title of any material lease, easement, right-of-way or license held by it or to its title to any material lease, easement, right-of-way, permit or lease, and the Company believes it has satisfactory title to all of its material leases, easements, rights-of-way and licenses.

Item 3. Legal Proceedings.

EPCO has indemnified the Company against any litigation arising from events or actions prior to its formation. The Company is sometimes named as a defendant in litigation relating to its normal business operations. Although the Company insures itself against various business risks, to the extent management believes it is prudent, there is no assurance that the nature and amount of such insurance will be adequate, in every case, to indemnify the Company against liabilities arising from future legal proceedings as a result of its ordinary business activity. Management is aware of no significant litigation, pending or threatened, that would have a significant adverse effect on the Company's financial position or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders.

There were no matters submitted to a vote of security holders during 1998.

PART II

Item 5. Market for the Registrant's Common Equity and Related Unitholder Matters.

The following table sets forth the high and low sale prices per Common Unit (as reported under the symbol "EPD" on the New York Stock Exchange), the amount of cash distributions paid per Common Unit and the declaration and payment dates related to such cash distributions. The Common Units began trading on July 28, 1998.

	Price Range		Cash Distributions		
	High	Low	Distribution Amount	Declaration Date	Payment Date
1998					
Third Quarter	$22.063	$14.625	-	-	-
Fourth Quarter	$18.375	$13.750	$0.32	October 30,1998	November 12, 1998
1999					
First Quarter (through March 1, 1999)	$18.500	$14.938	$0.45	January 29, 1999	February 11, 1999

The Company pays a minimum quarterly distribution of $.45 per Common Unit. Although the payment of the minimum quarterly distribution is not guaranteed, the Company currently expects that it will continue to pay comparable cash distributions in the future. The $.32 cash distribution made during the fourth quarter of 1998 was based upon the minimum quarterly distribution of $0.45 per Unit adjusted to take into account the 65-day period of the third quarter during which the Company was a public entity.

As of March 1, 1999, there were approximately 120 Unitholders of record of the Company's Common Units.

Item 6. Selected Financial Data.

The following table sets forth for the periods and at the dates indicated, selected historical financial data for the Company. The selected historical financial data (except for EBITDA of unconsolidated affiliates) have been derived from the Company's audited financial statements for the periods indicated. The selected historical income statement data for each of the three years in the period ended December 31, 1998 and the selected balance sheet data as of December 31, 1998 and 1997 should be read in conjunction with the audited financial statements for such periods included elsewhere in this report. EBITDA of unconsolidated affiliates has been derived from the audited financial statements of such entities for the periods indicated. See also "Management's Discussion and Analysis of Financial Condition and Results of Operation." The dollar amounts in the table below, except per Unit data, are in thousands.

	For Year Ended December 31,				
	1994	1995	1996	1997	1998
Income Statement Data:					
Revenues	$586,609	$790,080	$999,506	$1,020,281	$738,902
Operating costs and expenses (1)	534,783	727,337	907,524	938,237	686,160
Operating margin	51,826	62,743	91,982	82,044	52,742
Selling, general and administrative expenses (1,2)	16,972	21,120	23,070	21,891	18,216
Operating income	34,854	41,623	68,912	60,153	34,526
Interest expense	(25,411)	(27,567)	(26,310)	(25,717)	(14,696)
Interest income	2,477	554	2,705	1,934	1,581
Equity in income of unconsolidated affiliates	7,257	12,274	15,756	15,682	15,671
Gain (loss) on sale of assets	4,271	7,948	-	(155)	276
Other income (expense), net	45	305	364	793	(3)
Income before extraordinary charge and minority interest	23,493	35,137	61,427	52,690	37,355
Extraordinary item - early extinguishment of debt	-	-	-	-	(27,176)
Income before minority interest	23,493	35,137	61,427	52,690	10,179
Minority interest	(235)	(351)	(614)	(527)	(102)
Net income	$ 23,258	$ 34,786	$ 60,813	$ 52,163	$ 10,077
Net income per Unit (3)	$ 0.42	$ 0.63	$ 1.10	$ 0.94	$ 0.17
Dividends declared per Unit					$ 0.32
Balance Sheet Data (at period end):					
Total assets	$573,348	$610,931	$711,151	$ 697,713	$741,037
Long-term debt	268,585	281,656	255,617	230,237	90,000
Consolidated equity / Partners' equity	189,366	198,815	266,021	311,885	562,536
Other Financial Data:					
Cash flows from operating activities	$ 49,997	$ 12,212	$ 91,431	$ 57,795	$(20,294)
Cash flows from investing activities	(36,944)	(9,233)	(57,725)	(30,982)	(50,695)
Cash flows from financing activities	(21,973)	11,995	(24,930)	(26,551)	61,238
EBITDA (4)	55,430	65,406	87,109	79,882	55,472
EBITDA of unconsolidated affiliates (5)	7,198	18,520	25,012	24,372	23,912

Notes

(1) Certain 1994 through 1997 amounts have been reclassified to conform to the 1998 presentation

(2) 1998 expenses are lower than 1997 amounts due to the adoption of the EPCO agreement

(3) Net income per Unit is computed by dividing the limited partners' 99% interest in Net income by the weighted average of the number of Units outstanding. The weighted average number of Units outstanding from 1994 through 1997 was 54.963 million. For 1998, the weighted average number of Units outstanding was 60.124 million.

(4) EBITDA is defined as net income plus depreciation and amortization and interest expense less equity in income of unconsolidated affiliates. EBITDA should not be considered as an alternative to net income, operating income, cash flow from operations or any other measure of financial performance presented in accordance with generally accepted accounting principals. EBITDA is not intended to represent cash flow and does not represent the measure of cash available for distribution, but provides additional information for evaluating the Company's ability to make the minimum quarterly distribution. Management uses EBITDA to assess the viability of projects and to determine overall rate of returns on alternative investment opportunities. Because EBITDA excludes some, but not all, items that affect net income and this

(Notes continued on following page)

measure may vary among companies, the EBITDA data presented above may not be comparable to similarly titled measures of other companies. EBITDA for 1998 excludes the extraordinary charge of $27.176 million related to the early extinguishment of debt.

(5) Represents the Company's pro rata share of net income plus depreciation and amortization and interest expense of the unconsolidated affiliates. Since the purchase of the Company's pro rata share of bank debt of BEF and MBA in July 1998, EBITDA of unconsolidated affiliates has closely approximated the aggregate cash that the Company will receive from its investment in BEF and MBA.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Industry Environment

Because certain NGL products compete with other refined petroleum products in the fuel and petrochemical feedstock markets, NGL product prices are set by or in competition with refined petroleum products. Increased production and importation of NGLs and NGL products in the United States may decrease NGL product prices in relation to refined petroleum alternatives and thereby increase consumption of NGL products as NGL products are substituted for other more expensive refined petroleum products. Conversely, a decrease in the production and importation of NGLs and NGL products could increase NGL product prices in relation to refined petroleum product prices and thereby decrease consumption of NGLs. However, because of the relationship of crude oil and natural gas production to NGL production, the Company believes any imbalance in the prices of NGLs and NGL products and alternative products would be temporary.

Historically, when the price of crude oil is a multiple of ten or more to the price of natural gas (i.e., crude oil $20 per barrel and natural gas $2 per thousand cubic feet ("MCF")), NGL pricing has been strong due to increased use in manufacturing petrochemicals. In 1998, the industry experienced an annualized multiple of approximately six (i.e., crude oil $12 per barrel and natural gas $2 per MCF), which caused petrochemical manufacturing demand to change from reliance on NGLs to a preference for crude oil derivatives. This change resulted in the lowering of both the production and pricing of NGLs. In the NGL industry, revenues and cost of goods sold can fluctuate significantly up or down based on current NGL prices. However, operating margins will generally remain constant except for the effect of inventory price adjustments or increased operating expenses.

The following discussion of the historical financial condition and results of operations of the Company should be read in conjunction with the Company's historical consolidated financial statements and the notes thereto included elsewhere in this report.

NGL Fractionation

The profitability of this business unit depends on the volume of mixed NGLs that the Company processes for its toll customers and the level of toll processing fees charged to its customers. The most significant variable cost of fractionation is the cost of energy required to operate the units and to heat the mixed NGLs to effect separation of the NGL products. The Company is able to reduce its energy costs by capturing excess heat and re-using it in its operations. Additionally, the Company's NGL fractionation processing contracts typically contain escalation provisions for cost increases resulting from increased variable costs, including energy costs. The Company's interest in the operations of its NGL fractionation facilities at Mont Belvieu consists of a directly-owned 12.5% undivided interest and a 49.0% economic interest in MBA, which in turn owns a 50.0% undivided interest in such facilities. The Company's 12.5% interest is recorded as part of revenues and expenses, and its effective 24.5% economic interest is recorded as an equity investment in an unconsolidated subsidiary.

Isomerization

The profitability of this business unit depends on the volume of normal butane that the Company isomerizes (i.e., converts) into isobutane for its toll processing customers, the level of toll processing fees charged to its customers, and the margins generated from selling isobutane to merchant customers. The Company's toll processing customers pay the Company a fee for isomerizing their normal butane into isobutane. In addition, the Company sells isobutane that it obtains by isomerizing normal butane into isobutane, fractionating mixed butane into isobutane and normal butane, or purchasing isobutane in the spot market. The Company determines the optimal sources for isobutane to meet sales obligations based on current and expected market prices for isobutane and normal butane, volumes of mixed butane held in inventory, and estimated costs of isomerization and mixed butane fractionation.

The Company purchases most of its imported mixed butanes between the months of February and October. During these months, the Company is able to purchase imported mixed butanes at prices that are often at a discount to posted market prices. Because of its storage capacity, the Company is able to store these imports until the summer months when the spread between isobutane and normal butane typically widens or until winter months when the prices of isobutane and normal butane typically rise. As a result, inventory investment is generally at its highest level at the end of the third quarter of the year. Should this spread not materialize, or in the event absolute prices decline, margins generated from selling isobutane to merchant customers may be negatively affected.

Propylene Fractionation

The profitability of this business unit depends on the volumes of refinery-sourced propane/propylene mix that the Company processes for its toll customers, the level of toll processing fees charged to its customers and the margins associated with buying refinery-sourced propane/propylene mix and selling high purity propylene to meet sales contracts with non-tolling customers.

Pipelines

The Company operates both interstate and intrastate NGL product and propylene pipelines. The Company's interstate pipelines are common carriers and must provide service to any shipper who requests transportation services at rates regulated by the FERC. One of the Company's intrastate pipelines is a common carrier regulated by the State of Louisiana. The profitability of this business unit is primarily dependent on pipeline throughput volumes.

Unconsolidated Affiliates

At December 31, 1998, the Company's unconsolidated affiliates were BEF, MBA, EPIK, BRF, Tri-States and Wilprise. BEF owns the MTBE production facility operated by the Company at its Mont Belvieu complex. MBA owns a 50% interest in a NGL fractionation facility at the Company's Mont Belvieu complex. EPIK owns a refrigerated NGL marine terminal loading facility located on the Houston ship channel. An expansion of EPIK's NGL marine terminal loading facility is underway and is scheduled for completion in the fourth quarter of 1999. BRF owns a NGL fractionation facility which is under construction in Louisiana. This facility is expected to begin operations in the second quarter of 1999. Tri-States owns a NGL pipeline which is under construction in Louisiana, Mississippi, and Alabama. Wilprise owns a NGL pipeline which is under construction in Louisiana. Management anticipates that both the Tri-States and Wilprise pipelines will be operational in the second quarter of 1999.

Prepayment Penalties on Extinguishment of Debt

The Company incurred a $27.2 million extraordinary loss during the third quarter of 1998 in connection with the early extinguishment of debt assumed from EPCO in connection with the IPO. The extraordinary loss was equal to remaining unamortized debt origination costs associated with such debt and make-whole premiums payable in connection with the repayment of such debt.

Results of Operations of the Company

The Company's operating margins by business unit (in thousands) over the past three years were as follows:

	Year Ended December 31,		
	1996	1997	1998
Operating Margin:			
NGL Fractionation	$ 1,982	$ 2,801	$ 3,743
Isomerization	51,068	38,286	17,540
Propylene Fractionation	18,260	18,996	11,275
Pipeline	11,270	13,520	14,121
Storage and Other Plants	9,402	8,441	6,063
Total	$91,982	$82,044	$52,742

The Company's plant production (in thousands of barrels per day) over the past three years was as follows:

	Year Ended December 31,		
	1996	1997	1998
Plant Production Data:			
NGL Fractionation	166	189	191
Isomerization	71	67	67
MTBE	13	14	14
Propylene Fractionation	16	26	26

The Company's equity in income of unconsolidated affiliates (in thousands) over the past three years was as follows:

	Year Ended December 31,		
	1996	1997	1998
Equity in income of unconsolidated affiliates:			
BEF	$ 9,752	$ 9,305	$ 9,801
MBA	6,004	6,377	5,213
EPIK	-	-	748
BRF	-	-	(91)
Total	$15,756	$15,682	$15,671

Year Ended December 31, 1998 Compared with Year Ended December 31, 1997

Revenues; Costs and Expenses

The Company's revenues decreased by 27.6% to $738.9 million in 1998 compared to $1,020.3 million in 1997. The Company's costs and operating expenses decreased by 26.9% to $686.2 million in 1998 compared to $938.2 million in 1997. Both revenues and cost of goods sold decreased dramatically from 1997 to 1998 due to sharp declines in average NGL prices during most of 1998. For example, isobutane prices decreased from an average of 46.9 cents per gallon in 1997 to 32.1 cents per gallon in 1998. Operating margin decreased by 35.7% to $52.7 million in 1998 from $82.0 million in 1997. The reduced operating margin in 1998 is mainly due to the effect of declining NGL prices on inventory values and merchant activities during 1998.

NGL Fractionation. The Company's operating margin for NGL fractionation increased by 33.6% to $3.7 million in 1998 from $2.8 million in 1997. Excluding the positive effect of $1.3

million in overhead expenses and support facility cost reimbursements from joint venture partners for 1998, the Company's NGL fractionation operating margin decreased 14.3% to $2.4 million from $2.8 million in 1997. The operating margin for NGL fractionation declined by $1.9 million in 1998 due to lower toll processing fees. On average, these fees were 2.3 cents per gallon in 1997 versus 2.1 cents per gallon in 1998. The decline was partially offset by lower operating expenses. Average daily fractionation volumes increased from 189,323 barrels per day in 1997 to 191,176 barrels per day in 1998, primarily as a result of increased volumes from joint owners' new gas processing plants which began operations during 1998.

Isomerization. The Company's operating margin for isomerization decreased by 54.2% to $17.6 million in 1998 from $38.3 million in 1997. This was a direct result of inventory write-downs, loss of marketing profits due to lower butane price spreads, and the decline of isomerization revenues on merchant activities. The difference between the average prices of isobutane and normal butane decreased from 3.3 cents per gallon for 1997 to 1.1 cents per gallon for 1998 as a result of the preference for crude-oil-derivative petrochemical feedstocks as described above.

Propylene Fractionation. The Company's operating margin for propylene fractionation decreased by 40.6% to $11.3 million in 1998 from $19.0 million in 1997. The decrease in operating margin was a direct result of continued falling prices of high purity and refinery grade propylene, reduced production volumes and write-downs of feedstock inventory. Production volumes decreased from 26,456 barrels per day in 1997 to 25,625 barrels per day in 1998.

Pipeline. The Company's operating margin for pipeline operations increased by 4.4% to $14.1 million in 1998 from $13.5 million in 1997, reflecting a 10.0% increase in throughput volume due primarily to increased butane imports.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by $3.7 million to $18.2 million in 1998 from $21.9 million in 1997. This decrease was primarily due to the adoption of the EPCO Agreement in July 1998 in conjunction with the IPO which fixed reimbursable selling, general, and administrative expenses at $1.0 million per month.

Interest Expense

Interest expense was $14.7 million in 1998 and $25.7 million in 1997. The $11.0 million decline was due to a decrease in the average debt outstanding during the first seven months of 1998 as compared to the same period of 1997, and the prepayment of debt in conjunction with the IPO in July 1998.

Equity Income of Unconsolidated Affiliates

Equity income of unconsolidated affiliates remained constant at $15.7 million in 1998 and 1997. Equity income in BEF increased by 5.4% to $9.8 million in 1998 from $9.3 million in 1997 due primarily to lower interest costs. Equity income in MBA decreased by 18.7% to $5.2 million in 1998 from $6.4 million in 1997 due to lower average NGL fractionation processing fees. Among the Company's new projects, equity income in EPIK for 1998 was $0.8 million.

Year Ended December 31, 1997 Compared with Year Ended December 31, 1996

Revenues; Costs and Expenses

The Company's revenues increased by 2.1% to $1,020.3 million in 1997 compared to $999.5 million in 1996. The Company's costs and operating expenses increased by 3.4% to $938.2

million in 1997 compared to $907.5 million in 1996. Operating margin decreased by 10.8% to $82.0 million in 1997 from $92.0 million in 1996.

NGL Fractionation. The Company's operating margin for NGL fractionation increased by 41.3% to $2.8 million in 1997 from $2.0 million in 1996. The increase was due primarily to the phase-in of a 45,000 barrel per day expansion in the capacity of the NGL fractionation facilities at Mont Belvieu resulting in increased NGL fractionation volumes in the second half of 1997, principally from the joint owners of the facility, and increases in fractionation fees as a result of higher natural gas and electricity costs that resulted in contractual escalations in pricing formulas.

Isomerization. The Company's operating margin for isomerization decreased by 25.0% to $38.3 million in 1997 from $51.1 million in 1996. The Company's margins were negatively impacted by decreases in marketing margins which declined as a result of lower isobutane prices after the first quarter of 1997 and a lower average spread between isobutane and normal butane prices. Isobutane prices were unusually high in the second half of 1996 and the first quarter of 1997. In addition, isomerization processing margins decreased due to the loss of a processing contract from a significant customer and lower utilization of the deisobutanizer units as a result of lower import volume of mixed butanes.

Propylene Fractionation. The Company's operating margin for propylene fractionation increased by 4.0% to $19.0 million in 1997 from $18.3 million in 1996. Propylene fractionation operating margins were positively affected by an increase in volumes due to the start up of the Company's second propylene fractionation unit in April 1997. This increase in volume was largely offset by price decreases for high purity propylene in the fourth quarter of 1997, which reflected weaker prices for polypropylene, compared to price increases for high purity propylene in late 1996. The Company uses an average cost method of accounting for its refinery-sourced propane/propylene mix feedstock costs. Accordingly, the Company's feedstock costs generally increase or decrease at a slower rate than high purity propylene market prices.

Pipeline. The Company's operating margin for pipeline operations increased by 20.0% to $13.5 million in 1997 from $11.3 million in 1996, reflecting an 11.5% increase in throughput volume.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by $1.2 million to $21.9 million in 1997 from $23.1 million in 1996. This decrease was primarily due to the recognition of compensation expense in 1996 related to employee stock appreciation rights ("SAR"). SAR expense declined to $1.1 million in 1997 compared to $2.1 million in 1996. EPCO retained the liability for all outstanding SARs following the IPO.

Interest Expense

Interest expense was $25.7 million in 1997 and $26.3 million in 1996. The $0.6 million decrease was due to a decrease in the average debt outstanding to $243.8 million in 1997 from $268.4 million in 1996.

Equity Income of Unconsolidated Affiliates

Equity income of unconsolidated affiliates includes amounts from BEF and MBA. Earnings attributable to BEF were $9.3 million in 1997 and $9.8 million in 1996. Earnings attributable to MBA were $6.4 million in 1997 and $6.0 million in 1996, reflecting increased NGL fractionation volumes in the second half of 1997.

Liquidity and Capital Resources

General

The Company's primary cash requirements, in addition to normal operating expenses, are debt service, maintenance capital expenditures, expansion capital expenditures, and quarterly distributions to the partners. The Company expects to fund future cash distributions and maintenance capital expenditures with cash flows from operating activities. Expansion capital expenditures for current projects are expected to be funded with working capital and borrowings under the revolving bank credit facility described below while capital expenditures for future expansion activities are expected to be funded with cash flows from operating activities and borrowings under the revolving bank credit facility.

Cash flows from operating activities were a $20.3 million outflow for 1998 as compared to $57.8 million inflow for the comparable period of 1997. Cash flows from operating activities primarily reflect the effects of net income, depreciation and amortization, extraordinary items, equity income of unconsolidated affiliates and changes in working capital. Depreciation and amortization increased by $1.5 million in 1998 as a result of additional capital expenditures. The net effect of changes in operating accounts from year to year is generally the result of timing of NGL sales and purchases near the end of the period.

Cash outflows from investing activities were $50.7 million in 1998 and $31.0 million for the comparable period of 1997. Cash outflows included capital expenditures which aggregated $8.4 million (including approximately $7.7 million of maintenance capital expenditures) for 1998 and $33.6 million for 1997. Investing cash outflows also included $26.8 million in contributions to unconsolidated affiliates that were primarily used for construction projects during 1998. The Company purchased $33.7 million in notes receivable from BEF and MBA which is included as a cash outflow from investing activities and received $7.2 million in payments on these notes included as a cash inflow from investing activities during 1998.

Cash flows from financing activities were a $61.2 million inflow in 1998 and a $26.6 million outflow for the comparable period of 1997. Cash flows from financing activities during 1998 were affected primarily by repayments of long-term debt, borrowings under long-term debt agreements, costs for early extinguishment of debt, distributions to the Unitholders, and net proceeds from the sale of partnership Units in connection with the IPO.

Future Capital Expenditures

The Company currently estimates that its share of remaining expenditures for significant capital projects in fiscal 1999 will be approximately $29.1 million. These expenditures will be for the construction of new joint venture projects in Louisiana which will be recorded as additional investments in unconsolidated subsidiaries. The Company expects to finance these expenditures out of operating cash flows, the proceeds from its IPO and borrowings under its bank credit facility. As of December 31, 1998, the Company had $11.1 million in outstanding purchase commitments associated with its capital projects.

Distributions from Unconsolidated Affiliates; Loan Participations

Distributions to the Company from MBA were $5.7 million for 1998 and $7.3 million in 1997. Distributions from BEF in 1998 were $2.4 million. Prior to the first quarter of 1998, BEF was prohibited under the terms of its bank indebtedness from making distributions to its owners. These restrictions lapsed during the first quarter of 1998 as a result of BEF having repaid 50% of the principal on such indebtedness, and the Company received its first distribution from BEF in April 1998.

In connection with the IPO, the Company purchased participation interests in a bank loan to MBA and a bank loan to BEF. The Company acquired an approximate $7.7 million participation interest in the bank debt of MBA, which bears interest at a floating rate per annum of LIBOR plus 0.75% and matures on December 31, 2001. The Company will receive monthly principal payments, aggregating approximately $1.7 million per year, plus interest from MBA during the term of the loan. The Company will receive a final payment of principal of $1.8 million upon maturity. The Company acquired an approximate $26.1 million participation interest in a bank loan to BEF, which bears interest at a floating rate per annum at either the bank's prime rate, CD rate, or the Eurodollar rate plus the applicable margin as defined in the facility and matures on May 31, 2000. The Company will receive quarterly principal payments of approximately $3.3 million plus interest from BEF during the term of the loan.

Bank Credit Facility

In connection with the IPO, the Company entered into a $200.0 million bank credit facility that includes a $50.0 million working capital facility and a $150.0 million revolving term loan facility. The $150.0 million revolving term loan facility includes a sublimit of $30.0 million for letters of credit. As of December 31, 1998, the Company has borrowed $90.0 million under the revolving term loan facility.

The Company's obligations under the bank credit facility are unsecured general obligations and are non-recourse to the General Partner. Borrowings under the bank credit facility will bear interest at either the bank's prime rate or the Eurodollar rate plus the applicable margin as defined in the facility. The Company elects the basis for the interest rate at the time of each borrowing. Interest rates ranged from 6.25% to 6.69% during 1998, and the weighted-average interest rate at December 31, 1998 was 6.45%. The bank credit facility will expire after two years and all amounts borrowed thereunder shall be due and payable on such date. There must be no amount outstanding under the working capital facility for at least 15 consecutive days during each fiscal year.

The credit agreement relating to the facility contains a prohibition on distributions on, or purchases or redemptions of, Units if any event of default is continuing. In addition, the bank credit facility contains various affirmative and negative covenants applicable to the ability of the Company to, among other things, (i) incur certain additional indebtedness, (ii) grant certain liens, (iii) sell assets in excess of certain limitations, (iv) make investments, (v) engage in transactions with affiliates and (vi) enter into a merger, consolidation or sale of assets. The bank credit facility requires that the Operating Partnership satisfy the following financial covenants at the end of each fiscal quarter: (i) maintain Consolidated Tangible Net Worth (as defined in the bank credit facility) of at least $257,000,000 plus 75% of the net cash proceeds from the sale of equity securities of the Company that are contributed to the Operating Partnership, (ii) maintain a ratio of EBITDA (as defined in the bank credit facility) to Consolidated Interest Expense (as defined in the bank credit facility) for the previous 12-month period of at least 3.50 to 1.0 and (iii) maintain a ratio of Total Indebtedness (as defined in the bank credit facility) to EBITDA of no more than 2.25 to 1.0.

A "Change of Control" constitutes an Event of Default under the bank credit facility. A Change of Control includes any of the following events: (i) Dan L. Duncan (and certain affiliates) cease to own (a) at least 51% (on a fully converted, fully diluted basis) of the economic interest in the capital stock of EPCO or (b) an aggregate number of shares of capital stock of EPCO sufficient to elect a majority of the board of directors of EPCO; (ii) EPCO ceases to own, through a wholly owned subsidiary, at least 95% of the outstanding membership interest in the General Partner and at least 51% of the outstanding Common Units; (iii) any person or group beneficially owns more than 20% of the outstanding Common Units; (iv) the General Partner ceases to be the general partner of the Company or the Operating Partnership; or (v) the Company ceases to be the sole limited partner of the Operating Partnership.

Year 2000 Readiness Disclosure

Pursuant to the EPCO Agreement, any selling, general and administrative expenses related to Year 2000 compliance issues are covered by the annual administrative services fee paid by the Company to EPCO. Consequently, only those costs incurred in connection with Year 2000 compliance which relate to operational information systems and hardware will be paid directly by the Company.

Since 1997, EPCO has been assessing the impact of Year 2000 compliance issues on the software and hardware used by the Company. A team is in the process of reviewing and documenting the status of EPCO's and the Company's systems for Year 2000 compliance. The key information systems under review include EPCO's financial and human resource systems and the Company's pipeline Supervisory Control and Data Acquisition ("SCADA") system, plant, storage, and other pipeline operating systems. In connection with each of these areas, consideration is being given to hardware, operating systems, applications, data base management, system interfaces, electronic transmission, and outside vendors.

As of December 31, 1998, EPCO had spent approximately $12,000 in connection with Year 2000 compliance and has estimated the future costs to approximate $340,000. This cost estimate does not include internal costs of EPCO's previously existing resources and personnel that might be partially used for Year 2000 compliance or cost of normal system upgrades which also included various Year 2000 compliance features or fixes. Such internal costs have been determined to be materially insignificant to the total estimated cost of Year 2000 compliance.

At this time, the Company believes its total cost for known or anticipated remediation of its information systems to make them Year 2000 compliant will not be material to its financial position or its ability to sustain operations. Since the IPO date, the Company has incurred substantially no expenditures in connection with Year 2000 compliance. However, the Company expects future spending to approximate $1,026,000 (principally for the SCADA system) to complete the project and become fully compliant with all Year 2000 issues. This estimated cost does not include the Company's internal costs related to previously existing resources and personnel that might be partially used for remediation of Year 2000 compliance issues. Such internal costs have been determined to be materially insignificant to the total estimated cost of Year 2000 compliance. These amounts are current cost estimates and actual future costs could potentially be higher or lower than the estimates. The Company relies on third-party suppliers for certain systems, products and services, including telecommunications. There can be no assurance that the systems of other companies on which the Company's systems rely also will timely be compliant or that any such failure to be compliant by another company would not have an adverse effect on the Company's systems. The Company has received some preliminary information concerning Year 2000 compliance status from a group of critical suppliers and vendors, and anticipates receiving additional information in the near future. This information will assist the Company in determining the extent to which it may be vulnerable to those third parties' failure to address their Year 2000 compliance issues.

Management believes it has a program to address the Year 2000 compliance issue in a timely manner. Completion of the plan and testing of replacement or modified systems is anticipated during the third quarter of 1999. Nevertheless, since it is not possible to anticipate all possible future outcomes, especially when third parties are involved, there could be circumstances in which the Company would be unable to invoice customers or collect payments. The failure to correct a material Year 2000 compliance problem could result in an interruption in or failure of certain normal business activities or operations of the Company. Such failures could have a material adverse effect on the Company. The amount of potential liability and lost revenue has not been estimated.

The Company is continuing its work on contingency plans to address unavoided or unavoidable risks associated with Year 2000 compliance issues.

Accounting Standards

Recent Statements of Financial Accounting Standards ("SFAS") include (effective for all fiscal quarters of fiscal years beginning after June 15, 1999) SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." Management is currently studying this SFAS item for its possible impact on the consolidated financial statements. On April 3, 1998, the American Institute of Certified Public Accountants issued Statement of Position ("SOP") 98-5, "Reporting on the Costs of Start-Up Activities." For years beginning after December 15, 1998, SOP 98-5 generally requires that all start-up costs of a business activity be charged to expense as incurred and any start-up costs previously deferred should be written off as a cumulative effect of a change in accounting principle. Based on its assessment of SOP 98-5, management believes SOP 98-5 will not have a material impact on the financial statements except for a $4.5 million noncash write-off at January 1, 1999 of the unamortized balance of deferred start-up costs of BEF, in which the Company owns a 33-1/3% interest. This write-off will cause a $1.5 million reduction in the equity in income of unconsolidated affiliates for 1999 and a corresponding reduction in the Company's investment in unconsolidated affiliates.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The Company is exposed to financial market risks, including changes in interest rates with respect to its investments in financial instruments and changes in commodity prices. The Company may, but generally does not, use derivative financial instruments (i.e., futures, forwards, swaps, options, and other financial instruments with similar characteristics) or derivative commodity instruments (i.e., commodity futures, forwards, swaps, or options, and other commodity instruments with similar characteristics that are permitted by contract or business custom to be settled in cash or with another financial instrument) to mitigate either of these risks. The return on the Company's financial investments is generally not affected by foreign currency fluctuations. The Company does not use derivative financial instruments for speculative purposes. At December 31, 1998, the Company had no derivative instruments in place to cover any potential interest rate, foreign currency or other financial instrument risk.

At December 31, 1998, the Company had $24.1 million invested in cash and cash equivalents. All cash equivalent investments other than cash are highly liquid, have original maturities of less than three months, and are considered to have insignificant interest rate risk. The Company's inventory of NGLs and NGL products at December 31, 1998, was $17.6 million. Inventories are carried at the lower of cost or market. A 10% adverse change in commodity prices would result in an approximate $1.7 million decrease in the fair value of the Company's inventory, based on a sensitivity analysis at December 31, 1998. Actual results may differ materially. All the Company's long-term debt is at variable interest rates; a 10% change in the base rate selected would have an approximate $0.6 million effect on the amount of interest expense for the year based upon amounts outstanding at December 31, 1998.

Item 8. Financial Statements and Supplementary Data.

The information required hereunder is included in this report as set forth in the "Index to Financial Statements" on page F-1.

Item 9. Changes in and disagreements with Accountants on Accounting and Financial Disclosure.

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

Company Management

The General Partner manages and operates the activities of the Company. Notwithstanding any limitation on its obligations or duties, the General Partner is liable, as the general partner of the Company, for all debts of the Company (to the extent not paid by the Company), except to the extent that indebtedness or other obligations incurred by the Company are made specifically non-recourse to the General Partner. Whenever possible, the General Partner intends to make any such indebtedness or other obligations non-recourse to the General Partner.

At least two of the members of the Board of Directors of the General Partner who are neither officers, employees or security holders of the General Partner nor directors, officers, employees or security holders of any affiliate of the General Partner serve on the Audit and Conflicts Committee, which has the authority to review specific matters as to which the Board of Directors believes there may be a conflict of interests in order to determine if the resolution of such conflict proposed by the General Partner is fair and reasonable to the Company. Any matters approved by the Audit and Conflicts Committee are conclusively deemed to be fair and reasonable to the Company, approved by all partners of the Company and not a breach by the General Partner or its Board of Directors of any duties they may owe the Company or the Unitholders. In addition, the Audit and Conflicts Committee reviews the external financial reporting of the Company, recommends engagement of the Company's independent public accountants, reviews the Company's procedures for internal auditing and the adequacy of the Company's internal accounting controls and approves any increases in the administrative service fee payable under the EPCO Agreement.

As is commonly the case with publicly-traded limited partnerships, the Company does not directly employ any of the persons responsible for managing or operating the Company. In general, the management of EPCO, the majority-owner of the General Partner, manages and operates the Company's business pursuant to the EPCO Agreement.

Directors and Executive Officers of the General Partner

Set forth below is the name, age, and position of each of the directors and executive officers of the General Partner. Each director and officer is elected for a one-year term.

Name	Age	Position with General Partner
Dan L. Duncan	65	Director and Chairman of the Board
O.S. Andras	63	Director, President, and Chief Executive Officer
Randa L. Duncan	37	Director and Group Executive Vice President
Gary L. Miller	50	Director, Executive Vice President, Chief Financial Officer, and Treasurer
Dr. Ralph S. Cunningham (1)	58	Director
Lee W. Marshall, Sr.(1)	66	Director
Albert W. Bell	60	Executive Vice President, Business Management
William D. Ray	63	Executive Vice President, Marketing and Supply
Charles E. Crain	65	Senior Vice President, Operations
Michael R. Johnson	54	General Counsel and Secretary

(1) Member of Audit and Conflicts Committee

Dan L. Duncan was elected as Chairman of the Board and a Director of the General Partner in April 1998. Mr. Duncan joined EPCO in 1969 and has served as Chairman of the Board of EPCO since 1979. He served as President of EPCO from 1970 to 1979 and Chief Executive Officer from 1982 to 1985.

O. S. Andras was elected as President, Chief Executive Officer and a Director of the General Partner in April 1998. Mr. Andras has served as President and Chief Executive Officer of EPCO since 1996. Mr. Andras served as President and Chief Operating Officer of EPCO from 1982 to 1996 and Executive Vice President of EPCO from 1981 to 1982. Before joining EPCO, he was employed by The Dow Chemical Company in various capacities from 1960 to 1981, including Director of Hydrocarbons. Mr. Andras also serves as a director of Tetra Technologies, Inc.

Randa L. Duncan was elected as Group Executive Vice President and a director of the General Partner in April 1998. Ms. Duncan has served as Group Executive Vice President of EPCO since 1994. Before joining EPCO, she was an attorney with the firms of Butler & Binion from 1988 to 1991 and Brown, Sims, Wise and White from 1991 until 1994. Ms. Duncan is the daughter of Dan L. Duncan.

Albert W. Bell was elected as Executive Vice President, Business Management of the General Partner in April 1998. Mr. Bell has served as Executive Vice President, Business Management of EPCO since 1994. Mr. Bell joined EPCO in 1980 as President of its Canadian subsidiary. Mr. Bell transferred to EPCO in Houston in 1988 as Vice President, Business Development and was promoted to Senior Vice President, Business Management in 1992. Prior to joining EPCO, he was employed by Continental Emsco Supply Company, Ltd. and Amoco Canada Petroleum Company, Ltd.

Gary L. Miller was elected as Executive Vice President, Chief Financial Officer, Treasurer and Director of the General Partner in April 1998. Mr. Miller has served as Executive Vice President, Chief Financial Officer and Treasurer of EPCO since 1990. He served as Senior Vice President, Controller and Treasurer of EPCO from 1988 to 1990. From 1983 to 1988 he served as Vice President, Treasurer and Controller of EPCO. Before joining EPCO, he was employed by Wanda Petroleum, where he was Assistant Controller from 1977 to 1980.

William D. Ray was elected as Executive Vice President, Marketing and Supply of the General Partner in April 1998. Mr. Ray has served as EPCO's Executive Vice President, Marketing and Supply since 1985. Mr. Ray served as Vice President, Supply and Distribution of EPCO from 1971 to 1973 and as EPCO's Senior Vice President, Supply, Marketing and Distribution from 1973 to 1979. Prior to joining EPCO in 1971, Mr. Ray was employed by Wanda Petroleum from 1958 to 1969 and Koch as Vice President, Marketing and Supply from 1969 to 1971.

Charles E. Crain was elected as Senior Vice President, Operations of the General Partner in April 1998 and has served as Senior Vice President, Operations of EPCO since 1991. Mr. Crain joined EPCO in 1980 as Vice President, Process Operations. Prior to joining EPCO, Mr. Crain held positions with Shell Oil Company, Air Products & Chemicals and Tenneco Chemicals.

Michael R. Johnson was elected as General Counsel and Secretary of the General Partner in April 1998 and has served as General Counsel and Secretary of EPCO since 1982. Mr. Johnson joined EPCO as Senior Attorney in 1979. Before joining EPCO, Mr. Johnson was employed by the Internal Revenue Service for six years and spent two years in private practice in Tyler, Texas. Mr. Johnson also worked for the Department of Energy on the regional counsel staff of the Office of Special Counsel.

Ralph S. Cunningham was elected as a Director of the General Partner in April 1998. Dr. Cunningham retired in 1997 from Citgo Petroleum Corporation, where he had served as President and Chief Executive Officer since 1995. Dr. Cunningham served as Vice Chairman of Huntsman Corporation from 1994 until 1995 and as President of Texaco Chemical Company from 1990 through 1994. Prior to joining Texaco Chemical Company, Dr. Cunningham held various executive positions with Clark Oil & Refining and Tenneco. He started his career in Exxon's refinery operations. He holds Ph.D., M.S. and B.S. degrees in Chemical Engineering. Dr. Cunningham serves as a director of Huntsman Corporation and Agrium, Inc. and served as a director of EPCO from 1987 to 1997.

Lee W. Marshall, Sr. was elected as a Director of the General Partner in April 1998. Mr. Marshall has been the Chief Executive Officer and principal stockholder of Bison International, Inc., and Bison Resources, LLC since 1991. Previously, Mr. Marshall was Executive Vice President and Chief Financial Officer of Wolverine Exploration Company and held senior management positions with Union Pacific Resources and Tenneco Oil.

Item 11. Executive Compensation.

The Company has no executive officers. The Company is managed by the General Partner, the executive officers of which are employees of, and the compensation of whom is paid by, EPCO. Pursuant to the EPCO Agreement, EPCO is reimbursed at cost for all expenses that it incurs managing the business and affairs of the Company, except that EPCO is not entitled to be reimbursed for any selling, general, and administrative expenses. In lieu of reimbursement for such selling, general, and administrative expenses, EPCO is entitled to receive an annual administrative services fee that currently equals $12.0 million. The Company paid EPCO $5.1 million in administrative services fees under the EPCO Agreement during 1998. The General Partner, with the approval and consent of the Audit and Conflicts Committee, has the right to agree to increases in such administrative services fee of up to 10% each year during the 10-year term of the EPCO agreement and may agree to further increases in such fee in connection with expansions of the Company's operations through the construction of new facilities or the completion of acquisitions that require additional management personnel.

Compensation of Directors

No additional remuneration is paid to employees of EPCO or the General Partner who also serve as directors of the General Partner. Each independent director receives $24,000 annually, for which each agrees to participate in four regular meetings of the Board of Directors and four Audit and Conflicts Committee meetings. Each independent director also receives $500 for each additional meeting in which he participates. In addition, each independent director is reimbursed for his out-of-pocket expenses in connection with attending meetings of the Board of Directors or committees thereof. Each director is fully indemnified by the Company for his actions associated with being a director to the extent permitted under Delaware law.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The following table sets forth certain information as of March 1, 1999, regarding the beneficial ownership of (a) the Common Units and (b) the Subordinated Units of the Company by all directors of the General Partner, each of the named executive officers, all directors and executive officers as a group and all persons known by the General Partner to own beneficially more than 5% of the Common Units.

	Common Units (2) Beneficially Owned	Percentage of Common Units Beneficially Owned	Subordinated Units (2) Beneficially Owned	Percentage of Subordinated Units Beneficially Owned	Total Units Beneficially Owned	Percentage of Total Units Beneficially Owned
EPCO (1)	33,552,915	73.7%	21,409,870	100.0%	54,962,785	82.1%
Dan Duncan (1)	33,552,915	73.7%	21,409,870	100.0%	54,962,785	82.1%
O.S. Andras	100,000	0.2%	-	-	100,000	0.1%
Randa L. Duncan	-	-	-	-	-	-
Gary L. Miller	-	-	-	-	-	-
Dr. Ralph S. Cunningham	-	-	-	-	-	-
Lee W. Marshall	-	-	-	-	-	-
All directors and executive officers as a group (10 persons)	33,655,915	75.3%	21,409,870	100.0%	55,065,785	83.2%

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(1) EPCO holds the Units through its wholly-owned subsidiary EPC Partners II, Inc. Mr. Duncan owns 57.1% of the voting stock of EPCO and, accordingly, exercises sole voting and dipositive power with respect to the Units held by EPCO. The remaining shares of EPCO capital stock are held primarily by trusts for the benefit of the members of Mr. Duncan's family, including Randa L. Duncan, a director and executive officer of the General Partner. The address of EPCO is 2727 North Loop West, Houston, Texas 77008.
(2) For a discussion of the Company's Partners' Equity and the Units in general, see Note 6 of the Notes to Consolidated Financial Statements. Subordinated Units are non-voting.

Section 16(a) Beneficial Ownership Reporting Compliance

Under the federal securities laws, the General Partner, the General Partner's directors, executive (and certain other) officers, and any persons holding more than ten percent of the Common Units are required to report their ownership of Common Units and any changes in that ownership to the Company and the SEC. Specific due dates for these reports have been established by regulation and the Company is required to report in this proxy statement any failure to file by these dates in 1998.

The Company believes that all of these filings were satisfied by the General Partner, the General Partner's directors and officers, and ten percent holders. As of March 1, 1999, the Company believes that the General Partner, and all of the General Partner's directors and officers and any ten percent holders are current in their filings. In making these statements, the Company has relied on the written representations of the General Partner, the General Partner's directors and officers, and ten percent holders and copies of reports that they have filed with the SEC.

Item 13. Certain Relationships and Related Transactions.

Ownership Interests of EPCO and its affiliates in the Company

At December 31, 1998, EPC Partners II, Inc., a wholly owned subsidiary of EPCO, owned 33,552,915 Common Units and 21,409,870 Subordinated Units, representing a 49.1% interest and a 31.3% interest, respectively, in the Company. In addition, the General Partner owned a combined 2% interest in the Company and the Operating Partnership. In addition, another affiliate of EPCO, Enterprise Products 1998 Unit Option Plan Trust (the "1998 Trust") owned 660,890 Common Units as of December 31, 1998. The 1998 Trust was formed for the purpose of granting options in the

Company's securities to management and certain key employees. The 1998 Trust intends to purchase up to 339,110 additional Units on the open market or through privately negotiated transactions.

Ownership Interests of other affiliates of the Company

Another affiliate of the Company, EPOLP 1999 Grantor Trust (the "1999 Trust"), also intends to purchase up to 400,000 additional Common Units on the open market or through privately negotiated transactions. The 1999 Trust was formed to fund liabilities of a long-term incentive employee benefit plan. As of December 31, 1998, no Common Units had been purchased by the 1999 Trust.

Related Party Transactions

The Company, the Operating Partnership, the General Partner, EPCO and certain other parties have entered into various documents and agreements that generally govern the business of the Company and its affiliates. Such documents and agreements are not the result of arm's-length negotiations, and there can be no assurance that it, or that any of the transactions provided for therein, are effected on terms at least as favorable to the parties to such agreement as could have been obtained from unaffiliated third parties.

The Company has an extensive ongoing relationship with EPCO and its affiliates. These relationships include the following:

(i) All management, administrative and operating functions for the Company are performed by officers and employees of EPCO pursuant to the terms of the EPCO Agreement. Under the EPCO Agreement, EPCO employs the operating personnel involved in the Company's business and is reimbursed at cost.

(ii) EPCO is and will continue as operator of the plants and facilities owned by BEF, MBA, BRF, and EPIK and in connection therewith will charge such entities for actual salary costs and related fringe benefits. As operator of such facilities, EPCO also is entitled to be reimbursed for the cost of providing certain management services to such entities, which costs totaled $2.1 million in the aggregate for the year ended December 31, 1998.

(iii) Although EPCO transferred a 49% economic interest in MBA to the Company, the Company is not a partner in such partnership. EPCO retains a 1% economic interest in such partnership and, except for the economic rights transferred by EPCO to the Company, continues to hold all rights as a partner under the partnership agreement for MBA, including the right to participate in the management and conduct of the business and affairs of such entity.

(iv) EPCO and the Company have entered into an agreement pursuant to which EPCO provides trucking services to the Company.

(v) EPCO retains the Retained Leases and, pursuant to the terms of the EPCO Agreement, subleases all of the facilities covered by the Retained Leases to the Company for $1 per year and has assigned its purchase options under the Retained Leases to the Company. EPCO is liable for the lease payments under the Retained Leases.

(vi) Pursuant to the EPCO Agreement, the Company and the Operating Partnership participate as named insureds in EPCO's current insurance program, and costs attributable thereto are allocated among the parties on the basis of formulas set forth in such agreement.

(vii) Pursuant to the EPCO Agreement, EPCO licenses certain trademarks and tradenames to the Company and indemnifies the Company for certain lawsuits and claims.

(viii) In the normal course of its business, the Company engages in transactions with BEF, MBA and other subsidiaries and divisions of EPCO. These transactions include the buying and selling of NGL products and the transportation of NGL products by truck.

For a description of certain historical related party transactions between EPCO, the Company and their affiliates, see Note 8 of Notes to Consolidated Financial Statements.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(a)(1) and (2) Financial Statements and Financial Statement Schedules

See "Index to Financial Statements" set forth on page F-1.

(a)(3) Exhibits

*3.1 Form of Amended and Restated Agreement of Limited Partnership of Enterprise Products Partners L.P. (Exhibit 3.1 to Registration Statement on Form S-1, File No. 333-52537, filed on May 13, 1998).

*3.2 Form of Amended and Restated Agreement of Limited Partnership of Enterprise Products Operating L.P. (Exhibit 3.2 to Registration Statement on Form S-1/A, File No. 333-52537, filed on July 21, 1998).

*3.3 LLC Agreement of Enterprise Products GP (Exhibit 3.3 to Registration Statement on Form S-1/A, File No. 333-52537, filed on July 21, 1998).

*4.1 Form of Common Unit certificate (Exhibit 4.1 to Registration Statement on Form S-1/A, File No. 333-52537, filed on July 21, 1998).

4.2 Credit Agreement among Enterprise Products Operating L.P., the Several Banks from Time to Time Parties Hereto, Den Norske Bank ASA, and Bank of Tokyo-Mitsubishi, Ltd., Houston Agency as Co-Arrangers, The Bank of Nova Scotia, as Co-Arranger and as Documentation Agent and The Chase Manhattan Bank as Co-Arranger and as Agent dated as of July 27, 1998 as Amended and Restated as of September 30, 1998.

*10.1 Articles of Merger of Enterprise Products Company, HSC Pipeline Partnership, L.P., Chunchula Pipeline Company, LLC, Propylene Pipeline Partnership, L.P., Cajun Pipeline Company, LLC and Enterprise Products Texas Operating L.P. dated June 1, 1998 (Exhibit 10.1 to Registration Statement on Form S-1/A, File No: 333-52537, filed on July 8, 1998).

*10.2 Form of EPCO Agreement between Enterprise Products Partners L.P., Enterprise Products Operating L.P., Enterprise Products GP, LLC and Enterprise Products Company (Exhibit 10.2 to Registration Statement on Form S-1/A, File No. 333-52537, filed on July 21, 1998).

*10.3 Transportation Contract between Enterprise Products Operating L.P. and Enterprise Transportation Company dated June 1, 1998 (Exhibit 10.3 to Registration Statement on Form S-1/A, File No. 333-52537, filed on July 8, 1998).

*10.4 Venture Participation Agreement between Sun Company, Inc. (R&M), Liquid Energy Corporation and Enterprise Products Company dated May 1, 1992 (Exhibit 10.4 to Registration Statement on Form S-1, File No. 333-52537, filed on May 13, 1998).

*10.5 Partnership Agreement between Sun BEF, Inc., Liquid Energy Fuels Corporation and Enterprise Products Company dated May 1, 1992 (Exhibit 10.5 to Registration Statement on Form S-1, File No. 333-52537, filed on May 13, 1998).

*10.6 Amended and Restated MTBE Off-Take Agreement between Belvieu Environmental Fuels and Sun Company, Inc. (R&M) dated August 16, 1995 (Exhibit 10.6 to Registration Statement on Form S-1, File No. 333-52537, filed on May 13, 1998).

*10.7 Articles of Partnership of Mont Belvieu Associates dated July 17, 1985 (Exhibit 10.7 to Registration Statement on Form S-1, File No. 333-52537, filed on May 13, 1998).

*10.8 First Amendment to Articles of Partnership of Mont Belvieu Associates dated July 15, 1996 (Exhibit 10.8 to Registration Statement on Form S-1, File No. 333-52537, filed on May 13, 1998).

*10.9 Propylene Facility and Pipeline Agreement between Enterprise Petrochemical Company and Hercules Incorporated dated December 13, 1978 (Exhibit 10.9 to Registration Statement on Form S-1, File No. 333-52537, dated May 13, 1998).

*10.10 Restated Operating Agreement for the Mont Belvieu Fractionation Facilities Chambers County, Texas between Enterprise Products Company, Texaco Producing Inc., El Paso Hydrocarbons Company and Champlin Petroleum Company dated July 17, 1985 (Exhibit 10.10 to Registration Statement on Form S-1/A, File No. 333-52537, filed on July 8, 1998).

*10.11 Ratification and Joinder Agreement relating to Mont Belvieu Associates Facilities between Enterprise Products Company Texaco Producing Inc., El Paso Hydrocarbons Company, Champlin Petroleum Company and Mont Belvieu Associates dated July 17, 1985 (Exhibit 10.11 to Registration Statement on Form S-1/A, File No. 333-52537, filed on July 8, 1998).

*10.12 Amendment to Propylene Facility and Pipeline Sales Agreement between HIMONT U.S.A., Inc. and Enterprise Products Company dated January 1, 1993 (Exhibit 10.12 to Registration Statement on Form S-1/A, File No. 333-52537, filed on July 8, 1998).

*10.13 Amendment to Propylene Facility and Pipeline Agreement between HIMONT U.S.A., Inc. and Enterprise Products Company dated January 1, 1995 (Exhibit 10.13 to Registration Statement on Form S-1/A, File No. 333-52537, filed on July 8, 1998).

21.1 List of Subsidiaries of the Company

27.1 Financial Data Schedule

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* Asterisk indicates exhibits incorporated by reference as indicated; all other exhibits are filed herewith

(b) Reports on Form 8-K

The Company filed two Form 8-Ks during the quarter ending December 31, 1998.

(I) Form 8-K dated October 19, 1998, reporting that the Company announced that its affiliate, EPCO intended to purchase up to 500,000 of the Company's Common Units in the open market or through privately negotiated transactions. A description of the intended transaction was filed according to Item 5, and the associated press release was filed pursuant to Item 7.

(II) Form 8-K dated December 22, 1998, reporting that the Company announced that it, together with certain of its affiliates, may purchase up to 1,000,000 of the Company's Common Units in the open market or through privately negotiated transactions. At the time of the December 22, 1998 filing, the Company's affiliate, EPCO, had purchased, since October 19, 1998, 375,000 of the Company's Common Units in the open market and restated its intention to purchase up to 125,000 additional Common Units in the open market or through privately negotiated transactions. A description of the intended transaction was filed according to Item 5, and the associated press release was filed pursuant to Item 7.

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All schedules have been omitted because they are either not applicable, not required or the information called for therein appears in the consolidated financial statements or notes thereto.

Independent Auditors' Report

Enterprise Products Partners L.P.:

We have audited the accompanying consolidated balance sheets of Enterprise Products Partners L.P. (the "Company") as of December 31, 1997 and 1998, and the related statements of consolidated operations, consolidated cash flows and consolidated partners' equity for each of the years in the three-year period ended December 31, 1998. These consolidated financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 1997 and 1998, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1998 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP

Houston, Texas
February 15, 1999

ENTERPRISE PRODUCTS PARTNERS L.P.
CONSOLIDATED BALANCE SHEETS
(AMOUNTS IN THOUSANDS)

	DECEMBER 31, 1997	DECEMBER 31, 1998
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents, including restricted cash of $4,522 in 1997	$ 23,463	$ 24,103
Accounts receivable - trade	69,851	57,288
Accounts receivable - affiliates	6,682	15,546
Inventories	18,935	17,574
Current maturities of participation in notes receivable from unconsolidated affiliates		14,737
Prepaid and other current assets	8,103	8,445
Total current assets	127,034	137,693
PROPERTY, PLANT AND EQUIPMENT, NET	513,727	499,793
INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED AFFILIATES	55,875	91,121
PARTICIPATION IN NOTES RECEIVABLE FROM UNCONSOLIDATED AFFILIATES		11,760
OTHER ASSETS	1,077	670
TOTAL	$697,713	$741,037
LIABILITIES AND PARTNERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 14,903	
Accounts payable - trade	76,591	$ 36,586
Accrued gas payables	45,668	27,183
Accrued expenses	8,638	7,540
Other current liabilities	21,544	11,462
Total current liabilities	167,344	82,771
LONG-TERM DEBT	215,334	90,000
MINORITY INTEREST	3,150	5,730
COMMITMENTS AND CONTINGENCIES		
PARTNERS' EQUITY		
Common Units (33,552,915 and 45,552,915 units outstanding at December 31, 1997 and 1998, respectively)	188,503	433,082
Subordinated Units (21,409,870 units outstanding at December 31, 1997 and 1998)	120,263	123,829
General Partner	3,119	5,625
Total partners' equity	311,885	562,536
TOTAL	$697,713	$741,037

See Notes to Consolidated Financial Statements

ENTERPRISE PRODUCTS PARTNERS L.P.
STATEMENTS OF CONSOLIDATED OPERATIONS
(Amounts in Thousands, Except per Unit Amounts)

	Year Ended December 31,		
	1996	1997	1998
Revenues	$999,506	$1,020,281	$738,902
Cost and Expenses			
Operating costs and expenses	907,524	938,237	686,160
Selling, general and administrative	23,070	21,891	18,216
Total	930,594	960,128	704,376
Operating Income	68,912	60,153	34,526
Other Income (Expense)			
Interest expense	(26,310)	(25,717)	(14,696)
Equity income in unconsolidated affiliates	15,756	15,682	15,671
Interest income from unconsolidated affiliates			809
Interest income - other	2,705	1,934	772
Other, net	364	638	273
Other income (expense)	(7,485)	(7,463)	2,829
Income before Extraordinary Item and Minority Interest	61,427	52,690	37,355
Extraordinary item--early extinguishment of debt			(27,176)
Income before Minority Interest	61,427	52,690	10,179
Minority Interest	(614)	(527)	(102)
Net Income	$ 60,813	$ 52,163	$ 10,077
Allocation of Net Income to:			
Limited partners	$ 60,205	$ 51,641	$ 9,976
General partner	$ 608	$ 522	$ 101
Income per Unit Before Extraordinary Item	$1.10	$.94	$.62
Extraordinary item			(.45)
Net Income per Unit	$1.10	$.94	$.17
Weighted-average number of units outstanding	54,963	54,963	60,124

See Notes to Consolidated Financial Statements

ENTERPRISE PRODUCTS PARTNERS L.P.
STATEMENTS OF CONSOLIDATED CASH FLOWS
(AMOUNTS IN THOUSANDS)

	Year Ended December 31,		
	1996	1997	1998
Operating Activities			
Net income	$ 60,813	$ 52,163	$ 10,077
Adjustments to reconcile net income to cash flows provided by (used for) operating activities:			
Extraordinary item - early extinguishment of debt			27,176
Depreciation and amortization	15,742	17,684	19,194
Equity in income of unconsolidated affiliates	(15,756)	(15,682)	(15,671)
Leases paid by EPCO			4,010
Minority interest	614	527	102
(Gain) loss on sale of assets		155	(276)
Net effect of changes in operating accounts	30,018	2,948	(64,906)
Operating activities cash flows	91,431	57,795	(20,294)
Investing Activities			
Capital expenditures	(61,010)	(33,636)	(8,360)
Proceeds from sale of assets	25		1,887
Participation in notes receivable from unconsolidated affiliates:			
Purchase of notes receivable			(33,725)
Collection of notes receivable			7,228
Unconsolidated affiliates:			
Investments in and advances to	(3,894)	(4,625)	(26,842)
Distributions received	7,154	7,279	9,117
Investing activities cash flows	(57,725)	(30,982)	(50,695)
Financing Activities			
Net proceeds from sale of common units			243,296
Long-term debt borrowings	24,001	598	90,000
Long-term debt repayments	(50,040)	(25,978)	(257,413)
Net increase (decrease) in restricted cash	1,109	(1,171)	4,522
Cash contributions from EPCO to minority interest			2,478
Cash dividends paid			(21,645)
Financing activities cash flows	(24,930)	(26,551)	61,238
Cash Contributions from (to) epco	6,393	(6,299)	14,913
Net Change in Cash and Cash Equivalents	15,169	(6,037)	5,162
Cash and Cash Equivalents, January 1	9,809	24,978	18,941
Cash and Cash Equivalents, December 31 (Excluding restricted cash of $3,351 in 1996 and $4,522 in 1997)	$ 24,978	$ 18,941	$ 24,103

See Notes to Consolidated Financial Statements

ENTERPRISE PRODUCTS PARTNERS L.P.
STATEMENTS OF CONSOLIDATED PARTNERS' EQUITY
(Amounts in Thousands)

	Limited Partners			
	Common Units	Subordinated Units	General Partner	Total
Consolidated Partners' Equity, January 1, 1996	$120,164	$ 76,663	$1,988	$198,815
Net Income	36,755	23,450	608	60,813
Cash contributions from EPCO	3,864	2,465	64	6,393
Consolidated Partners' Equity, December 31, 1996	160,783	102,578	2,660	266,021
Net Income	31,527	20,114	522	52,163
Cash distributions to EPCO	(3,807)	(2,429)	(63)	(6,299)
Consolidated Partners' Equity, December 31, 1997	188,503	120,263	3,119	311,885
Net Income	5,641	4,335	101	10,077
Cash contributions from EPCO	7,519	4,813	2,581	14,913
Leases paid by EPCO after public offering	2,701	1,269	40	4,010
Proceeds from sale of Common Units	243,296			243,296
Cash distributions to Unitholders ($.32 per unit on Common and Subordinated Units)	(14,578)	(6,851)	(216)	(21,645)
Consolidated Partners' Equity, December 31, 1998	$433,082	$123,829	$5,625	$562,536

See Notes to Consolidated Financial Statements

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ENTERPRISE PRODUCTS PARTNERS L.P. (the "Company") was formed on April 9, 1998 as a Delaware limited partnership to own and operate the natural gas liquids ("NGL") business of Enterprise Products Company ("EPCO"). The Company is the limited partner and owns 99% of Enterprise Products Operating L.P. (the "Operating Partnership"), which directly or indirectly owns or leases and operates the NGL facilities. Enterprise Products GP, LLC (the "General Partner") is the general partner and owns 1.0101% of the Operating Partnership and 1% of the Company. Both the Company and the General Partner are subsidiaries of EPCO.

Prior to their consolidation, EPCO and its affiliated companies were controlled by members of a single family, who collectively owned at least 90% of each of the entities for all periods presented. As of April 30, 1998, the owners of all the affiliated companies exchanged their ownership interests for shares of EPCO. Accordingly, each of the affiliated companies became a wholly owned subsidiary of EPCO or was merged into EPCO as of April 30, 1998. In accordance with generally accepted accounting principles, the consolidation of the affiliated companies with EPCO was accounted for as a reorganization of entities under common control in a manner similar to a pooling of interests.

Under terms of a contract entered into on May 8, 1998 between EPCO and the Operating Partnership, EPCO contributed all of its NGL assets through the Company and the General Partner to the Operating Partnership and the Operating Partnership assumed certain of EPCO's debt. As a result, the Company became the successor to the NGL operations of EPCO.

Effective July 27, 1998, the Company filed a registration statement pursuant to an initial public offering of 12,000,000 Common Units. The Common Units sold for $22 per unit. The Company received approximately $243.3 million after underwriting commissions of $16.8 million and expenses of approximately $3.9 million.

The accompanying consolidated financial statements include the historical accounts and operations of the NGL business of EPCO, including NGL operations conducted by affiliated companies of EPCO prior to their consolidation with EPCO. Investments in which the Company owns 20% to 50% and exercises significant influence over operating and financial policies are accounted for using the equity method. All significant intercompany accounts and transactions have been eliminated in consolidation.

Certain reclassifications have been made to the prior years' financial statements to conform to the presentation of the current period financial statements.

INVENTORIES, consisting of NGLs and NGL products, are carried at the lower of average cost or market.

EXCHANGES are movements of NGL products between parties to satisfy timing and logistical needs of the parties. NGLs and NGL products borrowed from the Company under such agreements are included in inventories, and NGLs and NGL products loaned to the Company under such agreements are accrued as a liability in accrued gas payables.

PROPERTY, PLANT AND EQUIPMENT is recorded at cost and is depreciated using the straight-line method over the asset's estimated useful life. Maintenance, repairs and minor renewals are charged to operations as incurred. Additions, improvements and major renewals are capitalized. The cost of assets retired or sold, together with the related accumulated

depreciation, is removed from the accounts, and any gain or loss on disposition is included in income.

REVENUE is recognized when products are shipped or services are rendered.

USE OF ESTIMATES AND ASSUMPTIONS by management that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period are required for the preparation of financial statements in conformity with generally accepted accounting principles. Actual results could differ from these estimates.

FEDERAL INCOME TAXES are not provided because the Company and its predecessors either had elected under provisions of the Internal Revenue Code to be a Master Limited Partnership or Subchapter S Corporation or were organized as pass-through entities for federal income tax purposes. As a result, for federal income taxes purposes, the owners are individually responsible for the taxes on their allocable share of the consolidated taxable income of the Company. State income taxes are not material.

ENVIRONMENTAL COSTS for remediation are accrued based on estimates of known remediation requirements. Such accruals are based on management's best estimate of the ultimate costs to remediate the site. Ongoing environmental compliance costs are charged to expense as incurred, and expenditures to mitigate or prevent future environmental contamination are capitalized. Environmental costs, accrued environmental liabilities and expenditures to mitigate or eliminate future environmental contamination for each of the years in the three-year period ended December 31, 1998 were not significant to the consolidated financial statements. The Company's estimated liability for environmental remediation is not discounted.

CASH FLOWS are computed using the indirect method. For cash flow purposes, the Company considers all highly liquid debt instruments with an original maturity of less than three months at the date of purchase to be cash equivalents. All cash presented as restricted cash in the Company's financial statements was due to requirements of the Company's debt agreements.

DOLLAR AMOUNTS presented in the tabulations within the notes to the Company's financial statements are stated in thousands of dollars, unless otherwise indicated.

RECENT STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS ("SFAS") include the following: (effective for all fiscal quarters of fiscal years beginning after June 15, 1999) SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." Management is currently studying this SFAS item for its possible impact on the consolidated financial statements. On April 3, 1998, the American Institute of Certified Public Accountants issued Statement of Position ("SOP") 98-5, "Reporting on the Costs of Start-Up Activities." For years beginning after December 15, 1998, SOP 98-5 requires that all start-up costs of a business activity be charged to expense as incurred and any start-up cost previously deferred should be written off as a cumulative effect of a change in accounting principle. Based on the assessment of SOP 98-5, SOP 98-5 will not have a material impact on the consolidated financial statements except for a $4.5 million noncash write-off at January 1, 1999 of the unamortized balance of deferred start-up costs of Belvieu Environmental Fuels, in which the Company owns a 33-1/3% economic interest. Such a write-off would cause a $1.5 million reduction in the equity in income of unconsolidated affiliates for 1999 and a corresponding reduction in the Company's investment in unconsolidated affiliates.

INCOME PER UNIT is based on the amount of income allocated to limited partners and the weighted-average number of Common Units and Subordinated Units outstanding during the

period. The Company has no dilutive securities outstanding; accordingly, no diluted net income per Unit is presented.

2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and accumulated depreciation are as follows:

	Estimated Useful Life in Years	1997	1998
Plants and pipelines	5-35	$599,047	$611,994
Underground and other storage facilities	5-35	79,744	89,064
Transportation equipment	3-35	12,393	3,043
Land		12,783	12,362
Construction in progress		12,627	3,879
Total		716,594	720,342
Less accumulated depreciation		202,867	220,549
Property, plant and equipment, net		$513,727	$499,793

3. INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED AFFILIATES

At December 31, 1998, the Company's significant unconsolidated affiliates which were accounted for using the equity method included the following:

Belvieu Environmental Fuels ("BEF") - a 33-1/3% economic interest in a Methyl Tertiary Butyl Ether ("MTBE") production facility.

Mont Belvieu Associates ("MBA") - a 49% economic interest in an entity which owns a 50% interest in a NGL fractionation facility.

Baton Rouge Fractionators, LLC ("BRF") - a 27.5% economic interest in a NGL fractionation facility which is under construction and scheduled to begin production during the second quarter of 1999.

EPIK Terminalling L.P. and EPIK Gas Liquids, LLC (collectively, "EPIK") - a 50% aggregate economic interest in a refrigerated NGL marine terminal loading facility which is under construction.

Other joint ventures included various entities in the formation stage at December 31, 1998.

Following is a summary of the Company's investments in and advances to unconsolidated affiliates and the equity in income of unconsolidated affiliates:

Investments in and advances to unconsolidated affiliates at:

	December 31, 1997	December 31, 1998
BEF	$41,278	$50,079
MBA	11,963	12,551
BRF	2,634	17,896
EPIK		5,667
Other		4,928
Total	$55,875	$91,121

Equity in income of unconsolidated affiliates for the:

	Years Ended December 31,		
	1996	1997	1998
BEF	$ 9,752	$ 9,305	$ 9,801
MBA	6,004	6,377	5,213
BRF			(91)
EPIK			748
Total	$15,756	$15,682	$15,671

At December 31, 1998, the Company's share of accumulated earnings of unconsolidated affiliates that had not been remitted to the Company was $33 million.

Following is selected financial data for the most significant investments of the Company:

BEF

BEF is owned equally (33-1/3%) by Mitchell Gas Services, L.P. ("Mitchell"), SUN BEF, Inc. ("SUN BEF") and the Company. Mitchell Energy & Development Corp. is Mitchell's ultimate parent company, and Sun Company, Inc. ("Sun") is SUN BEF's ultimate parent company. Following is condensed financial data for BEF:

	At December 31,	
BALANCE SHEET DATA:	1997	1998
Current assets	$ 40,189	$ 34,268
Property, plant and equipment, net	182,945	172,281
Other assets	18,323	13,684
Total assets	$241,457	$220,233
Current liabilities	$ 57,344	$ 54,326
Long-term debt	58,667	19,556
Other liabilities	2,950	1,798
Partners' equity	122,496	144,553
Total liabilities and partners' equity	$241,457	$220,233

	Years Ended December 31,		
	1996	1997	1998
INCOME STATEMENT DATA:			
Revenues	$217,438	$233,218	$182,001
Expenses	188,182	205,300	152,600
Net income	$ 29,256	$ 27,918	$ 29,401

BEF's owners are required under isobutane supply contracts to provide their pro rata share of BEF's monthly isobutane requirements. If the MTBE plant's isobutane requirements exceed 450,000 barrels for any given month, each of the owners retains the right, but not the obligation, to supply at least one-third of the additional isobutane needed. The purchase price for the isobutane (which generally approximates the established market price) is based on contracts between the owners.

BEF has a ten-year off-take agreement through May 2005 under which Sun is required to purchase all of the plant's MTBE production. Through May 31, 2000, Sun pays the higher of a contractual floor price or market price (as defined within the agreement) for floor production (193,450,000 gallons per year) and the market price for production in excess of 193,450,000 gallons per year, subject to quarterly adjustments on certain excess volumes. At floor production levels, the contractual floor price is a price sufficient to cover essentially all of BEF's operating costs plus principal and interest payments on its bank term loan. Market price is (a) toll fee price (cost of feedstock plus approximately $0.484 per gallon during the first two contract years ended May 31, 1997) and (b) at Sun's option, the toll fee price (cost of feedstock plus approximately $0.534 per gallon) or the U.S. Gulf Coast Posted Contract Price for the period from June 1, 1997 through May 31, 2000. For purposes of computing the toll fee price, the feedstock component is based on the Normal Butane Posted Price for the month plus the average purchase price paid by BEF to acquire methanol consumed by the facility during the month. In addition, the floor or market price determined above will be increased by $0.03 per gallon in the third and fourth contract years and by about $0.04 per gallon in the fifth contract year. Beginning June 1, 2000, through the remainder of the agreement, the price for all production will be based on a market-related negotiated price.

The contracted floor price paid by Sun for production in 1996, 1997 and 1998 exceeded the spot market price for MTBE. At December 31, 1998, the floor price paid for MTBE by Sun was $.78 per gallon. The average Gulf Coast MTBE spot market price was $.46 per gallon for December 1998 and $.64 per gallon for all of 1998.

Substantially all revenues earned by BEF are from the production of MTBE which is sold to Sun. This concentration could impact BEF's exposure to credit risk; however, such risk is reduced since Sun has an equity interest in BEF. Management believes BEF is exposed to minimal credit risk. BEF does not require collateral for its receivables from Sun.

Long-term debt of BEF consists of a five-year, floating interest rate (London Interbank Offered Rate ["LIBOR"] plus .0875%) bank term note payable ($58.7 million outstanding at December 31, 1998) which is due in equal quarterly installments of $9.8 million through May 31, 2000. The weighted-average interest rate on this debt for the year ended December 31, 1998 was 6.60%. The debt is non-recourse debt to the partners. BEF had an interest rate cap agreement (based on a LIBOR rate of 7%) with a notional amount of $13 million at December 31, 1998. The interest rate cap agreement provides that the notional amount will decrease by $4.5 million each quarter through May 1999. BEF intends to hold the contract through its expiration date and use it as a means of fixing a portion of the interest on the term note payable. While the notional amount is used to express the magnitude of an interest rate cap agreement, the amount subject to credit risk, in the event of nonperformance by a third party, is substantially less. Management does not expect any significant impact to its financial position as a result of nonperformance by a third party. The interest rate cap did not have a significant effect on the net interest rate that BEF recognized for 1996, 1997 or 1998.

The bank term loan agreement contains restrictive covenants prohibiting or limiting certain actions of BEF, including partner distributions, and requiring certain actions by BEF, including the maintenance of specified levels of leverage, as defined, and approval by the banks of certain contracts. Distributions to partners in the amount of $7.3 million were made for the year ended December 31, 1998. In addition, the loan agreement requires BEF to restrict a certain portion of cash to pay for the plant's turnaround maintenance and long-term debt service. At December 31, 1997 and 1998, cash of $13.1 million and $11.1 million, respectively, was restricted under terms of the loan agreement. BEF was in compliance with the restrictive covenants at December 31, 1998. The long-term debt is collateralized by substantially all of BEF's assets.

MBA

Kinder Morgan Natural Gas Liquids Corporation owns 50%, the Company owns 49% and EPCO owns 1% of Mont Belvieu Associates. Following is the condensed financial data for MBA:

BALANCE SHEET DATA:	At December 31, 1997	At December 31, 1998
Current assets	$ 6,125	$ 4,756
Property, plant and equipment, net	45,774	44,205
Other assets	79	1,687
Total assets	$51,978	$50,648
Current liabilities	$ 4,479	$ 1,582
Long-term debt	11,790	11,790
Other liabilities		130
Partners' equity	35,709	37,146
Total liabilities and partners' equity	$51,978	$50,648

	Years Ended December 31, 1996	1997	1998
INCOME STATEMENT DATA:			
Revenues	$26,954	$33,646	$31,881
Expenses	16,347	23,034	22,280
Net income	$10,607	$10,612	$ 9,601

Long-term debt of MBA represents an $11.6 million bank term note which is payable over a six-year amortization schedule and a balloon payment in December 2001 of $3 million. Interest on the bank term note payable bears interest at LIBOR plus 0.75%. The weighted-average interest rate was 5.79% at December 31, 1998. The loan is nonrecourse to the partners and is secured by MBA's rights under the operating agreement of the facility with the joint owners. The bank agreement contains no restrictions on the payment of distributions to the partners. Also included in long-term debt is a $0.2 million note payable to EPCO.

All of MBA's revenues are derived from NGL fractionation services to customers in the Gulf Coast area. This concentration could impact MBA's exposure to credit risk since these customers could be affected by similar economic or other conditions. Management, however, believes MBA is exposed to minimal credit risk. MBA generally does not require collateral for its receivables.

BRF

BRF is a joint venture among Amoco Louisiana Fractionator Company, Williams Mid-Stream Natural Gas Liquids, Inc., Exxon Chemical Louisiana LLC ("Exxon") and the Company. At December 31, 1998, the joint venture agreement was not finalized. The ownership interests in BRF will be based on the amounts contributed by each member to fund certain capital expenditures. Exxon will fund a small portion of the construction costs but will contribute other NGL assets. At December 31, 1998, included in investments in and advances to unconsolidated affiliates, the Company recorded 27.5% of the $0.3 million operating loss as a result of certain start-up expenses incurred during the developmental stage.

BRF is an NGL fractionation facility under construction near Baton Rouge, Louisiana, which will have a 60,000 barrel per day capacity. The Company is the operator of the facility, which will service NGL production from the Mobile/Pascagoula and Louisiana areas. Following is the condensed balance sheet data for BRF:

	At December 31,	
	1997	1998
Current assets	$2,511	$ 2,386
Construction in progress	4,634	58,618
Other		3
Total assets	$7,145	$61,007
Current liabilities	$3,379	$ 8,222
Members' equity	3,766	52,785
Total liabilities and members' equity	$7,145	$61,007

EPIK

EPIK is a joint venture among EPIK Gas Liquids LLC ("Gas Liquids"), the 1% general partner, the Operating Partnership and Idemitsu LPG USA Corporation ("Idemitsu"). The Operating Partnership and Idemitsu each are 49.5% limited partners. EPIK was formed to construct and own refrigerated NGL marine terminal loading facilities. The Operating Partnership operates the facilities for EPIK and acts as the contractor for construction of the assets.

Construction of certain assets was completed during 1998, and EPIK began their operations in June 1998. EPIK expects the remaining construction to be completed during the fourth quarter of 1999. Following is the condensed financial data for EPIK as of and for the year ended December 31, 1998:

BALANCE SHEET DATA:

Current assets	$ 1,332
Property, plant and equipment, net	11,939
Total assets	$13,271
Current liabilities	$ 36
Partners' equity	13,235
Total liabilities and partners' equity	$13,271

INCOME STATEMENT DATA:

Revenues	$3,962
Expenses	2,200
Net income	$1,762

4. NOTES RECEIVABLE FROM UNCONSOLIDATED AFFILIATES

On July 31, 1998, the Company purchased a participation interest in bank loans of MBA and BEF for $33.7 million.

Participation interest in the MBA bank note receivable totaled approximately $7.7 million at the time of the purchase. The MBA note receivable bears interest at a floating rate per annum at LIBOR plus 0.75% and matures on December 31, 2001. The Company will receive monthly principal payments, aggregating approximately $1.7 million per year, plus interest from MBA during the term of the loan with an additional $1.8 million lump sump payment upon maturity in December 2001.

Participation interest in the BEF bank note receivable totaled $26.1 million at the time of purchase. The BEF note receivable bears interest at a floating rate per annum at LIBOR plus 0.0875% and matures on May 31, 2000. The Company will receive quarterly principal payments of approximately $3.3 million plus interest from BEF during the term of the loan.

5. LONG-TERM DEBT

On July 31, 1998, the Company entered into a $200 million revolving credit agreement (the "Bank Revolver") with a bank syndicate. The Bank Revolver is due on July 31, 2000 and bears interest at various rates based on the bank's prime rate, three-month certificate of deposit rate, as defined, federal funds effective rate or Eurodollar rate. The Company elects the basis for the interest rate at the time of each borrowing. Interest rates ranged from 6.25% to 6.69% during 1998, and the weighted-average interest rate at December 31, 1998 was 6.45%.

Long-term debt consisted of the following:

	At December 31,	
	1997	1998
Bank Revolver		$90,000
Insurance Companies:		
Secured notes (five separate series), with interest from 8.82% to 12.10% at December 31, 1997, retired during 1998	$ 65,395	
Senior notes (seven separate series), with interest from 8.04% to 12.10% at December 31, 1997, retired during 1998	160,345	
Subordinated note, with interest at 9.3% at December 31, 1997, retired during 1998	4,497	
Total	230,237	90,000
Less current maturities of long-term debt	14,903	
Long-term debt	$215,334	$90,000

The Bank Revolver contains restrictive covenants prohibiting or limiting certain actions of the Company, including payment of cash distributions to owners, making of certain investments and incurring any additional debt. Additionally, the Bank Revolver requires certain actions by the Company including the maintenance of specified levels of working capital and tangible net worth, as defined by the agreement. The Company was in compliance with these restrictive covenants at December 31, 1998.

At December 31, 1998, the Company had $30 million of standby letters of credit available, and approximately $0.7 million of letters of credit were outstanding under letter of credit agreements with the banks.

Extraordinary Item--Early Extinguishment of Debt

On July 31, 1998, the Company used $243.3 million of proceeds from the sale of Common Units and $13.3 million of borrowings from the Bank Revolver to retire $256.6 million of debt that was assumed from EPCO. In connection with the repayment of the debt, the Company was required to pay a "make-whole payment" of $26.3 million to the lenders. The $26.3 million (plus $0.9 million of unamortized debt costs) is included in the consolidated statement of operations for the year ended December 31, 1998 as "Extraordinary item--early extinguishment of debt."

6. PARTNERS' CAPITAL AND CASH DISTRIBUTIONS

At December 31, 1998, the Company had 45.6 million Common Units and 21.4 million Subordinated Units outstanding (collectively, "Units").

The Subordinated Units have no voting rights until the Units are converted into Common Units at the end of the Subordination Period (as defined below).

The Agreement of Limited Partnership of the Company (the "Partnership Agreement") contains specific provisions for the allocation of net earnings and losses to the Common Units, Subordinated Units and the General Partner. The Partnership Agreement also sets forth the calculation to be used to determine the amount and priority of cash distributions that the Common Unitholders, Subordinated Unitholders and the General Partner will receive.

The Company intends, to the extent there is sufficient available cash from Operating Surplus, as defined by the Partnership Agreement, to distribute to each holder of Common Units at least a minimum quarterly distribution of $0.45 per Common Unit. The minimum quarterly distribution is not guaranteed and is subject to adjustment as set forth in the Partnership Agreement. With respect to each quarter during the subordination period, which will generally not end before June 30, 2003, the Common Unitholders will generally have the right to receive the minimum quarterly distribution, plus any arrearages thereon, and the General Partner will have the right to receive the related distribution on its interest before any distributions of available cash from Operating Surplus are made to the Subordinated Unitholders. During the year ended December 31, 1998, the Company declared cash distributions of $.32 per Unit as of October 30, 1998 on all partnership interests.

The Subordination Period for the Subordinated Units will generally extend until the first day of any quarter beginning after June 30, 2003 when the Conversion Test has been satisfied. Generally, the Conversion Test will have been satisfied when the Company has paid from Operating Surplus and generated from Adjusted Operating Surplus the minimum quarterly distribution on all Units for the three preceding four-quarter periods. Upon expiration of the Subordination Period, all remaining Subordinated Units will convert into Common Units on a one-for-one basis and will thereafter participate pro rata with the other Common Units in distributions of Available Cash.

If the Conversion Test has been met for any quarter ending on or after June 30, 2001, 25% of the Subordinated Units will convert into Common Units. If the Conversion Test has been met for any quarter ending on or after June 30, 2002, an additional 25% of the Subordinated Units will convert into Common Units. The early conversion of the second 25% of Subordinated Units may not occur until at least one year following the early conversion of the first 25% of Subordinated Units.

The Partnership Agreement generally authorizes the Company to issue an unlimited number of additional limited partner interests and other equity securities of the Company for such consideration and on such terms and conditions as shall be established by the General Partner in its sole discretion without the approval of the Unitholders. During the Subordination Period, however, the Company may not issue equity securities ranking senior to the Common Units for an aggregate of more than 22,775,000 Common Units (except for Common Units upon conversion of Subordinated Units, pursuant to employee benefit plans, upon conversion of the general partner interest as a result of the withdrawal of the General Partner or in connection with acquisitions or

capital improvements that are accretive on a per Unit basis) or an equivalent number of securities ranking on a parity with the Common Units, without the approval of the holders of at least a Unit Majority. A Unit Majority is defined as at least a majority of the outstanding Common Units (during the Subordination Period), excluding Common Units held by the General Partner and its affiliates, and at least a majority of the outstanding Common Units (after the Subordination Period).

7. MAJOR CUSTOMERS

A customer owns a 45.4% undivided interest in a plant and the related pipeline system and it leases such undivided interest in these facilities to the Company. The agreement with the customer expires in 2004. There are two successive options to extend the term for 12 years each remaining under the original agreement. Revenues from sales to this customer were approximately $114.1 million, $147.6 million and $102.2 million for 1996, 1997 and 1998, respectively.

In addition, the Company has supply, transportation and storage contracts with another customer which expire in 2003. Under the supply contract, the Company sells approximately 390,000 barrels of isobutane per month to the customer. Under the transportation contract, the Company delivers the product sold at a transportation fee of approximately 0.75 cents per gallon. Storage fees are charged at a rate of 7.5 cents per gallon for any product held for the customer and then subsequently sold to third parties. Revenues from sales to this customer were approximately $113.4 million, $107.3 million and $64.4 million for 1996, 1997 and 1998, respectively.

8. RELATED PARTY TRANSACTIONS

The Company has no employees. All management, administrative and operating functions are performed by employees of EPCO. Operating costs and expenses include charges for EPCO's employees who operate the Company's various facilities. Such charges are based on EPCO's actual salary costs and related fringe benefits. Because the Company's operations constitute the most significant portion of EPCO's consolidated operations, selling, general and administrative expenses reported in the accompanying statements of consolidated operations for all periods before the public offering include all such expenses incurred by EPCO less amounts directly incurred by other subsidiaries or operating divisions of EPCO.

In connection with the initial public offering, EPCO, the General Partner and the Company entered into the EPCO Agreement pursuant to which (i) EPCO agreed to manage the business and affairs of the Company and the Operating Partnership; (ii) EPCO agreed to employ the operating personnel involved in the Company's business for which EPCO is reimbursed by the Company at cost; (iii) the Company and the Operating Partnership agreed to participate as named insureds in EPCO's current insurance program, and costs are allocated among the parties on the basis of formulas set forth in the agreement; (iv) EPCO agreed to grant an irrevocable, nonexclusive worldwide license to all of the trademarks and trade names used in its business to the Company; (v) EPCO agreed to indemnify the Company against any losses resulting from certain lawsuits; and (vi) EPCO agreed to sublease all of the equipment which it holds pursuant to operating leases relating to an isomerization unit, a deisobutanizer tower, two cogeneration units and approximately 100 rail cars to the Company for $1 per year and assigned its purchase options under such leases to the Company (hereafter referred to as "Retained Leases".) Pursuant to the EPCO Agreement, EPCO is reimbursed at cost for all expenses that it incurs in connection with managing the business and affairs of the Company, except that EPCO is not entitled to be reimbursed for any selling, general and administrative expenses. In lieu of reimbursement for such selling, general and administrative expenses, EPCO receives an annual administrative services fee that initially equals $12.0 million. The General Partner, with the approval and consent of the Audit and Conflicts Committee of the Company, can agree to increases in such administrative services fee of up to 10% each year during the ten-year term of the EPCO Agreement and may agree to further increases in such fee in

connection with expansions of the Company's operations through the construction of new facilities or the completion of acquisitions that require additional management personnel.

EPCO also operates all plants owned by the unconsolidated affiliates and charges them for actual salary costs and related fringe benefits. In addition, EPCO charged the unconsolidated affiliates for management services provided; such charges aggregated $1.1 million for 1996, $1.1 million for 1997 and $2.1 million for 1998. Since EPCO pays the rental charges for the Retained Leases, such payments are considered a contribution by EPCO for the benefit of each partnership interest and are included as such in Partners' Equity, and a corresponding charge for the rental expense is included in the consolidated statements of operations. Rental expense, included in operating costs and expenses, for the Retained Leases was $11.4 million, $13.3 million and $13.9 million (of which $4.0 million occurred after the public offering) for 1996, 1997 and 1998, respectively.

The Company also has transactions in the normal course of business with the unconsolidated affiliates and other subsidiaries and divisions of EPCO. Such transactions include the buying and selling of NGL products, loading of NGL products and transportation of NGL products by truck. Following is a summary of significant transactions with related parties:

	For the Years Ended December 31		
	1996	1997	1998
Revenues from NGL products sold to:			
Unconsolidated affiliates	$41,653	$44,392	$36,474
Other EPCO subsidiaries	10,292	19,029	19,531
Cost of NGL products purchased from:			
Unconsolidated affiliates	7,339	8,453	9,270
Other EPCO subsidiaries	3,944	6,495	5,293
Operating expenses charged for trucking of NGL products	9,114	7,606	4,704
Administrative service fee charged by EPCO			5,129

9. COMMITMENTS AND CONTINGENCIES

Storage Commitments

The Company stores NGL products for EPCO and various third parties. Under the terms of the storage agreements, the Company is generally required to redeliver to the owner its NGL products upon demand. The Company is insured for any physical loss of such NGL products due to catastrophic events. At December 31, 1998, NGL products aggregating 337 million gallons were due to be redelivered to the owners under various storage agreements.

Lease Commitments

The Company leases certain processing facilities under noncancelable leases. Minimum future rental payments on such leases with terms in excess of one year at December 31, 1998 are as follows:

1999	$ 4,468
2000	4,456
2001	4,455
2002	4,251
2003	4,252
Thereafter	4,251
Total minimum obligations	$26,133

Lease expense charged to operations (including Retained Leases) for the years ended December 1996, 1997 and 1998 was approximately $26.3 million, $29.6 million and $18.5 million, respectively.

Capital Expenditure Commitments

As of December 31, 1998, the Company had capital expenditure commitments totaling approximately $11.1 million, the majority of which relates to the construction of projects of unconsolidated affiliates.

Litigation

EPCO has indemnified the Company against any litigation arising from events or actions prior to its formation. The Company is sometimes named as a defendant in litigation relating to its normal business operations. Although the Company insures itself against various business risks, to the extent management believes it is prudent, there is no assurance that the nature and amount of such insurance will be adequate, in every case, to indemnify the Company against liabilities arising from future legal proceedings as a result of its ordinary business activity. Management is aware of no significant litigation, pending or threatened, that would have a significantly adverse effect on the Company's financial position or results of operations.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following disclosure of estimated fair value was determined by the Company, using available market information and appropriate valuation methodologies. Considerable judgment, however, is necessary to interpret market data and develop the related estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize upon disposition of the financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Cash and Cash Equivalents, Accounts Receivable, Participation in Notes Receivable from Unconsolidated Affiliates, Accounts Payable, Accrued Expenses and Long-Term Debt are carried at amounts which reasonably approximate their fair value at year end.

11. SUPPLEMENTAL CASH FLOWS DISCLOSURE

The net effect of changes in operating assets and liabilities is as follows:

	Year Ended December 31,		
	1996	1997	1998
(Increase) decrease in:			
Accounts receivable	$(34,763)	$ 29,024	$ 3,699
Inventories	5,947	7,329	1,361
Prepaids and other current assets	100	917	(342)
Other assets	295	127	46
Increase (decrease) in:			
Accounts payable--trade	35,187	(3,320)	(40,005)
Accrued gas payable	21,650	(26,955)	(18,485)
Accrued expenses	6,286	(5,526)	(1,098)
Other current liabilities	(4,684)	1,352	(10,082)
Net effect of changes in operating accounts	$ 30,018	$ 2,948	$(64,906)
Cash payments for interest, net of $1,569, $2,005 and $180 capitalized in 1996, 1997 and 1998, respectively	$ 30,156	$ 28,352	$ 6,971

During 1998, the Company contributed $1.9 million (at net book value) of plant equipment to an unconsolidated affiliate as part of its investment therein.

12. CONCENTRATION OF CREDIT RISK

A substantial portion of the Company's revenues is derived from the fractionation, isomerization, propylene production, marketing, storage and transportation of NGLs to various companies in the NGL industry, primarily located in the United States. Although this concentration could affect the Company's overall exposure to credit risk since these customers might be affected by similar economic or other conditions, management believes the Company is exposed to minimal credit risk, since the majority of its business is conducted with major companies within the industry and much of the business is conducted with companies with whom the Company has joint operations. The Company generally does not require collateral for its accounts receivables.

13. SUBSEQUENT EVENTS

Grantor Trust

Effective January 12, 1999, the Operating Partnership established a revocable grantor trust (the "Trust") with an initial deposit of $1 million. The purpose of the Trust is to purchase Common Units of the Company to fund future liabilities of a Long-Term Incentive Plan (the "Plan"). Provisions of the Plan were not finalized as of February 15, 1999. The Company intends to consolidate the Trust into its financial statements and disclose the Common Units held by the Trust in a manner similar to a purchase of treasury stock under the cost method of accounting. At February 15, 1999, the Trust had purchased a total of 267,200 Common Units at a cost of $4.8 million.

Sorrento Pipeline Lease Agreement

Effective January 1, 1999, Sorrento Pipeline Company, LLC ("Sorrento"), a wholly owned subsidiary of the Operating Partnership, entered into a lease agreement (the "Agreement") with Entell NGL Services ("Entell"). Entell is a joint venture between Sorrento and Tejas NGL Pipelines, LLC. Under terms of the Agreement, Sorrento will lease the Sorrento System (as defined in the Agreement) to Entell for a period of ten years for approximately $1.6 million per year.

14. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

(Amounts in thousands except per Unit data)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
For the Year Ended December 31, 1997:				
Revenues	$255,652	$245,380	$268,974	$250,275
Operating income	19,880	12,966	9,728	17,579
Income before minority interest	18,585	12,364	7,475	14,266
Minority interest	(186)	(123)	(75)	(143)
Net income	18,399	12,241	7,400	14,123
Net Income per Unit	$ .33	$ .22	$ .13	$ .25
For the Year Ended December 31, 1998:				
Revenues	$190,517	$207,566	$164,620	$176,199
Operating income	3,316	14,925	7,672	8,613
Income (loss) before extraordinary item and minority interest	(319)	15,399	9,802	12,473
Extraordinary item and minority interest	3	(154)	(27,002)	(125)
Net income (loss)	(316)	15,245	(17,200)	12,348
Per Unit Data:				
Earnings (loss) before extraordinary item	$ (.01)	$ .28	$ .15	$ .18
Extraordinary item			(.42)	
Net income (loss)	$ (.01)	$ .27	$ (.27)	$ .18

Independent Auditors' Report

Belvieu Environmental Fuels:

We have audited the accompanying balance sheets of Belvieu Environmental Fuels ("BEF") as of December 31, 1997 and 1998, and the related statements of operations, cash flows and partners' equity for each of the years in the three-year period ended December 31, 1998. These financial statements are the responsibility of BEF's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Belvieu Environmental Fuels at December 31, 1997 and 1998, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 1998 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP

Houston, Texas
February 15, 1999

BELVIEU ENVIRONMENTAL FUELS
BALANCE SHEETS
(Amounts in Thousands)

	December 31,	
	1997	1998
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents, including restricted cash of $13,071 and $11,144 in 1997 and 1998, respectively	$ 22,522	$ 18,603
Accounts receivable - trade	283	268
Due from affiliates	11,239	9,225
Inventories	2,444	2,242
Prepaid expenses	3,701	3,930
Total current assets	40,189	34,268
PROPERTY, PLANT AND EQUIPMENT, Net	182,945	172,281
DEFERRED START-UP COSTS, Net	8,061	4,479
PROCESS LICENSING FEES, Net	10,019	9,166
OTHER ASSETS	243	39
TOTAL	$241,457	$220,233
LIABILITIES AND PARTNERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 39,111	$ 39,111
Accounts payable - trade	4,237	1,930
Accrued expenses	1,919	2,914
Accrued turnaround costs	6,973	5,812
Due to affiliates	5,104	4,559
Total current liabilities	57,344	54,326
LONG-TERM DEBT	58,667	19,556
OTHER LIABILITIES	2,950	1,798
COMMITMENTS AND CONTINGENCIES		
PARTNERS' EQUITY	122,496	144,553
TOTAL	$241,457	$220,233

See Notes to Financial Statements

BELVIEU ENVIRONMENTAL FUELS
STATEMENTS OF OPERATIONS
(Amounts in Thousands)

	Year Ended December 31,		
	1996	1997	1998
REVENUES	$217,438	$233,218	$182,001
COST AND EXPENSES			
Cost of goods sold	173,677	193,254	143,109
Amortization of deferred start-up costs	3,624	3,583	3,583
General and administrative expenses	869	1,282	1,379
Total	178,170	198,119	148,071
OPERATING INCOME	39,268	35,099	33,930
OTHER INCOME (EXPENSE)			
Interest expense	(10,709)	(8,004)	(5,409)
Interest Income	672	832	892
Other, net	25	(9)	(12)
Total other income (expense)	(10,012)	(7,181)	(4,529)
NET INCOME	$ 29,256	$ 27,918	$ 29,401

See Notes to Financial Statements

BELVIEU ENVIRONMENTAL FUELS
STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Year Ended December 31,		
	1996	1997	1998
OPERATING ACTIVITIES			
Net income	$ 29,256	$ 27,918	$ 29,401
Adjustments to reconcile net income to cash flows provided by operating activities:			
Depreciation and amortization	15,373	15,518	15,536
Effects of changes in operating accounts:			
Accounts receivable - trade	1,093	94	15
Due from affiliates	(9,236)	6,271	2,014
Inventories	(4)	(283)	202
Prepaid expenses	(44)	(55)	(229)
Other assets	260	260	204
Accounts payable - trade	3,763	(5,486)	(2,307)
Accrued expenses	(3,080)	459	995
Accrued turnaround costs	(256)	6,720	(1,161)
Due to affiliates	(8,609)	350	(545)
Other liabilities	7	2,279	(1,152)
Operating activities cash flows	28,523	54,045	42,973
INVESTING ACTIVITIES			
Capital expenditures, net	(239)	(128)	(437)
Deferred start-up costs incurred	(275)		
Investing activities cash flows	(514)	(128)	(437)
FINANCING ACTIVITIES			
Long-term debt repayments	(39,111)	(39,111)	(39,111)
Contributions from partners	3,000		
Distributions to partners			(7,344)
Financing activities cash flows	(36,111)	(39,111)	(46,455)
CHANGE IN RESTRICTED CASH FOR:			
Plant turnaround maintenance	1,142	(9,759)	2,187
Debt service	1,487	(20)	(260)
Change in restricted cash	2,629	(9,779)	1,927
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,473)	5,027	(1,992)
CASH AND CASH EQUIVALENTS, JANUARY 1	9,897	4,424	9,451
CASH AND CASH EQUIVALENTS, DECEMBER 31 (Excluding restricted cash of $3,292 in 1996, $13,071 in 1997 and $11,144 in 1998)	$ 4,424	$ 9,451	$ 7,459
SUPPLEMENTAL CASH FLOW DISCLOSURE			
Cash payments for interest	$ 12,029	$ 7,844	$ 4,945

See Notes to Financial Statements

BELVIEU ENVIRONMENTAL FUELS
STATEMENTS OF PARTNERS' EQUITY
(Amounts in Thousands)

Partners' Equity, January 1, 1996	$ 62,322
Net Income	29,256
Contributions from partners	3,000
Partners' Equity, December 31, 1996	94,578
Net Income	27,918
Partners' Equity, December 31, 1997	122,496
Net Income	29,401
Distributions to partners	(7,344)
Partners' Equity, December 31, 1998	$144,553

See Notes to Financial Statements

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BELVIEU ENVIRONMENTAL FUELS ("BEF") is a Texas general partnership that owns and operates an isobutane dehydrogenation and Methyl Tertiary Butyl Ether ("MTBE") production facility (the "Facility") in Texas. At December 31, 1998, Mitchell Gas Services, L.P. ("Mitchell"), SUN BEF, Inc. ("SUN BEF") and Enterprise Products Operating L.P. (the "Operating Partnership") each owned a one-third interest in BEF.

Mitchell Energy & Development Corp. is Mitchell's ultimate parent company; Sun Company, Inc. ("Sun") is SUN BEF's ultimate parent company; and Enterprise Products Company ("EPCO") is the Operating Partnership's ultimate parent. The above companies, who own a portion of BEF, are hereafter collectively referred to as the "Partners."

INVENTORIES, consisting of MTBE and methanol feedstocks used in the production of MTBE, are carried at the lower of cost or market. Cost for MTBE inventories is computed using the average cost method, while cost for methanol feedstocks is computed using the last in first out ("LIFO") method. The LIFO reserve on methanol feedstocks was $6,207 and $537,546 at December 31, 1997 and 1998, respectively.

EXCHANGES are movements of methanol between parties to satisfy timing and logistical needs of the parties. Methanol borrowed from BEF under product exchange agreements is included in receivables at the year-end average posted price, and methanol loaned to BEF under product exchange agreements is accrued as a liability at the year-end average posted price.

PROPERTY, PLANT AND EQUIPMENT is stated at cost. Depreciation is computed using the straight-line method over 20 years. Costs of major maintenance shutdowns at the Facility (turnaround costs) are accrued over the estimated period between turnarounds.

DEFERRED START-UP COSTS are the costs to modify and replace certain equipment and the net costs and expenses in excess of revenues from the sales of products that BEF incurred during the Facility's start-up phase. Such costs are being amortized over a five-year period. Accumulated amortization for the deferred start-up costs was $6.3 million, $9.9 million and $13.4 million at December 31, 1996, 1997 and 1998, respectively. See Note 2 for recently issued accounting standards.

PROCESS LICENSING FEES are fees paid to the designer of the process that the Facility uses to produce MTBE. Such fees are being amortized on a straight-line basis over a period of 15 years. Accumulated amortization for the process licensing fees was $1.4 million, $2.2 million and $3.1 million at December 31, 1996, 1997 and 1998, respectively.

INCOME TAXES are not provided because BEF's taxable income is reported directly by the Partners.

CASH FLOWS are computed using the indirect method. For cash flow purposes, BEF considers all highly liquid debt instruments with an original maturity of less than three months at the date of purchase to be cash equivalents.

USE OF ESTIMATES AND ASSUMPTIONS by management that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period are required for the preparation of financial statements in conformity with generally accepted accounting principles. Actual results could differ from these estimates.

INTEREST RATE CAP AGREEMENTS are used as a hedge against potential interest rate increases in BEF's long-term debt; accordingly, when interest rates exceed the cap rate, a reduction to interest expense is recorded based on the rate differential and the outstanding notional amount. The costs of the agreements are being amortized over the lives of the agreements.

DOLLAR AMOUNTS presented in the tabulations within the notes to BEF's financial statements are stated in thousands of dollars, unless otherwise indicated.

CASH DISTRIBUTIONS to the partners are made in accordance with their partnership interests.

Certain reclassifications have been made to the prior years' financial statements to conform to the presentation of the current period financial statements.

2. RECENTLY ISSUED ACCOUNTING STANDARDS

On April 3, 1998, the American Institute of Certified Public Accountants issued Statement of Position ("SOP") 98-5, "Reporting on the Costs of Start-Up Activities." For years beginning after December 15, 1998, SOP 98-5 requires that all start-up costs of a business activity be charged to expense as incurred and any start-up costs previously deferred should be written off as a cumulative effect of a change in accounting principle. At January 1, 1999, BEF will record a $4.5 million noncash write-off of the unamortized balances of deferred start-up costs. Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities" is effective for all fiscal quarters of fiscal years beginning after June 15, 1999. Management is currently studying this SFAS item for possible impact on the financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and accumulated depreciation were as follows:

	1997	1998
Land	$ 577	$ 577
Property, plant and equipment	221,720	222,135
Construction in progress	34	56
Total property	222,331	222,768
Accumulated depreciation	(39,386)	(50,487)
Property, net	$182,945	$172,281

4. LONG-TERM DEBT

BEF's long-term debt consists of a five-year term loan with a bank syndicate. The debt is payable in quarterly installments of $9.8 million. Maturities of long-term debt at December 31, 1998 are as follows: $39.1 million in 1999 and $19.6 million in 2000. Interest on such debt is at a base rate plus a specified margin for each base interest rate available under the agreement. BEF periodically elects the base interest rate using various standard bank rates (banks' prime rate, fixed certificate of deposit rate, Eurodollar rate or the London Interbank Offered Rate ["LIBOR"]). The weighted-average interest rate for the year ended December 31, 1998 was 6.6%.

At December 31, 1998, BEF had an interest rate cap agreement (based on a LIBOR of 7%) with a notional amount of $13.4 million. The agreement provides that the notional amount will decrease by $4.5 million each quarter through September 1999. BEF intends to hold the contract through its expiration date and use it as a means of fixing the interest on a portion of the term note payable. While the notional amount is used to express the magnitude of an interest rate cap agreement, the amount potentially subject to credit risk (in the event of nonperformance by a third party) is substantially smaller. BEF does not anticipate any significant impact to its financial position as a

result of nonperformance by a third party. The interest rate cap did not have a significant effect on interest expense recognized by BEF in 1996, 1997 or 1998.

Long-term debt is collateralized by substantially all of the assets shown on the accompanying balance sheets. The loan agreement with the banks contains restrictive covenants prohibiting or limiting certain actions of BEF, including partner distributions, and requiring certain actions by BEF, including the maintenance of specified levels of debt-to-equity ratio and approval by the banks of certain contracts. In addition, the loan agreement requires BEF to restrict a certain portion of cash to pay for the plant's turnaround maintenance and long-term debt service. Such amounts are presented on the accompanying balance sheets as restricted cash. BEF was in compliance with the restrictive covenants at December 31, 1998.

5. COMMITMENTS AND CONTINGENCIES

BEF has methanol supply contracts with three independent suppliers. Under terms of the contracts, the suppliers have generally agreed to supply BEF with a portion of its monthly methanol requirements. BEF has no obligation to take any minimum volumes of methanol under these contracts. The price paid to the suppliers for methanol purchased is generally determined at the beginning of each month; such price is expected to approximate the posted monthly market price for methanol.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following disclosure of estimated fair value was determined by BEF, using available market information and appropriate valuation methodologies. Considerable judgment, however, is necessary to interpret market data and develop the related estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that BEF could realize upon disposition of the financial instruments. The use of different market assumptions and/or estimation methodologies could have a material effect on the estimated fair value amounts.

Cash and Cash Equivalents, Accounts Receivable - Trade, Accounts Payable - Trade, Accrued Expenses, and Long-Term Debt are carried at amounts that approximate their fair value.

The Interest Rate Cap Agreement is valued at amortized cost. Fair value is based on estimates obtained from a dealer and was $4,800 at December 31, 1997 and zero at December 31, 1998.

7. CONCENTRATION OF CREDIT RISK

Substantial portions of BEF's revenues are derived from the production and sales of MTBE to Sun, who also operates in the same industry, primarily located in the United States. Although this concentration could affect BEF's overall exposure to credit risk since this customer might be influenced by similar economic or other conditions, management believes BEF is exposed to minimal credit risk, since Sun is a partner in BEF.

8. RELATED PARTY TRANSACTIONS

The Operating Partnership has been designated by the Partners as the Facility's operator. In addition, BEF sells the Operating Partnership by-products which are recorded as an offset to cost of goods sold.

The Partners are required under isobutane supply contracts to provide their pro rata share of BEF's monthly isobutane requirements. If the Facility's isobutane requirements exceed 450,000 barrels for any given month, SUN BEF and Mitchell retain the right, but not the obligation, to supply at least one-third of the additional isobutane needed. The purchase price for the isobutane (which generally approximates the established market price) is based on contracts with the Partners. Payables related to the isobutane purchases are included in accounts payable and accrued expenses in the accompanying balance sheets.

BEF has a ten-year off-take agreement with Sun. Under terms of the amended agreement (dated August 16, 1995), Sun is required to purchase all of the Facility's MTBE production. Through May 31, 2000, Sun pays the higher of floor price or market price (as defined within the agreement) for the floor production (193,450,000 gallons per year or 530,000 gallons per day), the market price for production between 530,000 and 588,000 gallons per day and Posted Spot Prices for production in excess of 588,000 gallons per day. At floor production levels, the floor price is a price sufficient to cover essentially all operating costs plus principal and interest payments on the bank term loan. Market price is (a) the toll fee price (cost of feedstock plus approximately $0.484 per gallon during the first two contract years ended May 31, 1997) and (b) at Sun's option, the toll fee price (cost of feedstock plus approximately $0.534 per gallon) or the U.S. Gulf Coast Posted Contract Price for the period from June 1, 1997 through May 31, 2000. For purposes of computing the toll fee price, the feedstock component is based on the Normal Butane Posted Price for the month plus the average purchase price paid by BEF to acquire methanol consumed by the Facility during the month. In addition, the floor or market price determined above will be increased by $0.03 per gallon in the third and fourth contract years and by about $0.04 per gallon in the fifth contract year. Beginning June 1, 2000, through the remainder of the agreement, the price for all production will be based on a market-related negotiated price. The contracted floor price paid by SUN for production in 1996, 1997 and 1998 exceeded the spot market price for MTBE. At December 31, 1998 the floor price paid for MTBE by SUN was $.78 per gallon. The average Gulf Coast MTBE spot price was $.46 per gallon for December 1998 and $.64 per gallon for all of 1998.

The following is a summary of transactions with related companies (amounts in thousands):

	For the Year Ended December 31,		
STATEMENTS OF OPERATIONS:	1996	1997	1998
Sales of MTBE	$217,438	$233,218	$182,001
Cost of goods sold	113,337	113,962	83,426
General and administrative expenses paid to EPCO	518	539	552

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, in the City of Houston, State of Texas, on the 11th day of March, 1999.

ENTERPRISE PRODUCTS PARTNERS L.P.
(A Delaware Limited Partnership)

By: Enterprise Products GP, LLC,
as General Partner

By: /s/ O.S. Andras

Name: O.S. Andras
Title: President and Chief Executive Officer
of Enterprise Products GP, LLC

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated below on the 11th day of March, 1999.

Signature	Title
/s/ Dan L. Duncan Dan L. Duncan	Chairman of the Board and Director
/s/ O.S. Andras O.S. Andras	President, Chief Executive Officer and Director
/s/ Randa L. Duncan Randa L. Duncan	Group Executive Vice President and Director
/s/ Gary L. Miller Gary L. Miller	Executive Vice President, Chief Financial Officer, Treasurer and Director (Principal Financial and Accounting Officer)
/s/ Dr. Ralph S. Cunningham Dr. Ralph S. Cunningham	Director
/s/ Lee W. Marshall Lee W. Marshall, Sr.	Director

EXHIBIT 4.2

CREDIT AGREEMENT

Among

ENTERPRISE PRODUCTS OPERATING L.P.,

the Several Banks from Time to Time Parties Hereto,

DEN NORSKE BANK ASA,

and

BANK OF TOKYO-MITSUBISHI, LTD., HOUSTON AGENCY

as Co-Arrangers,

THE BANK OF NOVA SCOTIA,
as Co-Arranger and as Documentation Agent

and

THE CHASE MANHATTAN BANK
as Co-Arranger and as Agent

Dated as of July 27, 1998

and

as Amended and Restated as of September 30, 1998

CHASE

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EXHIBITS

Exhibit A	-	Form of Revolving Credit Note
Exhibit B-1	-	Snell & Smith Opinion
Exhibit B-2	-	Opinion of Michael R. Johnson, Esq.
Exhibit C	-	Form of Compliance Certificate
Exhibit D	-	Form of Commitment Transfer Supplement

CREDIT AGREEMENT dated as of July 27, 1998 (and as amended and restated as of September 30, 1998) among Enterprise Products Operating L.P., a Delaware limited partnership (the "Company"), the several banks from time to time parties hereto (collectively, the "Banks"; individually, a "Bank"), The Chase Manhattan Bank, Den norske Bank ASA, The Bank of Nova Scotia and Bank of Tokyo-Mitsubishi, Ltd., Houston Agency as Co-Arrangers, The Bank of Nova Scotia, as Documentation Agent, and The Chase Manhattan Bank ("Chase"), as agent for the Banks hereunder (in such capacity, the "Agent").

W I T N E S S E T H:

The parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the following terms have the following meanings:

"Affiliate": any Person (other than a Subsidiary) which, directly or indirectly, is in control of, is controlled by, or is under common control with, the Company. For purposes of this definition, a Person shall be deemed to be "controlled by" the Company if the Company possesses, directly or indirectly, power either to (i) vote 10% or more of the securities having ordinary voting power for the election of directors of such Person or (ii) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

"Aggregate L/C Outstandings": at a particular time, the sum of (a) the aggregate amount then available to be drawn under all outstanding Letters of Credit issued for the account of the Company plus (b) the aggregate amount of any payments made by the Agent under any Letter of Credit for the account of the Company that have not been reimbursed by the Company pursuant to subsection 3.5.

"Agreement": this Credit Agreement, as amended, supplemented or modified from time to time.

"Alternate Base Rate": for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Base CD Rate in effect on such day plus 1% and (c) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. For purposes hereof: "Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by the Agent as its prime rate in effect at its principal office in New York City (each change in the Prime Rate to be effective on the date such change is publicly announced); "Base CD Rate" shall mean the sum of (a) the product of (i) the Three-Month Secondary CD Rate and (ii) a fraction, the numerator of which is one and the denominator of which is one minus the C/D Reserve Percentage and (b) the C/D Assessment Rate; "Three-Month Secondary CD Rate" shall mean, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day shall not be a Business Day, the next preceding Business Day) by the Board of Governors of the Federal Reserve System (the "Board") through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of the Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day), or, if such rate shall not be so reported on such day or such next preceding Business

Day, the average of the secondary market quotations for three-month certificates of deposit of major money center banks in New York City received at approximately 10:00 A.M., New York City time, on such day (or, if such day shall not be a Business Day, on the next preceding Business Day) by the Agent from three New York City negotiable certificate of deposit dealers of recognized standing selected by it; and "Federal Funds Effective Rate" shall mean, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Agent from three federal funds brokers of recognized standing selected by it. If for any reason the Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Base CD Rate or the Federal Funds Effective Rate, or both, for any reason, including the inability or failure of the Agent to obtain sufficient quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to clause (b) or (c), or both, of the first sentence of this definition, as appropriate, until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate shall be effective on the effective day of such change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate, respectively.

"Alternate Base Rate Loans": Revolving Credit Loans the rate of interest applicable to which is based upon the Alternate Base Rate.

"Applicable Margin": for each Revolving Credit Loan, the rate per annum set forth below:

a) if the Applicable Margin Certificate required pursuant to subsection 6.1(c) for any fiscal quarter of the Company shows that the Total Indebtedness/EBITDA Ratio on the last day of such fiscal quarter was less than or equal to 1.5 to 1, then the Applicable Margin, during the period beginning on (and including) the date on which such Applicable Margin Certificate was delivered by the Company to the Banks and ending on (and excluding) the date on which the next Applicable Margin Certificate is delivered by the Company to the Banks pursuant to subsection 6.1(c), shall be (i) with respect to Alternate Base Rate Loans, 0% and (ii) with respect to Eurodollar Loans, .75%; and

b) if the Applicable Margin Certificate required pursuant to subsection 6.1(c) for any fiscal quarter of the Company shows that the Total Indebtedness/EBITDA Ratio on the last day of such fiscal quarter was greater than 1.5 to 1 and less than or equal to 2.5 to 1, then the Applicable Margin, during the period beginning on (and including) the date on which such Applicable Margin Certificate was delivered by the Company to the Banks and ending on (and excluding) the date on which the next Applicable Margin Certificate is delivered by the Company to the Banks pursuant to subsection 6.1(c), shall be (i) with respect to Alternate Base Rate Loans, 0% and (ii) with respect to Eurodollar Loans, 1.00%;

c) if the Applicable Margin Certificate required pursuant to subsection 6.1(c) for any fiscal quarter of the Company shows that the Total Indebtedness/EBITDA Ratio on the last day of such fiscal quarter was greater than 2.5 to 1, then the Applicable Margin, during the period beginning on (and including) the date on which such Applicable Margin Certificate was delivered by the Company to the Banks and ending on (and excluding) the date on which the next Applicable Margin Certificate is delivered by the Company to the Banks

Banks pursuant to subsection 6.1(c), shall be (i) with respect to Alternate Base Rate Loans, .375% and (ii) with respect to Eurodollar Loans, 1.375%;

provided if the Company shall fail to deliver the Applicable Margin Certificate by the end of the fiscal quarter in which it is required, the Applicable Margin for the next fiscal quarter shall be as provided in clause (c) above; provided, further, that the Applicable Margin for the period from the Closing Date until (and excluding) the date on which the Company delivers to the Banks the Applicable Margin Certificate for the fiscal quarter of the Company ended March 31, 1999, shall be, with respect to Alternative Base Rate Loans, 0%, and with respect to Eurodollar Loans, 1.00%.

"Applicable Margin Certificate": as defined in subsection 6.1(c).

"Application": an application, in such form as the Agent may specify from time to time, requesting the Agent to open a Letter of Credit.

"Available Investment Revolving Credit Commitment": as to any Bank, at a particular time, an amount equal to the difference between (a) the amount of such Bank's Investment Revolving Credit Commitment at such time and (b) such Bank's Investment Revolving Extensions of Credit at such time.

"Available Revolving Credit Commitment": as to any Bank, at a particular time, an amount equal to the sum of the Available Investment Revolving Credit Commitment of such Bank and the Available Working Capital Revolving Credit Commitment of such Bank.

"Available Working Capital Revolving Credit Commitment": as to any Bank, at a particular time, an amount equal to the difference between (a) the amount of such Bank's Working Capital Revolving Credit Commitment at such time and (b) such Bank's Working Capital Loans outstanding at such time.

"BEF Credit Agreement": the Amended and Restated Credit Agreement, dated as of August 16, 1995, among Belvieu Environmental Fuels, the financial institutions and other lenders from time to time parties thereto, Chemical Bank, now known as The Chase Manhattan Bank, as agent, as amended, supplemented or otherwise modified from time to time.

"BEF Participation": the interest of the Company in the loans outstanding under the BEF Credit Agreement.

"Borrowing Date": any Business Day specified by the Company as the Company requests the Banks to make Revolving Credit Loans thereunder.

"Business Day": a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

"C/D Assessment Rate": for any day as applied to any Revolving Credit Loan, the annual assessment rate (rounded upward to the nearest 1/100th of 1%) estimated by the Agent to be the then current net annual assessment rate payable on such day to the Federal Deposit Insurance Corporation or any successor ("FDIC") for FDIC's insuring time deposits made in Dollars at offices of Chase in the United States.

"C/D Reserve Percentage": for any day as applied to any Revolving Credit Loan, that percentage (expressed as a decimal) which is in effect on such day, as prescribed by

the Board of Governors of the Federal Reserve System (or any successor), for determining the maximum reserve requirement for a member bank of the Federal Reserve System in New York City with deposits exceeding one billion Dollars in respect of new non-personal time deposits in Dollars in New York City having a maturity of 60 days.

"Capital Stock": any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants or options to purchase any of the foregoing. In addition, with respect to the Company, "Capital Stock" shall include the limited partner interests of the Company and the General Partner Interests and, with respect to the Limited Partner, "Capital Stock" shall include the Units and the general partner interest of the Limited Partner.

"CERCLA": The Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq.

"Change of Control": any of the following events:

(i) Dan Duncan (his wife, descendants and trusts for the benefit of his wife and/or descendants and the heirs, legatees and distributees of his estate) shall cease to own, directly or indirectly, (A) at least 51% (on a fully converted, fully diluted basis) of the economic interest in the Capital Stock of EPCO or (B) an aggregate number of shares of Capital Stock of EPCO sufficient to elect a majority of the board of directors of EPCO;

(ii) EPCO shall cease to own 100% of the issued and outstanding Capital Stock of EPC Partners II, Inc. ("EPC II");

(iii) EPC II (or another wholly owned Subsidiary of EPCO) shall cease to own at least 95% of the outstanding membership interests in the General Partner;

(iv) EPC II shall fail to own at least 51% of the outstanding Common Units;

(v) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), excluding EPC II, shall become, or obtain rights (whether by means or warrants, options or otherwise) to become, the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of more than 20% of the outstanding Common Units;

(vi) the General Partner shall cease to be the general partner of the Limited Partner or the Company; or

(vii) the Limited Partner shall cease to be the sole limited partner of the Company.

"Chase": The Chase Manhattan Bank and its successors and assigns.

"Closing": the consummation of the transactions contemplated by this Agreement to occur upon the initial satisfaction or waiver of the conditions precedent set forth in subsection 9.1.

"Closing Date": the date on which the conditions set forth in subsection 9.1 shall have been satisfied or waived.

"Code": the Internal Revenue Code of 1986, as amended from time to time.

"Commercial Letters of Credit": the commercial documentary letters of credit, payable in Dollars, to be issued by the Agent hereunder for the account of the Company in accordance with subsection 3.2.

"Commitment Percentage": as to any Bank at any time, the percentage which such Bank's Revolving Credit Commitment then constitutes of the aggregate Revolving Credit Commitments (or, at any time after the Revolving Credit Commitments shall have expired or terminated, the percentage which the aggregate principal amount of such Bank's Revolving Extensions of Credit then outstanding constitutes of the aggregate principal amount of the Revolving Extensions of Credit then outstanding).

"Commitment Period": the period from and including the Closing Date to but not including the Revolving Credit Commitment Termination Date, or such earlier date on which the Revolving Credit Commitment shall terminate as provided herein.

"Commitment Transfer Supplement": a commitment transfer supplement, substantially in the form of Exhibit E.

"Common Units": the common units of limited partner interests in the Limited Partner.

"Commonly Controlled Entity": an entity, whether or not incorporated, which is under common control with the Company within the meaning of Section 4001 of ERISA.

"Consolidated Interest Expense": for any period, total interest expense (including that attributable to capital lease obligations) of the Company and its Subsidiaries for such period with respect to all outstanding Debt of the Company and its Subsidiaries (including, without limitation, all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and net costs under any hedging agreements to the extent such net costs are allocable to such period in accordance with GAAP).

"Consolidated Net Income": for any period, the consolidated net income of the Company and its Subsidiaries for such period after all applicable taxes on income and profits payable by the Company as determined on a consolidated basis in accordance with GAAP.

"Consolidated Tangible Net Worth": at any date of determination, the sum of preferred stock (if any), par value of common stock, capital in excess of par value of common stock, partners' capital, and retained earnings, less treasury stock (if any), less goodwill, cost in excess of net assets acquired, deferred development costs and all other assets as are not properly classified as tangible assets, all as determined on a consolidated basis.

"Contractual Obligation": as to any Person, any provision of any security issued by such Person or of any agreement, instrument or undertaking to which such Person is a party or by which it or any of its property is bound.

"Debt": of any Person, without duplication: (i) all obligations of such Person for borrowed money; (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments or by any other securities providing for the mandatory payment of money (including, without limitation, preferred stock subject to mandatory

redemption or sinking fund provisions); (iii) all obligations of such Person to pay the deferred purchase price of Property or services, except (a) trade accounts payable in the ordinary course of business and (b) obligations pursuant to minimum requirement contracts; (iv) all obligations of such Person as lessee under Financing Leases; (v) all obligations of such Person to purchase securities (or other Property) which arise out of or in connection with the sale of the same or substantially similar securities or Property, excluding time exchanges of Product; (vi) all obligations of such Person in respect of letters of credit, banker's acceptances, or similar obligations issued or created for the account of such Person; (vii) all Guarantee Obligations of such Person in respect of obligations of the kind referred to in clauses (i) through (vi) above; and (viii) unfunded vested benefits under each Plan; provided that, with respect to any Subsidiary, "Debt" also includes any preferred stock of such Subsidiary which is not owned directly or indirectly by the Company valued at the higher of its voluntary or involuntary liquidation value.

"Default": any of the events specified in subsection 8.1, whether or not any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

"Dollars" and "$": dollars in lawful currency of the United States of America.

"Domestic Lending Office": initially, the office of each Bank designated as such in Schedule I; thereafter, such other office of such Bank, if any, located within the United States which shall be making or maintaining Alternate Base Rate Loans.

"EBITDA": shall mean, for any period, the sum (without duplication) of (i) operating income of the Company, and its consolidated Subsidiaries for such period plus (ii) depreciation and amortization for such period to the extent not already included in the calculation of operating income plus (iii) interest income during such period (excluding interest income in respect of the BEF Participation and the MBA Participation), plus (iv) cash distributions or dividends received by the Company during such period from unconsolidated entities (including, without limitation, unconsolidated Permitted Joint Ventures), plus (v) other cash income received by the Company during such period, plus (vi) interest and principal payments received by the Company with respect to the BEF Participation and the MBA Participation, minus (vii) operating lease expense for such period to the extent not already deducted in the calculation of operating income, determined in each case, on a consolidated basis in accordance with GAAP. EBITDA will not include any extraordinary, unusual or non-recurring gains or losses from asset sales.

"Environmental Complaint": any complaint, order, citation, notice or other written communication from any Governmental Authority with respect to the existence or alleged existence of a violation of any Requirement of Law or legal liability resulting from any air emission, water discharge, noise emission, asbestos, Hazardous Substance at, upon, under or within any of the property owned, operated or used by the Company or any of its Subsidiaries.

"EPCO": Enterprise Products Company, a Texas corporation.

"EPCO Credit Agreement": as defined in subsection 9.1(g).

"ERISA": the Employee Retirement Income Security Act of 1974, as amended and as in effect from time to time.

"Eurocurrency Reserve Requirements": for any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the rates (expressed as a decimal fraction) of

reserve requirements in effect on such day (including, without limitation, basic, supplemental, marginal and emergency reserves under any regulations of the Board of Governors of the Federal Reserve System or other Governmental Authority having jurisdiction with respect thereto), dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of such Board) maintained by a member bank of such System.

"Eurodollar Base Rate": with respect to any Eurodollar Loan for any Interest Period, the rate per annum equal to the average (rounded upwards to the nearest whole multiple of one sixteenth of one percent) of the rate at which Chase's Eurodollar Lending Office is offered Dollar deposits two Working Days prior to the beginning of such Interest Period in the interbank eurodollar market where the eurodollar and foreign currency and exchange operations of such Eurodollar Lending Office are customarily conducted at or about 10:00 A.M., New York City time, for delivery on the first day of such Interest Period for the number of days comprised therein.

"Eurodollar Lending Office": initially, the office of each Bank designated as such in Schedule I; thereafter, such other office of such Bank, if any, which shall be making or maintaining Eurodollar Loans.

"Eurodollar Loans": Revolving Credit Loans hereunder at such time as they are made and/or being maintained at a rate of interest based upon the Eurodollar Rate.

"Eurodollar Rate": with respect to any Eurodollar Loan for any Interest Period, a rate per annum determined for such day in accordance with the following formula (rounded upwards to the nearest whole multiple of 1/100th of one percent):

$$\frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurocurrency Reserve Requirements}}$$

"Eurodollar Tranche": the collective reference to Eurodollar Loans having the same Interest Period (whether or not originally made on the same day).

"Event of Default": any of the events specified in subsection 8.1, provided that any requirement for the giving of notice, the lapse of time, or both, or any other condition, event or act has been satisfied.

"Excepted Liens": (i) Liens for taxes, assessments or other governmental charges or levies not yet due or which are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of the Company in conformity with GAAP; (ii) pledges or deposits in connection with workers' compensation, unemployment insurance or other social security, old age, disability or similar legislation; (iii) legal or equitable encumbrances deemed to exist by reason of negative pledge or negative mortgage covenants (such as that made in subsection 7.2 hereof) and other covenants or undertakings of like nature; (iv) legal or equitable encumbrances deemed to exist by reason of the existence of any litigation or other legal proceeding or arising out of a judgment or award with respect to which an appeal is being prosecuted (for so long as the Properties subject to such encumbrances are not subject to levy or other enforcement action, due to the posting of a bond to gain stay of execution or for any other appropriate reason); (v) vendors', carriers', warehousemen's, repairmen's, mechanics', workmen's, materialmen's, construction or other like Liens arising by operation of law in the ordinary course of business or incident to the construction or improvement of any Property in respect of obligations which are not yet due or which are being contested in good faith by appropriate proceedings by or on behalf of the Company or any

Subsidiary, provided that adequate reserves with respect thereto are maintained on the books of the Company in conformity with GAAP; (vi) easements, restrictions, rights of way and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Company; (vii) Liens securing the purchase price of automobiles, office equipment or other equipment of the Company or any Subsidiary, provided that (A) such Lien shall not extend to or cover any other Property of the Company or any Subsidiary, and (B) the principal amount of the borrowing secured by any such Lien shall at no time exceed 80% of the purchase price of the automobiles, office equipment or other equipment acquired; and (viii) precautionary filings of financing statements under the applicable Uniform Commercial Code made by (A) a lessor with respect to personal property leased to the Company or a Subsidiary or (B) an owner of raw make or Product with respect to raw make or Product being fractionated, processed, transported or stored, as the case may be, by the Company or a Subsidiary.

"Existing Credit Agreement": the Credit Agreement dated as of September 28, 1995, among EPCO, The Chase Manhattan Bank, as Agent, and the financial institutions parties thereto, as amended, modified or supplemented to the Closing Date.

"Existing Letters of Credit": the letters of credit issued by the Existing Agent for the account of the Company under the Existing Credit Agreement prior to the Closing Date and listed on Schedule II.

"Facilities": those assets comprising the liquid hydrocarbon fractionation plants and related equipment located near Mont Belvieu, Chambers County, Texas, including without limitation any and all personal property, tanks, machinery, fixtures, appliances, pipes, valves, fittings, computers and all equipment and materials relating thereto or used in connection therewith, electrical equipment, meters, gauges, monitors, and any other equipment or material of any nature whatsoever used in the fractionation operation of such plants, together with all alterations, additions, enlargements, revisions, substitutions or replacements of any kind as may be constructed or acquired in connection with such plants.

"Financing Lease": any lease of property, real or personal, the obligations of the lessee in respect of which are required in accordance with GAAP to be capitalized on a balance sheet of the lessee.

"GAAP": generally accepted accounting principles in the United States of America, consistently applied, and in force from time to time.

"General Partner": Enterprise Products GP, LLC, a Delaware limited liability company.

"General Partner Interest": all general partner interests in the Company.

"Governmental Authority": any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Guarantee Obligation": as to any Person, any obligation of such Person guaranteeing or in effect guaranteeing any Debt, leases, dividends or other obligations (the "primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether

or not contingent (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (d) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation shall be deemed to be the lower of (i) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (ii) the maximum amount for which the guarantor may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such Person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such Person's maximum reasonably anticipated liability in respect thereof as determined by the Company in good faith.

"Hazardous Substance": as defined in subsection 6.2(c)(i).

"Indebtedness": at a particular time, any and all amounts owing or to be owing, directly or indirectly, by the Company to the Agent or any of the Banks in connection with this Agreement, the Revolving Credit Notes, the Letters of Credit or any other Loan Documents.

"Interest Payment Date": (a) as to any Alternate Base Rate Loan, the last Business Day of each March, June, September and December, commencing on September 30, 1998, (b) as to any one, two or three month Eurodollar Loan, the last day of the Interest Period with respect thereto and (c) as to any six month Eurodollar Loan, the date which is three months after the Borrowing Date or conversion date with respect thereto and the last day of the Interest Period with respect thereto.

"Interest Period": (a) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to any Eurodollar Loans and ending one, two, three or six months thereafter, as selected by the Company in its notice of borrowing as provided in subsection 2.3 or its notice of conversion as provided in subsection 4.4(a), as the case may be; and

(b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loans and ending one, two, three or six months thereafter, as selected by the Company by irrevocable notice to the Agent not less than three Working Days prior to the last day of the then current Interest Period with respect to such Eurodollar Loans; provided that, all of the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period would otherwise end on a day which is not a Working Day, that Interest Period shall be extended to the next succeeding Working Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Working Day;

(ii) no Interest Period shall extend beyond the Revolving Credit Commitment Termination Date;

(iii) if the Company shall fail to give notice as provided above, the Company shall be deemed to have selected an Alternate Base Rate Loan to replace the affected Eurodollar Loan;

(iv) any Interest Period that begins on the last Working Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Working Day of a calendar month; and

(v) the Company shall select Interest Periods so as not to require a payment or prepayment of any Eurodollar Loan during an Interest Period for such Loan.

"Investment": as applied to any Person, any direct or indirect purchase or other acquisition by such Person of stock or other securities of or any partnership interest in any other Person, or any direct or indirect loan, advance or capital contribution by such Person to any other Person, including all Debt and accounts receivable from such other Person which are nor current assets or did not arise from sales to such other Person in the ordinary course of business, and any direct or indirect purchase or other acquisition by such Person of any assets (other than any acquisition of assets in the ordinary course of business).

"Investment Revolving Credit Commitment": as to any Bank, its obligation to make Investment Revolving Credit Loans pursuant to subsection 2.1(a) in an aggregate principal amount not to exceed the amount set forth opposite such Bank's name in Schedule I under the caption "Investment Revolving Credit Commitment", as the same may be reduced pursuant to subsection 2.4, collectively, as to all the Banks, the "Investment Revolving Credit Commitments". The original aggregate amount of the Investment Revolving Credit Commitments is $150,000,000.

"Investment Revolving Credit Loan" and "Investment Revolving Credit Loans": as defined in subsection 2.1(b).

"Investment Revolving Extensions of Credit": as to any Bank at any time, an amount equal to the sum of (a) the aggregate principal amount of all Investment Revolving Credit Loans made by such Bank then outstanding and (b) such Bank's Commitment Percentage of the Aggregate L/C Outstandings then outstanding.

"Letters of Credit": the collective reference to the Existing Letters of Credit, the Commercial Letters of Credit and the Standby Letters of Credit.

"Lien": with respect to any assets, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset. For the purposes of this Agreement, a Person shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, Financing Lease or other title retention agreement relating to such asset.

"Limited Partner": Enterprise Products Partners L.P., a Delaware limited partnership.

"Loan Documents": this Agreement and the Revolving Credit Notes and the Letters of Credit, as any of such agreements may be amended or supplemented from time to time.

"Management Agreement": the EPCO Agreement, dated as of July 31, 1998, between EPCO, the General Partner, the Limited Partner and the Company as amended, modified or supplemented from time to time in accordance with subsection 7.8.

"Material Adverse Effect": any material adverse effect on (i) the business, operations, property, condition (financial or otherwise) or prospects of the Company and its Subsidiaries taken as a whole, (ii) the ability of the Company and its Subsidiaries taken as a whole to meet its obligations under or in respect of the Loan Documents or the Letters of Credit on a timely basis or (iii) the validity or enforceability of the Loan Documents or the Letters of Credit or the rights and remedies of the Banks hereunder or thereunder.

"Material Environmental Amount": an amount payable by the Company and/or its Subsidiaries in excess of $15,000,000 for remedial costs, compliance costs, compensatory damages, punitive damages, fines, penalties or any combination thereof.

"Maximum Rate": as defined in subsection 11.9(a).

"MBA Participation": the interest of the Company in the loans outstanding under the Multiple Draw Term Loan Agreement, dated as of July 19, 1996, among Mont Belvieu Associates, the financial institutions and other lenders from time to time parties thereto and The Chase Manhattan Bank, as agent, as amended, supplemented or otherwise modified from time to time.

"Multiemployer Plan": a Plan which is a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA.

"Participants": as defined in subsection 11.4(b).

"Partnership Agreement": the Agreement of Limited Partnership of the Company among the General Partner and the Limited Partner substantially in the form previously provided to the Banks, as amended, modified and supplemented from time to time in accordance with subsection 7.7.

"PBGC": the Pension Benefit Guaranty Corporation or any successor established pursuant to Subtitle A of Title IV of ERISA.

"Permitted Joint Ventures": any arrangement (including, without limitation, a partnership, limited liability company, corporation or association but excluding any such entity which had or has securities that are publicly traded) whereby the Company and/or one or more of its Subsidiaries on the one hand, and a Person or Persons other than the Company, an Affiliate of the Company or any of its Subsidiaries, on the other, directly or indirectly hold interests in an asset or group of assets (the "JV Assets") that are being operated or are proposed to be operated by one or more of such holders for the accounts of all such holders in accordance with the terms of an operating agreement, ownership agreement, corporate charter, articles of association, partnership agreement or other customary similar type arrangement among such holders; provided that (a) the operation of the JV Assets shall at all times constitute a business similar to the businesses being conducted by the Company and its Subsidiaries at the inception of the arrangement and (b) the relative ownership interests in the JV Assets bear a reasonable relationship to the relative capital contributions of the participations and their respective partnerships in the operation of the JV Assets.

"Person": any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof, or any other form of entity.

"Plan": at a particular time, any employee benefit plan which is covered by ERISA and in respect of which the Company, any Subsidiary or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Product": all oil, gas and/or other hydrocarbons and petroleum products and by-products, whether in liquid or gaseous form, now owned or hereafter acquired by the Company or any Subsidiary including, without limitation, propane, commercial butane, normal butane, isobutane and ethane.

"Property": any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"Purchasing Banks": as defined in subsection 11.4(c).

"Register": as defined in subsection 11.4(d).

"Reimbursement Obligation": an obligation of the Company to reimburse the Agent pursuant to subsection 3.4.

"Release": as defined in subsection 6.2(c)(i).

"Relevant Environmental Laws": all Requirements of Law from time to time applicable to any property owned, operated or used by the Company or any of its Subsidiaries or any part thereof with respect to (a) the installation, existence or removal of asbestos; (b) the existence, discharge or removal of Hazardous Substances; (c) air emissions, water discharges, noise emissions and any other environmental, health or safety matters; and (d) effects on the environment of any of such properties or any part thereof or of any activity heretofore, now or hereafter conducted on any of such properties.

"Required Banks": the holders of more than 50% of the Revolving Credit Commitments or, if the Revolving Credit Commitments have been terminated, the aggregate principal amount of all Revolving Extensions of Credit made by all of the Banks then outstanding.

"Requirement of Law": as to any Person, the Certificate of Incorporation and By-Laws, partnership agreement, limited liability company agreement or other organizational or governing documents of such Person, and any law, statute, code, ordinance, order, rule, regulation, judgment, decree, injunction, franchise, permit, certificate, license, authorization or other direction or requirement (including, without limitation, any of the foregoing which relate to environmental standards or controls, energy regulations and occupational, safety and health standards or controls) of any (domestic or foreign) federal, state, county, municipal or other government, department, commission, board, court, agency or any other instrumentality of any of them, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Officer": with respect to the Company, the Chairman of the Board, chief executive officer, President, the chief operating officer or any Executive, Senior or other Vice President or, with respect to financial matters, the chief financial officer.

"Revolving Credit Commitment": as to any Bank, the sum of its Investment Revolving Credit Commitment and its Working Capital Revolving Credit Commitment, collectively, as to all the Banks, the "Revolving Credit Commitments".

"Revolving Credit Commitment Termination Date": July 31, 2000 as the same may be extended pursuant to subsection 2.4.

"Revolving Credit Loan" and "Revolving Credit Loans": the individual or collective reference to the Investment Revolving Credit Loans and the Working Capital Revolving Credit Loans.

"Revolving Credit Note" and "Revolving Credit Notes": as defined in subsection 2.2.

"Revolving Extensions of Credit": as to any Bank at any time, an amount equal to the sum of (a) the Investment Revolving Extensions of Credit of such Bank and (b) the aggregate principal amount of all Working Capital Revolving Credit Loans made by such Bank then outstanding.

"Single Employer Plan": any Plan which is covered by Title IV of ERISA but which is not a Multiemployer Plan.

"Standby Letters of Credit": the standby letters of credit, payable in Dollars, to be issued by the Agent for the account of the Company in accordance with subsection 3.2.

"Subordinated Units": the subordinated units of limited partner interests in the Limited Partner.

"Subsidiary": any corporation, limited liability company or partnership of which more than 50% of the issued and outstanding securities or interests having ordinary voting power for the election of directors (or persons having similar authority) is owned or controlled, directly or indirectly, by the Company and/or one or more of its Subsidiaries.

"Taxes": as defined in subsection 4.12.

"Total Indebtedness/EBITDA Ratio": shall mean, for any fiscal quarter of the Company, the ratio of Debt of the Company and its Subsidiaries as of the last day of such fiscal quarter to EBITDA for the 12-month period ended on the last day of such fiscal quarter.

"Transactions": the collective reference to the public offering of Common Units and the issuance of the Subordinated Units by the Limited Partner, the contribution of the net proceeds of the Common Units to the Company and the use of the proceeds thereof by the Company, the various transfers of assets to the Company on or prior to the Closing Date and the financings contemplated hereby and the use of the proceeds thereof.

"Transferee": as defined in subsection 11.4(f).

"Type": as to any Revolving Credit Loan, its nature as an Alternate Base Rate Loan or Eurodollar Loan.

"Units": the collective reference to the Common Units and the Subordinated Units.

"Working Capital Revolving Credit Commitment": as to any Bank, its obligation to make Working Capital Revolving Credit Loans pursuant to subsection 2.1(a) in an aggregate principal amount not to exceed the amount set forth opposite such Bank's name in Schedule I under the caption "Working Capital Revolving Credit Commitment", as the same may be reduced pursuant to subsection 2.4, collectively, as to all the Banks, the "Working Capital Revolving Credit Commitments". The original aggregate amount of the Working Capital Revolving Credit Commitments is $50,000,000.

"Working Capital Revolving Credit Loan" and "Working Capital Revolving Credit Loans": as defined in subsection 2.1(a).

"Working Day": any Business Day on which dealings in foreign currencies and exchange between banks may be carried on in London, England.

1.2 Other Definitional Provisions. a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the Revolving Credit Notes or any certificate or other documents made or delivered pursuant hereto.

b) Where the character or amount of any asset or liability or item of income or expense or capital expenditures is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, this shall be done in accordance with GAAP applied on a basis consistent with those reflected by the Financial Statements, except where such principles are inconsistent with the requirements of this Agreement. All determinations of financial amounts on the consolidated basis of the Company and its Subsidiaries shall make due allowance for any minority stock interest in the Subsidiaries.

c) The Agent shall make such minor technical adjustments among the Banks as may be necessary or appropriate with respect to the allocation of final loans or repayments among the Banks in order that such loans and repayments of the Revolving Credit Loans, the Letters of Credit or other Indebtedness, which shall have been divided among the Banks on the basis of their Commitment Percentages, correspond exactly to the loans or repayments of the Revolving Credit Loans, the Letters of Credit or other Indebtedness severally due from or to each Bank.

d) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section, subsection, schedule and exhibit references are to this Agreement unless otherwise specified.

e) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

SECTION 2. AMOUNT AND TERMS OF REVOLVING CREDIT LOANS

2.1 Revolving Credit Commitments. a.) Subject to the terms and conditions hereof, each Bank severally agrees to make revolving credit loans (individually, a "Working Capital Revolving Credit Loan" and, collectively, the "Working Capital Revolving Credit Loans") to the Company from time to time during the Commitment Period, in an aggregate principal amount at any one time outstanding not to exceed the Working Capital Revolving Credit Commitment of such Bank, as such amount may be reduced as provided herein. During the Commitment Period the Company may use the Working Capital Revolving Credit Commitments by borrowing, prepaying the Working Capital Revolving Credit Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof.

b) Subject to the terms and conditions hereof, each Bank severally agrees to make revolving credit loans (individually, an "Investment Revolving Credit Loan" and, collectively, the "Investment Revolving Credit Loans") to the Company from time to time during the Commitment Period, in an aggregate principal amount at any one time outstanding which, when added to such Bank's Commitment Percentage of the Aggregate L/C Outstandings then outstanding, shall not exceed the Investment Revolving Credit Commitment of such Bank, as such amount may be reduced as provided herein. During the Commitment Period the Company may use the Investment Revolving Credit Commitments by borrowing, prepaying the Investment Revolving Credit Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof.

c) The Revolving Credit Loans may be (i) Eurodollar Loans, (ii) Alternate Base Rate Loans or (iii) a combination thereof, as determined by the Company and notified to the Agent in accordance with subsections 2.3 and 4.4; provided that no Revolving Credit Loans shall mature after the Revolving Credit Termination Date.

d) The Company shall repay all Revolving Credit Loans on the Revolving Credit Termination Date.

2.2 Revolving Credit Notes. Upon request of any Bank, the Working Capital Revolving Credit Loans and/or the Investment Revolving Credit Loans made by such Bank shall be evidenced by a promissory note or notes of the Company, substantially in the form of Exhibit A (individually, a "Revolving Credit Note" and, collectively, the "Revolving Credit Notes") with appropriate insertions therein, payable to the order of such Bank. Each Bank is hereby authorized to record the date, type and amount of each Revolving Credit Loan made or converted by such Bank, the date and amount of each payment or prepayment of principal thereof, and in the case of Eurodollar Loans, the Interest Period and interest rate with respect thereto, on the schedule annexed to and constituting a part of its Revolving Credit Note, which recordation shall constitute prima facie evidence of the accuracy of the information so recorded; provided that the failure by any such Bank to make any such recordation on its Revolving Credit Note shall not affect any of the obligations of the Company under such Revolving Credit Note or this Agreement.

2.3 Procedure for Borrowing under Revolving Credit Commitments. The Company may borrow under either the Working Capital Revolving Credit Commitment or the Investment Revolving Credit Commitment during the Commitment Period on any Working Day if the borrowing is a Eurodollar Loan or on any Business Day if the borrowing is an Alternate Base Rate Loan; provided that the Company shall give the Agent irrevocable notice (which notice must be received by the Agent prior to 10:00 A.M., New York City time) (a) three Working Days prior to the requested borrowing date, in the case of Eurodollar Loans and (b) one Business Day prior to the requested borrowing date, in the case of Alternate Base Rate Loans, specifying (i) the amount to be borrowed, (ii) the requested borrowing date, (iii) whether the borrowing is to be Working Capital Revolving Credit Loans or Investment Revolving Credit Loans, (iv) whether the borrowing is to be a Eurodollar Loan, an Alternate Base Rate Loan or a combination thereof and (v) if the loan is to be entirely or partly a Eurodollar Loan, the length of the Interest Period for such Eurodollar Loan. Upon receipt of such notice, the Agent shall notify each Bank thereof promptly, but in any case by 5:00 p.m. of the same day such notice is received. Each borrowing pursuant to either the Working Capital Revolving Credit Commitments or the Investment Revolving Credit Commitments shall be in an aggregate principal amount of (a) $1,000,000 or a whole multiple of $500,000 in excess thereof in the case of Eurodollar Loans and (b) in the case of Alternate Base Rate Loans, the lesser of (i) $1,000,000 or a whole multiple of $500,000 in excess thereof and (ii) the sum of the then Available Working Capital Revolving Credit Commitments, in the case of borrowings of Working Capital Revolving Credit Loans, or the then Available Investment Revolving Credit Commitments, in the case of borrowings of Investment Revolving Credit Loans. Not later than 12:00 noon, New

York City time, on the date specified in such notice, each Bank shall make available to the Agent at its office specified in subsection 11.1, in immediately available funds, the amount then to be loaned by it. Proceeds of Revolving Credit Loans received by the Agent shall be made available to the Company at the office of the Agent specified in subsection 11.1 by crediting the Company's account on the books of such office with the aggregate of the amounts made available to the Agent by the Banks and in like funds as received by the Agent.

2.4 Termination, Reduction or Extension of Revolving Credit Commitments. (a) The Company shall have the right, upon not less than five Business Days' notice to the Agent, to terminate the Revolving Credit Commitments or, from time to time, reduce the amount of the Revolving Credit Commitments. Any such reduction shall be ratable among the Working Capital Revolving Credit Commitments and the Investment Revolving Credit Commitments and no such reduction shall be permitted to an amount which is less than the aggregate principal amount of the Working Capital Revolving Credit Loans, in the case of a reduction of the Working Capital Revolving Credit Commitments, or the Investment Revolving Credit Loans, in the case of a reduction of the Investment Revolving Credit Commitments, then outstanding after giving effect to any contemporaneous prepayment thereof. Upon receipt of such notice the Agent shall promptly notify each Bank thereof. Any termination of the Revolving Credit Commitments shall be accompanied by prepayment in full of the Revolving Credit Loans, together with accrued interest thereon to the date of such prepayment. Any reduction of the Working Capital Revolving Credit Commitments or the Investment Revolving Credit Commitments (other than as a result of any mandatory prepayment) shall be in the amount of $1,000,000 or any whole multiple of $500,000 in excess thereof and shall reduce permanently the amount of the Working Capital Revolving Credit Commitments or the Investment Revolving Credit Commitments, as the case may be, then in effect. The Revolving Credit Commitments once terminated or reduced may not be reinstated.

(b) The Company may on any day which is at least 60 and not more than 90 days prior to the Revolving Credit Commitment Termination Date in effect at such time request by notice to the Agent and the Banks that the Revolving Credit Commitment Termination Date be extended for an additional 364 day period beginning on the Revolving Credit Commitment Termination Date then in effect. No more than 30 days after receipt of any such extension request, each Bank shall notify the Agent of its decision with respect thereto (as to which decision the Agent shall promptly notify the Company). The Revolving Credit Commitment Termination Date shall be so extended provided that (i) no Default or Event of Default shall have occurred and is continuing at such time and (ii) the Company shall have received the prior written consent of all the Banks for such extension.

SECTION 3. LETTERS OF CREDIT

3.1 Letter of Credit Commitments. a) Subject to the terms and conditions hereof, the Agent, on behalf of the Banks, and in reliance on the agreement of the Banks set forth in subsection 3.3, agrees to (i) issue Commercial Letters of Credit and Standby Letters of Credit for the account of the Company on any Business Day from and including the Closing Date to but not including the Revolving Credit Commitment Termination Date (as the same may have been extended at the time of issuance) and (ii) continue the Existing Letters of Credit; provided that the Agent shall have no obligation to issue any Letter of Credit if, after giving effect to such issuance, (i) the aggregate amount of the Available Investment Revolving Credit Commitments would be less than zero or (ii) the Aggregate L/C Outstandings shall exceed $30,000,000.

b) The Existing Letters of Credit shall automatically be deemed to have been issued under this Agreement as of the Closing Date.

3.2 Issuance and Continuation of Letters of Credit. a) The Company may request the Agent to issue a Commercial Letter of Credit or a Standby Letter of Credit for its

account by delivering to the Agent at least four Business Days prior to the proposed date of issuance at its address specified in subsection 11.1, an Application setting forth in such Application (i) the proposed issuance date of such Letter of Credit, (ii) the face amount of such Letter of Credit and (iii) such other information as may be requested in such Application. The Company shall also provide such other certificates, documents and other papers and information as the Agent may reasonably request. Upon receipt of such Application, the Agent will notify each other Bank thereof and shall, subject to the terms and conditions hereof, promptly open such Letter of Credit by issuing the original of such Letter of Credit to the beneficiary thereof and by furnishing a copy thereof to the Company.

b) Each Commercial Letter of Credit and Standby Letter of Credit issued hereunder shall, among other things, (i) be denominated in Dollars, (ii) provide for the payment of sight drafts when presented for honor thereunder in accordance with the terms thereof and when accompanied by the certificate described therein, (iii) have an expiry date occurring not later than the Revolving Credit Commitment Termination Date, (iv) not provide for its automatic extension beyond such expiry date, (v) be in form and substance satisfactory to the Agent and (vi) be issued to a beneficiary reasonably satisfactory to the Agent.

3.3 Participating Interests. Effective in the case of (a) each Existing Letter of Credit as of the Closing Date and (b) each other Letter of Credit as of the date of the opening thereof, each Bank severally agrees that it shall be (or shall continue to be) unconditionally and irrevocably liable, without regard to the occurrence of any Default or Event of Default, to the extent of such Bank's Commitment Percentage, to reimburse the Agent on demand for the amount of each draft paid by the Agent under such Letter of Credit to the extent that such amount is not reimbursed by the Company pursuant to subsection 3.4. Each such payment made by a Bank shall be treated as the purchase by such Bank of a participating interest in such Company's Reimbursement Obligation under subsection 3.4 in an amount equal to such payment. Each Bank shall share on a pro rata basis (calculated by reference to its participating interest from time to time in such Reimbursement Obligations) in any interest which accrues pursuant to subsection 3.4. All amounts recovered by the Agent or any Bank hereunder or under the other Loan Documents and which are applied to the Reimbursement Obligations under subsection 3.4 shall be distributed to the Banks in an amount equal to their respective pro rata shares thereof (calculated as provided in the preceding sentence).

3.4 Reimbursement Obligation of the Company. In order to induce the Agent to issue (or continue, as the case may be) the Letters of Credit and the Banks to participate therein, the Company hereby agrees to reimburse the Agent (a) unless such Reimbursement Obligation has been accelerated pursuant to Section 8, on each date on which the Agent notifies the Company of the date and amount of a draft presented under any Letter of Credit issued for its respective account and paid by the Agent, for (i) the amount of such draft paid by the Agent on behalf of the Banks under such Letter of Credit and (ii) the amount of any taxes, fees, charges or other costs or expenses whatsoever incurred by the Agent or any Bank in connection with any payment made by the Agent or any Bank under, or with respect to, such Letter of Credit and (b) upon the acceleration of such Reimbursement Obligation in accordance with subsection 8.2, for an amount equal to the then maximum liability (whether direct or contingent) of the Agent and the Banks under such Letter of Credit. Each such payment shall be made to the Agent at the office of the Agent specified in subsection 11.1, in lawful money of the United States of America and in immediately available funds. Interest on any and all amounts remaining unpaid by the Company under this subsection 3.4 from the date such amounts become payable (whether at stated maturity, by acceleration or otherwise) until payment in full shall be payable on demand of the Agent at the fluctuating rate per annum equal to 2% above the Alternate Base Rate.

3.5 Letter of Credit Payments. If any draft shall be presented for payment under any Letter of Credit, the Agent shall promptly notify the Company of the date and the amount of the draft presented for payment. If the Company fails to reimburse the Agent as provided in subsection

3.4 by the close of business on the date each such draft is paid by the Agent, the Agent shall promptly notify each Bank thereof and of the date, the amount of the draft paid and such Bank's ratable share thereof. No later than the close of business on the date such notice is given, each Bank shall make available to the Agent, at its office specified in subsection 11.1, in immediately available funds, such Bank's ratable share of such draft. The responsibility of the Agent to the Company and the Banks shall be only to determine that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment shall be in conformity with such Letter of Credit. If any Bank's ratable share of a draft presented for payment under any Letter of Credit is made available to the Agent on a date after the date such draft is paid by the Agent, such Bank shall pay to the Agent on demand an amount equal to the product of (i) the daily average Federal Funds Effective Rate during such period as quoted by the Agent, times (ii) the amount of such Bank's Commitment Percentage of such draft, times (iii) a fraction the numerator of which is the number of days that elapse from and including the date such draft is paid by the Agent to the date on which such Bank's Commitment Percentage of such draft shall have become immediately available to the Agent and the denominator of which is 360. A certificate of the Agent submitted to any Bank with respect to any amounts owing under this subsection 3.6 shall be conclusive, absent manifest error. If such Bank's Commitment Percentage is not in fact made available to the Agent by such Bank within three Business Days of the date such draft is paid by the Agent, the Agent shall be entitled to recover such amount with interest thereon at the rate per annum applicable to Alternate Base Rate Loans hereunder, on demand, from the Company.

3.6 Increased Costs. If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Bank with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof shall either (i) impose, modify, assess or deem applicable any reserve, special deposit, assessment or similar requirement against letters of credit issued by the Agent or (ii) impose on the Agent or any Bank any other condition regarding any Letter of Credit, and the result of any event referred to in clauses (i) or (ii) above shall be to increase the cost to the Agent or any Bank of issuing or maintaining such Letter of Credit, or its participation therein, as the case may be (which increase in cost shall be the result of the Agent or any Bank's reasonable allocation of the aggregate of such cost increases resulting from such events), then, upon demand by the Agent or such Bank, the Company shall promptly pay to the Agent or such Bank from time to time as specified by the Agent or such Bank additional amounts which shall be sufficient to compensate the Agent or such Bank for such increased cost, together with interest on each such amount from the date demanded until payment in full thereof at the rate provided in subsection 3.4. A certificate as to the fact and amount of such increased cost incurred by the Agent or such Bank as a result of any event showing in reasonable detail the basis for the calculation thereof submitted by the Agent or any Bank to the Company, shall be conclusive in the absence of manifest error. This covenant shall survive the termination of this Agreement and the payment of the Revolving Credit Loans and all other amounts payable hereunder.

3.7 Nature of Obligations; Indemnities. a) The obligations of the Company hereunder shall be absolute and unconditional under any and all circumstances and irrespective of any set off, counterclaim or defense to payment which the Company may have or had against the Agent, any Bank or any beneficiary of a Letter of Credit, provided, however, that this provision shall be deemed a waiver by the Company of the assertion of a compulsory counterclaim only to the extent permitted by applicable law. The Company assumes all risks of the acts or omissions of the users of the Letters of Credit. Neither the Agent nor any Bank nor any of their respective correspondents shall be responsible: (i) for the form, validity, sufficiency, accuracy, genuineness or legal effect of any document specified in any of the applications for any of the Letters of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent, or forged; (ii) for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any of the Letters of Credit or any of the rights or benefits thereunder or proceeds thereof in whole or in part, which may prove to be invalid or ineffective for

any reason; (iii) for failure of any draft to bear any reference or adequate reference to any of the Letters of Credit, or failure of anyone to note the amount of any draft on the reverse of any of the Letters of Credit or to surrender or to take up any of the Letters of Credit or to send forward any such document apart from drafts as required by the terms of any of the Letters of Credit, each of which provisions, if contained in a Letter of Credit itself, it is agreed, may be waived by the Agent; (iv) for errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (v) for any error, neglect, default, suspension or insolvency of any correspondents of the Agent; (v) for errors in translation or for errors in interpretation of technical terms; (vii) for any loss or delay, in the transmission or otherwise, of any such document or draft or of proceeds thereof; (viii) for any misapplication by any beneficiary of any Letter of Credit of the proceeds of a drawing of such Letter of Credit; or (ix) for any other circumstances whatsoever in making or failing to make payment under a Letter of Credit, except only that the Company shall have a claim against the Agent, and the Agent shall be liable to the Company, to the extent, but only to the extent, of any direct, as opposed to consequential, damages suffered by the Company which the Company proves were caused by the Agent's willful misconduct or gross negligence in determining whether documents presented under a Letter of Credit comply with the terms of such Letter of Credit. None of the above shall affect, impair or prevent the vesting of any of the rights or powers of the Agent or any Bank. The Agent shall have the right to transmit the terms of the Letter of Credit involved without translating them.

b) In furtherance and extension and not in limitation of the specific provisions hereinabove in this Section 3 set forth, (i) any action taken or omitted by the Agent or by any of its correspondents under or in connection with any of the Letters of Credit, if taken or omitted in good faith, shall be binding upon the Company and shall not put the Agent or its correspondents under any resulting liability to the Company and (ii) the Agent may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary; provided that if the Agent shall receive written notification from both the beneficiary of a Letter of Credit and the Company that sufficiently identifies (in the opinion of the Agent) documents to be presented to the Agent which are not to be honored, the Agent agrees that it will not honor such documents.

c) The Company hereby agrees at all times to protect, indemnify and save harmless each of the Agent, the Banks or their respective correspondents from and against any and all claims, actions, suits and other legal proceedings, and from and against any and all losses, claims, demands, liabilities, damages, costs, charges, counsel fees and other expenses which they or any of them may, at any time, sustain or incur by reason of or in consequence of or arising out of the issuance of any of the Letters of Credit, except for losses and expenses which the Company proves were caused by the willful misconduct or gross negligence of an indemnified party; it being the intention of the parties that this agreement shall be construed and applied to protect and indemnify each of the Agent, the Banks and their respective correspondents against any and all risks involved in the issuance of all of the Letters of Credit or participations therein, all of which risks, whether or not foreseeable, being hereby assumed by the Company, including, without limitation, any and all risks of all acts by any Governmental Authority, domestic or foreign. The Agent and the Banks shall not, in any way, be liable for any failure by the Agent or anyone else to pay a draft drawn under any of the Letters of Credit as a result of any acts, whether rightful or wrongful, of any Governmental Authority, or any other cause not readily within their control or the control of their respective correspondents, agents, or subagents. Without limiting the generality of the foregoing, the Company shall reimburse the Agent and the Banks and their respective correspondents and shall pay and indemnify the Agent, any Banks or its correspondents against payment of, out-of-pocket costs and expenses, withholding taxes, liabilities and damages (including, without limitation, reasonable counsel fees) incurred or sustained by any of them in connection with any of the Letters of Credit or by reason of any such failure to pay. Also, without limiting the generality of the foregoing, the Company shall be responsible for, and shall reimburse the Agent and the Banks

forthwith upon its receipt of any demand therefor, any and all commissions, fees and other charges paid or payable by the Agent or any Bank to any foreign bank which shall be an advising bank or a beneficiary of a Letter of Credit which shall, in reliance thereon, have issued its own letter of credit in respect of obligations of the Company.

3.8 Purpose of the Letters of Credit. The Commercial Letters of Credit and the Standby Letters of Credit shall be used for (i) the purpose of purchasing imported Product and (ii) general business purposes in the ordinary course of business or for such other purposes as may be approved by the Agent.

3.9 Applications. To the extent that any provision of any Application related to any Letter of Credit is inconsistent with the provisions of this Section 3, the provisions of this Section 3 shall apply.

SECTION 4. GENERAL PROVISIONS APPLICABLE TO FINANCING FACILITIES

4.1 Optional Prepayments. a) The Company may on the last day of the relevant Interest Period if the Revolving Credit Loans to be prepaid are in whole or in part Eurodollar Loans, or at any time and from time to time if the Revolving Credit Loans to be prepaid are Alternate Base Rate Loans, prepay the Revolving Credit Loans, in whole or in part, without premium or penalty, upon at least (i) three Working Days' irrevocable notice, in the case of Eurodollar Loans, and (ii) one Business Day's irrevocable notice, in the case of Alternate Base Rate Loans, in each case to the Agent, specifying the date and amount of prepayment and whether the prepayment is of Working Capital Revolving Credit Loans or Investment Revolving Credit Loans and whether of Eurodollar Loans or Alternate Base Rate Loans or a combination thereof, and if of a combination thereof, the amount of prepayment allocable to each. Upon receipt of such notice the Agent shall promptly notify each Bank thereof. If such notice is given, the Company shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest to such date on the amount prepaid.

b) Each optional partial prepayment of the Revolving Credit Loans shall be in an aggregate principal amount of $1,000,000 or a whole multiple of $1,000,000 in excess thereof.

4.2 Commitment Fees. The Company agrees to pay to the Agent, for the account of each Bank, commitment fees with respect to the Revolving Credit Commitment of such Bank for the period from and including the Closing Date to and including the Revolving Credit Termination Date, calculated at the following rates per annum on the average daily Available Revolving Credit Commitment of such Bank for each day during the period for which the commitment fee with respect to the Revolving Credit Commitments is being paid:

(i) if the Applicable Margin Certificate required pursuant to subsection 6.1(c) for any fiscal quarter of the Company ending after September 30, 1998 shows that the Total Indebtedness/EBITDA Ratio on the last day of such fiscal quarter was less than or equal to 1.5 to 1, then the commitment fee for the Revolving Credit Commitment, during the period beginning on (and including) the date on which such Applicable Margin Certificate was delivered by the Company to the Banks and ending on (and excluding) the date on which the next Applicable Margin Certificate is delivered by the Company to the Banks pursuant to subsection 6.1(c), shall be .25%; and

(ii) if the Applicable Margin Certificate required pursuant to subsection 6.1(c) for any fiscal quarter of the Company ending after September 30, 1998 shows that the Total Indebtedness/EBITDA Ratio on the last day of such fiscal quarter was greater

than 1.5 to 1 and less than or equal to 2.5 to 1, then the commitment fee for the Revolving Credit Commitment, during the period beginning on (and including) the date on which such Applicable Margin Certificate was delivered by the Company to the Banks and ending on (and excluding) the date on which the next Applicable Margin Certificate is delivered by the Company to the Banks pursuant to subsection 6.1(c), shall be .30%;

(iii) if the Applicable Margin Certificate required pursuant to subsection 6.1(c) for any fiscal quarter of the Company ending after September 30, 1998 shows that the Total Indebtedness/EBITDA Ratio on the last day of such fiscal quarter was greater than 2.5 to 1, then the commitment fee for the Revolving Credit Commitment, during the period beginning on (and including) the date on which such Applicable Margin Certificate was delivered by the Company to the Banks and ending on (and excluding) the date on which the next Applicable Margin Certificate is delivered by the Company to the Banks pursuant to subsection 6.1(c), shall be .375%;

provided if the Company shall fail to deliver the Applicable Margin Certificate by the end of the fiscal quarter in which it is required, the commitment fee for the Revolving Credit Commitment for the next fiscal quarter shall be as provided in clause (iii) above; provided, further, that the commitment fee for the Revolving Credit Commitment for the period from the Closing Date until (and excluding) the date on which the Company delivers to the Banks the Applicable Margin Certificate for the fiscal quarter of the Company ended March 31, 1999 shall be .30%.

The commitment fees with respect to the Revolving Credit Commitments shall be payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing September 30, 1998, and on the Revolving Credit Termination Date or such earlier date as the Revolving Credit Commitments shall terminate as provided herein.

4.3 Letter of Credit Commissions. a) The Company agrees to pay to the Agent for the account of the Banks a Letter of Credit commission for the period from and including the date of issuance to and including the Revolving Credit Commitment Termination Date, at the rate per annum equal to the Applicable Margin then in effect with respect to Eurodollar Loans on the average daily face amount of each Letter of Credit payable in arrears on the last Business Day of each March, June, September and December and on the Revolving Credit Commitment Termination Date.

b) The Agent as issuer of each such Letter of Credit shall receive a commission of 1/8 of 1% of the average daily face amount of each such Letter of Credit for the period from and including the date of issuance to and including the Revolving Credit Commitment Termination Date, payable in arrears on the last Business Day of each March, June, September and December and on the Revolving Credit Commitment Termination Date.

4.4 Conversion Options; Minimum Amount of Revolving Credit Loans. a) The Company may elect from time to time to convert Eurodollar Loans to Alternate Base Rate Loans by giving the Agent at least three Business Days' prior irrevocable notice of such election, provided that any such conversion of Eurodollar Loans shall only be made on the last day of an Interest Period with respect thereto. The Company may elect from time to time to convert Alternate Base Rate Loans to Eurodollar Loans by giving the Agent at least five Working Days' prior irrevocable notice of such election. Upon receipt of such notice, the Agent shall promptly notify each Bank thereof. Promptly following the date on which such conversion is being made each Bank shall take such action as is necessary to transfer its portion of such Loans to its Domestic Lending Office or its Eurodollar Lending Office, as the case may be. All or any part of outstanding Eurodollar Loans and Alternate Base Rate Loans may be converted as provided herein, provided that (i) no Revolving Credit Loan may be converted into a Eurodollar Loan when any Default or Event of Default has

occurred and is continuing, (ii) partial conversions shall be in an aggregate principal amount of $1,000,000 or a whole multiple of $500,000 in excess thereof and (iii) any such conversion may only be made if, after giving effect thereto, subsection 4.5 shall not have been contravened.

b) Any Eurodollar Loans may be continued as such upon the expiration of an Interest Period with respect thereto by compliance by the Company thereof with the notice provisions contained in subsection 4.4(a); provided that no Eurodollar Loan may be continued as such when any Default or Event of Default has occurred and is continuing, but shall be automatically converted to an Alternate Base Rate Loan on the last day of the then current Interest Period with respect thereto. The Agent shall notify the Banks promptly that such automatic conversion contemplated by this subsection 4.4(b) will occur.

4.5 Minimum Amounts of Eurodollar Tranches. All borrowings, conversions, payments, prepayments and selections of Interest Periods hereunder shall be in such amounts and be made pursuant to such elections so that, after giving effect thereto, (a) the aggregate principal amount of the Eurodollar Loans comprising any Eurodollar Tranche shall not be less than $1,000,000 and (b) there shall be no more than 15 Eurodollar Tranches of Revolving Credit Loans at any one time outstanding.

4.6 Interest Rate, Payment Dates and Lending Offices. a) The Revolving Credit Loans comprising each Eurodollar Tranche shall bear interest for each Interest Period with respect thereto on the unpaid principal amount thereof at a rate per annum equal to the Eurodollar Rate determined for such Interest Period plus the Applicable Margin.

b) Alternate Base Rate Loans shall bear interest for the period from and including the date thereof until maturity on the unpaid principal amount thereof at a rate per annum equal to the Alternate Base Rate plus the Applicable Margin.

c) If all or a portion of the principal amount of any of the Revolving Credit Loans shall not be paid when due (whether at the stated maturity, by acceleration or otherwise) each Eurodollar Loan shall be converted to an Alternate Base Rate Loan at the end of the last Interest Period with respect thereto. Any such overdue principal amount shall bear interest at a rate per annum which is 2% above the rate which would otherwise be applicable pursuant to subsection 4.6 (a) or (b) from the date of such non-payment until paid in full (as well after as before judgment).

d) Interest shall be payable in arrears on each Interest Payment Date.

e) Eurodollar Loans shall be made and maintained by each Bank at its Eurodollar Lending Office, and Alternate Base Rate Loans shall be made and maintained by each Bank at its Domestic Lending Office.

4.7 Computation of Interest and Fees. a) Interest in respect of Alternate Base Rate Loans, commitment fees and interest on overdue interest, commitment fees and other amounts payable hereunder shall be calculated on the basis of a 365 (or 366, as the case may be) day year for the actual days elapsed. Interest in respect of Eurodollar Loans shall be calculated on the basis of a 360 day year for the actual days elapsed. The Agent shall as soon as practicable notify the Company and the Banks of each determination of a Eurodollar Rate. Any change in the interest rate on a Revolving Credit Loan resulting from a change in the Alternate Base Rate or the Eurocurrency Reserve Requirements shall become effective as of the opening of business on the day on which such change in the Alternate Base Rate is announced, or such change in the Eurocurrency Reserve Requirements shall become effective, as the case may be. The Agent shall as soon as practicable notify the Company and the Banks of the effective date and the amount of each such change.

b) Each determination of an interest rate by the Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Company and the Banks in the absence of manifest error. The Agent shall, at the request of the Company, deliver to the Company a statement showing the quotations used by the Agent in determining any interest rate pursuant to subsection 4.6(a).

4.8 Inability to Determine Interest Rate. In the event that:

i) the Agent shall have determined (which determination shall be conclusive and binding upon the Company) that, by reason of circumstances affecting the interbank eurodollar market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for any requested Interest Period; or

ii) the Agent shall have received notice prior to the first day of such Interest Period from Banks constituting the Required Banks that the interest rate determined pursuant to subsection 4.6(a) for such Interest Period does not accurately reflect the cost to such Banks (as conclusively certified by such Banks) of making or maintaining its affected Revolving Credit Loan during such Interest Period,

with respect to (a) proposed Revolving Credit Loans that the Company has requested be made as Eurodollar Loans, (b) Eurodollar Loans that will result from the requested conversion of Alternate Base Rate Loans into Eurodollar Loans or (c) the continuation of Eurodollar Loans beyond the expiration of the then current Interest Period with respect thereto, the Agent shall forthwith give telex or telephonic notice of such determination to the Company and the Banks at least one day prior to, as the case may be, the requested Borrowing Date for such Eurodollar Loans, the conversion date of such Domestic Dollar Loans or the last day of such Interest Period. If such notice is given (x) any requested Eurodollar Loans shall be made as Alternate Base Rate Loans, (y) any Alternate Base Rate Loans that were to have been converted to Eurodollar Loans shall be continued as Alternate Base Rate Loans and (z) any outstanding Eurodollar Loans shall be converted, on the last day of the then current Interest Period with respect thereto, to Alternate Base Rate Loans. Until such notice has been withdrawn by the Agent, no further Eurodollar Loans shall be made, nor shall the Company have the right to convert Alternate Base Rate Loans to Eurodollar Loans.

4.9 Pro Rata Treatment and Payments. a) Each borrowing by the Company from the Banks, each payment by the Company on account of any commitment fee hereunder and any reduction of the Revolving Credit Commitments of the Banks hereunder shall be made pro rata according to the respective Commitment Percentages of the Banks. Each payment (including each prepayment) by the Company on account of principal of and interest on the Working Capital Revolving Credit Loans or the Investment Revolving Credit Loans shall be made pro rata according to the respective outstanding principal amounts of the Working Capital Revolving Credit Loans or the Investment Revolving Credit Loans, as the case may be, held by each Bank. All payments (including prepayments) to be made by the Company on account of principal, interest and fees shall be made without set-off or counterclaim and shall be made to the Agent, for the account of the Banks, at the Agent's office set forth in subsection 11.1, in lawful money of the United States of America and in immediately available funds. The Agent shall distribute such payments to the Banks promptly upon receipt in like funds as received. If any payment hereunder (other than payments on the Eurodollar Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension. If any payment on a Eurodollar Loan becomes due and payable on a day other than a Working Day, the maturity thereof shall be extended to the next succeeding Working Day unless the result of such extension would be to extend such payment into another calendar month in which event such payment shall be made on the immediately preceding Working Day.

b) Unless the Agent shall have been notified in writing by any Bank prior to a Borrowing Date that such Bank will not make the amount which would constitute its Commitment Percentage of the borrowing on such date available to the Agent, the Agent may assume that such Bank has made such amount available to the Agent on such Borrowing Date, and the Agent may, in reliance upon such assumption, make available to the Company a corresponding amount. If such amount is made available to the Agent on a date after such Borrowing Date, such Bank shall pay to the Agent on demand an amount equal to the product of (i) the daily average Federal Funds Effective Rate during such period, times (ii) the amount of such Bank's Commitment Percentage of such borrowing, times (iii) a fraction the numerator of which is the number of days that elapse from and including such Borrowing Date to the date on which such Bank's Commitment Percentage of such borrowing shall have become immediately available to the Agent and the denominator of which is 360. A certificate of the Agent submitted to any Bank with respect to any amounts owing under this subsection 4.9(b) shall be conclusive, absent manifest error. If such Bank's Commitment Percentage is not in fact made available to the Agent by such Bank within three Business Days of such Borrowing Date, the Agent shall be entitled to recover such amount with interest thereon at the rate per annum applicable to Alternate Base Rate Loans hereunder, on demand, from the Company.

4.10 Illegality. Notwithstanding any other provisions herein, if the adoption of or any change in any Requirement of Law or in the interpretation or application thereof shall make it unlawful for any Bank to make or maintain Eurodollar Loans as contemplated by this Agreement, (a) the commitment of such Bank hereunder to make Eurodollar Loans or convert Alternate Base Rate Loans to Eurodollar Loans shall forthwith be cancelled and (b) such Bank's Revolving Credit Loans then outstanding as Eurodollar Loans, if any, shall be converted automatically to Alternate Base Rate Loans on the respective next succeeding Interest Payment Date(s) for such Revolving Credit Loans or within such earlier period as required by law. If any such prepayment or conversion of a Eurodollar Loan occurs on a day which is not the last day of the current Interest Period with respect thereto, the Company shall pay to such Bank such amounts, if any, as may be required pursuant to subsection 4.13.

4.11 Requirements of Law. a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Bank with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) does or shall subject any Bank to any tax of any kind whatsoever with respect to this Agreement, any Revolving Credit Note or any Eurodollar Loans made by it, or change the basis of taxation of payments to such Bank of principal, commitment fee, interest or any other amount payable hereunder (except for changes in the rate of tax on the overall net income of such Bank);

(ii) does or shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against (A) assets held by, or deposits or other liabilities in or for the account of, advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of such Bank which are not otherwise included in the determination of the Eurodollar Rate hereunder or (B) Letters of Credit issued by the Agent or participated in by the Banks;

(iii) does or shall impose on such Bank any other condition; and the result of any of the foregoing is to increase the cost to (A) any Bank, by any amount which such Bank deems to be material, of making, renewing or maintaining advances or extensions of credit or to reduce any amount receivable hereunder, in each case, in respect to its Eurodollar Loans, or (B) the Agent or any Bank of issuing or maintaining Letters of Credit (or its participation therein, as the case may be), or to reduce any amount receivable in connection therewith, then, in any such case, upon

demand by the Agent or such Bank (with a copy to the Agent), the Company shall promptly pay to the Agent or such Bank, as the case may be, any additional amounts necessary to compensate the Agent or such Bank for such additional cost or reduced amount receivable, together with interest on each such amount from the date demanded until payment in full thereof at the rate provided in subsection 4.6(c) (in the case of increased costs in respect of Eurodollar Loans) or subsection 3.5 (in the case of increased costs in respect of Letters of Credit). If the Agent or a Bank becomes entitled to claim any additional amounts pursuant to this subsection, it shall promptly notify the Company, through the Agent, of the event by reason of which it has become so entitled. A certificate as to any additional amounts payable pursuant to the foregoing sentence submitted by the Agent or such Bank, through the Agent, to the Company shall be conclusive in the absence of manifest error. This covenant shall survive the termination of this Agreement and payment of the outstanding Revolving Extensions of Credit.

Each Bank will promptly notify the Company and the Agent of any event described in this subsection 4.11 of which it has knowledge and will designate a different Eurodollar Lending Office if such designation will avoid the need for, or reduce the amount of, compensation as described in this subsection 4.11 and will not be otherwise disadvantageous to such Bank.

If any Bank demands compensation from the Company pursuant to this subsection 4.11 the Company may, upon at least three Business Days' prior notice to such Bank through the Agent, prepay in full the then outstanding Eurodollar Loans of such Bank, as the case may be, together with accrued interest thereon to the date of prepayment and, concurrently therewith, borrow from such Bank Alternate Base Rate Loans, in principal amounts equal to the aggregate principal amounts of such Loans being prepaid and with the same maturities, and such Bank shall make such Alternate Base Rate Loans. If any prepayment or conversion of a Eurodollar Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, the Company shall pay to such Bank such amounts, if any, as may be required pursuant to subsection 4.13.

b) In the event that any Bank shall have determined that the adoption of any law, rule or regulation regarding capital adequacy, or any change therein or in the interpretation or application thereof or compliance by any Bank or any corporation controlling such Bank with any request or directive regarding capital adequacy (whether or not having the force of law) from any central bank or Governmental Authority, does or shall have the effect of reducing the rate of return on such Bank's or corporation's capital as a consequence of such Bank's obligations hereunder to a level below that which such Bank or corporation could have achieved but for such Requirement of Law, change or compliance (taking into consideration such Bank's or corporation's policies with respect to capital adequacy) by an amount deemed by such Bank to be material, then from time to time, within fifteen days after submission by such Bank or corporation to the Company (with a copy to the Agent) of a written request therefor, the Company shall pay to such Bank such additional amount or amounts as will compensate such Bank or corporation for such reduction. The agreements in this subsection 4.11(b) shall survive the termination of this Agreement and the payment of the Revolving Extensions of Credit and all other amounts payable hereunder.

4.12 Taxes. a) All payments made by the Company under this Agreement shall be made free and clear of, and without reduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority excluding, in the case of the Agent and each Bank, net income and franchise taxes (or taxes imposed in lieu of net income or franchise taxes) imposed on (or measured by) the income or profits of the Agent or such Bank by the jurisdiction under the laws of which the Agent or such Bank is organized or any political subdivision or taxing authority thereof or therein or by any jurisdiction in which such Bank's Domestic Lending Office or Eurodollar Lending Office,

as the case may be, is located or any political subdivision or taxing authority thereof or therein or by any other jurisdiction (or political subdivision or taxing authority thereof or therein) as a result of a connection between such Bank and such jurisdiction (or political subdivision or taxing authority thereof or therein) other than a connection resulting solely from entering into this Agreement (all such non-excluded taxes, levies, imposts, deductions, charges or withholdings being hereinafter called "Taxes"). If any Taxes are required to be withheld from any amounts payable to the Agent or any Bank hereunder, the amounts so payable to the Agent or such Bank shall be increased to the extent necessary to yield to the Agent or such Bank (after payment of all Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement. Whenever any Taxes are payable by the Company, as promptly as possible thereafter, the Company shall send to the Agent for its own account or for the account of such Bank a certified copy of an original official receipt received by the Company showing payment thereof. If the Company fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Agent the required receipts or other required documentary evidence, the Company shall indemnify the Agent and the Banks for any incremental taxes, interest or penalties that may become payable by the Agent or any Bank as a result of any such failure. The agreements in this subsection 4.12 shall survive the termination of this Agreement and the payment of the Revolving Extensions of Credit and all other amounts payable hereunder.

b) Each Bank that is not incorporated under the laws of the United States of America or a state thereof agrees that it will deliver to the Company and the Agent (i) two duly completed copies of United States Internal Revenue Service Form 1001 or 4224 or successor applicable form, as the case may be, and (ii) an Internal Revenue Service Form W-8 or W-9 or successor applicable form. Each such Bank also agrees to deliver to the Company and the Agent two further copies of the said Form 1001 or 4224 and Form W-8 or W-9, or successor applicable forms or other manner of certification, as the case may be, on or before the date that any such form expires or becomes obsolete or after occurrence of any event requiring a change in the most recent form previously delivered by it to the Company, and such extensions or renewals thereof as may reasonably be requested by the Company or the Agent, unless in any such case an event (including, without limitation, any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Bank from duly completing and delivering any such form with respect to it and such Bank so advises the Company and the Agent. Such Bank shall certify (i) in the case of a Form 1001 or 4224, that it is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes and (ii) in the case of a Form W-8 or W-9, that it is entitled to an exemption from United States backup withholding tax.

4.13 Indemnity. The Company agrees to indemnify each Bank and to hold each Bank harmless from any loss or expense which such Bank may sustain or incur as a consequence of (a) default by the Company in payment when due of the principal amount of or interest on any Eurodollar Loans of such Bank, (b) default by the Company in making a borrowing or conversion after the Company has given a notice of borrowing in accordance with subsection 2.3 or a notice of conversion pursuant to subsection 4.4(a), or (c) default by the Company in making any prepayment after the Company has given a notice in accordance with subsection 4.1(a) or (d) a prepayment of a Eurodollar Loan on a day which is not the last day of an Interest Period with respect thereto, including, without limitation, in each case, any such loss or expense arising from the reemployment of funds obtained by it to maintain its Eurodollar Loans hereunder or from fees payable to terminate the deposits from which such funds were obtained. A certificate as to any additional amounts payable pursuant to the foregoing sentence submitted by such Bank or the Agent to the Company shall be conclusive in the absence of manifest error. This covenant shall survive termination of this Agreement and payment of the outstanding Revolving Extensions of Credit and all other amounts payable hereunder.

SECTION 5. REPRESENTATIONS AND WARRANTIES

In order to induce the Agent and the Banks to enter into this Agreement and to make their respective Revolving Credit Loans and to issue and participate in Letters of Credit, the Company represents and warrants to the Agent and the Banks that:

5.1 Financial Condition. a) The unaudited pro forma consolidated balance sheet of the Company as at March 31, 1998, (the "Pro Forma Balance Sheet"), copies of which have heretofore been delivered to each Bank, have been prepared after giving effect (as if such events had occurred on such date) to the Transactions, the Revolving Credit Loans to be made on the Closing Date and the use of proceeds thereof and the payment of fees and expenses in connection therewith. The Pro Forma Balance Sheet has been prepared based on the best information available to the Company as of the date of delivery thereof and presents fairly on a pro forma basis the financial position of the Company and its Subsidiaries, as at March 31, 1998, as if the transactions specified in the preceding sentence had actually occurred at such date.

b) The unaudited consolidated financial statements of EPCO for the fiscal quarter ended March 31, 1998, copies of which have heretofore been delivered to each Bank, have been prepared in accordance with GAAP and present fairly the financial condition, results of operation and changes in financial position of EPCO and its Subsidiaries, as at the date or dates and for the period or periods stated.

5.2 No Change. Since March 31, 1998, there has been no development or event that has had or could reasonably be expected to have a Material Adverse Effect.

5.3 Existence; Compliance with Law. The Company (a) is duly organized, validly existing and in good standing under the laws of the State of Delaware, (b) has the partnership power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged and which it proposes to be engaged after the Closing Date, (c) is duly qualified and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, except to the extent that the lack of such qualification could not have a Material Adverse Effect and (d) is in compliance with all Requirements of Law except to the extent that the failure to comply therewith could not, in the aggregate, have a Material Adverse Effect.

5.4 Power; Authorization; Enforceable Obligations. The Company has the partnership power and authority, and the legal right, to make, deliver and perform the Loan Documents and to borrow hereunder and has taken all necessary action to authorize the borrowings on the terms and conditions of this Agreement and to authorize the execution, delivery and performance of the Loan Documents. No consent or authorization of, filing with or other act by or in respect of any Governmental Authority is required in connection with the borrowings hereunder or with the execution, delivery, performance, validity or enforceability of the Loan Documents. This Agreement has been, and each other Loan Document will be, duly executed and delivered on behalf of the Company. This Agreement constitutes, and each other Loan Document when executed and delivered will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

5.5 No Legal Bar. The execution, delivery and performance of the Loan Documents, the borrowings hereunder and the use of the proceeds thereof, will not violate any Requirement of Law or any Contractual Obligation of the Company, and will not result in, or

require, the creation or imposition of any Lien on any of its or their respective properties or revenues pursuant to any Requirement of Law or Contractual Obligation.

5.6 No Default Neither the Company nor any Subsidiary is in default under or with respect to any Contractual Obligation in any respect which could have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

5.7 Investments and Guaranties. At the date of this Agreement, neither the Company nor any Subsidiary has any Investments or has outstanding any Guarantee Obligations, except as permitted by this Agreement, reflected in the Financial Statements or disclosed to the Banks in Schedule 5.7.

5.8 Liabilities; Litigation. Except as otherwise expressly permitted under this Agreement, (i) neither the Company nor any Subsidiary has any material (individually or in the aggregate) liabilities, direct or contingent, other than liabilities incurred in the normal course of business, and (ii) there is no litigation, legal, administrative or arbitral proceeding, investigation or other action of any nature pending or, to the best knowledge of the Company, threatened against or affecting the Company or any Subsidiary which involves the reasonable possibility of any material judgment or liability greater than $10,000,000 and not fully covered (after satisfaction of any deductible) by insurance or which could reasonably be expected to have a Material Adverse Effect. No unusual or unduly burdensome restriction, restraint, or hazard exists by contract, Requirement of Law or otherwise relative to the business or Properties of the Company or any Subsidiary.

5.9 Taxes; Governmental Charges. The Company and its Subsidiaries have filed all tax returns and reports required to be filed and have paid all taxes, assessments, fees and other governmental charges levied upon any of them or upon any of their respective Properties or income which are due and payable, including interest and penalties (other than those the amount or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Company); and no tax liens have been filed and, to the best knowledge of the Company, no claims are being asserted with respect to any such taxes, fees or other charges.

5.10 Titles, etc. Except as set forth on Schedule 5.10, the Company and its Subsidiaries have good title to their respective material (individually or in the aggregate) Properties, free and clear of all Liens except (i) Liens referred to in the financial statements described in subsection 5.1, (ii) Excepted Liens, and (iii) Liens otherwise permitted or contemplated by this Agreement.

5.11 Intellectual Property. The Company and each of its Subsidiaries owns or is licensed to use, all trademarks, tradenames, copyrights, technology, know-how and processes necessary for the conduct of its business as currently conducted that are material to the condition (financial or other), business, or operations of the Company and its Subsidiaries (the "Intellectual Property"). No claim has been asserted and is pending by any Person with the respect to the use of any such Intellectual Property, or challenging or questioning the validity or effectiveness of any such Intellectual Property and the Company does [Bnot know of any valid basis for any such claim. The use of such Intellectual Property by the Company and each of its Subsidiaries does not infringe on the rights of any Person, subject to such claims and infringements as do not, in the aggregate, give rise to any liability on the part of the Company or any of its Subsidiaries that is material to the Company and its Subsidiaries taken as a whole.

5.12 Casualties; Taking of Properties. Neither the business nor the Properties of the Company or any Subsidiary have been materially and adversely affected as a result of any fire, explosion, earthquake, flood, drought, windstorm, accident, strike or other labor disturbance, embargo, requisition or taking of Property or cancellation of contracts, permits or concessions by

any domestic or foreign government or any agency thereof, riot, activities of armed forces or acts of God or of any public enemy.

5.13 Use of Proceeds; Margin Stock; No Financing of Corporate Takeovers. The proceeds of the Working Capital Revolving Credit Loans will be used by the Company for working capital purposes in the ordinary course of business of the Company and for general partnership purposes, including to pay, in whole or in part, distributions on the limited partner interests of the Limited Partner in the Company (to enable the Limited Partner to make cash distributions with respect to the Units and the general partner interest of the Limited Partner) and the General Partner Interest, excluding, however, for the purposes of making Investments. The proceeds of the Investment Revolving Credit Loans will be used by the Company to make Investments permitted pursuant to subsection 7.6 and other working capital and general partnership purposes. No part of the proceeds of the Revolving Credit Loans hereunder will be used for "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect or for any purpose which violates the provisions of the Regulations of such Board of Governors. If requested by the Agent, the Company will furnish to the Agent a statement to the foregoing effect in conformity with the requirements of FR Form U-1 referred to in said Regulation U. No proceeds of any loan or extension of credit made pursuant to this Agreement will be used to acquire any security in any transaction which is subject to Sections 13 or 14 of the Securities Exchange Act of 1934, including particularly but without limitation Sections 13(d) and 14(d) thereof. Neither the Company nor any Subsidiary nor any Person acting on behalf of the Company or any Subsidiary has taken or will take any action which might cause any of the Loan Documents to violate Regulation U or any other regulation of the Board of Governors of the Federal Reserve System as the same may hereinafter be in effect.

5.14 Compliance with Law. Each of the Company and its Subsidiaries:

(i) is not in violation of any Requirement of Law, which violation (in the event such violation were asserted by any Person through appropriate action) involves the reasonable possibility of having a Material Adverse Effect; and

(ii) presently possesses all licenses, permits, franchises and other governmental authorizations necessary to the ownership of any of its Property, the operation of the Facilities and the conduct of its business, the failure to obtain which (in the event such failure were asserted by any Person through appropriate action) involves the reasonable possibility of having a Material Adverse Effect.

5.15 ERISA. The Company, its Subsidiaries and any Commonly Controlled Entity are in compliance in all material respects with the applicable provisions of ERISA with respect to each Plan which they maintain and have fulfilled their obligations under the minimum funding standards of ERISA with respect to each Single Employer Plan. No "prohibited transaction," as such term is defined in Section 4975 of the Internal Revenue Code of 1986, as amended, has occurred with respect to any such Plan which could subject the Company, its Subsidiaries or any Commonly Controlled Entity to any excise tax. No "reportable event," as such term is defined in Section 4043 of ERISA and the regulations issued thereunder (other than a reportable event not subject to the provision for 30-day notice to the PBGC under such regulations), has occurred with respect to any Plan. No Plan has been, or is likely to be, terminated in a manner which would result in the imposition of a Lien on the Property of the Company, any Subsidiary or any Commonly Controlled Entity pursuant to Section 4068 of ERISA. The present value of all benefits vested under each Single Employer Plan maintained by the Company, its Subsidiaries or any Commonly Controlled Entity (based on those assumptions used to fund such Plan) did not, as of the last annual valuation date applicable thereto, exceed the value of the assets of such Plan

allocable to such vested benefits. Neither the Company nor any of its Subsidiaries nor any Commonly Controlled Entity is making or accruing (or has any obligation to make or accrue) an obligation to make any contribution to a Multiemployer Plan, nor has any such contribution been made within five years prior to the date hereof. Neither the Company nor any of its Subsidiaries nor any Commonly Controlled Entity provide for post-retirement benefits under Plans which are welfare benefit plans (as defined in Section 3(1) of ERISA).

5.16 Investment Company Act; Other Regulations. The Company is not an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended. The Company is not subject to regulation under any Federal or State statute or regulation which limits its ability to incur Indebtedness.

5.17 Accuracy and Completeness of Information. All written information (including, without limitation, the final form of the Form S-1 of the Limited Partner as filed with the Securities and Exchange Commission on July 21, 1998, a copy of which has previously been furnished to the Banks (the "S-1")), reports and other papers and data (other than projections) with respect to the Company or the Transactions furnished to the Agent or the Banks by the Company were, at the time the same were so furnished, complete and correct in all material respects, or have been subsequently supplemented by other written information, reports or other papers or data, to the extent necessary to give the Agent or the Banks a true and accurate knowledge of the subject matter in all material respects. All written projections with respect to the Company so furnished by the Company were prepared or presented in good faith by the Company. No fact is known to the Company which materially and adversely affects or in the future may (so far as the Company can reasonably foresee) materially and adversely affect the Transactions or the business, assets or liabilities, financial or other condition, results of operations or business prospects of the Company which has not been set forth in the financial statements referred to in subsection 5.1 or in such information, reports, papers and data or otherwise disclosed in writing to the Agent and Banks prior to the Closing Date. No document furnished or statement made in writing to the Agent or the Banks by the Company in connection with the Transactions or the negotiation, preparation or execution of this Agreement contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements contained therein not misleading, in either case which has not been corrected, supplemented or remedied by subsequent documents furnished or statements made in writing to the Agent or the Banks on or prior to the Closing Date.

5.18 Public Utility Holding Company Act. The Company is not a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," or a "public utility" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

5.19 Subsidiaries. As of the date of this Agreement, the Company has no Subsidiaries except those shown in Schedule 5.19, which Schedule is complete and accurate.

5.20 Location of Business and Offices. The Company's and each Subsidiary's principal place of business and chief executive offices are located at 2727 North Loop West, Houston, Texas 77008.

5.21 Neither the Company Nor Subsidiary is a Utility. Except as set forth on Schedule 5.21, neither the Company nor any Subsidiary is a Person engaged in the State of Texas in the (i) generation, transmission or distribution and sale of electric power; (ii) provision of telephone or telegraph service to others; (iii) production, transmission, or distribution and sale of steam or water; (iv) operation of a railroad; or (v) provision of sewer service to others.

5.22 Year 2000 Matters. Any reprogramming required to permit the proper functioning (but only to the extent that such proper functioning would otherwise be impaired by the

occurrence of the year 2000) in and following the year 2000 of computer systems and other equipment containing embedded microchips, in either case owned or operated by the Company or any of its Subsidiaries or used or relied upon in the conduct of their business (including any such systems and other equipment supplied by others or with which the computer systems of the Company or any of its Subsidiaries interface), and the testing of all such systems and other equipment as so reprogrammed, will be completed by March 31, 1999. The costs to the Company and its Subsidiaries that have not been incurred as of the date hereof for such reprogramming and testing and for the other reasonably foreseeable consequences to them of any improper functioning of other computer systems and equipment containing embedded microchips due to the occurrence of the year 2000 could not reasonably be expected to result in a Default or Event of Default or to have a Material Adverse Effect. Except for any reprogramming referred to above, the computer systems of the Company and its Subsidiaries are and, with ordinary course upgrading and maintenance, will continue for the term of this Agreement to be, sufficient for the conduct of their business as currently conducted.

SECTION 6. AFFIRMATIVE COVENANTS

The Company hereby agrees that, so long as any Commitment remains in effect, any Revolving Credit Loan or Reimbursement Obligation remains outstanding and unpaid or any other amount is owing to any Bank or the Agent hereunder, the Company shall and (except in the case of delivery of financial information, reports and notices) shall cause each of its Subsidiaries to:

6.1 Financial Statements and Reports of the Company. Promptly furnish to the Agent and the Banks from time to time upon request such information regarding the business and affairs and financial condition of the Company and its Subsidiaries as the Agent may reasonably request, and furnish to each Bank:

a) Annual Reports. Promptly after becoming available and in any event within 90 days after the close of each fiscal year of the Company (i) the audited consolidated and unaudited consolidating balance sheets of the Company and its consolidated Subsidiaries and, subject to any consents required by its constituent documents (which the Company shall use reasonable efforts to obtain), each Permitted Joint Venture (except for any Permitted Joint Venture in which the Company or any of its Subsidiaries is not the general partner, in which case such financial statements shall be delivered when received) as at the end of such year and (ii) the audited consolidated (and, as to statements of income, unaudited consolidating) statements of income, equity and cash flow of the Company and its consolidated Subsidiaries and, subject to any consents required by its constituent documents (which the Company shall use reasonable efforts to obtain), each Permitted Joint Venture (except for any Permitted Joint Venture in which the Company or any of its Subsidiaries is not the general partner, in which case such financial statements shall be delivered when received) for such year setting forth in each case in comparative form the corresponding figures for the preceding fiscal year, reported on without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit, by Deloitte & Touche or such other independent public accountants acceptable to the Banks (in the case of the Financial Statements of the Company), which report shall be to the effect that such statements have been prepared in accordance with GAAP; and

b) Quarterly Reports. Promptly after their becoming available and in any event within 45 days after the close of each fiscal quarter of the Company, (i) the unaudited consolidated and unaudited consolidating balance sheets of the Company and its consolidated Subsidiaries and, subject to any consents required by its constituent documents (which the Company shall use reasonable efforts to obtain), each Permitted

Joint Venture (except for any Permitted Joint Venture in which the Company or any of its Subsidiaries is not the general partner, in which case such financial statements shall be delivered when received) as at the end of such quarter and (ii) the unaudited consolidated (and, as to statements of income, unaudited consolidating) statements of income, equity and cash flow of the Company and, subject to any consents required by its constituent documents (which the Company shall use reasonable efforts to obtain), each Permitted Joint Venture (except for any Permitted Joint Venture in which the Company or any of its Subsidiaries is not the general partner, in which case such financial statements shall be delivered when received) for such quarter, setting forth in each case in comparative form the corresponding figures for the preceding fiscal year, all of the foregoing certified by the principal financial officer of the Company to have been prepared in accordance with GAAP subject to normal changes resulting from year-end adjustment and accompanied by a written discussion of the financial performance and operating results, including the major assets, of the Company and, subject to any consents required by its constituent documents (which the Company shall use reasonable efforts to obtain), each Permitted Joint Venture (except for any Permitted Joint Venture in which the Company or any of its Subsidiaries is not the general partner, in which case such financial statements shall be delivered when received) for such quarter; and

c) Applicable Margin Certificates. Within 45 days after the end of each fiscal quarter of the Company, a certificate of the principal financial officer of the Company showing in detail the computations necessary to calculate the Applicable Margin (an "Applicable Margin Certificate"); and

d) Other Information. From time to time, such other information or documents (financial or otherwise) as any Bank may reasonably request.

6.2 Annual Certificates of Compliance. Concurrently with the furnishing of the annual financial statements pursuant to subsection 6.1(a), furnish or cause to be furnished to the Banks certificates of compliance, as follows:

a) a certificate from the independent public accountants stating that their audit has not disclosed the existence of any condition which constitutes a Default, or if their audit has disclosed the existence of any such condition, specifying the nature, period of existence and status thereof; and

b) a certificate signed by the principal financial officer of the Company (i) stating that a review of the activities of the Company and its Subsidiaries has been made under his supervision with a view to determining whether the Company and its Subsidiaries have fulfilled all of their respective obligations under each of the Loan Documents; (ii) stating that the Company and its Subsidiaries have fulfilled their respective obligations under such instruments and that all representations made herein continue to be true and correct (or specifying the nature of any change), or if the Company or any Subsidiary shall be in Default, specifying any Default and the nature and status thereof; (iii) to the extent requested from time to time by the Agent, specifically affirming compliance of the Company and its Subsidiaries with any of their respective representations or obligations under such instruments; and (iv) containing or accompanied by such financial or other details, information and material as the Agent may reasonably request to evidence such compliance; and

c) within 60 days after the end of each calendar year, a certificate of a Responsible Officer, or of the officer of the Company primarily responsible for monitoring

compliance by the Company and its Subsidiaries with Relevant Environmental Laws, stating that (during such calendar year):

i) No notice, notification, demand, request for information, citation, summons or order has been issued for any violation of Relevant Environmental Laws which could reasonably involve the possibility of a Material Adverse Effect and, no complaint has been filed, no penalty has been assessed and no investigation or review is pending, or to the knowledge of such officer, after due inquiry, threatened by any Governmental Authority or private litigant with respect to any generation, treatment, storage, accumulation, recycling, transportation, disposal, release or discharge, all as defined in 42 USC (S) 9601(22) ("Release"), of any hazardous substance, as defined in 42 USC (S) 9601(14), and including petroleum, its derivatives, by-products and other hydrocarbons, polychlorinated biphenyls, paint containing lead, urea formaldehyde foam insulation, and discharge of sewage or effluent, whether or not regulated under Federal, state or local environmental statutes, ordinances, rules, regulations or others ("Hazardous Substance") generated by the operations or business, or located at any property, of the Company and its Subsidiaries which complaint, penalty, investigation, review or threat could involve the possibility of a Material Adverse Effect; and

ii) No oral or written notification of a Release of a Hazardous Substance has been filed by or on behalf of the Company or any Subsidiary other than reports of Releases not involving the possibility of a Material Adverse Effect and no property now or previously owned or leased by the Company or any Subsidiary is listed or, to the best knowledge of such officer, after due inquiry, proposed for listing, on the National Priorities List promulgated pursuant to CERCLA, on CERCLIS or any similar state list of sites requiring investigation or clean-up.

6.3 Quarterly Certificates of Compliance; Projections. a) Within 45 days after the end of each calendar quarter of each calendar year, furnish or cause to be furnished to the Banks a principal financial officer's certificate in the same form as the certificate required by subsection 6.2(b), including all the matters referred to in clauses (i) through (iv), inclusive, thereof.

b) Not later than 30 days prior to the end of each fiscal year, a copy of the projections of the operating budget and cash flow for the next succeeding fiscal year, such projections to be accompanied by a certificate of the chief financial officer of the Company to the effect that such projections have been prepared on the basis of sound financial planning practice and that such officer has no reason to believe they are incorrect or misleading in any material respect.

6.4 Notice of Certain Events. Promptly notify the Banks of the occurrence of any of the following events upon a Responsible Officer obtaining knowledge thereof:

a) any event which constitutes a Default or Event of Default; or

b) any (i) default or event of default under any Contractual Obligation of the Company or any of its Subsidiaries or (ii) litigation, investigation or proceeding that may exist at any time between the Company or any of its Subsidiaries and any Governmental Authority, that in either case, if not cured or if adversely determined, as the case may be, could reasonably be expected to have a Material Adverse Effect;

c) any litigation or proceeding affecting the Company or any of its Subsidiaries in which the amount involved is $10,000,000 or more and not covered by insurance or in which injunctive or similar relief is sought;

d) any other event or condition having or which could reasonably be expected to have a Material Adverse Effect; or

e) the institution of or the withdrawal or partial withdrawal by the Company or any Subsidiary from any Multiemployer Plan (as well as any other information regarding ERISA required by subsection 6.5 hereof); or

f) any casualties to the extent required by subsection 6.8(e); or

g) (i) of any Environmental Complaint received by the Company or any Subsidiary, and (ii)of any notice from any Person of (A) any violation or alleged violation of any Relevant Environmental Law relating to any such property or any part thereof or any activity at any time conducted on any such property, (B) the occurrence of any release, spill or discharge in a quantity that is reportable under any Relevant Environmental Law or (C) the commencement of any clean up pursuant to or in accordance with any Relevant Environmental Law of any Hazardous Substance on or about any such property or any part thereof, which Environmental Complaint or notice could reasonably be expected to have a Material Adverse Effect.

Each notice pursuant to this subsection shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action the Company proposes to take with respect thereto.

6.5 ERISA Information. Furnish to the Agent:

a) within ten Business Days after the institution of or the withdrawal or partial withdrawal by the Company, any Subsidiary or any Commonly Controlled Entity from any Multiemployer Plan, a written notice thereof signed by an executive officer of the Company stating the applicable details;

b) within ten Business Days after the filing thereof with the United States Secretary of Labor, the PBGC or the Internal Revenue Service, copies of each annual and other report with respect to each Plan or any trust created thereunder;

c) within ten Business Days after an officer of the Company becomes aware of the occurrence of any "reportable event," as such term is defined in Section 4043 of ERISA, or of any "prohibited transaction," as such term is defined in Section 4975 of the Code, in connection with any Plan or any trust created thereunder which might constitute grounds for a termination of such Plan under Title IV of ERISA, a written notice signed by an executive officer of the Company specifying the nature thereof and what action the Company, any of its Subsidiaries or any Commonly Controlled Entity is taking or proposes to take with respect thereto; and

d) within ten Business Days after an officer of the Company becomes aware of any material action at law or at equity brought against the Company, any of its Subsidiaries, any Commonly Controlled Entity, or any fiduciary of a Plan in connection with the administration of any Plan or the investment of assets thereunder, a written notice signed by an executive officer of the Company specifying the nature thereof and what action the Company is taking or proposes to take with respect thereto.

The Company shall also furnish to the Agent, within ten Business Days after an officer of the Company becomes aware of any action taken by the Internal Revenue Service with respect to matters as to which information has been furnished pursuant to subsection (c) above, a written notice specifying the nature of such action.

6.6 Taxes and Other Liens. Pay and discharge, or cause to be paid and discharged, promptly or make, or cause to be made, timely deposit of all taxes (including Federal Insurance Contribution Act ("FICA") payments and withholding taxes), assessments and governmental charges or levies imposed upon the Company or any Subsidiary or upon the income or any Property of the Company or any Subsidiary as well as all claims of any kind (including claims for labor, materials, supplies and rent) which, if unpaid, might become a Lien upon any or all of the Property of the Company or any Subsidiary; provided, however, that neither the Company nor any Subsidiary shall be required to pay any such tax, assessment, charge, levy or claim if the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings diligently conducted by or on behalf of the Company or its Subsidiary, and if the Company or its Subsidiary shall have set up reserves therefor adequate under GAAP.

6.7 Maintenance. (i) Continue to engage in business of the same general type as now conducted by it or as contemplated hereby and maintain its corporate existence, rights and franchises, except as otherwise permitted by subsection 7.7, (ii) observe and comply with all Contractual Obligations and Requirements of Law which if not complied with would involve the reasonable possibility of having a Material Adverse Effect, and (iii) maintain its Properties (and any Properties leased by or consigned to it or held under title retention or conditional sales contracts) in good and workable condition, ordinary wear and tear excepted, at all times and make all repairs, replacements, additions, betterments and improvements to its Properties as are needful and proper in accordance with customary industry practices so that the business carried on in connection therewith may be conducted properly and efficiently at all times.

6.8 Insurance. a) At all times, provide, maintain (with financially sound and reputable insurance companies) and keep in force all of the following:

i) Policies of insurance insuring the Facilities against loss or damage by fire and lightning and against loss or damage by other risks embraced by coverage of the type now known as the broad form of extended coverage, including, but not limited to, riot and civil commotion, vandalism and malicious mischief, and against such other risks or hazards as the Agent may from time to time reasonably designate in an amount sufficient to prevent the Agent or the Company or any Subsidiary from becoming a co-insurer under the terms of the applicable policies, but in any event in an amount not less than 100% of the then full replacement cost thereof (exclusive of the cost of excavations and foundations) without deduction for physical depreciation, and each such policy shall contain a replacement cost endorsement, if available.

ii) Policies of comprehensive general liability insurance (primary and excess) insuring the Company (or its Subsidiaries, as the case may be) against loss resulting in bodily injury, death or property damage for an aggregate amount per annum satisfactory to the Banks. The policy terms and conditions shall be customary for the risks contemplated, and they shall contain standard cross liability and severability of interests clauses.

iii) The Agent shall reserve the right to require that the Company or any of its Subsiiaries secure flood insurance if such insurance is commercially available up to the amount provided in subsection 6.8(a)(i).

iv) Such other insurance (including, but not limited to, business interruption insurance, boiler and machinery and/or general liability), in such amounts, as may from time to time be reasonably required by the Agent.

v) Such other insurance with respect to its and its Subsidiaries' Properties and businesses against such liabilities, casualties, risks, and contingencies and in such types and amounts so as to maintain adequate insurance coverage in accordance with normal industry practice for businesses similar to that of the Company and its Subsidiaries.

b) Furnish or cause to be furnished to the Agent upon request of the Agent from time to time a summary of the insurance coverage of the Company and its Subsidiaries, in form and substance satisfactory to the Agent and, if requested, will furnish the Agent copies of the applicable policies.

c) All policies required by subsection 6.8: (a)(i) shall be issued by companies approved by the Agent (such approval not to be unreasonably withheld), (ii) shall be subject to the approval of the Agent as to amount, expiration dates and a coverage in a form of industry standards, (iii) shall provide that it cannot be modified as to basic policy conditions or canceled without 30 days' prior written notice to the Agent, and (iv) may contain such reasonable deductibles as are customary in the industry for Persons in circumstances (other than economic circumstances) similar to those of the Company or its Subsidiaries, as the case may be.

d) Furnish or cause to be furnished to the Agent a certificate of each policy required under subsection 6.8(a) and, at least 30 days prior to the expiration of any such policy, proof of issuance of a policy continuing in force the coverage described in subsection 6.8(a) provided by the expiring policy. In the event that the Company does not deposit with the Agent a new policy of insurance or certificate thereof with evidence of payment of premiums within such period, the Agent may, but shall not be obligated to, procure such insurance and the Company shall reimburse the Agent for the premiums paid thereon promptly upon demand, together with interest thereon at the rate provided in subsection 4.6(c) from the date of written demand of the Agent for reimbursement until the date of reimbursement to the Agent.

e) As soon as practicable after the happening of any property casualty involving potential damage, liabilities, loss or claims in respect of property in excess of $10,000,000 for each individual occurrence, the Company shall give prompt written notice thereof to the Agent.

6.9 Payment of Expenses and Taxes. (a) Pay or reimburse the Agent for all its reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, any of the Loan Documents and any other documents prepared in connection therewith, and the consummation of the transactions contemplated thereby, including, without limitation, the reasonable fees and disbursements of counsel to the Agent, (b) pay or reimburse each Bank and the Agent for all their reasonable costs and expenses incurred in connection with the enforcement or preservation of any rights under the Loan Documents and any such other documents, including, without limitation, reasonable fees and disbursements of counsel to the Agent and to the several Banks, (c) pay, indemnify and hold each Bank and the Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, the Loan Documents and any such other documents, and (d) pay, indemnify, and hold each Bank and the Agent harmless from and against any and all other liabilities, obligations, losses, damages,

penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of the Loan Documents and any such other documents (all the foregoing, collectively, the "indemnified liabilities"), provided that the Company shall have no obligation hereunder with respect to indemnified liabilities arising from (i) the gross negligence or willful misconduct of the Agent or any such Bank, (ii) legal proceedings commenced against the Agent or any such Bank by any security holder or creditor thereof arising out of and based upon rights afforded any such security holder or creditor solely in its capacity as such, or (iii) legal proceedings commenced against any such Bank by the Agent or any other Bank. The agreements in this subsection shall survive repayment of the Revolving Credit Loans and all other amounts payable hereunder.

6.10 Accounts and Records. Keep books of record and account in which full, true and correct entries will be made of all dealings or transactions in relation to their respective business and activities, in accordance with GAAP.

6.11 Right of Inspection. Permit any officer, employee or agent of the Agent or any of the Banks to visit and inspect any of the Properties of the Company or any Subsidiary, examine the Company's or any Subsidiary's books of record and accounts, take copies and extracts therefrom, and discuss the affairs, finances and accounts of the Company or any Subsidiary with the Company's or any Subsidiary's officers, accountants and auditors, all upon reasonable notice and at such times during normal business hours and as often as the Agent or any of the Banks may desire. If the Company or any Subsidiary maintains computer tapes, discs, print-outs or other records in the possession of another Person (including accountants and auditors), the Company hereby agrees at the request of the Agent or any Bank to notify or cause such Subsidiary to notify such other Person to permit the Agent or any Bank access to the same upon reasonable notice and at all reasonable times during normal business hours and to provide the Agent or any Bank with copies of any records available to the Company or any Subsidiary which the Agent or any Bank may request, at the cost and expense of the Company as to any action by the Agent under this subsection (but not by the Banks unless a Default or Event of Default has occurred and is continuing).

6.12 Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its obligations of whatever nature, except when the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the Company or its Subsidiaries, as the case may be.

6.13 Environmental Laws.

a) Comply with, and ensure compliance by all tenants and subtenants, if any, with, all applicable Relevant Environmental Laws and obtain and comply with and maintain, and ensure that all tenants and subtenants obtain and comply with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Relevant Environmental Laws except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect;

b) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Relevant Environmental Laws and promptly comply with all lawful orders and directives of all Governmental Authorities regarding Relevant Environmental Laws except to the extent that the same are being contested in good faith by appropriate proceedings and the pendency of such proceedings could not reasonably be expected to have a Material Adverse Effect; and

c) Defend, indemnify and hold harmless the Agent and the Banks, and their respective employees, agents, officers and directors, from and against any and all claims, demands,

penalties, fines, liabilities, settlements and damages, and reasonable costs and expenses, of whatever kind or nature known or unknown, contingent or otherwise, arising out of, or in any way relating to the violation of, noncompliance with or liability under, any Relevant Environmental Law applicable to the operations of the Company, any of its Subsidiaries or the Facilities, or any orders, requirements or demands of Governmental Authorities related thereto, including, without limitation, attorney's and consultant's fees, investigation and laboratory fees, response costs, court costs and litigation expenses, except to the extent that any of the foregoing arise out of the gross negligence or willful misconduct of the party seeking indemnification therefor. The agreements in this paragraph shall survive repayment of the Loans and all other amounts payable hereunder.

6.14 Clean-Down. For a period of 15 consecutive days during each calendar year for which this Agreement is in effect, cause the aggregate outstanding Working Capital Revolving Credit Loans to be $0.

SECTION 7. NEGATIVE COVENANTS

The Company hereby agrees that, so long as any Commitment remains in effect, any Revolving Credit Loan or Reimbursement Obligation remains outstanding and unpaid or any other amount is owing to any Bank or the Agent hereunder, the Company shall not and shall not permit any of its Subsidiaries to, directly or indirectly:

7.1 Limitation on Debt. Incur, create, assume or suffer to exist any Debt, except:

a) the Revolving Credit Loans and other Indebtedness;

b) Debt which is permitted in connection with the cost of Property under clause (vii) of the definition of "Excepted Liens";

c) endorsements of negotiable or similar instruments for collection or deposit in the ordinary course of business;

d) taxes, assessments or other government charges which are not yet due or are being contested in good faith by appropriate action promptly initiated and diligently conducted, if such reserve as shall be required by GAAP shall have been made therefor;

e) additional Debt and Guarantee Obligations, together not to exceed $10,000,000 at any one time outstanding;

f) Guarantee Obligations constituting performance guarantees provided in the ordinary course of business by the Company and its Subsidiaries supporting obligations of Subsidiaries which obligations have been incurred in the ordinary course of business (including in connection with the operation, construction or acquisition of pipelines and related facilities);

g) Guarantee Obligations of the Company of EPCO's obligations under the Lease Agreement, dated as of September 1, 1989, between Meridian Trust Company, as Trustee, as Lessor, and EPCO, as Lessee; and

h) Debt set forth in Schedule 7.1.

7.2 Limitation on Liens. Create, incur, assume, permit or suffer to exist any Lien on any of its Properties (now owned or hereafter acquired), except:

a) Excepted Liens;

b) additional Liens securing Debt not to exceed $10,000,000 at any one time outstanding;

c) Liens granted by the Company or any of its Subsidiaries on its ownership interests in Belvieu Environmental Fuels, securing the obligations of Belvieu Environmental Fuels under the BEF Credit Agreement; and

d) Liens set forth in Schedule 7.2.

7.3 Limitations on Fundamental Changes. Except as permitted by subsection 7.4(b), enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease, assign, transfer or otherwise dispose of, all or substantially all of its property, business or assets or any direct or indirect interest in any Permitted Joint Venture any of the interests in which is owned by a Subsidiary, or make any material change in its present method of conducting business, except:

a) any Subsidiary of the Company may be merged or consolidated with or into the Company or any one or more Subsidiaries of the Company (provided that, if any of such Subsidiaries is not wholly owned by the Company, the Limited Partner and the General Partner, taken together, the Subsidiary or Subsidiaries in which the Company owns the greatest interest or the Company shall be the continuing or surviving entity); and

b) any Subsidiary may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Company or any other Subsidiary in which, as to any Subsidiary not wholly owned by the Company, the Limited Partner and the General Partner, taken together, the Company owns at least the same percentage interests as the Company owns in the transferor Subsidiary.

7.4 Limitation on Sale of Assets. Convey, sell, lease, assign, transfer or otherwise dispose of any of its property, business or assets (including, without limitation, receivables and leasehold interests), whether now owned or hereafter acquired, except:

a) as permitted by subsection 7.3;

b) as long as no Default or Event of Default has occurred and is continuing or would result therefrom the Company and its Subsidiaries may sell or otherwise dispose of property in any fiscal year having an aggregate value not in excess of 5% of Consolidated Tangible Net Worth calculated on the last day of the prior fiscal quarter;

c) the sale of inventory in the ordinary course of business; and

d) the sale or disposition of equipment or other property or assets that are no longer useful in the business of the Company or such Subsidiary or are replaced by equipment or other property or assets of at least comparable value and use.

7.5 Limitation on Dividends. Declare or pay any dividend on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any shares of any class of Capital Stock of the Company or any Subsidiary or any warrants or options to purchase any such Capital Stock, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of the Company or any

Subsidiary (such declarations, payments, setting apart, purchases, redemptions, defeasances, retirements, acquisitions and distributions being herein called "Restricted Payments"), except that (i) any Subsidiary may make Restricted Payments to the Company and (ii) as long as no Default or Event of Default has occurred and is continuing or would result therefrom, the Company may make Restricted Payments once each fiscal quarter consisting of cash distributions in accordance with the terms of the Partnership Agreement in order to enable the Limited Partner to make cash distributions with respect to the Units and the general partner interest of the Limited Partner.

7.6 Limitation on Investments. Make any Investment in any Person, except:

a) extensions of trade credit in the ordinary course of business;

b) Investments in direct obligations of the United States of America or any agency thereof having a maturity of less than one year;

c) Investments in certificates of deposit of maturities less than one year, issued by commercial banks in the United States having capital and surplus equal to or in excess of $100,000,000;

d) Investments made by any Subsidiary to the Company;

e) Investments in Subsidiaries and Permitted Joint Ventures, provided that such Investments shall be permitted only to the extent that (A) (i) such Investments are made from funds constituting "Available Cash" (as defined in the Partnership Agreement) for such fiscal year or (without duplication) from the proceeds of Investment Revolving Credit Loans, after paying in full the "Minimum Quarterly Distribution" (as defined in the Partnership Agreement) (X) for all Common Units for any previous calendar quarter and (Y) for all Subordinated Units for the most recently ended calendar quarter or (ii) such Investments are made from (without duplication of investments permitted in other clauses of this subsection 7.6) proceeds of public offerings of Units contributed as equity to the Company, and proceeds of distributions made by Permitted Joint Ventures any of the interests of which is owned by a Subsidiary or proceeds of distributions made by other Permitted Joint Ventures to the Company and/or any Subsidiary, in each case received after the date hereof and (B) in any such case, no Default or Event of Default shall have occurred and be continuing, or would occur as a result of such Investment;

f) capital contributions, loans or other Investments by Subsidiaries of the Company or any Permitted Joint Venture to or in the Company or any Subsidiary, provided that no Default or Event of Default shall have occurred and be continuing, or would occur as a result of such investment;

g) capital contributions or other Investments by the Company or any Subsidiary to any existing Permitted Joint Venture any of the interests in which are owned by the Company or a Subsidiary in accordance with the terms of the constitutive documents of such Permitted Joint Venture, provided in each such case that (x) no Default or Event of Default has occurred and is continuing or would result therefrom and (y) such capital contribution or Investment is financed with the proceeds of any of the items referred to in subsections 7.7(e) or ;

h) capital contributions, loans or other Investments to the extent made with the proceeds of public offerings of Units for the purposes described in the offering documents for such public offerings; and

i) other acquisitions of equity securities of, or assets constituting a business unit of, any Person, provided that, such acquisitions do not constitute an Investment under any of the foregoing clauses (a) through (g) and immediately prior to and after giving effect to any such acquisition, no Default or Event of Default shall have occurred or be continuing.

Notwithstanding the foregoing, the aggregate amount of the investments made in Permitted Joint Ventures pursuant to paragraphs (e) and (g) above shall not exceed $25,000,000 in any fiscal year (excluding Investments during the fiscal year in which the Closing Date occurs with respect to the Wilprise Pipeline, the Tristates Pipeline, the Baton Rouge Fractionator and the NGL Product Chiller).

7.7 Limitation on Optional Payments and Modifications of Debt Instruments and Other Agreements. (a) Make any optional payment or prepayment on, redemption of or purchase of, or voluntarily defease, or directly or indirectly voluntarily or optionally purchase, redeem, retire or otherwise acquire, any Debt (other than the Revolving Credit Loans), (b) amend, modify or change, or consent or agree to any amendment, modification or change to, any of the terms of any Debt (other than any such amendment, modification or change which would extend the maturity or reduce the amount of any payment of principal thereof or which would reduce the rate or extend the date for payment of interest thereon), (c) amend, modify or change, or consent to any amendment, modification or change to, any of the terms of, the Partnership Agreement, the Management Agreement, the Company's certificate of limited partnership or any agreement under which Debt of any Permitted Joint Venture any of the interests in which is owned by a Subsidiary is issued, evidenced or secured, except to the extent the same could not reasonably be expected to have a Material Adverse Effect or (d) waive or otherwise relinquish any of its rights or causes of action arising out of the Partnership Agreement, the Management Agreement, the Company's certificate of limited partnership or any agreement under which Debt of any Permitted Joint Venture any of the interests in which is owned by a Subsidiary is issued, evidenced or secured.

7.8 Limitation on Transactions with Affiliates. Enter into any transaction, including, without limitation, any purchase, sale, lease or exchange of property or the rendering of any service, with any Affiliate unless such transaction is (a)(i) otherwise permitted under this Agreement, and (ii) upon fair and reasonable terms no less favorable to the Company or such Subsidiary, as the case may be, than it would obtain in a comparable arm's length transaction with a Person which is not an Affiliate or (b) in existence on the Closing Date and set forth on Schedule 7.8.

7.9 Limitation on Sales and Leasebacks. Enter into any arrangement with any Person providing for the leasing by the Company or any Subsidiary of real or personal property which has been or is to be sold or transferred by the Company or such Subsidiary to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of the Company or such Subsidiary.

7.10 Limitation on Changes in Fiscal Year. Permit the fiscal year of the Company to end on a day other than December 31.

7.11 Limitation on Lines of Business. Enter into any business, either directly or through any Subsidiary or Permitted Joint Venture, except for those businesses in which the Company and its Subsidiaries and the Permitted Joint Ventures are engaged on the date of this Agreement.

7.12 Constituent Documents. Permit the amendment, waiver or modification of the limited partnership agreement, limited liability company agreement or certificate of formation or incorporation of any Subsidiary if such amendment could reasonably be expected to have a Material Adverse Effect or would authorize or issue any Capital Stock not authorized or issued on the

Closing Date, except to the extent such authorization or issuance would have the same substantive effect as any transaction permitted by subsection 7.4.

7.13 Limitation on Restrictions Affecting Subsidiaries. Enter into, or suffer to exist, any agreement with any Person, other than the Banks pursuant hereto, which prohibits or limits the ability of any Subsidiary to (a) pay dividends or make other distributions or pay any Debt owed to the Company or any Subsidiary, (b) make loans or advances to or make other investments in the Company or any Subsidiary, (c) transfer any of its properties or assets to the Company or any Subsidiary or (d) transfer any of its properties or assets to the Company or any Subsidiary.

7.14 Creation of Subsidiaries. Create or acquire any new Subsidiary of the Company or any of its Subsidiaries, unless, immediately upon the creation or acquisition of any such Subsidiary, no Default or Event of Default shall have occurred and be continuing after giving effect thereto.

7.15 Hazardous Materials. Except to the extent that the same could not reasonably be expected to have a Material Adverse Effect, permit the manufacture, storage, transmission or presence of any Hazardous Substance over or upon any of its properties except in accordance with all applicable Requirements of Law or release, discharge or otherwise dispose of any Hazardous Substance on any of its properties except that the Company and its Subsidiaries may treat, store and transport petroleum, its derivatives, by-products and other hydrocarbons, hydrogen sulfide and sulfur dioxide in the ordinary course of their business.

7.16 New Partners. Permit any Permitted Joint Venture, the interests in which are owned by the Company or any Subsidiary, formed or acquired after the date hereof to admit any new partners or issue or sell any partnership interests after the date on which the Company or any Subsidiary obtains its interest therein, if in any such case the result thereof would be to dilute the economic interest of the Company or such Subsidiary in such Permitted Joint Venture.

7.17 Holding Companies. Notwithstanding any other provisions of this Agreement and the other Loan Documents, permit any Subsidiary which is a general partner in or owner of a general partnership interest in a Permitted Joint Venture to incur or suffer to exist any obligations or indebtedness of any kind, whether contingent or fixed (excluding any contingent liability of such Subsidiary to creditors of such Permitted Joint Venture arising solely as a result of its status as a general partner or owner of such Permitted Joint Venture) or create or suffer to exist any Liens, in each case except to the extent any such obligations, indebtedness or Liens are otherwise permitted by this Agreement; or permit any Subsidiary which is a general partner in or owner of a general partnership interest in a Permitted Joint Venture to acquire any property or asset after the Closing Date (or, if later, the date of acquisition or formation of such Permitted Joint Venture) except for distributions made to it by such Permitted Joint Venture; or permit any Subsidiary which is a general partner in or owner of a general partnership interest in a Permitted Joint Venture to engage in any business or activity other than holding the general partnership interest in (or other ownership interest) such Permitted Joint Venture held by it on the date of formation of such Permitted Joint Venture.

7.18 Actions by Permitted Joint Ventures. Consent or agree to or acquiesce in any Permitted Joint Venture, the interests in which are owned by a Subsidiary, changing its policy of making distributions of available cash to partners.

7.19 Hedging Transactions. Enter into any interest rate, cross-currency, commodity, equity or other security, swap, collar or similar hedging agreement or purchase any option to purchase or sell or to cap any interest rate, cross-currency, commodity, equity or other security, in any such case, other than to hedge risk exposures in the operation of its business, ownership of assets or the management of its liabilities.

7.20 ERISA Compliance. Permit any Plan maintained by it, any Subsidiary or any Commonly Controlled Entity to:

a) engage in any "prohibited transaction" as such term is defined in Section 406 of ERISA or Section 4975 of the Code;

b) incur any "accumulated funding deficiency", whether or not waived, as such term is defined in Section 302 of ERISA;

c) terminate any Single Employer Plan in a manner which could result in the imposition of a Lien on the Property of the Company or any Subsidiary pursuant to Section 4068 of ERISA; or

d) become subject to any other condition, which could subject the Company, any Subsidiary or any Commonly Controlled Entity to any tax, penalty or other liabilities in the aggregate material in relation to the business, operations, property, financial or other condition of the Company, its Subsidiaries and any Commonly Controlled Entity taken as a whole.

7.21 Financial Condition Covenants.

a) Tangible Net Worth. Permit its Consolidated Tangible Net Worth as of the last day of any fiscal quarter of the Company to be less than $257,000,000 plus 75% of the net cash proceeds received by the Company or any of its Subsidiaries from the issuance or sale of Capital Stock (to the extent the proceeds thereof are contributed in the form of equity to the Company), including those issued and so contributed on the date hereof (or, to the extent issued for other than cash, the amount of the consideration therefor which results in an increase in Consolidated Tangible Net Worth in accordance with the definition thereof).

b) Ratio of EBITDA to Consolidated Interest Expense. For any fiscal quarter of the Company, permit the ratio of EBITDA for the 12-month period ended on the last day of such fiscal quarter to Consolidated Interest Expense for such period to be less than 3.50 to 1.0.

c) Ratio of Total Indebtedness to EBITDA. Permit the Total Indebtedness/EBITDA Ratio to exceed 2.25 to 1.0 as of the last day of any fiscal quarter of the Company.

For purposes of clauses (b) and (c) of this subsection, EBITDA shall mean, (i) at the date of determination occurring on September 30, 1998, the product of (A) EBITDA for the two month period ending September 30, 1998 multiplied by (B) six (6), (ii) at the date of determination occurring on December 31, 1998, the product of (A) EBITDA for the five month period ending December 31, 1998 multiplied by (B) 12/5, (iii) at the date of determination occurring on March 31, 1999, the product of (A) EBITDA for the eight month period ending March 31, 1999, multiplied by (B) 3/2 and (iv) for the date of determination occurring on June 30, 1999, the product of (A) EBITDA for the 11-month period ending on June 30, 1999 multiplied by (B) 12/11.

SECTION 8. EVENTS OF DEFAULT

8.1 Events. Any of the following events shall be considered an "Event of Default" as that term is used herein:

a) Payments - (i) default is made in the payment or prepayment when due of any installment of principal of the Revolving Credit Loans or any Reimbursement Obligation; or (ii) default is made in the payment of any interest on the Revolving Credit Loans or any commitment fee provided for herein or other Indebtedness (other than Reimbursement Obligations), within five days after any such amount becomes due in accordance with the terms thereof or hereof; or

b) Representations and Warranties - any representation or warranty by the Company herein or in any other Loan Document, or in any certificate, request or other document furnished pursuant to or under this Agreement or any other Loan Document proves to have been incorrect in any material respect as of the date when made or deemed made; or

c) Affirmative Covenants - default is made in the due observance or performance by the Company or any Subsidiary of any of the covenants or agreements contained in Section 6 (other than subsections 6.4(a) and 6.14) or any other Section or subsection (except Section 7) of this Agreement, and such default continues unremedied for a period of 30 days after the earlier of (i) notice thereof being given by the Agent at the request or with the consent of the Required Banks to the Company, or (ii) such default otherwise becoming known to the Company or any Subsidiary; or

d) Negative Covenants - default is made in the due observance or performance by the Company or any Subsidiary of any of the covenants or agreements contained in subsections 6.4(a) or 6.14 or Section 7 of this Agreement; or

e) Other Loan Document Obligations - default is made in the due observance or performance by the Company or any Subsidiary of any of the other covenants or agreements contained in any Loan Document other than this Agreement, and such default continues unremedied for a period of 30 days after notice thereof being given by the Agent at the request or with the consent of the Required Banks to the Company, or beyond the expiration of any applicable grace period which may be expressly allowed under such Loan Document; or

f) Involuntary Bankruptcy or Other Proceedings - an involuntary case or other proceeding shall be commenced against the Company or any Subsidiary which seeks liquidation, reorganization or other relief with respect to it or its debts or other liabilities under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its Property, and such involuntary case or other proceeding shall remain undismissed or unstayed for a period of 30 days; or an order for relief against the Company or any Subsidiary shall be entered in any such case under the Federal Bankruptcy Code; or

g) Voluntary Petitions, etc. - the Company or any Subsidiary shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts or other liabilities under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its Property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall be unable to or shall fail generally to, or shall admit in writing its inability to pay its debts generally as they become due, or shall take any corporate action to authorize or effect any of the foregoing; or

h) Discontinuance of Business - the Company discontinues its usual business; or

i) Default on Other Debt - the Company, any of its Subsidiaries or Permitted Joint Ventures shall default (A) in any payment of principal of or interest on any other Debt, which Debt is in the original principal amount of $10,000,000 or more for each default, beyond any period of grace provided with respect thereto, or (B) in the performance of any other agreement, term, or condition relating to any other Debt if the effect of such default is to cause such obligation to become due before its stated maturity or to permit the holder(s) of such obligation or the trustee(s) under any such agreement or instrument to cause such obligation to become due prior to its stated maturity, whether or not such default or failure to perform should be waived by the holder(s) of such obligation or such trustee(s); or

j) Undischarged Judgments - the Company or any of its Subsidiaries or Permitted Joint Ventures shall fail within 30 days to pay, bond or otherwise discharge any judgment or order for the payment of money in excess of $5,000,000 that is not otherwise being satisfied in accordance with its terms and is not stayed on appeal or otherwise being appropriately contested in good faith; or

k) If at any time the Company or any of its Subsidiaries or Permitted Joint Ventures shall become liable for remediation and/or environmental compliance expenses and/or fines, penalties or other charges which, in the aggregate, are in excess of the Material Environmental Amount for the Company and its Subsidiaries; or

l) ERISA Events - (i) any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Required Banks, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA, (v) the Company or any Commonly Controlled Entity shall, or in the reasonable opinion of the Required Banks is likely to, incur any liability in connection with a withdrawal from, or the Insolvency or Reorganization of, a Multiemployer Plan or (vi) any other event or condition shall occur or exist, with respect to a Plan; and in each case in clauses (i) through (vi) above, such event or condition, together with all other such events or conditions, if any, could subject the Company or any of its Subsidiaries to any tax, penalty or other liabilities in the aggregate material in relation to the business, operations, property or financial or other condition of the Company or any of its Subsidiaries; or

m) A Change of Control shall occur.

n) Activities of the Limited Partner - the Limited Partner shall (a) conduct, transact or otherwise engage in, or commit to conduct, transact or otherwise engage in, any business or operations other than those incidental to its ownership of the limited partner interests in the Company, (b) incur, create, assume or suffer to exist any Debt or other liabilities or financial obligations, other than (i) nonconsensual obligations imposed by operation of law and (ii) obligations with respect to the Units or (c) own, lease, manage or otherwise operate any properties or assets (including cash and Cash Equivalents), other

than (i) the limited partner interests in the Company, (ii) ownership interests (not to exceed 1% in each such case) of a Subsidiary and (iii) cash received in connection with dividends made by the Company in accordance with subsection 7.5 pending application to the holders of the Units and the General Partner Interest.

o) Management Agreement - (i) The Management Agreement shall cease to be in full force and effect prior to the end of the initial term thereof substantially as in effect on the date hereof; or (ii) EPCO or the General Partner shall default in the observance or performance of any material provision of the Management Agreement;

8.2 Remedies. a) Upon the occurrence of any Event of Default described in subsection 8.1(f) or (g), the Revolving Credit Commitments and other lending obligations, if any, of the Banks hereunder shall immediately terminate, and the entire principal amount of all Indebtedness then outstanding (including the Reimbursement Obligations) together with interest then accrued thereon shall become immediately due and payable, all without written notice and without presentment, demand, protest, notice of protest or dishonor or any other notice of default of any kind, all of which are hereby expressly waived by the Company.

b) Upon the occurrence and at any time during the continuance of any other Event of Default specified in subsection 8.1, the Agent shall at the request, or may with the consent of, the Required Banks, by written notice to the Company (i) declare the entire principal amount of all Indebtedness then outstanding (including the Reimbursement Obligations) together with interest then accrued thereon to be immediately due and payable without presentment, demand, protest, notice of protest or dishonor or other notice of default of any kind, all of which are hereby expressly waived by the Company and/or (ii) terminate the Revolving Credit Commitments and other lending obligations, if any, of the Banks hereunder unless and until the Agent and the Banks shall reinstate the same in writing. With respect to all Letters of Credit with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to this paragraph, the Company shall at such time deposit in a cash collateral account opened by the Agent an amount equal to the aggregate then undrawn and unexpired amount of such Letters of Credit. Amounts held in such cash collateral account shall be applied by the Agent to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay other obligations of the Company hereunder and under the other Loan Documents. After all such Letters of Credit shall have expired or been fully drawn upon, all Reimbursement Obligations shall have been satisfied and all other obligations of the Company hereunder and under the other Loan Documents shall have been paid in full, the balance, if any, in such cash collateral account shall be returned to the Company (or such other Person as may be lawfully entitled thereto).

8.3 Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default or if (ii) the Company becomes insolvent, however evidenced, the Agent and the Banks are hereby authorized at any time and from time to time, without notice to the Company (any such notice being expressly waived by the Company), to set-off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Agent or any Bank to or for the credit or the account of the Company against any and all of the Indebtedness (including the Reimbursement Obligations) of the Company irrespective of whether or not the Agent or any Bank shall have made any demand under this Agreement or the Revolving Credit Loans and although such obligations may be unmatured. If an amount to be set-off by any Bank is to be applied to obligations of the Company to such Bank other than the Indebtedness, such amount shall be applied ratably to such other obligations and to the Indebtedness. If any Bank (a "benefitted Bank") shall at any time receive any payment of all or part of its Revolving Credit Loans, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature

referred to in clause (f) or (g) of subsection 8.1, or otherwise) in a greater proportion than any such payment to and collateral received by any other Bank, if any, in respect of such other Bank's Revolving Credit Loans, or interest thereon, such benefitted Bank shall purchase for cash from the other Banks such portion of each such other Bank's Revolving Credit Loans, or shall provide such other Banks with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such benefitted Bank to share the excess payment or benefits of such collateral or proceeds ratably with each of the Banks; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such benefitted Bank, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. The Company agrees that each Bank so purchasing a portion of another Bank's Revolving Credit Loan may exercise all rights of payment (including, without limitation, rights of set-off) with respect to such portion as fully as if such Bank were the direct holder of such portion. In case any payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made. The Agent and the Banks agree promptly to notify the Company after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Agent and the Banks under this subsection are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Agent or the Banks may have.

SECTION 9. CONDITIONS OF LENDING

9.1 Conditions to Initial Revolving Credit Loans and Letters of Credit. The effectiveness of this Agreement and the agreement of each Bank to make available the Revolving Credit Loans and to participate in the initial issuance or continuation of the Letters of Credit on the Closing Date pursuant to this Agreement are subject to the satisfaction of the conditions precedent stated in this subsection 9.1 wherein each document to be delivered to the Agent or any Bank shall be in form and substance satisfactory to the Agent or such Bank and (except for the Revolving Credit Notes and the notices referred to in subsection 11.1(a)) in sufficient copies for each Bank:

a) Credit Agreement and Revolving Credit Notes. The Company shall have duly and validly executed and delivered to the Agent this Agreement and, for the account of each Bank which so requests, a Revolving Credit Note.

b) Compliance Certificate. The Agent shall have received a compliance certificate, which shall be true and correct, in the form of Exhibit C, duly and properly executed by a Responsible Officer of the Company, and dated as of the date of this Agreement.

c) Secretary's Certificates. The Agent shall have received certificates of the Secretary or Assistant Secretary of the Company setting forth (x) resolutions of its board of directors (or other equivalent body) in form and substance satisfactory to the Agent with respect to the authorization of this Agreement and any other Loan Documents provided herein and the officers of the Company authorized to sign such instruments, (y) specimen signatures of the officers so authorized and (z) a duly executed copy of the Partnership Agreement and the Management Agreement certified by the General Partner and a certificate of limited partnership of the Company.

d) Legal Opinions. The Agent shall have received, with a counterpart for each Bank, the following executed legal opinions:

i) the executed legal opinion of Snell & Smith, counsel to the Company, dated the Closing Date and substantially in the form of Exhibit B-1, with such changes therein as shall be requested or approved by the Agent;

ii) the executed legal opinion of Michael R. Johnson, Esq., general counsel of the Company, dated the Closing Date and substantially in the form of Exhibit B-2, with such changes therein as shall be requested or approved by the Agent;

Each such legal opinion shall cover such matters incident to the transactions contemplated by this Agreement and the Loan Documents as the Agent may reasonably require.

e) Approvals. All governmental and third party approvals (including landlords' and other consents) necessary in connection with the Transactions, the continuing operations of the Company and its Subsidiaries and the transactions contemplated hereby shall have been obtained and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent or otherwise impose adverse conditions on the Transactions or the financing contemplated hereby.

f) Transactions. The Transactions shall have been consummated in form and substance satisfactory to the Banks.

g) EPCO Credit Agreement. All conditions precedent to the effectiveness of the Credit Agreement, to be dated as of July 31, 1998, among EPCO, the lenders parties thereto and The Chase Manhattan Bank, as agent (the "EPCO Credit Agreement"), shall have been satisfied or waived to the satisfaction of the Banks.

h) Offering. The Limited Partner shall have received gross cash proceeds of at least $225,000,000 from the offering of the Common Units (before deducting underwriting discounts and commissions and expenses of such offering), pursuant to documentation in form and substance satisfactory to the Administrative Agent and the net proceeds thereof shall have been contributed by the Limited Partner to the Company.

i) Financial Statements. The Banks shall have received and be reasonably satisfied with (i) the Pro Forma Balance Sheet and (ii) the financial statements referred to in subsection 5.1(b), and such financial statements shall not, in the judgment of the Banks, reflect any material adverse change in the consolidated financial condition of the Company or EPCO as reflected in the financial statements or projections previously delivered to the Banks.

j) No Defaults. There shall exist no event of default (or condition which would constitute an event of default with the giving of notice or the passage of time) under any material Capital Stock, financing agreements, lease agreements, partnership agreements or other material contracts of the Company, its Subsidiaries, or to the Company's knowledge, the Permitted Joint Ventures.

k) Fees. The Agent and the Banks shall have received all fees and expenses required to be paid on or before the Closing Date.

l) No Material Adverse Effect. There shall have occurred, in the sole opinion of the Required Banks, no change, either in any case or in the aggregate, in the condition, financial or otherwise, of the Company or any Subsidiary or with respect to the Company's or any Subsidiary's Properties from the facts represented in this Agreement, any other Loan

Document or in the S-1, which could reasonably be expected to have a Material Adverse Effect.

9.2 Conditions to Each Revolving Credit Loan and Letter of Credit. The several obligations of the Banks to make any Revolving Credit Loans on any date and to participate in the issuance or continuation of any Letters of Credit on any date are subject to the satisfaction of the conditions precedent stated in this subsection 9.2 wherein each document to be delivered to the Agent or any Bank shall be in form and substance satisfactory to the Agent and such Bank and in sufficient copies for each Bank.

a) Representations and Warranties. Each of the representations and warranties made by the Company, in or pursuant to this Agreement or any other Loan Document shall be true and correct in all material respects on and as of such date as if made on and as of such date (unless such representations and warranties are stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date).

b) No Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the Revolving Credit Loans or the Letters of Credit requested to be made or opened, as the case may be, on such date.

c) No Litigation. No litigation, investigation or proceeding before or by any arbitrator or Governmental Authority shall be continuing or threatened against the Company or any Subsidiary or any of the officers or directors of any thereof in connection with this Agreement or any other Loan Document.

d) Additional Documents. The Agent shall have received each additional document, instrument, legal opinion or item of information reasonably requested by the Agent, including, without limitation, a copy of any debt instrument, security agreement or other material contract to which the Company or any Subsidiary may be a party.

e) Additional Matters. All corporate, partnership and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by this Agreement and any other Loan Document shall be satisfactory in form and substance to the Agent, and the Agent shall have received such other documents, legal opinions and other opinions in respect of any aspect or consequence of the transactions contemplated hereby as they shall reasonably request. Each borrowing by, and each issuance of a Letter of Credit for the account of, the Company hereunder shall constitute a representation and warranty by the Company as of the date of such borrowing or issuance, as the case may be, that the conditions contained in this subsection 9.2 have been satisfied.

SECTION 10. THE AGENT

10.1 Appointment. Each Bank hereby irrevocably designates and appoints the Agent as the agent of such Bank under this Agreement and the other Loan Documents, and each such Bank irrevocably authorizes the Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary

relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Agent.

10.2 Delegation of Duties. The Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

10.3 Exculpatory Provisions. Neither the Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Banks for any recitals, statements, representations or warranties made by the Company or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of the Company to perform its obligations hereunder or thereunder. The Agent shall not be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Company.

10.4 Reliance by Agent. The Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Company), independent accountants and other experts selected by the Agent. The Agent may deem and treat the payee of any Revolving Credit Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Agent. The Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Banks (or, if so specified by this Agreement, all Banks) as it deems appropriate or it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Banks (or, if so specified by this Agreement, all Banks), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Banks and all future holders of the Revolving Credit Loans.

10.5 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Agent has received notice from a Bank or the Company referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Agent receives such a notice, the Agent shall give notice thereof to the Banks. The Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Banks (or, if so specified by this Agreement, all Banks); provided that unless and until the Agent shall have received such directions, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Banks.

10.6 Non-Reliance on Agent and Other Banks. Each Bank expressly acknowledges that neither the Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by the Agent hereinafter taken, including any review of the affairs of the Company or any affiliate thereof, shall be deemed to constitute any representation or warranty by the Agent to any Bank. Each Bank represents to the Agent that it has, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Company and its affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Bank also represents that it will, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Company and its affiliates. Except for notices, reports and other documents expressly required to be furnished to the Banks by the Agent hereunder, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Company or any affiliate thereof that may come into the possession of the Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

10.7 Indemnification. The Banks agree to indemnify the Agent in its capacity as such (to the extent not reimbursed by the Company and without limiting the obligation of the Company to do so), ratably according to their respective Commitment Percentages in effect on the date on which indemnification is sought under this subsection 10.7 (or, if indemnification is sought after the date upon which the Revolving Credit Commitments shall have terminated and the Revolving Credit Loans shall have been paid in full, ratably in accordance with such Commitment Percentages immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (including, without limitation, at any time following the payment of the Revolving Credit Loans) be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of, the Revolving Credit Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Agent under or in connection with any of the foregoing; provided that no Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the Agent's gross negligence or willful misconduct. The agreements in this subsection shall survive the payment of the Revolving Credit Loans and all other amounts payable hereunder. The Administrative Agent shall have the right to deduct any amount owed to it by any Bank under this subsection 10.7 from any payment made by it to such Bank hereunder.

10.8 Agent in Its Individual Capacity. The Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Company as though the Agent was not the Agent. With respect to its Revolving Credit Loans made or renewed by it and with respect to any Letter of Credit issued or participated in by it, the Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Bank and may exercise the same as though it were not the Agent, and the terms "Bank" and "Banks" shall include the Agent in its individual capacity.

10.9 Successor Agent. The Agent may resign as Agent upon 10 days' notice to the Banks and the Company. If the Agent shall resign as Agent under this Agreement and the other Loan Documents, then the Required Banks shall appoint from among the Banks a successor agent for the Banks, which successor agent shall (unless an Event of Default shall have occurred and be continuing) be subject to approval by the Company (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers and duties of the Agent, and the term "Agent" shall mean such successor agent effective upon such appointment and approval, and the former Agent's rights, powers and duties as Agent shall be terminated, without any other or further act or deed on the part of such former Agent or any of the parties to this Agreement or any holders of the Revolving Credit Loans. If no successor agent has accepted appointment as Agent by the date that is 10 days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and the Banks shall assume and perform all of the duties of the Agent hereunder until such time, if any, as the Required Banks appoint a successor agent as provided for above. After any retiring Agent's resignation as Agent, the provisions of this Section 10 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement and the other Loan Documents.

SECTION 11. MISCELLANEOUS

11.1 Notices. Any notice, request or demand required or permitted to be given or made under or in connection with this Agreement or the Revolving Credit Loans shall be in writing and shall be mailed by first class or express mail, postage prepaid, or sent by telex, telegram, telecopy or other similar form of rapid transmission confirmed by mailing (by first class or express mail, postage prepaid) written confirmation at substantially the same time as such rapid transmission, or personally delivered to an officer of the receiving party. All such communications shall be mailed, sent or delivered,

a) if to the Company, to the address shown opposite its signature to this Agreement, or to such other address or to such individual's or department's attention as the Company may have furnished the Agent and the Banks in writing; or

b) if to the Agent, to its address shown opposite its signature to this Agreement, or to such other address or to such individual's or department's attention as it may have furnished to the Company and the Banks in writing; or

c) if to the Banks, to their respective addresses shown opposite their respective signatures to this Agreement, or to such other address or to such individual's or department's attention as any Bank may have furnished the Company and the Agent in writing.

Any notice, request or demand so addressed and mailed shall be deemed to be given when so mailed, except that any notice, request or demand to or upon the Agent or the Banks pursuant to subsection 2.3, 2.4, 3.2, 4.1 or 4.4 or communications related to such notice, request or demand shall not be effective until actually received by the Agent; and any notice, request or demand so sent by rapid transmission shall be deemed to be given when receipt of such transmission is acknowledged, and any request or demand so delivered in person shall be deemed to be given when receipted for by, or actually received by, an authorized officer of the Company, the Agent or a Bank, as the case may be.

11.2 Amendments and Waivers. Any provision of this Agreement or any other Loan Document may be amended or waived if, but only if, such amendment or waiver is (a) consented to in writing by the Required Banks and (b) in writing and is signed by the Company

(and/or any other Person which is a party to any other Loan Document being amended or with respect to which a waiver is being obtained) and the Agent; provided that no such amendment or waiver shall, (a) unless signed by all the Banks, (i) change the Revolving Credit Commitment of any Bank or subject any Bank to any additional obligation, (ii) change the principal of or rate of interest on the Revolving Credit Loans or any fees hereunder, (iii) postpone the date fixed for any payment of principal of or interest on the Revolving Credit Loans, the Indebtedness or any fees hereunder, (iv) change the Commitment Percentages or reduce the percentage specified in the definition of Required Banks, (v) defer or reduce any payment of principal or interest on the Revolving Credit Loans or (vi) amend, modify or waive any provision of this subsection, (b) amend, modify or waive any provision of Sections 3 or 10 without the written consent of the then Agent. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Banks and shall be binding upon the Company, the Banks, the Agent and all future holders of the Revolving Credit Loans. In the case of any waiver, the Company, the Banks and the Agent shall be restored to their former position and rights hereunder and under the outstanding Revolving Credit Loans, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

11.3 Invalidity. In the event that any one or more of the provisions contained in this Agreement or any other Loan Document shall, for any reason, be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other Loan Document.

11.4 Successors and Assigns; Participations; Purchasing Banks.

a) This Agreement shall be binding upon and inure to the benefit of the Company, the Banks, the Agent, all future holders of the Revolving Credit Loans and their respective successors and assigns, except that the Company may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each Bank.

b) Any Bank may, in the ordinary course of its commercial banking business and in accordance with applicable law, at any time sell to one or more banks or other entities ("Participants") participating interests in any Revolving Credit Loan owing to such Bank, any Commitment of such Bank or any other interest of such Bank hereunder and under the other Loan Documents. In the event of any such sale by a Bank of participating interests to a Participant, such Bank's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Bank shall remain solely responsible for the performance thereof, such Bank shall remain the holder of any such Revolving Credit Loan for all purposes under this Agreement and the other Loan Documents, and the Company and the Agent shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement and the other Loan Documents. The Company agrees that if amounts outstanding under this Agreement and the Revolving Credit Loans are due or unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of setoff in respect of its participating interest as if the amount of its participating interest were owing directly to it as a Bank under this Agreement or any Note, provided that such Participant shall only be entitled to such right of setoff if it shall have agreed in the agreement pursuant to which it shall have acquired its participating interest to share with the Banks the proceeds thereof as provided in subsection 8.3. The Company also agrees that each Participant shall be entitled to the benefits of subsections 4.11, 4.12 and 4.13 with respect to its participation in the Revolving Credit Commitments and the Revolving Credit Loans outstanding from time to time; provided, that no Participant shall be entitled to receive any greater amount pursuant to such subsections than the transferor Bank would have been entitled to receive in respect of the amount of the participation transferred by such transferor Bank to such Participant had no such transfer occurred.

c). Any Bank may, in the ordinary course of its business and in accordance with applicable law, at any time sell to any Bank or any affiliate thereof and, with the consent of the Company (so long as no Event of Default shall have occurred and is continuing, in which case the consent of the Company shall not be required) and the Agent (which in each case shall not be unreasonably withheld), to one or more additional banks or financial institutions ("Purchasing Banks") all or any part of its rights and obligations under this Agreement and the Revolving Extensions of Credit pursuant to a Commitment Transfer Supplement, substantially in the form of Exhibit D, executed by such Purchasing Bank, such transferor Bank (and, in the case of a Purchasing Bank that is not then a Bank or an affiliate thereof, by the Company and the Agent) and delivered to the Agent for its acceptance and recording in the Register; provided, that any such sale shall be accompanied by a ratable sale (based on the ratable amount sold by the transferor Bank under this Agreement) to such Purchasing Bank of such transferor Bank's loans and commitments under the EPCO Credit Agreement. Upon such execution, delivery, acceptance and recording, from and after the Transfer Effective Date determined pursuant to such Commitment Transfer Supplement, (x) the Purchasing Bank thereunder shall be a party hereto and, to the extent provided in such Commitment Transfer Supplement, have the rights and obligations of a Bank hereunder with a Commitment as set forth therein, and (y) the transferor Bank thereunder shall, to the extent provided in such Commitment Transfer Supplement, be released from its obligations under this Agreement (and, in the case of a Commitment Transfer Supplement covering all or the remaining portion of a transferor Bank's rights and obligations under this Agreement, such transferor Bank shall cease to be a party hereto). Such Commitment Transfer Supplement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Purchasing Bank and the resulting adjustment of Commitment Percentages arising from the purchase by such Purchasing Bank of all or a portion of the rights and obligations of such transferor Bank under this Agreement and the Revolving Credit Notes. On or prior to the Transfer Effective Date determined pursuant to such Commitment Transfer Supplement, the Company, at its own expense, shall, to the extent requested by the Purchasing Bank or the transferor Bank, execute and deliver to the Agent in exchange for the surrendered Revolving Credit Note a new Revolving Credit Note to the order of such Purchasing Bank in an amount equal to the Revolving Credit Commitment assumed by it pursuant to such Commitment Transfer Supplement and, if the transferor Bank has retained a Commitment hereunder, new Revolving Credit Notes to the order of the transferor Bank in an amount equal to the Revolving Credit Commitment retained by it hereunder. Such new Revolving Credit Notes shall be dated the Closing Date and shall otherwise be in the form of the Revolving Credit Notes replaced thereby. The Revolving Credit Notes surrendered by the transferor Bank shall be returned by the Agent to the Company marked "cancelled".

d) The Agent shall maintain at its address referred to in subsection 11.1 a copy of each Commitment Transfer Supplement delivered to it and a register (the "Register") for the recordation of the names and addresses of the Banks and the Revolving Credit Commitment of, and principal amount of the Revolving Credit Loans owing to, each Bank from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Company, the Agent and the Banks may treat each Person whose name is recorded in the Register as the owner of the Loan recorded therein for all purposes of this Agreement. The Register shall be available for inspection by the Company or any Bank at any reasonable time and from time to time upon reasonable prior notice.

e) Upon its receipt of a Commitment Transfer Supplement executed by a transferor Bank and Purchasing Bank (and, in the case of a Purchasing Bank that is not then a Bank or an affiliate thereof, by the Company and the Agent), together with payment to the Agent of a registration and processing fee of $4,000, the Agent shall (i) promptly accept such Commitment Transfer Supplement, (ii) on the Transfer Effective Date determined pursuant thereto record the information contained therein in the Register and (iii) give notice of such acceptance and recordation to the Banks and the Company.

f) The Company authorizes each Bank to disclose to any Participant or Purchasing Bank (each, a "Transferee") and any prospective Transferee any and all financial information in such Bank's possession concerning the Company and its affiliates which has been delivered to such Bank by or on behalf of the Company pursuant to this Agreement or which has been delivered to such Bank by or on behalf of the Company in connection with such Bank's credit evaluation of the Company and its affiliates prior to becoming a party to this Agreement.

g) If, pursuant to this subsection, any interest in this Agreement or any Revolving Credit Loan is transferred to any Transferee which is organized under the laws of any jurisdiction other than the United States or any state thereof, the transferor Bank shall cause such Transferee, concurrently with the effectiveness of such transfer, (i) to represent to the transferor Bank (for the benefit of the transferor Bank, the Agent and the Company) that under applicable law and treaties no taxes will be required to be withheld by the Agent, the Company or the transferor Bank with respect to any payments to be made to such Transferee in respect of the Revolving Credit Loans, (ii) to furnish to the transferor Bank (and, in the case of any Purchasing Bank registered in the Register, the Agent and the Company) either U.S. Internal Revenue Service Form 4224 or U.S. Internal Revenue Service Form 1001 (wherein such Transferee claims entitlement to complete exemption from U.S. federal withholding tax on all interest payments hereunder) and (iii) to agree (for the benefit of the transferor Bank, the Agent and the Company) to provide the transferor Bank (and, in the case of any Purchasing Bank registered in the Register, the Agent and the Company) a new Form 4224 or Form 1001 upon the expiration or obsolescence of any previously delivered form and comparable statements in accordance with applicable U.S. laws and regulations and amendments duly executed and completed by such Transferee, and to comply from time to time with all applicable U.S. laws and regulations with regard to such withholding tax exemption.

h) Nothing herein shall prohibit any Bank from pledging or assigning any Note to any Federal Reserve Bank in accordance with applicable law.

11.5 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Agent or any Bank, any right, remedy, power or privilege hereunder or under the Loan Documents, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided or provided in the Loan Documents are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

11.6 Payment of Expenses and Taxes. The Company agrees (a) to pay or reimburse the Agent for all its reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement, the other Loan Documents and any other documents prepared in connection herewith or therewith, and the consummation of the transactions contemplated hereby and thereby, including, without limitation, the reasonable fees and disbursements of counsel to the Agent, (b) to pay or reimburse each Bank and the Agent for all its costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Loan Documents and any such other documents, including, without limitation, fees and disbursements of counsel to the Agent and to the several Banks and (c) to pay, indemnify, and hold each Bank and the Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the other Loan Documents and any such other documents, and (d) to pay, indemnify, and hold each Bank and the Agent harmless from and against any and all other liabilities, obligations, losses, damages,

penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement, the other Loan Documents and any such other documents or in respect of the use of the proceeds of the Revolving Credit Loans hereunder (all the foregoing, collectively, the "indemnified liabilities"), provided that the Company shall have no obligation hereunder with respect to indemnified liabilities arising from the gross negligence or willful misconduct of such indemnified party. The agreements in this subsection shall survive repayment of the Revolving Credit Loans and all other amounts payable hereunder.

11.7 GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

11.8 Several Obligations. The respective obligations of the Banks under this Agreement are several and not joint, and no Bank shall be the partner or agent of any other (except to the extent to which the Agent is authorized to act as such). The failure of any Bank to perform any of its obligations hereunder shall not relieve any other Bank from any of its obligations hereunder.

11.9 Interest. a) It is the intention of the parties hereto that each Bank shall conform strictly to usury laws applicable to it. Accordingly, if the transactions contemplated hereby would be usurious as to any Bank under laws applicable (including the laws of the United States of America, the State of New York or any other jurisdiction whose laws may be mandatorily applicable to such Bank notwithstanding the other provisions of this Agreement), then, in that event, notwithstanding anything to the contrary in this Agreement or in any other Loan Document, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under law applicable to any Bank that is contracted for, taken, reserved, charged or received by such Bank under this Agreement or under any other Loan Document shall under no circumstances exceed the maximum amount allowed by such applicable law (the "Maximum Rate"), and any excess shall be credited by such Bank on the principal amount of the Revolving Credit Loans (or, if the principal amount of the Revolving Credit Loans shall have been or would thereby be paid in full, refunded by such Bank to the Company); and (ii) in the event that the maturity of the Revolving Credit Loans is accelerated by reason of an election of the holder thereof resulting from any Event of Default under this Agreement or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest under law applicable to any Bank may never include more than the maximum amount allowed by such applicable law, and excess interest, if any, provided for in this Agreement or otherwise shall be canceled automatically by such Bank as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited by the Bank on the principal amount of the Revolving Credit Loans (or, if the principal amount of the Revolving Credit Loans shall have been paid in full, refunded by such Bank to the Company).

b) Recapture. If at any time the rate of interest on any Revolving Credit Loans would exceed the Maximum Rate but for the foregoing limitation, the interest rate on such Revolving Credit Loans shall remain at the Maximum Rate, notwithstanding subsequent reduction of the rate of interest on such Revolving Credit Loans, until the total amount of interest accrued thereon equals the amount of interest which would have accrued if the rate of interest on such Revolving Credit Loans had not been limited to the Maximum Rate, but nothing in this paragraph shall effect or extend the maturity of such Revolving Credit Loans.

If at maturity or final payment of any Revolving Credit Loans, the total amount of interest accrued thereon is less than the total amount of interest which would have accrued had the rate of interest on such Revolving Credit Loans not been limited to the Maximum Rate, the Company agrees, to the full extent permitted by law, to pay to the Banks an amount equal to the positive

difference, if any, derived by subtracting (a) the amount of interest which accrued thereon pursuant to the provisions of the foregoing two paragraphs from (b) the lesser of (i) the amount of interest which would have accrued on such Revolving Credit Loans if the Maximum Rate had at all times been in effect, and (ii) the amount of interest which would have accrued if the rate of interest on such Revolving Credit Loans, not limited to the Maximum Rate, had at all times been in effect.

11.10 Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, no Bank shall be obligated to extend credit to the Company in an amount in violation of any limitation or prohibition.

11.11 Entire Agreement. This Agreement and the other Loan Documents embody the entire agreement and understanding between the Agent, the Banks and the Company and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof.

11.12 Exhibits. The exhibits attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein, except that in the event of any conflict between any of the provisions of such exhibits and the provisions of this Agreement, the provisions of this Agreement shall prevail.

11.13 Titles of Sections and Subsections. All titles or headings to sections, subsections or other divisions of this Agreement or the exhibits hereto are only for the convenience of the parties and shall not be construed to have any effect or meaning with respect to the other content of such sections, subsections or other divisions, such other content being controlling as to the agreement between the parties hereto.

11.14 Number of Documents. All statements, notices, reports and requests hereunder shall be furnished to the Agent with sufficient counterparts so that the Agent may furnish one to each of the Banks.

11.15 SUBMISSION TO JURISDICTION; WAIVERS. 1) THE COMPANY HEREBY IRREVOCABLY AND UNCONDITIONALLY:

(I) SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY, OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT OF ANY THEREOF, TO THE NON-EXCLUSIVE GENERAL JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK, THE COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND APPELLATE COURTS FROM ANY THEREOF;

(II) CONSENTS THAT ANY SUCH ACTION OR PROCEEDING MAY BE BROUGHT IN SUCH COURTS, AND WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME;

(III) AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM AND MAIL), POSTAGE PREPAID, TO IT AT ITS ADDRESS SPECIFIED IN SUBSECTION 11.1;

(IV) AGREES THAT NOTHING HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION; AND

(V) WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LEGAL ACTION OR PROCEEDING REFERRED TO IN THIS SUBSECTION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES.

2) THE COMPANY, THE BANKS AND THE AGENT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

11.16 Interpretation. Any conflict or inconsistency between a provision of this Agreement and the corresponding provision of any of the Loan Documents shall be resolved in favor of this Agreement.

11.17 Counterparts. This Agreement may be executed in two or more counterparts, and it shall not be necessary that the signatures of all parties hereto be contained on any one counterpart hereof; each counterpart shall be deemed an original, but all of which together shall constitute one and the same instrument.

THIS WRITTEN AGREEMENT, THE OTHER LOAN DOCUMENTS AND THE OTHER INSTRUMENTS AND DOCUMENTS EXECUTED IN CONNECTION HEREWITH, REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed in New York, New York by their proper and duly authorized officers as of the date first above written.

Addresses:

Delivery:

2727 North Loop West
7th Floor
Houston, Texas 77008

Mail:

707 Travis Street
8th Floor
Houston, Texas 77002

ENTERPRISE PRODUCTS OPERATING L.P.

By: /s/ Gary L. Miller
Title: Gary L. Miller
Executive Vice President

270 Park Avenue
New York, New York 10017

THE CHASE MANHATTAN BANK,
as Agent and as a Bank

By: /s/ Peter Ling
Title: Peter Ling
Executive Vice President

ABN AMRO BANK, NV

Three Riverway
Suite 1700
Houston

By: /s/ illegible signature

Title: Vice President

By: /s/ illegible signature

Title: Group Vice President

THE BANK OF NOVA SCOTIA

600 Peachtree Street, N.E.
Suite 2700
Atlanta, GA. 30308

By: /s/ F.C.H. Ashby

Title: F.C.H. Ashby
Senior ManagerLoan Operations

BANK ONE, TEXAS, N.A.

910 Travis Street
Houston, Texas 77002

By: /s/ illegible signature

Title: Senior Vice President

BANK OF TOKYO-MITSUBISHI, LTD.
HOUSTON AGENCY

1100 Louisiana Street
Suite 2800
Houston, Texas 77002-5216

By: /s/ illegible signature

Title: Vice President

CIBC INC.

2 Paces West
2727 Paces Ferry Rd.
Suite 1200
Atlanta, GA 30339

By: /s/ Robin W. Elliott

Title: Authorized Signatory

CREDIT LYONNAIS NEW YORK BRANCH

1000 Louisiana
Suite 5360
Houston, TX 77002

By: /s/ Philippe Soustra

Title: Senior Vice President

DEN NORSKE BANK ASA

200 Park Avenue
31st Floor
New York, New York 10166-0396

By: /s/ Byron L. Cooley

Title: Senior Vice President

By: /s/ Morten Bjornsen

Title: Senior Vice President

FIRST UNION NATIONAL BANK

1First Union Center
301 South College St.
TW11
Charlotte, NC 28288-0658

By: /s/ Robert R. Wetteroff

Title: Senior Vice President

GUARANTY FEDERAL BANK FSB

1100 Northeast Loop 410
San Antonio, TX 78209

By: /s/ Jim R. Hamilton

Title: Vice President

ING (U.S.) CAPITAL CORPORATION

135 East 57th Street
New York, NY 10022-2101

By: /s/ Frank Ferrara

Title: Senior Associate

THE LONG TERM CREDIT BANK OF JAPAN
LIMITED, NEW YORK BRANCH

165 Broadway
New York, NY 10006

By:/s/ Douglas A. Whiddon

Title: Senior Vice President

MEESPIERSON CAPITAL CORP.

300 Crescent Court
Suite 1750
Dallas, TX 75201

By: /s/ Darrell W. Holley

Title: Darrell W. Holley
Senior Vice President

By: /s/ Karen Louman

Title: Managing Director

SOCIETE GENERALE, SOUTHWEST AGENCY

1111 Bagby
Suite 2020
Houston, TX 77002

By: /s/ Bet Hunter

Title: Elizabeth W. Hunter
Director

SCHEDULE I

COMMITMENTS

Bank	Investment Revolving Credit Commitment	Working Capital Revolving Credit Commitment
The Chase Manhattan Bank	$ 24,375,000	$ 8,125,000
The Bank of Nova Scotia	$ 13,125,000	$ 4,375,000
Den Norske Bank ASA	$ 13,125,000	$ 4,375,000
Bank of Tokyo-Mitsubishi, Ltd. Houston Agency	$ 13,125,000	$ 4,375,000
Bank One, Texas, N.A.	$ 9,750,000	$ 3,250,000
First Union National Bank	$ 9,705,000	$ 3,250,000
Guaranty Federal Bank FSB`	$ 9,750,000	$ 3,250,000
MeesPierson Capital Corp.	$ 9,750,000	$ 3,250,000
Societe General, SW Agency	$ 9,750,000	$ 3,250,000
ABN Amro Bank, NV	$ 7,500,000	$ 2,500,000
CIBC Inc.	$ 7,500,000	$ 2,500,000
Credit Lyonnais (New York Branch)	$ 7,500,000	$ 2,500,000
ING (U.S. Capital Corporation	$ 7,500,000	$ 2,500,000
The Long Term Credit Bank of Japan, Ltd., (New York Branch)	$ 7,500,000	$ 2,500,000
Total	$150,000,000	$50,000,000

Schedule II

Existing Letters of Credit

Enterprise Products Operating L.P.

L/C Number	Amount	Expiration
271050	$ 347,061.00	8/10/98
185120	$ 199,026.00	6/30/99
154720	$ 500,000.00	12/31/98
869888	(c) $4,826,602.00	8/7/98
869885	(c) $5,226,881.00	7/10/98
869884	(c) $5,185,400.00	7/7/98
869887	(c) $6,583,500.00	7/21/98
869889	$ 6,025,800.00	8/31/98
868890	$ 4,262,500.00	9/7/98
Totals	$33,156,770.00	
Adjusted with Cancelled (c = cancelled)	$11,334,387.00	
Available Adjusted	$(2,894,842.86) $ 1,862,436.63	

SCHEDULE 5.7

INVESTMENTS

1. Refer to the Subsidiaries listed on Schedule 5.19.

2. Other Investments

Name of Investment	Type of Entity	Jurisdiction of Incorporation/ Formation	Effective Ownership by Company
Baton Rouge Fractionators LLC	Limited Liability Company	Delaware	26.5%
Belvieu Environmental Fuels	Partnership	Texas	33-1/3%
EPIK Gas Liquids, LLC	Limited Liability Company	Texas	50%
EPIK Terminalling, LP	Limited Partnership	Texas	50%
Mont Belvieu Associates	General Partnership	Texas	49%
Tri-States NGL Pipeline, LLC	Limited Liability Company	Delaware	16.66%
Wilprise Pipeline LLC	Limited Liability Company	Delaware	33-1/3%

SCHEDULE 5.10

TITLES, ETC.

Notwithstanding anything to the contrary contained in Section 5.10 of the Credit Agreement, no representation or warranty is made by the Company as to its or any of its Subsidiaries' title in and to the easements and rights-of-way constituting pipelines owned by the Company or any of its Subsidiaries, including without limitation, the respective grantors thereof; provided, however, that the examination and investigation by the Company or such Subsidiary, as the case may be, of title to the lands traversed by the subject pipeline systems in connection with the acquisition of rights-of-way and similar property interests for the subject pipeline systems were conducted in accordance with the standards of the pipeline industry. In addition, neither the Company nor any of its Subsidiaries have obtained consents to acquire certain of the rights-of-way and easements for pipelines formerly owned by Enterprise Products Company, EPC Holdings, Ltd. (formerly EPC Partners, Ltd.), Texas Gulf Partners Pipeline Company and their respective predecessors.

SCHEDULE 5.19

SUBSIDIARIES

Name of Subsidiary	Type of Entity	Jurisdiction of Incorporation/ Formation	Effective Ownership by Company
BelTex 1995 Trust	Grantor Trust	Texas	100%
Belvieu Fractionator Partners, Ltd	Limited Partnership	Texas	100%
BFP Interests, LLC	Limited Liability Company	Texas	100%
Cajun Pipeline Company, LLC	Limited Liability Company	Texas	100%
Chunchula Pipeline Company, LLC	Limited Liability Company	Texas	100%
DADA Interests, LLC	Limited Liability Company	Texas	100%
EnterPart LLC	Limited Liability Company	Texas	100%
Enterprise Products Texas Operating, L.P.	Limited Partnership	Texas	99%
EntPro Limited	Limited Partnership	Texas	100%
EPC Partners I, LLC	Limited Liability Company	Delaware	100%
EPC Partners, Ltd.	Limited Partnership	Texas	100%
HSC Pipeline Partnership, LP	Limited Partnership	Texas	99%
JMRS Holdings, Ltd	Limited Partnership	Texas	100%
Propylene Pipeline Partnership, LP	Limited Partnership	Texas	99%
Sorrento Pipeline Company, LLC	Limited Liability Company	Texas	100%

SCHEDULE 5.21

UTILITY

The Company and/or certain of its Subsidiaries sells to its suppliers of electric utilities, electric power produced by its cogeneration units and by its Mont Belvieu operations. The electric utilities are required under Texas law to purchase such cogeneration power.

SCHEDULE 7.1

OTHER DEBT

Debt of EPCO assumed by the Company and Debt of EPC Partners, Ltd., EntPro Limited and Belvieu Fractionator Partners, Ltd., Subsidiaries of the Company, all of which Debt will be paid in full on the Closing Date.

SCHEDULE 7.2

OTHER LIENS

Liens securing Debt of EPC Partners, Ltd., EntPro Limited and Belvieu Fractionator Partners, Ltd., Subsidiaries of the Company, all of which Debt will be paid in full on the Closing Date.

SCHEDULE 7.8

TRANSACTIONS WITH AFFILIATES

1. The Management Agreement.

2. Master Rail Sublease Agreement dated as of June 1, 1998, between Enterprise Products Company and Enterprise Products Operating L.P., relating to 100 Trinity 33,687 gallon pressurized tank cars.

3. Equipment Sublease Agreement dated as of June 1, 1998, between Enterprise Products Company and Enterprise Products Operating L.P., relating to three Centaur T-4500s Generator Sets.

4. Equipment Sublease Agreement dated as of June 1, 1998, between West Chambers Co-Generation Partners, L.P. and Enterprise Products Operating L.P., relating to three Centaur 40S-4701 Generator Sets.

5. Assignment of Lease (Lessee) dated as of June 1, 1998, between Enterprise Products Company and EPC Partners, Ltd.

6. Equipment Sublease Agreement dated as of June 1, 1998, between Enterprise Products Company and Enterprise Products Operating L.P., relating to certain isobutane manufacturing equipment.

7. Memorandum of Ground Sublease Agreement dated as of June 1, 1998, between Enterprise Products Company and Enterprise Products Operating L.P., relating to six tracts of land located in Chambers County, Texas.

8. Ground Sublease Agreement dated as of June 1, 1998, between Enterprise Products Company and Enterprise Products Company, covering six tracts of land located in Chambers County, Texas.

EXHIBIT A

FORM OF REVOLVING CREDIT NOTE

$____

New York, New York
_______ __, 199__

FOR VALUE RECEIVED, the undersigned, ENTERPRISE PRODUCTS OPERATING L.P., a Delaware limited partnership (the "Borrower"), hereby unconditionally promises to pay to the order of ________________ (the "Lender") at the office of The Chase Manhattan Bank, located at 270 Park Avenue, New York, New York 10017, in lawful money of the United States of America and in immediately available funds, on the Termination Date the principal amount of (a)_________________ DOLLARS ($_____), or, if less, (b) the aggregate unpaid principal amount of all Revolving Credit Loans made by the Lender to the Borrower pursuant to subsection 2.1 of the Credit Agreement, as hereinafter defined. The Borrower further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time outstanding at the rates and on the dates specified in subsections 4.4 and 4.6 of such Credit Agreement.

The holder of this Note is authorized to endorse on the schedules annexed hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof the date, Type and amount of each Revolving Credit Loan made pursuant to the Credit Agreement and the date and amount of each payment or prepayment of principal thereof, each continuation thereof, each conversion of all or a portion thereof to another Type and, in the case of Eurodollar Loans, the length of each Interest Period with respect thereto. Each such endorsement shall constitute prima facie evidence of the accuracy of the information endorsed. The failure to make any such endorsement shall not affect the obligations of the Borrower in respect of such Revolving Credit Loan.

This Note (a) is one of the Revolving Credit Notes referred to in the Credit Agreement dated as of July 27, 1998 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lender, the other banks and financial institutions from time to time parties thereto and The Chase Manhattan Bank, as agent, (b) is subject to the provisions of the Credit Agreement and (c) is subject to optional and mandatory prepayment in whole or in part as provided in the Credit Agreement.

Upon the occurrence of any one or more of the Events of Default, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided in the Credit Agreement.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

ENTERPRISE PRODUCTS OPERATING L.P.

By: ______________________________________

Name: ____________________________________

Title: ____________________________________

Schedule A
to Revolving Credit Note

LOANS, CONTINUATIONS, CONVERSIONS AND REPAYMENTS OF ABR LOANS

Date	Amount of ABR Loans	Amount Converted to ABR Loans	Amount of Principal of ABR Loans Repaid	Amount of ABR Loans Converted to Eurodollar Loans	Unpaid Principal Balance of ABR Loans

Schedule B
to Revolving Credit Note

LOANS, CONTINUATIONS, CONVERSIONS AND REPAYMENTS OF EURODOLLAR LOANS

Date	Amount of Eurodollar Loans	Amount Converted to Eurodollar Loans	Interest Period and Eurodollar Rate with Respect Thereto	Amount of Principal of Eurodollar Loans Repaid	Amount of Eurodollar Loans Converted to ABR Loans	Unpaid Principal Balance of Eurodollar Loans	Notation Made by

Exhibit B-1

SNELL & SMITH
A Professional Corporation

Suite 1200
1000 Louisiana
Houston, Texas 77002

July 31, 1998

The Chase Manhattan Bank, as Agent,
and the financial institutions
parties to the Credit Agreement
referred to below
270 Park Avenue
New York, New York 10017

Ladies and Gentlemen:

We have acted as counsel to Enterprise Products Operating L.P., a Delaware limited partnership (the "Borrower"), in connection with its execution and delivery of the Credit Agreement dated as of July 27, 1998 (the "Credit Agreement"), among the Borrower, The Chase Manhattan Bank, as agent for the banks referred to below (in such capacity, the "Agent"), certain financial institutions, as co-arrangers, and the other financial institutions from time to time parties thereto (collectively, the "Banks"). This opinion is being furnished to you pursuant to Section 9.1(d)(i) of the Credit Agreement. Unless otherwise defined herein, terms defined in the Credit Agreement are used herein as therein defined.

In expressing the opinions expressed below, we have examined executed counterparts (or copies thereof) of each of the Loan Documents, the originals or conformed copies of such corporate or partnership records, agreements and instruments of the Borrower and the General Partner and the Limited Partner (individually, a "Partner" and, collectively, the "Partners"), certificates of public officials and of officers, managers or co-trustees, as applicable, of the Borrower and the Partners and such other documents and records, and such matters of law, as we have deemed appropriate as a basis for the opinions hereinafter expressed. As to factual matters, we have relied upon, and assumed the accuracy of, (a) statements and certifications of representatives of the Borrower or officers, managers or co-trustees, as applicable, of the relevant Partner and of appropriate public officials, and (b) the representations and warranties of the Borrower contained in or made pursuant to each of the Loan Documents, and our opinion is limited to such factual matters in existence on the date hereof. In stating our opinion, we have assumed the genuineness of all signatures of persons signing the Loan Documents on behalf of parties thereto (including faxed copies of such signatures), other than the persons signing on behalf of the Borrower, the authenticity and completeness of all documents, certificates and records submitted to us as originals and the conformity to authentic original instruments of all documents (including any of the Loan Documents), certificates and records submitted to us as certified, conformed, faxed or photostatic copies. We have assumed further that the execution and delivery of the Loan Documents or any other instruments executed in connection with the Loan Documents, or as

part of the same transaction as the Loan Documents, by any party other than the Borrower and the Partners have been duly authorized by such other party and are legal, valid, binding and enforceable obligations of such other party.

This opinion is limited in all respects to the laws of the State of Texas and federal law as in effect on the date hereof. We note that the Credit Agreement and certain of the other Loan Documents provide that they are to be governed by the laws of the State of New York. Accordingly, in expressing this opinion, we have assumed, with your permission, that the laws of the State of New York are identical in all respects to the laws of the State of Texas.

Based upon the foregoing and subject to the limitations, qualifications, assumptions and exceptions set forth herein, we are of the opinion that:

1. The Borrower (a) is a limited partnership duly organized and validly existing under the laws of the State of Delaware and (b) has the partnership power and authority to (i) own or lease the property which it owns or operates as lessee, (ii) conduct the business in which it is currently engaged and in which it proposes, as of the date hereof, to be engaged after the date hereof, (iii) make, deliver and perform the Credit Agreement and each of the other Loan Documents in accordance with the terms and provisions thereof and (iv) borrow under the Credit Agreement. To our knowledge, the Borrower is not required to be qualified to transact business in any other jurisdiction (other than the States of Texas, Alabama, Louisiana and Mississippi) where the failure to so qualify would have a Material Adverse Effect. The Borrower is duly qualified and in good standing as a foreign limited partnership in the States of Texas, Alabama, Louisiana and Mississippi.

2. The Borrower has taken all necessary partnership action to authorize the borrowings by the Borrower on the terms and conditions of the Credit Agreement and to authorize the execution, delivery and performance of each of the Loan Documents.

3. The Credit Agreement has been duly executed and delivered on behalf of the Borrower. The Credit Agreement constitutes the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with its terms.

4. The execution, delivery and performance by the Borrower of the Credit Agreement and each of the other Loan Documents to which it is a party in accordance with the terms thereof will not (a) violate any provision of the Partnership Agreement, (b) result in the breach of or constitute a Default under the Credit Agreement or (c) result in, or require, the creation or imposition of any Lien on the Borrower's properties or revenues pursuant to any of the Loan Documents.

5. The making of the Revolving Credit Loans to the Borrower will not violate Section 7 of the Securities Exchange Act of 1934, as amended, or any regulation issued pursuant thereto, including without limitation, the provisions of Regulations T, U or X of the Board of Governors of the Federal Reserve System.

6. The Borrower is not an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended. The Borrower is not subject to regulation under any federal or Texas statute or regulation which limits its ability to incur indebtedness.

7. The partnership interests in the Borrower listed on Schedule I hereto constitute all the partnership interests of record in the Borrower and are owned of record by the Persons designated on Schedule I.

8. Except for instances covered by Section 35.51(e) and Section 35.51(f)(1), (2) or (4) of the Texas Uniform Commercial Code, as amended, the courts of the State of Texas, and the courts of the United States

of America sitting in the State of Texas, would, assuming that the applicable issues were properly brought before such courts and such courts were to apply existing law, enforce the provisions contained in certain of the Loan Documents which stipulate that the validity, construction and enforceability of such Loan Documents shall be construed and enforced in accordance with, and governed by, the law of the State of New York.

This opinion is subject to, and qualified in all respects by, with your permission, the following:

A. We have not been called upon to, and accordingly do not, express any opinion as to the various state and federal laws regulating banks or the conduct of their business that may relate to the Loan Documents and the transactions provided for therein.

B. The enforceability of the Loan Documents to which the Borrower is a party may be limited by (a) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), (b) the refusal of a particular court to grant equitable remedies including, but without limiting the generality of the foregoing, specific performance and injunctive relief, (c) the judicial imposition of an implied covenant of good faith and (d) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws affecting the rights of creditors generally. The enforceability of the indemnity provisions contained in certain of the Loan Documents may be limited by considerations of public policy or to the extent claims therefor arise under any applicable securities laws.

C. The opinions in paragraphs 3 and 4 herein are based, in part, upon the assumption that the Agent and each Bank will, in each and every instance, strictly observe and comply with the terms and provisions of the usury savings clause contained in the Credit Agreement. For purposes of determining compliance with the usury savings clause in the Credit Agreement, the following items may need to be characterized as interest: (i) any compensating balances, escrows, deposits or other funds of the Borrower or others pledged or hypothecated as security for the Revolving Credit Loans or otherwise required to be maintained by the Borrower or others with, and subject to the control of, the Agent or any Bank; (ii) charges for late payments; and (iii) any prepayment fee, penalty or premium associated with any prepayment of all or any portion of the Revolving Credit Loans if the election to make such prepayment is or may not be within the control and discretion of the Borrower.

In addition, the opinions contained in paragraphs 3 and 4 herein are subject to and based upon the assumption that: (i) there have been no fees, charges, options, points, premiums or additional sums or benefits of any nature contracted for, charged or to be paid to or for the benefit of the Agent or any of the Banks other than those specifically provided for in the Credit Agreement or in the Fee Letter dated July 14, 1998, among the Borrower, The Chase Manhattan Bank and Chase Securities, Inc.; (ii) the usury savings and "spreading" clause contained in the Credit Agreement will be held to be valid, binding and enforceable in accordance with its terms by applicable judicial authority; (iii) no interest will be charged, received or contracted for by the Agent or the Banks except as expressly provided in the Credit Agreement and the Agent and the Banks will comply with the precise terms of the usury "savings" clause set forth in the Credit Agreement; (iv) due consideration will be given by the Agent and the Banks (when charging interest under the Credit Agreement) to charges, deposits, balances, fees or other items and benefits that the courts of the State of Texas may deem to be interest or required to be deducted from the principal amount of the Revolving Credit Loans for the purpose of determining the maximum amount of interest that may be charged on the Revolving Credit Loans; (v) in determining the maximum amount of interest which may be charged to the Borrower, the computation of all interest shall be converted to a 365/366-day year; (vi) the Borrower has not been requested by the Agent or any Bank, as a condition to the making of the Revolving Credit Loans, to guarantee, assume, or otherwise become liable in any way in respect of, or to secure in any regard, any indebtedness of any other Person to the Agent or any Bank or to agree to do so; (vii) each provision of Tex. Rev. Civ. Stat. Ann., art. 5069-1.04, as amended (the "Texas Act"), is constitutional and applicable to the Revolving Credit Loans and the transactions evidenced by the Credit Agreement; and (viii) the Texas Act will be enforced as written by the courts of the State of

Texas and the courts of the United States of America. However, to our knowledge there are presently no Texas or federal cases which have rendered an opinion that the Texas Act is unconstitutional.

D. We express no opinion as to the validity or enforceability of any of the following types of provisions in any of the Loan Documents: (i) provisions purporting to grant self-help remedies; (ii) provisions relating to the waiver of various rights or remedies by the Borrower; (iii) "due on sale clauses"; (iv) provisions relating to suretyship, delay or omission of enforcement of rights or remedies, severability of individual provisions of the Loan Documents from other provisions of such documents, waivers or ratification of future acts, powers of attorney, indemnification (specifically as it relates to the indemnification of a third party for such third party's negligence or an indemnification which is against public policy with respect to breaches of environmental laws), consent judgments, marshaling of assets, or sales in inverse order of alienation; (v) provisions purporting to authorize the Banks to collect and escrow or reserve sums of money without paying interest thereon; (vi) provisions whereby the Banks (or any of them) or the Agent is appointed the agent of the Borrower; (vii) provisions purporting to apply the Uniform Commercial Code of any jurisdiction whether or not it applies; (viii) provisions purporting to revive the Loan Documents after their termination or expiration, other than any provision of any Loan Document with respect to which such Loan Document expressly provides that such provision shall survive any such termination or expiration; (ix) provisions purporting to confer jurisdiction on any court or affecting venue; (x) provisions relating to set-offs against deposits; (xi) provisions purporting to authorize conclusive determinations; and (xii) provisions purporting to establish as to third parties nonculpability for acts of any party. In addition, the opinion expressed herein that the Credit Agreement is enforceable against the Borrower may be limited or otherwise affected by certain other laws and judicial decisions which may impair the enforceability of certain of the remedial, waiver and other provisions of the Loan Documents; but such other laws and judicial decisions will not, in our judgment, render the Loan Documents invalid as a whole or impair the practical realization of the benefits and security afforded thereby, and, in the event of a material breach of a material covenant in the Loan Documents, the Agent and/or the Banks may exercise remedies that would normally be available to a secured lender.

E. All statements in this opinion which are stated "to our knowledge" are based solely upon reasonable inquiries of an officer of the General Partner, but are given without any independent investigation.

This opinion is limited to matters stated herein and no opinion is implied or may be inferred beyond the matters expressly stated. We disclaim any obligation to up-date this opinion or to advise you of any changes in any of the opinions or other matters set forth herein.

This opinion is being furnished only to, and is solely for the benefit of, the addressees who are parties to the Credit Agreement on the date hereof (each of whom may rely upon this opinion as of the date hereof). This opinion may not be used, circulated, quoted, relied upon or otherwise referred to by any other person or entity or for any other purpose without our prior written consent.

Very truly yours,

/s/ Snell & Smith
SNELL & SMITH, A Professional Corporation

SCHEDULE I

PARTNER	PARTNERSHIP INTEREST
General Partner	
Enterprise Products GP, LLC	1.0101%
Limited Partner	
Enterprise Products Partners L.P.	98.9899%

Exhibit B-2

ENTERPRISE PRODUCTS GP, LLC
P.O. Box 4324
Houston, Texas 77210

July 31, 1998

The Chase Manhattan Bank, as Agent,
and the financial institutions
parties to the Credit Agreement
referred to below
270 Park Avenue
New York, New York 10017

Ladies and Gentlemen:

I am the General Counsel of Enterprise Products GP, LLC, a Delaware limited liability company and the sole general partner of Enterprise Products Operating L.P., a Delaware limited partnership (the "Borrower"), in connection with the Borrower's execution and delivery of the Credit Agreement, dated as of July 27, 1998 (the "Credit Agreement"), among the Borrower, The Chase Manhattan Bank, as agent for the Banks referred to below (in such capacity, the "Agent"), certain financial institutions, as co-arrangers, and the other financial institutions parties thereto (collectively, the "Banks"). This opinion is being furnished to you pursuant to Section 9.1(d)(ii) of the Credit Agreement. Unless otherwise defined herein, terms defined in the Credit Agreement are used herein as therein defined.

In expressing the opinions expressed below, I have examined executed counterparts (or copies thereof) of each of the Loan Documents, the originals or conformed copies of such corporate or partnership records, agreements and instruments of the Borrower and the General Partner and the Limited Partner (individually, a "Partner" and, collectively, the "Partners"), certificates of public officials and of officers of the Borrower and the Partners and such other documents and records, and such matters of law, as I have deemed appropriate as a basis for the opinions hereinafter expressed. As to factual matters, I have relied upon, and assumed the accuracy of, (a) statements and certifications of representatives of the Borrower or officers or managers, as applicable, of the relevant Partner and of appropriate public officials, and (b) the representations and warranties of the Borrower and the Partners contained in or made pursuant to each of the Loan Documents to which they are respectively a party, and my opinion is limited to such factual matters in existence on the date hereof. In stating my opinion, I have assumed the genuineness of all signatures of persons signing the Loan Documents on behalf of parties thereto (including faxed copies of such signatures), other than the persons signing on behalf of the Borrower, the authenticity and completeness of all documents, certificates and records submitted to me as originals and the conformity to authentic original instruments of all documents (including any of the Loan Documents), certificates and records submitted to me as certified, conformed, faxed or photostatic copies. I have assumed further that the execution and delivery of the Loan Documents or any other instruments executed in connection with the Loan Documents, or as part of the same transaction as the Loan Documents, by any party other than the Borrower and the Partners have been duly authorized by such other party and are legal, valid, binding and enforceable obligations of such other party.

This opinion is limited in all respects to the laws of the State of Texas and federal law as in effect on the date hereof. I note that the Credit Agreement and certain of the other Loan Documents provide that they are to be governed by the laws of the State of New York. Accordingly, in expressing this opinion, I have assumed, with your permission, that the laws of the State of New York are identical in all respects to the laws of the State of Texas.

Based upon the foregoing and subject to the limitations, qualifications, assumptions and exceptions set forth herein, I am of the opinion that:

1. The Borrower has the legal right to (i) own or lease the property which it owns or operates as lessee, (ii) conduct the business in which it is currently engaged and in which it proposes, as of the date hereof, to be engaged after the date hereof, (iii) make, deliver and perform the Credit Agreement and each of the other Loan Documents to which it is a party in accordance with the terms and provisions thereof and (iv) borrow under the Credit Agreement. The Borrower is in compliance with all Requirements of Law, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. While I am not licensed to practice law in any jurisdiction other than the State of Texas, and therefore am unable to express an opinion as to whether the Borrower is required to qualify to do business as a foreign limited partnership in any jurisdiction, I do not believe that the Borrower would be required to so qualify in any jurisdiction other than the States of Texas, Alabama, Louisiana and Mississippi. No other filing, recording, publishing or other act is necessary or appropriate in connection with the existence or business of the Borrower.

2. The Borrower has taken all necessary legal action to authorize the borrowings by the Borrower on the terms and conditions of the Credit Agreement and the Loan Documents and to authorize the execution, delivery and performance of each of the Loan Documents to which it is a party in accordance with the terms and provisions thereof.

3. No approvals or consents of any Governmental Authority or other consents or approvals by any other Person are required in connection with (a) the participation by the Borrower in the transactions contemplated by the Credit Agreement and the other Loan Documents, or the execution, delivery and performance by the Borrower of the Credit Agreement or any of the other Loan Documents and (b) the validity and enforceability thereof and the exercise by the Banks of their rights and remedies thereunder

4. The execution, delivery and performance by the Borrower of the Credit Agreement and each of the other Loan Documents in accordance with the terms thereof will not (a) violate any Requirement of Law or any Contractual Obligation of the Borrower, (b) result in the breach of, or constitute a default under, any indenture or loan or credit agreement or any other material agreement, lease or instrument of which I have knowledge to which the Borrower is a party or by which its properties may be bound, and (c) result in, or require, the creation or imposition of any Lien on any of its properties or revenues pursuant to any Requirement of Law or Contractual Obligation.

5. No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the best of our knowledge, threatened by or against the Borrower or against any of its properties or revenues (a) with respect to the Credit Agreement or any of the other Loan Documents to which the Borrower is a party or any of the transactions contemplated thereby or (b) which, if adversely determined, could reasonably be expected to have Material Adverse Effect.

This opinion is subject to, and qualified in all respects by, with your permission, the following:

A. I have not been called upon to, and accordingly do not, express any opinion as to the various state and federal laws regulating banks or the conduct of their business that may relate to the Loan Documents and the transactions provided for therein.

B. All statements in this opinion which are stated "to my knowledge" are based, to the extent I have deemed proper, solely upon reasonable inquiries of an officer or representative of the Partners. Although I have not independently verified the accuracy of the statements, I have discussed the statements with the individuals making them, and I have no reason to believe that any such statement is untrue or inaccurate in any material respect.

This opinion is limited to matters stated herein and no opinion is implied or may be inferred beyond the matters expressly stated. I disclaim any obligation to up-date this opinion or to advise you of any changes in any of the opinions or other matters set forth herein.

This opinion is being furnished only to, and is solely for the benefit of, the addressees who are parties to the Credit Agreement on the date hereof (each of whom may rely upon this opinion as of the date hereof). This opinion may not be used, circulated, quoted, relied upon or otherwise referred to by any other person or entity or for any other purpose without my prior written consent.

Very truly yours,

/s/ Michael R. Johnson
Michael R. Johnson, General Counsel

Exhibit C

COMPLIANCE CERTIFICATE

The undersigned hereby certifies that he is an Executive Vice President of ENTERPRISE PRODUCTS GP, LLC, a Delaware limited liability company (the "General Partner") and the sole general partner of ENTERPRISE PRODUCTS OPERATING, L.P., a Delaware limited partnership (the "Company"), and that as such he is authorized to execute this certificate on behalf of the Company. With reference to the Credit Agreement dated as of July 27, 1998 (the "Agreement"), among the Company, The Chase Manhattan Bank, as agent (in such capacity, the "Agent") for the banks named therein (collectively the "Banks"), certain entities, as co-arrangers and the Banks, the undersigned further certifies, represents and warrants, in such capacity on behalf of the Company, as follows (each capitalized term used herein having the same meaning given to it in the Agreement unless otherwise specified):

(a) The representations and warranties of the Company contained in the Agreement and otherwise made in writing by or on behalf of the Company pursuant to the Agreement were true and correct in all material respects when made, and are repeated at and as of the time of delivery hereof and are true and correct in all material respects at and as of the time of delivery hereof.

(b) The Company has performed and complied in all material respects with all agreements and conditions contained in the Agreement required to be performed or complied with by it prior to or at the time of delivery hereof.

(c) Neither the Company nor any Subsidiary has incurred any material (individually or in the aggregate) liabilities, direct or contingent, since the later of the date of formation or incorporation of the Company or any such Subsidiary or March 31, 1998, other than liabilities incurred in the normal course of business, liabilities being paid in full on the date hereof and liabilities specifically permitted in the Agreement.

(d) Since the later of the date of formation or incorporation of the Company or any such Subsidiary or March 31, 1998, no change has occurred, either in any case or in the aggregate, in the condition, financial or otherwise, of the Company which would have a Material Adverse Effect.

(e) There exists, and, after giving effect to the Loan or Loans with respect to which this Certificate is being delivered, will exist, no Default under the Agreement or any event or circumstance which constitutes, or with notice or lapse of time (or both) would constitute, an event of default under any loan or credit agreement, indenture, deed of trust, security agreement or other agreement or instrument evidencing or pertaining to any Debt of the Company or any Subsidiary, or under any material agreement or instrument to which the Company or any Subsidiary is a party or by which the Company or any Subsidiary is bound, in any respect which could have a Material Adverse Effect.

EXECUTED AND DELIVERED this 31st day of July, 1998.

ENTERPRISE PRODUCTS OPERATING L.P.

By: Enterprise Products GP, LLC, General Partner

By /s/ Gary L. Miller

GARY L. MILLER,
Executive Vice President

EXHIBIT D

FORM OF
COMMITMENT TRANSFER SUPPLEMENT

Reference is made to the Credit Agreement, dated as of July 27, 1998 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Enterprise Products Operating L.P. (the "Borrower"), the Lenders named therein, Dennorske Bank ASA and Bank of Tokyo-Mitsubishi Ltd., Houston Agency, as co-arrangers and The Chase Manhattan Bank, as co-arranger and as administrative agent for the Lenders (in such capacity, the "Agent"). Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement

The Assignor identified on Schedule 1 hereto (the "Assignor") and the Assignee identified on Schedule 1 hereto (the "Assignee") agree as follows:

1. The Assignor hereby irrevocably sells and assigns to the Assignee without recourse to the Assignor, and the Assignee hereby irrevocably purchase and assumes from the Assignor without recourse to the Assignor, as of the Effective Date (as defined below), the interest described in Schedule 1 hereto (the "Assigned Interest") in and to the Assignor's rights and obligations under the Credit Agreement with respect to those credit facilities contained in the Credit Agreement as are set forth on Schedule 1 hereto (individually, an "Assigned Facility; collectively, the 'Assigned Facilities"), in a principal amount for each Assigned Facility as set forth on Schedule 1 hereto.

2. The Assignor (a) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or with respect to the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto, other than that the Assignor has not created any adverse claim upon the interest being assigned by it hereunder and that such interest is free and clear of any such adverse claim; (b) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower, any of its Subsidiaries or any other obligor or the performance or observance by the Borrower, any of its Subsidiaries or any other obligor of any of their respective obligations under the Credit Agreement or any other Loan Document or any other instrument or document furnished pursuant hereto or thereto; and (c) attaches any Notes held by it evidencing the Assigned Facilities and (i) requests that the Agent, upon request by the Assignee, exchange the attached Notes for a new Note or Notes payable to the Assignee and (ii) if the Assignor has retained any interest in the Assigned Facility, requests that the Agent exchange the attached Notes for a new Note or Notes payable to the Assignor, in each case in amounts which reflect the assignment being made hereby (and after giving effect to any other assignments which have become effective on the Effective Date).

3. The Assignee (a) represents and warrants that it is legally authorized to enter into this Commitment Transfer Supplement; (b) confirms that it has received a copy of

the Credit Agreement, together with copies of the financial statements delivered pursuant to subsection 5.1 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Commitment Transfer Supplement; (c) agrees that it will, independently and without reliance upon the Assignor, the Agent or any other Lender and based on such document and information as it shall appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement, the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Agent by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender including, if it is organized under the laws of a jurisdiction outside the United States, its obligation pursuant to subsection 4.12(b) of the Credit Agreement.

4. The effective date of this Commitment Transfer Supplement shall be the Effective Date of Assignment described in Schedule 1 hereto (the "Effective Date"). Following the execution of this Commitment Transfer Supplement, it will be delivered to the Agent for acceptance by it and recording by the Agent pursuant to the Credit Agreement, effective as of the Effective Date (which shall not, unless otherwise agreed to by the Agent, be earlier than five Business Days after the date of such acceptance and recording by the Agent).

5. Upon such acceptance and recording, from and after the Effective Date, the Agent shall make all payments in respect of the Assigned interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to the Effective Date and to the Assignee for amounts which have accrued subsequent to the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

6. From and after the Effective Date, (a) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Commitment Transfer Supplement, have the rights and obligations of a Lender thereunder and under the other Loan Documents and shall be bound by the provisions thereof and Co) the Assignor shall, to the extent provided in this Commitment Transfer Supplement, relinquish its rights and be released from its obligations under the Credit Agreement.

7. This Commitment Transfer Supplement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Commitment Transfer Supplement to be executed as of the date first above written by their respective duly authorized officers on Schedule 1 hereto.

Schedule 1
to Commitment Transfer Supplement

Name of Assignor:____

Name of Assignee:____

Effective Date of Assignment:____________________________________

Credit Facility Assigned	Principal Amount Assigned	Commitment Percentage Assigned/1/
	$	. %

[Name of Assignee]

By:

Title:

[Name of Assignor]

By:

Title:

Accepted:

THE CHASE MANHATTAN BANK,
as Agent

By:

Title:

/1/ Calculate the Commitment Percentage that is assigned to at least 15 decimal places and show as a percentage of the aggregate commitments of all Lenders.

EXHIBIT 21.1

Enterprise Products Partners L.P.
List of Subsidiaries of the Company

Enterprise Products Operating L.P., a Delaware limited partnership
Sorrento Pipeline Company, LLC, a Texas limited liability company
Chunchula Pipeline Company, LLC, a Texas limited liability company
Cajun Pipeline Company, LLC, a Texas limited liability company
HSC Pipeline Partnership, L.P., a Texas limited partnership
Propylene Pipeline Partnership, L.P., a Texas limited partnership
Enterprise Products Texas Operating, L.P., a Texas limited partnership

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE
TO SUCH FINANCIAL STATEMENTS.

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YEAR                   YEAR                   YEAR
       DEC-31-1996            DEC-31-1997            DEC-31-1998
          JAN-01-1996            JAN-01-1997            JAN-01-1998
            DEC-31-1996            DEC-31-1997            DEC-31-1998
                       28,329                 23,463                 24,103
                      0                      0                      0
           101,456                 69,851                 57,288
                      0                      0                      0
               26,264                 18,935                 17,574
         169,170                127,034                137,693
                      683,484                716,594                720,342
           185,554                202,867                220,549
           711,151                697,713                741,037
       202,198                167,344                 82,771
                     240,309                215,334                 90,000
         0                      0                      0
                       0                      0                      0
                          0                      0                      0
               266,021                311,885                562,536
711,151                697,713                741,037
                     999,506              1,020,281                738,902
         999,506              1,020,281                738,902
                       907,524                938,237                686,160
           907,524                938,237                686,160
          23,070                 21,891                 18,216
               0                      0                      0
        26,310                 25,717                 14,696
           45,671                 37,008                 21,684
                      0                      0                      0
          60,813                 52,163                 37,253
                    0                      0                      0
                   0                      0                 27,176
                         0                      0                      0
              60,813                 52,163                 10,077
               1.10                   0.94                   0.17
               1.10                   0.94                   0.17
```