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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): JANUARY 16, 2003

COMMISSION FILE NO. 1-10403

TEPPCO PARTNERS, L.P.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE  
(STATE OF INCORPORATION  
OR ORGANIZATION)

76-0291058  
(I.R.S. EMPLOYER  
IDENTIFICATION NUMBER)

2929 ALLEN PARKWAY  
P.O. BOX 2521  
HOUSTON, TEXAS 77252-2521  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES, INCLUDING ZIP CODE)

(713) 759-3636  
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

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ITEM 5. OTHER EVENTS

On January 16, 2003, TEPPCO Partners, L.P. announced the results of operations for the quarter and year ended December 31, 2002. The press release containing such announcement is filed herewith so that such announcement may be incorporated by reference in Registration Statements filed by TEPPCO Partners, L.P., under the Securities Act of 1933, as amended.

ITEM 7. STATEMENTS AND EXHIBITS

(c) EXHIBITS:

| Exhibit<br>Number<br>----- | Description<br>-----   |
|----------------------------|--|
| 99.1                       | Press release of TEPPCO Partners, L.P., dated<br>January 16, 2003. |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TEPPCO Partners, L.P.  
(Registrant)

By: Texas Eastern Products Pipeline  
Company, LLC  
General Partner

/s/ CHARLES H. LEONARD

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Charles H. Leonard  
Senior Vice President and Chief Financial  
Officer

Date: January 21, 2003

EXHIBIT INDEX

| Exhibit<br>Number | Description  |
|-------------------|--|
| -----             | ----   |
| -----             | -----  |
| 99.1              | Press<br>release of<br>TEPPCO<br>Partners,<br>L.P.,<br>dated<br>January<br>16, 2003. |

Jan. 16, 2003                   CONTACTS:                   Investor Relations - Brenda J. Peters  
                                  Phone:                       713/759-3954  
                                  Toll Free:                   800/659-0059  
  
  Media Relations - Kathleen A. Sauve  
                                  Phone:                       713/759-3635  
                                  24-Hour:                     704/382-8333

TEPPCO PARTNERS, L.P. REPORTS FOURTH QUARTER  
AND 2002 ANNUAL RESULTS

HOUSTON - TEPPCO Partners, L.P. (NYSE:TPP) today reported net income for 2002 of \$117.9 million, or \$1.79 per unit, compared with net income of \$109.1 million, or \$2.18 per unit for the year ended Dec. 31, 2001. Fourth quarter 2002 net income was \$34.6 million, or \$0.46 per unit, compared with fourth quarter 2001 net income of \$21.2 million, or \$0.40 per unit.

Results for the year ended Dec. 31, 2001, included net income of \$18.9 million, or \$0.39 per unit, from the settlement of a canceled transportation agreement with Pennzoil-Quaker State Company related to the sale of their refinery in Shreveport, La. Excluding the settlement, net income for the year ended Dec. 31, 2001, was \$90.2 million, or \$1.79 per unit.

Net income per unit for fourth quarter 2002 reflects 13.4 million units issued subsequent to fourth quarter 2001. The weighted-average number of units outstanding for fourth quarter and year ended Dec. 31, 2002, was 55.8 million and 49.2 million, respectively, compared with 41.4 million and 39.3 million, respectively, for the corresponding 2001 periods.

-more-

"Our acquisitions of the Val Verde Gathering System and the Chaparral NGL System, as well as capacity expansions completed in 2002 on the Jonah Gas Gathering System led to record net income for 2002," said Barry R. Pearl, president and chief executive officer of the general partner of TEPPCO.

"Excluding the impact of the Pennzoil settlement in 2001, earnings before interest, taxes, depreciation and amortization (EBITDA) increased 36 percent to \$281.9 million. Our upstream segment realized strong gathering and marketing margins, which served to offset the costs associated with the start-up of the Centennial Pipeline and our enhanced pipeline integrity program. All in all, our excellent 2002 results illustrate the strength and diversity of TEPPCO's asset portfolio.

"For 2003, we expect EBITDA to be in the range of \$305 million to \$325 million and earnings per unit in the range of \$1.40 per unit to \$1.65 per unit, which reflects the full year contribution of the Val Verde acquisition and Jonah expansions. We also anticipate improved results in our downstream segment with the further development of the Centennial Pipeline and continued solid performance in our upstream segment. TEPPCO expects to invest approximately \$55 million in capital projects in 2003. This amount may increase depending on the pace of development of a number of attractive organic growth projects. We will continue our disciplined approach to growth while maintaining our strong financial condition," added Pearl.

#### OPERATING RESULTS BY BUSINESS SEGMENT

Effective Jan. 1, 2002, TEPPCO realigned its three business segments to reflect its entry into the natural gas gathering business and expanded scope of natural gas liquids (NGLs) operations. The fractionation of NGLs (previously reported as part of the downstream segment) and transportation of NGLs (previously reported as part of the upstream segment) have been transferred to the midstream segment. Prior year comparisons have been adjusted to conform with current presentation.

#### UPSTREAM SEGMENT

The upstream segment includes crude oil transportation, storage, gathering and marketing activities; and distribution of lubrication oils and specialty chemicals.

Operating income for the upstream segment was \$4.8 million for fourth quarter 2002, compared with \$5.2 million for fourth quarter 2001. Increased gathering and marketing margins and transportation revenue were offset by increased depreciation expense and environmental remediation costs. Total year 2002 operating income for the upstream segment was \$26.4 million, compared with \$18.3 million for the corresponding 2001 period. The increase was primarily due to strong gathering and marketing margins, increased crude oil transportation revenue on the Red River and West Texas systems and lower environmental remediation expenses.

Equity earnings from the investment in Seaway Crude Pipeline were \$4.7 million and the proportional interest in EBITDA was \$6.3 million for fourth quarter 2002, compared with \$2.6 million and \$4.6 million, respectively, for fourth quarter 2001. The increase in fourth quarter 2002 was primarily due to increased transportation volumes. For the year ended Dec. 31, 2002, equity earnings were \$18.8 million and the proportional interest EBITDA was \$25.2 million, compared with \$18.5 million and \$26.7 million, respectively, for the corresponding 2001 period. Equity earnings and EBITDA for both the fourth quarter and year ended Dec. 31, 2002, reflect a stipulation in the Seaway partnership agreement whereby TEPPCO's portion of equity earnings decreases from 80 percent to 60 percent on a pro-rated basis in 2002 (averaging 67 percent for 2002).

#### DOWNSTREAM SEGMENT

The downstream segment includes the transportation and storage of refined products, liquefied petroleum gases (LPGs) and petrochemicals.

Downstream operating income was \$21.2 million for fourth quarter 2002, compared with \$26.1 million for fourth quarter 2001. The decrease was primarily due to increased maintenance expenses, increased depreciation expense related to completed capital projects and higher property taxes. For the year ended Dec. 31, 2002, operating income was \$83.1 million, compared with \$117.7 million for the 2001 period. The decrease was primarily attributable to the \$18.9 million gain related to the contract settlement with Pennzoil recognized in 2001, increased maintenance and environmental expenses, and increased depreciation and property tax expenses.

The equity loss from the investment in Centennial Pipeline LLC was \$1.8 million and \$6.7 million, respectively, for fourth quarter and year ended Dec. 31, 2002, compared with an equity loss of \$0.6 million and \$1 million, respectively, for the corresponding fourth quarter and year ended Dec. 31, 2001. The losses in 2002 resulted from lower than anticipated volumes and higher operating expenses associated with the pipeline start-up.

#### MIDSTREAM SEGMENT

The midstream segment includes natural gas gathering services, and transportation and fractionation of NGLs. This segment was significantly expanded with the acquisition of the Chaparral NGL System and the Val Verde Gathering System acquired in March and June 2002, respectively.

Operating income for the midstream segment was \$22.2 million for fourth quarter 2002, compared with \$3.4 million for fourth quarter 2001. The acquisitions of the Chaparral NGL System and Val Verde Gathering System contributed \$9.8 million to operating income during the quarter. Additionally, expansion of the Jonah system resulted in an \$11 million increase in operating income compared to fourth quarter 2001. For the year ended Dec. 31, 2002, operating income was \$60.7 million, compared with \$15.8 million for the 2001 period. The combined effect of the acquisitions of the Jonah Gas Gathering



Company, Chaparral NGL System and Val Verde Gathering System contributed \$49.8 million to operating income during 2002. The favorable impact of the acquisitions was partially offset by reduced transportation revenues on the Dean and Panola pipelines.

#### FINANCING ACTIVITIES

TEPPCO completed an offering in fourth quarter 2002 of 3.8 million limited partner units, which resulted in net proceeds of approximately \$97.5 million. For year 2002, 13.4 million limited partner units were sold with net proceeds of approximately \$372 million. The proceeds from these offerings were used to reduce a portion of borrowings outstanding under TEPPCO's bank credit facilities.

Fourth quarter 2002 interest expense - net was \$17.3 million compared with \$16.8 million for fourth quarter 2001. The increase was due to lower interest costs being capitalized in the 2002 period. For the year ended Dec. 31, 2002, interest expense was \$70.5 million, offset by capitalized interest of \$4.3 million. Interest expense was \$66.1 million for the year ended Dec. 31, 2001, offset by capitalized interest of \$4 million.

TEPPCO will host a conference call related to earnings performance at 8:05 a.m. CT on Friday, Jan. 17, 2003. Interested parties may listen via the Internet, live or on a replay basis at [www.teppco.com](http://www.teppco.com) or by dialing 800/289-0437. The confirmation code is 668376. Please call in five to 10 minutes prior to the scheduled start time. A replay of the conference call will be available for seven days by dialing 888/203-1112 with a confirmation code of 668376.

TEPPCO Partners, L.P. is a publicly traded master limited partnership, which conducts business through various subsidiary operating companies. TEPPCO owns and operates one of the largest common carrier pipelines of refined petroleum products and liquefied

petroleum gases in the United States; owns and operates petrochemical and natural gas liquid pipelines; is engaged in crude oil transportation, storage, gathering and marketing; owns and operates natural gas gathering systems; and owns a 50-percent interest in Seaway Crude Pipeline Company, an interest in Centennial Pipeline LLC, and an undivided ownership interest in the Rancho and Basin pipelines. Texas Eastern Products Pipeline Company, LLC, an indirect wholly owned subsidiary of Duke Energy Field Services, LLC, is the general partner of TEPPCO Partners, L.P. For more information, visit TEPPCO's Web site at [www.teppco.com](http://www.teppco.com).

Except for the historical information contained herein, the matters discussed in this news release are forward-looking statements that involve certain risks and uncertainties. These risks and uncertainties include, among other things, market conditions, governmental regulations and factors discussed in TEPPCO Partners, L.P. filings with the Securities and Exchange Commission. EBITDA is used as a supplemental financial measurement in the evaluation of our business and should not be considered as an alternative to net income as an indicator of our operating performance or as an alternative to cash flows from operating activities or other cash flow data calculated in accordance with accounting principles generally accepted in the United States of America or as a measure of liquidity.

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TEPPCO PARTNERS, L. P.  
 FINANCIAL HIGHLIGHTS  
 (Unaudited - In Millions, Except Per Unit Amounts)

THREE MONTHS  
 ENDED TWELVE  
 MONTHS ENDED  
 DECEMBER 31,  
 DECEMBER 31,

-----  
 -----  
 - -----  
 -----

--- 2002  
 2001(1) 2002  
 2001(1) -----

-----  
 --- -----  
 - -----

Operating  
 Revenues:  
 Sales of  
 crude oil and  
 petroleum  
 products \$  
 712.0 \$ 618.2  
 \$ 2,823.8 \$  
 3,219.8

Transportation  
 - Refined  
 Products 31.3  
 29.6 123.5  
 139.3

Transportation  
 - LPGs 27.9  
 23.6 74.6  
 77.8

Transportation  
 - Crude oil  
 and NGLs 18.2  
 10.4 66.3  
 44.9

Gathering -  
 Natural Gas  
 36.1 8.8 90.1  
 8.8 Mont  
 Belvieu  
 operations  
 4.1 4.3 15.2  
 14.1 Other  
 12.3 11.8  
 48.7 51.7 ---

-----  
 -----  
 --- -----

- Total  
 Operating  
 Revenues  
 841.9 706.7  
 3,242.2  
 3,556.4 -----

-----  
 --- -----  
 - -----

Costs and  
 Expenses:  
 Purchases of  
 crude oil and  
 petroleum  
 products  
 698.7 606.8  
 2,772.4  
 3,172.8  
 Operating  
 expenses -  
 general and  
 administrative  
 55.8 41.8

|               |          |       |
|---------------|----------|-------|
| 176.7         | 149.3    |       |
| Operating     |          |       |
| fuel and      |          |       |
| power         | 11.3     |       |
| 8.7           | 36.8     | 36.6  |
| Depreciation  |          |       |
| and           |          |       |
| amortization  |          |       |
| 27.9          | 14.7     |       |
| 86.1          | 45.9     | ---   |
| -----         | -----    |       |
| -----         | -----    |       |
| - Total Costs |          |       |
| and Expenses  |          |       |
| 793.7         | 672.0    |       |
| 3,072.0       |          |       |
| 3,404.6       | -----    |       |
| -----         | -----    |       |
| -             | -----    |       |
| Operating     |          |       |
| Income        | 48.2     |       |
| 34.7          | 170.2    |       |
| 151.8         | -----    |       |
| -----         | -----    |       |
| -             | -----    |       |
| -----         |          |       |
| Interest      |          |       |
| expense - net |          |       |
| (17.3)        | (16.8)   |       |
| (66.2)        | (62.1)   |       |
| Equity        |          |       |
| earnings      | 2.9      |       |
| 2.1           | 12.0     | 17.4  |
| Other income  |          |       |
| - net         | 0.8      | 1.2   |
| 1.9           | 2.0      | ----- |
| -----         | -----    |       |
| -----         | -----    |       |
| -             | -----    |       |
| -----         |          |       |
| Net Income \$ |          |       |
| 34.6          | \$ 21.2  | \$    |
| 117.9         | \$ 109.1 |       |
| =====         |          |       |
| =====         |          |       |
| =====         |          |       |
| =====         |          |       |
| Net Income    |          |       |
| Allocation:   |          |       |
| Limited       |          |       |
| Partner       |          |       |
| Unitholders   | \$       |       |
| 24.0          | \$ 15.0  | \$    |
| 81.2          | \$ 77.0  |       |
| General       |          |       |
| Partner       | 8.7      |       |
| 4.7           | 29.7     | 23.5  |
| Class B       |          |       |
| Unitholder    |          |       |
| 1.9           | 1.5      | 7.0   |
| 8.6           | -----    |       |
| -----         | -----    |       |
| -----         | -----    |       |
| -             | -----    |       |
| -----         |          |       |
| Total Net     |          |       |
| Income        |          |       |
| Allocated \$  |          |       |
| 34.6          | \$ 21.2  | \$    |
| 117.9         | \$ 109.1 |       |
| =====         |          |       |
| =====         |          |       |
| =====         |          |       |
| =====         |          |       |
| Basic and     |          |       |
| Diluted Net   |          |       |
| Income Per    |          |       |
| Limited       |          |       |
| Partner and   |          |       |
| Class B Unit  |          |       |
| \$ 0.46       | \$ 0.40  |       |

|                |          |
|----------------|----------|
| \$ 1.79        | \$ 2.18  |
| =====          |          |
| =====          |          |
| =====          |          |
| =====          |          |
| Weighted       |          |
| Average        |          |
| Number of      |          |
| Limited        |          |
| Partner and    |          |
| Class B Units  |          |
| 55.8           | 41.4     |
| 49.2           | 39.3     |
| EBITDA Net     |          |
| Income \$ 34.6 |          |
| \$ 21.2        | \$       |
| 117.9          | \$ 109.1 |
| Interest       |          |
| expense - net  |          |
| 17.3           | 16.8     |
| 66.2           | 62.1     |
| Depreciation   |          |
| and            |          |
| amortization   |          |
| (D&A) 27.9     |          |
| 14.7           | 86.1     |
| 45.9           | TEPPCO's |
| pro-rata       |          |
| percentage of  |          |
| joint venture  |          |
| interest       |          |
| expense and    |          |
| D&A 3.4        | 1.9      |
| 11.7           | 8.3 ---- |
| -----          |          |
| -----          |          |
| -----          |          |
| Total EBITDA   |          |
| \$ 83.2        | \$ 54.6  |
| \$ 281.9       | \$       |
| 225.4          |          |
| =====          |          |
| =====          |          |
| =====          |          |
| =====          |          |

(1) CERTAIN 2001 AMOUNTS HAVE BEEN RECLASSIFIED TO CONFORM WITH CURRENT 2002 PRESENTATION.





---  
 Operating  
 Income \$  
 83.1 \$ 60.7  
 \$ 26.4 \$ --  
 \$ 170.2  
 =====  
 =====  
 =====  
 =====  
 =====

INTERSEGMENT  
 TWELVE  
 MONTHS  
 ENDED  
 DECEMBER  
 31, 2001 (1)  
 DOWNSTREAM  
 MIDSTREAM  
 UPSTREAM  
 ELIMINATIONS  
 CONSOLIDATED

- - - - -  
 - - - - -  
 - - - - -  
 - - - - -  
 - - - - -  
 - - - - -  
 - - - - -  
 - - - - -  
 - - - - -  
 - - - - -  
 - - - - -

Operating  
 revenues \$  
 264.2 \$  
 37.2 \$  
 3,255.3 \$  
 (0.3) \$  
 3,556.4  
 Operating  
 expenses  
 119.8 11.5  
 3,227.7  
 (0.3)  
 3,358.7

Depreciation  
 and  
 amortization  
 26.7 9.9  
 9.3 -- 45.9

- - - - -  
 - - - - -  
 - - - - -  
 - - - - -  
 - - - - -  
 - - - - -

Operating  
 Income \$  
 117.7 \$  
 15.8 \$ 18.3  
 \$ -- \$  
 151.8

=====  
 =====  
 =====  
 =====  
 =====

(1) CERTAIN 2001 AMOUNTS HAVE BEEN RECLASSIFIED TO CONFORM WITH CURRENT 2002 PRESENTATION.



TEPPCO PARTNERS, L. P.  
CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED) (IN MILLIONS)

TWELVE MONTHS  
ENDED DECEMBER  
31, -----

-- 2002 2001 --

----- Cash  
Flows from  
Operating  
Activities Net  
income \$ 117.9  
\$ 109.1  
Depreciation,  
working capital  
and other 117.0  
59.8 -----

-----  
Net Cash  
Provided by  
Operating  
Activities  
234.9 168.9 ---  
-----

----- Cash  
Flows from  
Investing  
Activities:  
Proceeds from  
cash  
investments --  
4.2 Proceeds  
from sale of  
assets 3.4 1.3  
Purchase of  
Jonah Gas  
Gathering  
Company (7.3)  
(359.8)  
Purchase of  
Chaparral and  
Quanah  
Pipelines  
(132.4) --  
Purchase of Val  
Verde Gathering  
System (444.2)  
-- Purchase of  
ARCO assets --  
(11.0) Purchase  
of crude oil  
assets --  
(20.0) Capital  
expenditures (1)  
(133.3) (107.6)  
Investment in  
Centennial  
Pipeline LLC  
(10.9) (65.0) -  
-----

----- Net  
Cash Used in  
Investing  
Activities  
(724.7) (557.9)  
-----

----- Cash  
Flows from  
Financing  
Activities:  
Issuance of  
Senior Notes  
497.8 --  
Proceeds from  
term loan and  
revolving

|                  |          |     |
|------------------|----------|-----|
| credit facility  |          |     |
| 675.0            | 546.1    |     |
| Debt issuance    |          |     |
| costs (7.0)      |          |     |
| (2.6)            | Payments |     |
| on revolving     |          |     |
| credit facility  |          |     |
| (943.7)          | (291.4)  |     |
| Proceeds from    |          |     |
| termination of   |          |     |
| interest rate    |          |     |
| swaps 44.9       | --       |     |
| Proceeds from    |          |     |
| the issuance of  |          |     |
| LP units, net    |          |     |
| 372.5            | 234.9    |     |
| General Partner  |          |     |
| contributions    |          |     |
| 7.6              | 4.8      |     |
| Distributions    |          |     |
| paid (151.8)     |          |     |
| (104.4)          | -----    |     |
| -----            |          |     |
| --- Net Cash     |          |     |
| Provided by      |          |     |
| Financing        |          |     |
| Activities       |          |     |
| 495.3            | 387.4    | --- |
| -----            |          |     |
| ----- Net        |          |     |
| Increase         |          |     |
| (Decrease) in    |          |     |
| Cash and Cash    |          |     |
| Equivalents 5.5  |          |     |
| (1.6)            | Cash and |     |
| Cash             |          |     |
| Equivalents --   |          |     |
| beginning of     |          |     |
| period 25.5      |          |     |
| 27.1             | -----    |     |
| ---              |          |     |
| Cash and Cash    |          |     |
| Equivalents --   |          |     |
| end of period \$ |          |     |
| 31.0             | \$ 25.5  |     |
| =====            |          |     |
| =====            |          |     |
| Supplemental     |          |     |
| Cash Flow        |          |     |
| Information:     |          |     |
| Interest paid    |          |     |
| during the       |          |     |
| period (net of   |          |     |
| capitalized      |          |     |
| interest) \$     |          |     |
| 48.9             | \$ 61.5  |     |
| =====            |          |     |
| =====            |          |     |

(1) INCLUDES CAPITAL EXPENDITURES FOR MAINTAINING EXISTING OPERATIONS OF \$18.6 MILLION IN 2002, AND \$18.5 MILLION IN 2001.

TEPPCO PARTNERS, L. P.  
 CONDENSED BALANCE SHEETS (UNAUDITED)  
 (In Millions)

DECEMBER 31,  
 DECEMBER 31,  
 2002 2001 --  
 ----- -

ASSETS

Current  
 assets Cash  
 and cash  
 equivalents  
 \$ 31.0 \$  
 25.5 Other  
 329.6 258.0

-----  
 Total  
 current  
 assets 360.6  
 283.5

Property,  
 plant and  
 equipment -  
 net 1,587.8  
 1,180.5

Intangible  
 assets(1)  
 465.4 251.5

Equity  
 investments  
 284.7 292.2  
 Other assets  
 72.2 57.6 --

-----  
 Total assets  
 \$ 2,770.7 \$  
 2,065.3

LIABILITIES  
 AND

PARTNERS'  
 CAPITAL  
 Current  
 liabilities  
 Notes  
 payable \$ --  
 \$ 360.0  
 Other 366.8  
 308.8 -----

-----  
 Total  
 current  
 liabilities  
 366.8 668.8

Senior Notes  
 945.7 375.2  
 Other long-  
 term debt  
 432.0 340.7

Other non-  
 current  
 liabilities  
 31.0 31.8

Class B  
 Units 103.4  
 105.6

Partners'  
 capital  
 Accumulated  
 other  
 comprehensive  
 loss (20.1)

(20.3)  
General  
partner's  
interest  
12.8 13.2  
Limited  
partners'  
interests  
899.1 550.3

-----  
-----  
Total  
partners'  
capital  
891.8 543.2

-----  
-----  
Total  
liabilities  
and  
partners'  
capital \$  
2,770.7 \$  
2,065.3

=====  
=====

(1) INCLUDES THE VALUE OF LONG-TERM SERVICE AGREEMENTS BETWEEN TEPPCO AND ITS CUSTOMERS.

TEPPCO PARTNERS, L. P.  
 OPERATING DATA  
 (Unaudited - In Millions, Except as Noted)

THREE MONTHS  
 ENDED TWELVE  
 MONTHS ENDED  
 DECEMBER 31,  
 DECEMBER 31,

-----  
 - -----  
 -----  
 --- 2002 2001  
 2002 2001 ---  
 -----  
 -----  
 -----

-----  
 DOWNSTREAM  
 SEGMENT:  
 Barrels  
 Delivered  
 Refined  
 Products 37.1  
 30.0 138.2  
 122.9 LPGs  
 12.7 12.6  
 40.5 40.0  
 Mont Belvieu  
 Operations  
 7.5 6.9 28.9  
 23.1 -----  
 -----  
 -----

-----  
 ---- Total  
 57.3 49.5  
 207.6 186.0  
 =====  
 =====  
 =====

Average  
 Tariff Per  
 Barrel  
 Refined  
 Products \$  
 0.85 \$ 0.99 \$  
 0.89 \$ 0.98  
 LPGs 2.19  
 1.89 1.84  
 1.95 Mont  
 Belvieu  
 Operations  
 0.17 0.18  
 0.15 0.18

Average  
 System Tariff  
 Per Barrel \$  
 1.05 \$ 1.10 \$  
 0.97 \$ 1.09

UPSTREAM  
 SEGMENT(1):  
 Margins:  
 Crude oil  
 transportation  
 \$ 10.9 \$ 7.9  
 \$ 39.1 \$ 34.1  
 Crude oil  
 marketing 5.5  
 5.1 22.9 22.5  
 Crude oil  
 terminaling  
 2.4 2.7 10.1  
 10.2 LSI 1.3  
 1.0 4.8 4.1 -  
 -----  
 -----

-----  
-----  
Total Margin  
\$ 20.1 \$ 16.7  
\$ 76.9 \$ 70.9  
=====

-----  
-----  
-----  
Total barrels  
Crude oil  
transportation  
21.1 21.3  
82.8 78.7  
Crude oil  
marketing  
35.9 49.9  
139.2 159.5  
Crude oil  
terminaling  
33.7 34.6  
127.4 121.9  
Lubrication  
oil volume  
(total

gallons): 2.6  
2.2 9.6 8.8

Margin per  
barrel: Crude  
oil

transportation  
\$ 0.512 \$  
0.373 \$ 0.471  
\$ 0.434 Crude  
oil marketing  
0.155 0.104  
0.165 0.141  
Crude oil  
terminaling  
0.072 0.077  
0.080 0.083  
Lubrication  
oil margin  
(per gallon):  
\$ 0.484 \$  
0.461 \$ 0.500  
\$ 0.471

MIDSTREAM  
SEGMENT(1):  
Gathering -  
Natural  
Gas(2) Bcf  
119.5 45.5  
340.7 45.5  
Btu (in  
trillions)  
120.9 50.7  
353.7 50.7  
Average fee  
per MMBtu \$  
0.299 \$ 0.174  
\$ 0.255 \$  
0.174

Transportation  
- NGLs(3)  
Total barrels  
15.0 5.5 54.0  
21.5 Margin  
per barrel \$  
0.727 \$ 0.934  
\$ 0.720 \$  
0.961

Fractionation  
- NGLs Total  
barrels 1.1  
1.0 4.1 4.1  
Margin per  
barrel \$  
1.806 \$ 1.815  
\$ 1.824 \$  
1.813 Sales -

Condensate  
Total barrels  
(thousands)  
22.4 16.2  
80.0 16.2  
Margin per  
barrel \$  
27.81 \$ 19.91  
\$ 25.39 \$  
19.91

- (1) CERTAIN 2001 AMOUNTS HAVE BEEN RECLASSIFIED TO CONFORM WITH CURRENT 2002 PRESENTATION.
- (2) OPERATING DATA FOR JONAH GAS GATHERING COMPANY AND VAL VERDE GATHERING SYSTEM ACQUIRED EFFECTIVE SEPT. 30, 2001 AND JUNE 30, 2002, RESPECTIVELY.
- (3) OPERATING DATA FOR CHAPARRAL NGL SYSTEM ACQUIRED MARCH 1, 2002.