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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2004 or

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

For the transition period from _______ to _______.

Commission file number: 1-14323

ENTERPRISE PRODUCTS PARTNERS L.P.

(Exact name of Registrant as specified in its charters)

Delaware	**76-0568219**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
2727 North Loop West, Houston, Texas	**77008-1044**
(Address of Principal Executive Offices)	(Zip Code)

Registrant’s Telephone Number, including area code: **(713) 880-6500**

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 whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

YES [X] NO [ ]

There were 229,661,604 common units and 4,413,549 Class B special units of *Enterprise Products Partners L.P.* outstanding at May 5, 2003. Enterprise Products Partners L.P.’s Common Units trade on the New York Stock Exchange under symbol “EPD.”

ENTERPRISE PRODUCTS PARTNERS L.P.
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Glossary

The following abbreviations, acronyms or terms used in this Form 10-Q are defined below:

Acadian Gas	Acadian Gas, LLC and subsidiaries, acquired from Shell in April 2001
Accum. OCI (or AOCI)	Accumulated Other Comprehensive Income
Administrative Services Agreement	First Amended and Restated Administrative Services Agreement, effective as of January 1, 2004, among EPCO, the Company, the Operating Partnership, the General Partner and the OLP General Partner (formerly, the "EPCO Agreement")
BBtus	Billion British thermal units, a measure of heating value
Bcf/d	Billion cubic feet per day
BEF	Belvieu Environmental Fuels, a majority owned subsidiary
Belle Rose	Belle Rose NGL Pipeline LLC, an equity method investment
BRF	Baton Rouge Fractionators LLC, an equity method investment
BRPC	Baton Rouge Propylene Concentrator, LLC, an equity method investment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMAI	Chemical Market Associates, Inc.
CPG	Cents per gallon
Diamond-Koch	Refers to common affiliates of both Valero Energy Corporation and Koch Industries, Inc.
Dixie	Dixie Pipeline Company, an equity method investment
DRIP	Distribution Reinvestment Plan
EPCO	Enterprise Products Company, an affiliate of the Company and our ultimate parent company (including its affiliates)
EPIK	EPIK Terminalling L.P. and EPIK Gas Liquids, LLC, collectively (a former equity method investment that we acquired the remaining ownership interests in March 2003)
EPOLP	Enterprise Products Operating L.P., the operating subsidiary of the Company (also referred to as the "Operating Partnership")
Evangeline	Evangeline Gas Pipeline Company, L.P. and Evangeline Gas Corp., collectively, an equity method investment
FASB	Financial Accounting Standards Board
Feedstock	A raw material required for an industrial process such as in petrochemical manufacturing
Forward sales contracts	The sale of a commodity or other product in a current period for delivery in a future period.
GAAP	Generally Accepted Accounting Principles in the United States of America
General Partner	Enterprise Products GP, LLC, the general partner of the Company
GulfTerra	GulfTerra Energy Partners, L.P.
GulfTerra GP	GulfTerra Energy Company, L.L.C., the general partner of GulfTerra
La Porte	La Porte Pipeline Company, L.P. and La Porte GP, LLC, collectively, an equity method investment
LIBOR	London interbank offered rate
MBA	Mont Belvieu Associates, see "MBA acquisition" below
MBA acquisition	Refers to the acquisition of Mont Belvieu Associates' remaining interest in the Mont Belvieu NGL fractionation facility in 1999
MBFC	Mississippi Business Finance Corporation
MBPD	Thousand barrels per day
Mid-America	Mid-America Pipeline Company, LLC
Mmcf	Million cubic feet
Mont Belvieu	Mont Belvieu, Texas
Moody's	Moody's Investors Service
MTBE	Methyl tertiary butyl ether
Nemo	Nemo Gathering Company, LLC, an equity method investment

Neptune	Neptune Pipeline Company, L.L.C., an equity method investment
NGL or NGLs	Natural gas liquid(s)
NYSE	New York Stock Exchange
OPIS	Oil Price Information Service
Operating Partnership	Enterprise Products Operating L.P. and its affiliates
OTC	Olefins Terminal Corporation
Promix	K/D/S Promix LLC, an equity method investment
SEC	U.S. Securities and Exchange Commission
Seminole	Seminole Pipeline Company
SFAS	Statement of Financial Accounting Standards issued by the FASB
Shell	Shell Oil Company, its subsidiaries and affiliates
Splitter III	Refers to the propylene fractionation facility we acquired from Diamond-Koch
Starfish	Starfish Pipeline Company, LLC, an equity method investment
Throughput	Refers to the physical movement of volumes through a pipeline
Tri-States	Tri-States NGL Pipeline LLC, an equity method investment at March 31, 2004. On April 1, 2004, Tri-States became a 66.7% consolidated subsidiary of ours.
VESCO	Venice Energy Services Company, LLC, a cost method investment
Williams	The Williams Companies, Inc. and its affiliates
Wilprise	Wilprise Pipeline Company, LLC
1998 Plan	EPCO’s long-term incentive plan
1999 Trust	EPOLP 1999 Grantor Trust, a subsidiary of EPOLP

For definitions of other commonly used terms used in our industry, please refer to the “Glossary” section of our 2003 annual report on Form 10-K (Commission File No. 1-14323).

PART I. ITEM 1. FINANCIAL STATEMENTS.

ENTERPRISE PRODUCTS PARTNERS L.P.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	March 31, 2004	December 31, 2003
ASSETS		
Current Assets		
Cash and cash equivalents (includes restricted cash of $8,026 at March 31, 2004 and $13,851 at December 31, 2003)	$ 52,821	$ 44,317
Accounts and notes receivable - trade, net of allowance for doubtful accounts of $20,438 at March 31, 2004 and $20,423 at December 31, 2003	398,831	462,198
Accounts receivable - related parties	9,751	347
Inventories	168,330	150,161
Prepaid and other current assets	55,973	30,160
Total current assets	685,706	687,183
Property, Plant and Equipment, net	2,951,621	2,963,505
Investments in and Advances to Unconsolidated Affiliates	766,293	767,759
Intangible Assets, net of accumulated amortization of $44,193 at March 31, 2004 and $40,371 at December 31, 2003	265,071	268,893
Goodwill	82,427	82,427
Deferred Tax Asset	8,784	10,437
Long-term Receivables	5,282	5,454
Other Assets	17,133	17,156
Total	$ 4,782,317	$ 4,802,814
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities		
Current maturities of debt	$ 15,000	$ 240,000
Accounts payable - trade	58,507	68,384
Accounts payable - related parties	25,209	38,045
Accrued gas payables	588,340	622,982
Accrued expenses	15,633	24,695
Accrued interest	14,702	45,350
Other current liabilities	50,585	57,420
Total current liabilities	767,976	1,096,876
Long-Term Debt	2,195,876	1,899,548
Other Long-Term Liabilities	9,027	14,081
Minority Interest	88,531	86,356
Partners' Equity		
Common units (214,661,604 units outstanding at March 31, 2004 and 213,366,760 at December 31, 2003)	1,576,633	1,582,951
Class B special units (4,413,549 units outstanding at March 31, 2004 and December 31, 2003)	99,620	100,182
Treasury units, at cost (557,330 units outstanding at March 31, 2004 and 798,313 units at December 31, 2003)	(11,416)	(16,519)
General Partner	34,209	34,349
Accumulated Other Comprehensive Income	21,861	4,990
Total Partners' Equity	1,720,907	1,705,953
Total	$ 4,782,317	$ 4,802,814

See Notes to Unaudited Condensed Consolidated Financial Statements

ENTERPRISE PRODUCTS PARTNERS L.P.
CONDENSED STATEMENTS OF CONSOLIDATED OPERATIONS
AND COMPREHENSIVE INCOME
(Dollars in thousands, except per unit amounts)

	For the Three Months Ended March 31,	
	2004	**2003**
REVENUES		
Third parties	$ 1,549,587	$ 1,348,782
Related parties	155,303	132,804
Total	1,704,890	1,481,586
COST AND EXPENSES		
Operating costs and expenses		
Third parties	1,405,983	1,152,302
Related parties	215,525	234,402
Total operating costs and expenses	1,621,508	1,386,704
Selling, general and administrative costs		
Third parties	2,572	5,087
Related parties	6,894	6,384
Total selling, general and administrative costs	9,466	11,471
Total	1,630,974	1,398,175
EQUITY IN INCOME OF UNCONSOLIDATED AFFILIATES	13,398	1,621
OPERATING INCOME	87,314	85,032
OTHER INCOME (EXPENSE)		
Interest expense	(32,618)	(41,911)
Dividend income from unconsolidated affiliates	1,250	2,601
Other, net	161	234
Other expense	(31,207)	(39,076)
INCOME BEFORE PROVISION FOR INCOME TAXES, MINORITY INTEREST AND CHANGE IN ACCOUNTING PRINCIPLE	56,107	45,956
PROVISION FOR INCOME TAXES	(1,625)	(3,129)
INCOME BEFORE MINORITY INTEREST AND CHANGE IN ACCOUNTING PRINCIPLE	54,482	42,827
MINORITY INTEREST	(2,954)	(2,322)
INCOME BEFORE CHANGE IN ACCOUNTING PRINCIPLE	51,528	40,505
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE (see Note 1)	7,013	
NET INCOME	$ 58,541	$ 40,505
Cash flow hedges	16,973	5,354
Reclassification of cash flow hedges	(102)	3,492
COMPREHENSIVE INCOME	$ 75,412	$ 49,351
ALLOCATION OF NET INCOME TO:		
Limited partners' interest in net income	$ 51,219	$ 36,368
General partner interest in net income	$ 7,322	$ 4,137
EARNINGS PER UNIT: (see Note 14)		
Basic income per unit before change in accounting principle and general partner interest	$ 0.24	$ 0.22

Basic net income per unit, net of general partner interest	$	0.24	$	0.20
Diluted income per unit before change in accounting principle and general partner interest	$	0.23	$	0.21
Diluted net income per unit, net of general partner interest	$	0.23	$	0.19

See Notes to Unaudited Condensed Consolidated Financial Statements

ENTERPRISE PRODUCTS PARTNERS L.P.
CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS
(Dollars in thousands)

	For the Three Months Ended March 31,	
	2004	**2003**
OPERATING ACTIVITIES		
Net income	$ 58,541	$ 40,505
Adjustments to reconcile net income to cash flows provided		
by (used for) operating activities:		
Depreciation and amortization in operating costs and expenses	30,520	27,657
Depreciation in selling, general and administrative costs	65	22
Amortization in interest expense	798	11,582
Equity in income of unconsolidated affiliates	(13,398)	(1,621)
Distributions received from unconsolidated affiliates	15,682	15,626
Cumulative effect of change in accounting principle	(7,013)	
Operating lease expense paid by EPCO	2,274	2,251
Minority interest	2,954	2,321
Loss on sale of assets	98	4
Deferred income tax expense	1,687	2,733
Changes in fair market value of financial instruments	3	(28)
Decrease (increase) in restricted cash	5,825	(10,006)
Net effect of changes in operating accounts (see Note 11)	(68,431)	50,497
Operating activities cash flows	29,605	141,543
INVESTING ACTIVITIES		
Capital expenditures	(15,003)	(23,835)
Proceeds from sale of assets	10	34
Business combinations, net of cash received		(28,783)
Investments in and advances to unconsolidated affiliates	(818)	(20,509)
Investing activities cash flows	(15,811)	(73,093)
FINANCING ACTIVITIES		
Borrowings under debt agreements	202,000	896,210
Repayments of debt	(137,000)	(1,141,000)
Debt issuance costs	(954)	(6,683)
Distributions paid to partners	(91,258)	(69,155)
Distributions paid to minority interests	(779)	(2,517)
Contributions from minority interests		2,631
Proceeds from issuance of common units	23,142	255,482
Treasury units reissued	5,384	
Settlement of treasury lock financial instruments		5,354
Financing activities cash flows	535	(59,678)
NET CHANGE IN CASH AND CASH EQUIVALENTS	14,329	8,772
CASH AND CASH EQUIVALENTS, JANUARY 1	30,466	13,817
CASH AND CASH EQUIVALENTS, MARCH 31	$ 44,795	$ 22,589

See Notes to Unaudited Condensed Consolidated Financial Statements

ENTERPRISE PRODUCTS PARTNERS L.P.
CONDENSED STATEMENTS OF CONSOLIDATED PARTNERS' EQUITY
(Dollars in thousands, see Note 9 for unit history)

	Limited Partners					
	Common units	Class B special units	Treasury units	General Partner	Accum. OCI	Total
Balance, January 1, 2004	$1,582,951	$ 100,182	$ (16,519)	$ 34,349	$ 4,990	$1,705,953
Net income	50,187	1,032		7,322		58,541
Operating leases paid by EPCO	2,184	45		45		2,274
Cash distributions to partners	(81,638)	(1,644)		(7,976)		(91,258)
Proceeds from issuance of common units	22,679			463		23,142
Treasury unit transactions:						
- Reissued to satisfy unit options			5,103			5,103
- Gain on reissued treasury units	270	5		6		281
Interest rate hedging financial instruments recorded as cash flow hedges (see Note 12):						
- Increase in fair value					16,973	16,973
- Amortization of 2003 gain as component of interest expense					(102)	(102)
Balance, March 31, 2004	$1,576,633	$ 99,620	$ (11,416)	$ 34,209	$ 21,861	$1,720,907

See Notes to Unaudited Condensed Consolidated Financial Statements

ENTERPRISE PRODUCTS PARTNERS L.P.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

ENTERPRISE PRODUCTS PARTNERS L.P. including its consolidated subsidiaries is a publicly traded Delaware limited partnership listed on the NYSE under the ticker symbol “EPD.” Unless the context requires otherwise, references to “we,” “us,” “our,” “the Company” or “Enterprise” are intended to mean the consolidated business and operations of Enterprise Products Partners L.P. Certain abbreviated entity names and other capitalized and industry terms are defined within the glossary of this quarterly report on Form 10-Q.

We were formed in April 1998 to own and operate certain NGL-related businesses of Enterprise Products Company (“EPCO”). We conduct substantially all of our business through a wholly owned subsidiary, Enterprise Products Operating L.P. (our “Operating Partnership”). We are owned 98% by our limited partners and 2% by Enterprise Products GP, LLC (our “General Partner”). We and our General Partner are affiliates of EPCO.

In the opinion of Enterprise, the accompanying unaudited consolidated financial statements include all adjustments consisting of normal recurring accruals necessary for a fair presentation. Although we believe the disclosures in these financial statements are adequate to make the information presented not misleading, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC. These unaudited financial statements should be read in conjunction with our annual report on Form 10-K (File No. 1-14323) for the year ended December 31, 2003.

Essentially all of our assets, liabilities, revenues and expenses are recorded at the Operating Partnership level in our consolidated financial statements. We act as guarantor of certain of our Operating Partnership’s debt obligations. See Note 15 for condensed financial information of our Operating Partnership.

The results of operations for the three month period ended March 31, 2004 are not necessarily indicative of the results to be expected for the full year.

Dollar amounts presented in the tabular data within these footnote disclosures are stated in thousands of dollars, unless otherwise indicated.

Certain reclassifications have been made to the prior year’s financial statements to conform to the current year presentation.

CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE represents the effect of changing the method our majority owned BEF subsidiary uses to account for its planned major maintenance activities from the accrue-in-advance method to the expense-as-incurred method. These major maintenance costs, which typically result in facility shutdowns for 30 to 45 days, are principally comprised of amounts paid to third parties for materials, contract services, and other related items.

We have historically used the expense-as-incurred method for planned major maintenance activities. The change in accounting for our majority owned BEF subsidiary conforms the Company’s accounting for all planned major maintenance costs and changes the method to better reflect expenses in the period incurred. As such, we believe the change is to a method that is preferable in the circumstances.

The cumulative effect of this accounting change for years prior to 2004, which is shown separately in the Statement of Consolidated Operations and Comprehensive Income for 2004, resulted in a benefit of $7 million. See Note 14 for information regarding the effect of the accounting change on basic and diluted earnings per unit.

For the periods indicated, the following table shows pro forma net income and earnings per unit amounts assuming the accounting change was applied retroactively to January 1, 2003:

	For the Three Months Ended March 31,	
	2004	**2003**
Pro Forma income statement amounts:		
Income before minority interest	$ 54,482	$ 41,846
Net income before general partner interest	$ 53,866	$ 39,534
Limited partner interest in net income	$ 46,637	$ 35,406
Pro forma per unit data (basic):		
Units outstanding (see Note 14)	218,463	186,191
Per unit data:		
Income before minority interest	$ 0.25	$ 0.22
Net income before general partner interest	0.25	0.21
Limited partner interest in net income	$ 0.21	$ 0.19
Pro forma per unit data (diluted):		
Units outstanding (see Note 14)	218,960	196,191
Per unit data:		
Income before minority interest	$ 0.25	$ 0.21
Net income before general partner interest	0.25	0.20
Limited partner interest in net income	$ 0.21	$ 0.18

UNIT OPTION PLAN ACCOUNTING is based on the intrinsic-value method described in APB No. 25, "*Accounting for Stock Issued to Employees.*" Under this method, no compensation expense is recorded related to options granted when the exercise price is equal to or greater than the market price of the underlying equity on the date of grant. In accordance with SFAS No. 148, "*Accounting for Stock-Based Compensation – Transition and Disclosure*," we disclose the pro forma effect on our earnings as if the fair-value method of SFAS No. 123, "*Accounting for Stock-Based Compensation*" had been used instead of the intrinsic-value of APB No. 25. The effects of applying SFAS No. 123 in the following pro forma disclosure may not be indicative of future amounts as additional awards in future years are anticipated.

The following table shows the pro forma effects for the periods indicated.

	For the Three Months Ended March 31,	
	2004	**2003**
Historical net income	$ 58,541	$ 40,505
Additional unit option-based compensation expense estimated using fair value-based method	(105)	(277)
Pro forma net income	$ 58,436	$ 40,228
Basic earnings per unit:		
As reported	$ 0.24	$ 0.20
Pro forma	0.23	0.19
Diluted earnings per unit:		
As reported	$ 0.23	$ 0.19
Pro forma	0.23	0.18

2. RECENTLY ISSUED ACCOUNTING STANDARDS

FIN 46, "Consolidation of Variable Interest Entities – An Interpretation of ARB No. 51." This interpretation of ARB No. 51 addresses requirements for accounting consolidation of a variable interest entity ("VIE") with its primary beneficiary. In general, if an equity owner of a VIE meets certain criteria defined within FIN 46, the assets, liabilities and results of the activities of the VIE should be included in the consolidated financial statements of the owner. Our adoption of FIN 46 (as amended by FIN 46R) in 2003 has had no material effect on our consolidated financial statements.

Due to the complexity of FIN 46 (as amended by FIN 46R and interpreted), the FASB is continuing to provide guidance regarding implementation issues. Since this guidance is still continuing, our conclusions regarding the application of this guidance may be altered. As a result, adjustments may be recorded in future periods as we adopt new FASB interpretations of FIN 46.

EITF 03-16, "Accounting for Investments in Limited Liability Companies." This accounting guidance requires that investments in limited liability companies (or "LLCs") that have separate ownership accounts for each investor be accounted for similar to a limited partnership investment under SOP No. 78-9, "*Accounting for Investments in Real Estate Ventures*." Under this new guidance (applicable for the period beginning July 1, 2004), investors would be required to apply the equity method of accounting to their investments at a much lower ownership threshold (typically any ownership interest greater than 3-5%) than the 20% threshold applied under APB Opinion No. 18, "*The Equity Method of Accounting for Investments in Common Stock*."

Currently, we account for our 13.1% investment in Venice Energy Services Company, LLC ("VESCO") using the cost method. As a result, we have recognized dividend income from VESCO to the extent that we have received cash distributions from them. In accordance with the new accounting guidance in EITF 03-16, we will record a retroactive cumulative effect adjustment equal to the difference between (i) equity earnings from VESCO that would have been recorded using the equity method in prior periods and (ii) the dividend income from VESCO that was recorded using the cost method. We are currently studying the effect that EITF 03-16 will have on our investment in VESCO; however, based on information available, we do not believe that the implementation of this new accounting guidance will have a material effect on our financial statements.

3. BUSINESS COMBINATIONS

We did not enter into any business acquisitions during the first quarter of 2004; however, we are still expecting completion of the proposed merger with GulfTerra during the second half of 2004. In general, the proposed merger with GulfTerra involves the following three steps:

- *Step One*. On December 15, 2003, we purchased a 50% membership interest in GulfTerra's general partner ("GulfTerra GP") for $425 million. GulfTerra's general partner owns a 1% general partner interest in GulfTerra. This investment is accounted for using the equity method and is already recorded in our historical balance sheet at December 31, 2003. See Note 6 regarding preliminary estimates of the purchase price allocation for GulfTerra GP. This transaction is referred to as Step One of the proposed merger and will remain in effect even if the remainder of the proposed merger and post-merger transactions, which are referred to as Step Two and Step Three, do not occur.

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

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

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

    - The exchange of each remaining GulfTerra common unit for 1.81 Enterprise common units, resulting in the issuance of approximately 104.6 million of our common units to GulfTerra unitholders.

- *Step Three*. Immediately after Step Two is completed, we expect to acquire certain South Texas midstream energy assets from El Paso for $150 million plus the value of then existing inventories related to such assets.

We anticipate that our obligations under Steps Two and Three of the proposed merger to pay El Paso $650 million will be financed initially with a short-term acquisition term loan and with borrowings under our revolving credit facilities.

Our preliminary estimate of the total consideration for Steps One, Two and Three we would pay or issue is approximately $4.0 billion. For a period of three years following the closing of the proposed merger, at our request El Paso will provide certain support services to GulfTerra similar to those provided by El Paso prior to the closing of the merger. GulfTerra will reimburse El Paso for 110% of its direct costs for such services (excluding any overhead costs). El Paso will make transition support payments to us in annual amounts of $18 million, $15 million and $12 million for the first, second and third years of such period, respectively, payable in twelve equal monthly installments for each such year. These transition support payments are included in our preliminary estimate of total consideration.

A number of conditions must be satisfied before we can complete the merger, including approval by the unitholders of both Enterprise and GulfTerra and the expiration or termination of applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1974. While we cannot predict if and when all of the conditions of the proposed merger will be satisfied, we expect to complete the transaction in the second half of 2004.

To review a copy of the merger agreement and related transaction documents, please read our Current Reports on Form 8-K filed with the SEC on December 15, 2003 and April 21, 2004.

4. INVENTORIES

Our inventories were as follows at the dates indicated:

	March 31, 2004	December 31, 2003
Working inventory	$ 164,072	$ 135,451
Forward-sales inventory	4,258	14,710
Inventory	$ 168,330	$ 150,161

Our regular trade (or “working”) inventory is comprised of inventories of natural gas, NGLs and petrochemical products that are available for sale or used in the provision of services. The forward sales inventory is comprised of segregated NGL volumes dedicated to the fulfillment of forward sales contracts. Both inventories are valued at the lower of average cost or market.

Due to fluctuating conditions in the NGL, natural gas and petrochemical industry, we occasionally recognize lower of average cost or market (“LCM”) adjustments when the cost of our inventories exceed their net realizable value. These non-cash adjustments are charged to operating costs and expenses in the period they are recognized. For the three months ended March 31, 2004 and 2003, we recognized $4.2 million and $10.4 million, respectively, of LCM adjustments.

5. PROPERTY, PLANT AND EQUIPMENT

Our property, plant and equipment and accumulated depreciation were as follows at the dates indicated:

	Estimated Useful Life in Years	March 31, 2004	December 31, 2003
Plants and pipelines (1)	5-35 (4)	$ 3,258,067	$ 3,214,463
Underground and other storage facilities (2)	5-35 (5)	292,263	288,199
Transportation equipment (3)	3-10	6,231	5,676
Land		23,447	23,447
Construction in progress		40,835	74,431
Total		3,620,843	3,606,216
Less accumulated depreciation		669,222	642,711
Property, plant and equipment, net		$ 2,951,621	$ 2,963,505

(1) Plants and pipelines include processing plants; NGL, petrochemical and natural gas pipelines; terminal loading and unloading facilities; office furniture and equipment; buildings; laboratory and shop equipment; and related assets.
(2) Underground and other storage facilities includes underground product storage caverns; storage tanks; water wells; and related assets.
(3) Transportation equipment includes vehicles and similar assets used in our operations.
(4) In general, the estimated useful lives of major components of this category are: processing plants, 20-35 years; pipelines, 3-35 years (with some equipment at 5 years); terminal facilities, 10-35 years; office furniture and equipment, 3-20 years; buildings, 20-35 years; and laboratory and shop equipment, 5-35 years.
(5) In general, the estimated useful lives of major components of this category are: underground storage wells, 30-35 years (with some components at 5 years); storage tanks, 10-35 years; and water wells, 25-35 years (with some components at 5 years).

Depreciation expense for the three months ended March 31, 2004 and 2003 was $26.8 million and $24.1 million, respectively.

6. INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED AFFILIATES

We own interests in a number of related businesses that are accounted for using the equity or cost methods. The investments in and advances to these unconsolidated affiliates are grouped according to the business segment to which they relate. For a general discussion of business segments, see Note 13. The following table shows our investments in and advances to unconsolidated affiliates at the dates indicated:

	Ownership Percentage at March 31, 2004	March 31, 2004	December 31, 2003
Accounted for using the equity method:			
Pipeline:			
GulfTerra GP	50.0%	$ 425,082	$ 424,947
Neptune	25.7%	73,539	74,647
Tri-States	50.0%	43,401	44,119
Starfish	50.0%	40,287	40,664
Dixie	19.9%	36,066	35,988
Nemo	33.9%	12,691	12,294
Belle Rose	41.7%	10,511	10,780
Evangeline	49.5%	2,675	2,519
Fractionation:			
Promix	33.3%	39,772	38,903
BRF	32.3%	27,459	27,892
BRPC	30.0%	16,657	16,584
La Porte	50.0%	5,153	5,422
Accounted for using the cost method:			
Processing:			
VESCO	13.1%	33,000	33,000
Total		$ 766,293	$ 767,759

Our initial investment in Promix, La Porte, Dixie, Tri-States, Neptune, Nemo and GulfTerra GP exceeded our share of the historical cost of the underlying net assets of such entities ("excess cost"). The excess cost amounts are reflected in our investments in and advances to unconsolidated affiliates for these entities. That portion of excess cost attributable to tangible or amortizable intangible assets of each entity is amortized over the estimated useful of the underlying asset(s) as a reduction in equity earnings from the investee. That portion of excess cost attributable to goodwill or non-amortizable intangible assets is not amortized. Equity method investments, including their associated excess cost amounts, are evaluated for impairment whenever events or changes in circumstances indicate that there is a loss in value of the investment which is an other than temporary decline. The following table summarizes our excess cost information at March 31, 2004 and December 31, 2003 by the business segment to which the unconsolidated affiliates relate:

		Initial Excess Cost attributable to		Unamortized balance at	
	Amort. Periods	Tangible assets	Goodwill (1)	March 31, 2004	December 31, 2003
Fractionation	20-35 years	$ 8,828		$ 6,676	$ 7,045
Pipelines (2)	35 years	45,698	$ 337,460	378,085	378,241

(1) Excess cost attributable to goodwill is not amortized; however, our investments in unconsolidated affiliates (which include excess cost amounts) are tested for impairment whenever events or circumstances indicate that there is a loss in value of the investment which is an other than temporary decline.

(2) This category includes our preliminary allocation of GulfTerra GP's $328.2 million of excess cost to goodwill.

The Pipelines section in the preceding table includes $337.5 million of excess cost attributable to goodwill, of which $328.2 million results from our December 2003 purchase of a 50% membership interest in GulfTerra GP. The allocation of the $328.2 million of excess cost to goodwill (which represents potential intangible assets, excess of fair values over carrying values of tangible assets, and remaining goodwill, if any) is preliminary pending completion of a fair value analysis which is expected to be completed during the last half of 2004. The table below shows the potential decrease in equity earnings from GulfTerra GP if certain amounts included in this excess cost were ultimately assigned to tangible or amortizable intangible assets. For purposes of calculating this sensitivity, we have applied the straight-line method of cost allocation over an estimated useful life of 20-years to various fair values.

Amount allocated to Tangible or Amortizable Assets out of GulfTerra GP Excess Cost Goodwill	Excess Cost attributed to tangible or intangible assets	Estimated Annual Reduction in Equity Earnings from GulfTerra GP
20% of excess cost or $65.6 million	$ 65,643	$ 3,282
40% of excess cost or $131.3 million	131,286	6,564
60% of excess cost or $196.9 million	196,928	9,846
80% of excess cost or $262.6 million	262,571	13,129
100% of excess cost or $328.2 million	328,214	16,411

The following table shows our equity in income (loss) of unconsolidated affiliates for the periods indicated:

	For the Three Months Ended March 31,	
	2004	2003
Pipelines:		
GulfTerra GP (1)	$ 10,554	
Neptune	(516)	$ 10
Tri-States	25	549
Starfish	1,058	1,149
Dixie	741	801
Nemo	441	336
Belle Rose	(108)	(29)
Evangeline	24	(19)
EPIK (2)		1,818
Wilprise (2)		163
Fractionation:		
Promix	374	260
BRF	410	142
BRPC	545	148
La Porte	(150)	(181)
OTC (2)		(85)
Octane Enhancement:		
BEF (2)		(3,441)
Total	$ 13,398	$ 1,621

(1) In December 2003, we acquired a 50% membership interest in the general partner of GulfTerra Energy Partners, L.P. from El Paso.

(2) We acquired additional ownership interests in or control over these entities during 2003 resulting in our consolidation of each company's post-acquisition financial results with those of our own. Our consolidation of each company's post-acquisition financial results began in the following periods: EPIK, March 2003; Wilprise, October 2003; OTC, August 2003; and BEF, September 2003.

The following table presents summarized income statement information for our unconsolidated affiliates accounted for using the equity method (for the periods indicated, on a 100% basis).

	Summarized Income Statement Information for the Three Months Ended					
	March 31, 2004			March 31, 2003		
	Revenues	Operating Income	Net Income	Revenues	Operating Income (Loss)	Net Income (Loss)
Pipelines (1)	$ 79,474	$ 11,277	$ 6,758	$ 91,974	$ 20,927	$ 14,661
Fractionation	18,553	4,228	4,223	18,114	1,524	1,505
Octane Enhancement (2)	n/a	n/a	n/a	45,651	(10,356)	(10,322)

(1) The 2003 period includes EPIK and Wilprise, which became consolidated subsidiaries during March 2003 and October 2003, respectively. As a result, revenues, operating income and net income from these assets are not included in the 2004 amounts for this category.

(2) Octane Enhancement represents our investment in a facility owned by BEF that produces motor gasoline additives to enhance octane. We increased our ownership interest in this facility from 33.3% to 66.7% on September 30, 2003. As a result, we began consolidating BEF's financial results with those of our own beginning with the fourth quarter of 2003 (BEF was an equity method investment prior to September 30, 2003).

Expected change in accounting method for VESCO

As a result of newly issued accounting guidance per EITF 03-16, we expect to change our method of accounting for VESCO from the cost method to the equity method on July 1, 2004. The VESCO investment consists of a 13.1% membership interest in a limited liability company that owns a natural gas processing plant, NGL fractionation facilities, storage assets and gas gathering pipelines located in south Louisiana.

7. INTANGIBLE ASSETS AND GOODWILL

Intangible assets

The following table summarizes our amortizable intangible assets at the dates indicated:

		At March 31, 2004		At December 31, 2003	
	Gross Value	Accum. Amort.	Carrying Value	Accum. Amort.	Carrying Value
Shell natural gas processing agreement	$206,216	$ (36,824)	$ 169,392	$ (34,063)	$172,153
Mont Belvieu Storage II contracts	8,127	(523)	7,604	(464)	7,663
Mont Belvieu Splitter III contracts	53,000	(3,281)	49,719	(2,902)	50,098
Toca-Western natural gas processing contracts	11,187	(1,025)	10,162	(885)	10,302
Toca-Western NGL fractionation contracts	20,042	(1,838)	18,204	(1,587)	18,455
Venice contracts	6,635	(251)	6,384	(136)	6,499
Port Neches pipeline contracts	2,400	(403)	1,997	(310)	2,090
BEF UOP License Fee	1,657	(48)	1,609	(24)	1,633
Total	$309,264	$ (44,193)	$ 265,071	$ (40,371)	$268,893

All of the intangible assets noted in the preceding table are subject to amortization. Amortization expense for the three months ended March 31, 2004 and 2003 was $3.8 million and $3.6 million, respectively. For the remainder of 2004, amortization expense attributable to these intangible assets is currently estimated at $11.5 million.

Goodwill

The following table summarizes our goodwill amounts at March 31, 2004 and December 31, 2003 (excluding amounts included in the carrying value of unconsolidated affiliates – See Note 6).

	Segment Affiliation	**Goodwill Balance**
Splitter III acquisition (1)	Fractionation	$ 73,690
MBA acquisition (2)	Fractionation	7,857
Wilprise acquisition (3)	Pipelines	880
		$ 82,427

(1) Amount recorded in connection with our acquisition of propylene fractionation assets from Diamond-Koch in February 2002.
(2) Amount recorded in connection with our acquisition of an additional interest in Mont Belvieu Associates in July 2001, which owned an interest in our Mont Belvieu NGL fractionation facility.
(3) Amount recorded in connection with our acquisition of an additional 37.4% in Wilprise in October 2003.

8. RELATED PARTY TRANSACTIONS

Relationship with EPCO

We have an extensive and ongoing relationship with EPCO. EPCO is controlled by Dan L. Duncan, who is also a director (and Chairman of the Board of Directors) of our General Partner. In addition, the remaining executive and other officers of our General Partner are employees of EPCO, including O.S. Andras who is President and Chief Executive Officer and a director of the General Partner. The principal business activity of the General Partner is to act as our managing partner. Collectively, EPCO and its affiliates owned 56.6% of Enterprise at March 31, 2004, which includes the 2% ownership interest of our General Partner (of which EPCO and its affiliates own 100%).

We have no employees. All of our management, administrative and operating functions are performed by employees of EPCO pursuant to the Administrative Services Agreement. Prior to January 1, 2004, we reimbursed EPCO for the costs of its employees who performed operating functions for us and for costs related to certain of its management and administrative personnel hired in response to the expansion of our business. In addition, we paid EPCO a monthly fee for services provided by its other management and administrative employees. On January 1, 2004, the Administrative Services Agreement was amended to eliminate the fee portion of this reimbursement and to provide that we reimburse EPCO for all costs related to management or administrative support for us.

We also have entered into an agreement with EPCO to provide trucking services to us for the transportation of NGLs and other products. In addition, we also buy from and sell to EPCO’s Canadian affiliate certain NGL products.

Relationship with Shell

We have a significant commercial relationship with Shell as a partner, customer and vendor. At March 31, 2004, Shell owned an approximate 18.3% equity interest in Enterprise. Shell is our largest customer. Our revenues from Shell primarily reflect the sale of NGL and petrochemical products to Shell and the fees we charge Shell for natural gas processing, pipeline transportation and NGL fractionation services. Our operating costs and expenses with Shell primarily reflect the payment of energy-related expenses related to the Shell natural gas processing agreement and the purchase of NGL products from Shell.

Relationship with unconsolidated affiliates

Our significant related party transactions with unconsolidated affiliates consist of the sale of natural gas to Evangeline, purchase of pipeline transportation services from Dixie and purchase of NGL storage, transportation and fractionation services from Promix. In addition, we sell natural gas to Promix.

The following table summarizes our related party revenues, operating costs and expenses, and selling, general and administrative costs for the periods indicated:

	For the Three Months Ended March 31,	
	2004	**2003**
Revenues		
EPCO and affiliates	$ 2,143	$ 563
Shell and affiliates	104,100	82,220
Unconsolidated affiliates	49,060	50,021
Operating costs and expenses		
EPCO and affiliates	39,113	46,205
Shell and affiliates	166,830	171,714
Unconsolidated affiliates	9,582	16,483
Selling, general and administrative costs		
EPCO and affiliates	6,894	6,384

9. CAPITAL STRUCTURE

Our common and Class B special units represent limited partner interests, which give the holders thereof the right to participate in distributions and to exercise the other rights or privileges available to them under our *Third Amended and Restated Agreement of Limited Partnership* (together with all amendments thereto, the “Partnership Agreement”). Our common units trade on the NYSE under the ticker symbol “EPD.” We are managed by our General Partner.

Our partnership agreement generally authorizes us to issue an unlimited number of additional limited partner interests and other equity securities for such consideration and on such terms and conditions as may be established by the General Partner in its sole discretion (subject, under certain circumstances, to the approval of our unitholders). In February 2004, we issued 1,053,861 common units primarily in connection with our distribution reinvestment plan (“DRIP”) for which we received net proceeds of approximately $23.1 million, including our General Partner’s proportionate net capital contribution of $0.5 million. We used the proceeds from the February 2004 DRIP offering for general partnership purposes. See Note 16 for information regarding our May 2004 equity offering of 15,000,000 common units. During the first quarter of 2004, we reissued 240,983 treasury units at a cost of $5.1 million primarily due to obligations under EPCO employee unit option agreements and recorded a $0.3 million gain on the transactions.

Unit History

The following table details the outstanding balance of each class of units for the periods and at the dates indicated:

	Limited Partners		
	Common Units	**Class B Special Units**	**Treasury Units**
Balance, January 1, 2004	213,366,760	4,413,549	798,313
Common units issued in February 2004	1,053,861		
Treasury units reissued	240,983		(240,983)
Balance, March 31, 2004	214,661,604	4,413,549	557,330

10. DEBT OBLIGATIONS

Our debt consisted of the following at the dates indicated:

	March 31, 2004	December 31, 2003
Borrowings under:		
Interim Term Loan, variable rate, repaid in May 2004 (1)	$ 225,000	$ 225,000
364-Day Revolving Credit Facility, variable rate, due October 2004, $230 million borrowing capacity	90,000	70,000
Multi-Year Revolving Credit Facility, variable rate, due November 2005, $270 million borrowing capacity (2)	160,000	115,000
Senior Notes A, 8.25% fixed rate, due March 2005	350,000	350,000
Seminole Notes, 6.67% fixed rate, $15 million due in December 2004 and 2005 (3)	30,000	30,000
MBFC Loan, 8.70% fixed rate, due March 2010	54,000	54,000
Senior Notes B, 7.50% fixed rate, due February 2011	450,000	450,000
Senior Notes C, 6.375% fixed rate, due February 2013	350,000	350,000
Senior Notes D, 6.875% fixed rate, due March 2033	500,000	500,000
Total principal amount	2,209,000	2,144,000
Unamortized balance of increase in fair value related to hedging a portion of fixed-rate debt (see Note 12)	7,828	1,531
Less unamortized discount on Senior Notes A, B, and D	(5,952)	(5,983)
Subtotal long-term debt	2,210,876	2,139,548
Less current maturities of debt (4)	(15,000)	(240,000)
Long-term debt (4)	$ 2,195,876	$ 1,899,548
Standby letters of credit outstanding, $75 million of credit capacity available under our Multi-Year Revolving Credit Facility	$ 1,300	$ 1,300

(1) We used the proceeds from our May 2004 common unit offering to fully repay the Interim Term Loan (see Note 16).
(2) This revolving credit facility has $270 million of total borrowing capacity, which is reduced by the amount of standby letters of credit outstanding.
(3) Solely as to the assets of our subsidiary, Seminole Pipeline Company, our $2.2 billion in senior indebtedness at March 31, 2004 is structurally subordinated and ranks junior in right of payment to the $30 million of indebtedness of Seminole Pipeline Company.
(4) In accordance with SFAS No. 6, "Classification of Short-Term Obligations Expected to Be Refinanced," long-term and current maturities of debt at March 31, 2004 reflect the classification of such debt obligations at May 5, 2004. With respect to our 364-Day Revolving Credit Facility, borrowings under this facility are not included in current maturities because we have the option and ability to convert any revolving credit balance outstanding at maturity to a one-year term loan (due October 2005) in accordance with the terms of the agreement. With respect to our Interim Term Loan, we reclassified this amount to long-term debt at March 31, 2004 since we used the proceeds from our May 2004 equity offering (see Note 16) to repay this obligation.

Scheduled future maturities of long-term debt. We have long and short-term payment obligations under credit agreements such as our Senior Notes and revolving credit facilities. Scheduled future maturities of debt at March 31, 2004 were: $240 million due in 2004; $615 million due in 2005; $54 million due in 2010; $450 million due in 2011; $350 million due in 2013; and $500 million due in 2033. On May 5, 2004, we used $307 million in net proceeds from our May 2004 equity offering to repay the $225 million Interim Term Loan and approximately $80 million to temporarily reduce debt outstanding under our revolving credit facilities.

Parent-Subsidiary guarantor relationships. We act as guarantor of the debt obligations of our Operating Partnership, with the exception of the Seminole Notes. If the Operating Partnership were to default on any debt we

guarantee, we would be responsible for full repayment of that obligation. The Seminole Notes are unsecured obligations of Seminole Pipeline Company (of which we own an effective 78.4% of its capital stock).

Covenants. We were in compliance with the various covenants of our debt agreements at March 31, 2004 and December 31, 2003.

Information regarding variable interest rates paid

The following table shows the range of interest rates paid and weighted-average interest rate paid on our variable rate debt obligations for the three months ended March 31, 2004:

	Range of interest rates paid	**Weighted-average interest rate paid**
364-Day Revolving Credit Facility	1.17% - 4.00%	1.82%
Multi-Year Revolving Credit Facility	1.67% - 4.00%	1.71%
Interim Term Loan	1.72% - 1.78%	1.76%

11. SUPPLEMENTAL CASH FLOWS DISCLOSURE

The net effect of changes in operating assets and liabilities is as follows for the periods indicated:

	For the Three Months Ended March 31,	
	2004	**2003**
Decrease (increase) in:		
Accounts and notes receivable	$ 53,964	$ (83,955)
Inventories	(18,169)	76,079
Prepaid and other current assets	(2,294)	15,238
Other assets	(53)	(503)
Increase (decrease) in:		
Accounts payable	(22,713)	1,471
Accrued gas payable	(34,642)	85,942
Accrued expenses	(9,062)	(16,894)
Accrued interest	(30,648)	(12,364)
Other current liabilities	(4,669)	(14,517)
Other liabilities	(145)	
Net effect of changes in operating accounts	$ (68,431)	$ 50,497

Cash and cash equivalents (as shown on our Statements of Consolidated Cash Flows) excludes restricted cash amounts held by a brokerage firm as margin deposits associated with our financial instruments portfolio and for the physical purchase of natural gas made on the NYMEX exchange. The restricted cash balance at March 31, 2004 and December 31, 2003 was $8.0 million and $13.9 million, respectively.

We recorded certain fair value amounts related to our interest rate hedging financial instruments during the first quarter of 2004 that affected various balance sheet accounts. For information regarding our financial instruments, see Note 12.

12. FINANCIAL INSTRUMENTS

We are exposed to financial market risks, including changes in commodity prices and interest rates. We may use financial instruments (i.e., futures, forwards, swaps, options and other financial instruments with similar characteristics) to mitigate the risks of certain identifiable and anticipated transactions. In general, the type of risks we attempt to hedge are those related to the variability of future earnings and cash flows caused by changes in commodity prices and interest rates. As a matter of policy, we do not use financial instruments for speculative (or "trading") purposes.

We recognize our financial instruments on the balance sheet as assets and liabilities based on the instrument's fair value. Fair value is generally defined as the amount at which the financial instrument could be exchanged in a current transaction between willing parties, not in a forced or liquidation sale. The estimated fair values of our financial instruments have been determined using available market information and appropriate valuation techniques. We must use considerable judgment, however, in interpreting market data and developing these estimates. Accordingly, our fair value estimates are not necessarily indicative of the amounts that we could realize upon disposition of these instruments. The use of different market assumptions and/or estimation techniques could have a material effect on our estimates of fair value.

Changes in the fair value of financial instrument contracts are recognized currently in earnings unless specific hedge accounting criteria are met. If the financial instruments meet those criteria, the instrument's gains and losses offset the related results of the hedged item in the Statement of Operations and Comprehensive Income for a fair value hedge and are deferred in other comprehensive income for a cash flow hedge. Gains and losses on a cash flow hedge are reclassified into earnings when the forecasted transaction affects earnings. A contract designated as a hedge of an anticipated transaction that is no longer likely to occur is immediately recognized in earnings.

To qualify as a hedge, the item to be hedged must expose us to price risk, interest rate risk or changes in fair value and the hedging instrument must reduce the exposure and meet the hedging requirements of SFAS No. 133, "*Accounting for Derivative Instruments and Hedging Activities*" (as amended and interpreted). We must formally designate the financial instrument as a hedge and document and assess the effectiveness of the hedge at inception and on a quarterly basis. Any ineffectiveness is recorded into earnings immediately.

Due to the complexity of SFAS No. 133 (as amended and interpreted), the FASB is continuing to provide guidance about implementation issues. Since this guidance is still continuing, our conclusions regarding the application of guidance may be altered. As a result, adjustments may be recorded in future periods as we adopt new FASB interpretations of this guidance.

Interest rate risk hedging program

Our interest rate exposure results from variable and fixed rate borrowings under debt agreements (see Note 10). We assess the cash flow risk related to interest rates by identifying and measuring changes in our interest rate exposures that may impact future cash flows and evaluating hedging opportunities to manage these risks. We use analytical techniques to measure our exposure to fluctuations in interest rates, including cash flow sensitivity analysis to estimate the expected impact of changes in interest rates on our future cash flows. The General Partner oversees the strategies associated with these financial risks and approves instruments that are appropriate for our requirements.

We manage a portion of our interest rate risks by utilizing interest rate swaps and similar arrangements. The objective of entering into this type of arrangement is to manage debt service costs by converting a portion of fixed rate debt into variable rate debt or a portion of variable rate debt into fixed rate debt. In general, an interest rate swap requires one party to pay a fixed interest rate on a defined (or "notional") amount while the other party pays a variable rate based on the same notional amount. The notional amount specified in an interest rate swap agreement does not represent exposure to credit loss. We monitor our positions and the credit ratings of counterparties. Management believes the risk of incurring a credit loss on these financial instruments is remote, and that if incurred, such losses would be minimal. We believe that it is prudent to maintain an appropriate balance of variable rate and fixed rate debt.

Fair value hedges – Interest rate swaps. On January 8, 2004, we entered into three interest rate swap agreements under which we exchanged the payment of fixed rate interest on a portion of principal outstanding under Senior Notes B and C for variable rate interest:

Hedged Fixed Rate Debt	Period Covered by Swap	Termination Date of Swap	Fixed to Variable Rate	Notional Amount
Senior Notes B, 7.50% fixed rate, due Feb. 2011	Jan. 2004 to Feb. 2011	Feb. 2011	7.50% to 4.6%	$50 million
Senior Notes C, 6.375% fixed rate, due Feb. 2013	Jan. 2004 to Feb. 2013	Feb. 2013	6.375% to 3.1%	$100 million
Senior Notes C, 6.375% fixed rate, due Feb. 2013	Jan. 2004 to Feb. 2013	Feb. 2013	6.375% to 3.1%	$100 million

We have designated these interest rate swaps as fair value hedges under SFAS No. 133 since they mitigate changes in the fair value of the underlying fixed rate debt. These agreements have a combined notional amount of $250 million and match the maturity dates of the underlying debt being hedged. Under the swap agreements, we pay the counterparty a variable rate based on LIBOR (plus an applicable margin) and receive back from the counterparty a fixed rate payment equal to the stated interest rate of the debt being hedged, based on the notional amounts for each swap agreement. We settle amounts receivable from or payable to the counterparties every six months (the “settlement period”).

As effective fair value hedges, an increase in the fair value of these interest rate swaps is equally offset by an increase in fair value of the underlying hedged debt. The offsetting changes in fair value have no effect on current period interest expense. However, the interest rate swaps effectively converted a portion of the underlying fixed rate debt (i.e., the notional amounts hedged for Senior Notes B and C) into variable rate debt. As a result, interest expense will vary depending on the variable rates payable by us under terms of the swap agreements at the end of each settlement period. To the extent that the variable rate amount payable by us at the end of each settlement period is less than the fixed rate amount receivable from the counterparty, we will amortize the difference ratably to earnings as a reduction in interest expense over the settlement period. If the variable rate payable by us at the end of each settlement period is more than the fixed rate amount receivable from the counterparty, we would amortize this difference ratably to earnings as an increase in interest expense over the settlement period.

Total fair value of the interest rate swaps at March 31, 2004 was approximately $6.4 million with an offsetting increase in fair value of the underlying debt. Interest expense in our Statement of Consolidated Operations and Comprehensive Income for the three months ended March 31, 2004 reflects a $1.7 million benefit from these swaps.

Cash flow hedges – Forward starting interest rate swaps. On March 17, 2004, we entered into four forward starting interest rate swap transactions with original maturities of September 30, 2004. A forward starting swap is an agreement that effectively hedges the price on a specific U.S. treasury security for an established period of time. The purpose of these transactions was to effectively hedge the underlying U.S. treasury interest rate associated with our anticipated issuance of debt to refinance the existing debt of GulfTerra after the proposed merger is completed (see Note 3). The forward starting interest rate swaps have been designated as cash flow hedges under SFAS No. 133. The notional amount of the anticipated debt issuances was $2 billion.

On April 23, 2004, we elected to terminate these financial instruments in order to monetize the then current value of the swaps and to reduce future debt service costs. As a result, we received $104.5 million in cash from the counterparties. This amount will be amortized over the life of the anticipated debt (when issued) as a reduction to interest expense. The following table shows the portfolio of forward starting swaps categorized by the term of the underlying anticipated debt offering:

Term of Anticipated Debt Offering (or forecasted transaction)	Notional Amount of Anticipated Debt covered by Forward Starting Swaps	Cash Received upon Settlement of Forward Starting Swaps in April 2004
Five year debt instrument	$ 500.0	$ 18.7
Ten year debt instrument	500.0	26.1
Fifteen year debt instrument	500.0	29.4
Thirty year debt instrument	500.0	30.3
Total	$ 2,000.0	$ 104.5

The non-cash fair value of the forward starting interest rate swaps at March 31, 2004 was $17.0 million and was recorded as a component of AOCI in our Statement of Consolidated Partners' Equity and as an addition to comprehensive income in our Statement of Consolidated Operations and Comprehensive Income for the three months ended March 31, 2004. When the $104.5 million cash settlement is recorded during the second quarter of 2004, it will replace the $17.0 non-cash fair value amount in AOCI and comprehensive income.

Commodity risk hedging program

The prices of natural gas, NGLs, petrochemical products and MTBE are subject to fluctuations in response to changes in supply, market uncertainty and a variety of additional factors that are beyond our control. In order to manage the risks associated with our Processing segment activities, we may enter into various commodity financial instruments. The primary purpose of these risk management activities is to hedge our exposure to price risks associated with natural gas, NGL production and inventories, firm commitments and certain anticipated transactions. The commodity financial instruments we utilize may be settled in cash or with another financial instrument.

We do not hedge our exposure related to MTBE price risks. In addition, we generally do not hedge risks associated with the petrochemical marketing activities that are part of our Fractionation segment. In our Pipelines segment, we utilize a limited number of commodity financial instruments to manage the price Acadian Gas charges or pays certain of its customers for natural gas. Lastly, we do not employ commodity financial instruments in our fee-based marketing business classified under the Other segment.

We have adopted a policy to govern our use of commodity financial instruments to manage the risks of our natural gas and NGL businesses. The objective of this policy is to assist us in achieving our profitability goals while maintaining a portfolio with an acceptable level of risk, defined as remaining within the position limits established by the General Partner. We enter into risk management transactions to manage price risk, basis risk, physical risk or other risks related to our commodity positions on both a short-term (less than 30 days) and long-term basis, not to exceed 24 months. The General Partner oversees our strategies associated with physical and financial risks (such as those mentioned previously), approves specific activities subject to the policy (including authorized products, instruments and markets) and establishes specific guidelines and procedures for implementing and ensuring compliance with the policy.

Our commodity financial instruments may not qualify for hedge accounting treatment under the specific guidelines of SFAS No. 133 (as amended and interpreted). In those situations where the financial instrument does not qualify for hedge accounting treatment, the instrument is accounted for using mark-to-market accounting, which results in a degree of non-cash earnings volatility that is dependent upon changes in the commodity prices underlying these financial instruments. Even though these financial instruments may not qualify for hedge accounting treatment under SFAS No. 133, we view such contracts as hedges since this was the intent when we entered into such positions. Upon entering into such positions, our expectation is that the economic performance of these instruments will mitigate (or offset) the commodity risk being addressed. The specific accounting for these contracts; however, is consistent with the requirements of SFAS No. 133.

The fair value of our commodity financial instrument portfolio at March 31, 2004 and December 31, 2003 and the results of our commodity hedging activities for the three months ended March 31, 2004 and 2003 were both

nominal amounts. During both the first quarter of 2004 and the first quarter of 2003, we utilized a limited number of commodity financial instruments.

13. SEGMENT INFORMATION

Operating segments are components of a business about which separate financial information is available. These components are regularly evaluated by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the basis that it is used internally for evaluating segment performance and deciding how to allocate resources to segments.

We have five reportable business (or operating) segments: Pipelines, Fractionation, Processing, Octane Enhancement and Other. Our reportable segments are generally organized according to the type of services rendered (or process employed) and products produced and/or sold, as applicable. The segments are regularly evaluated by the CEO of the General Partner. Pipelines consists of NGL, petrochemical and natural gas pipeline systems, storage and import/export terminal services. Fractionation primarily includes NGL fractionation, isomerization, and propylene fractionation services. Processing includes the natural gas processing business and its related NGL marketing activities. Octane Enhancement represents our investment in a facility that produces motor gasoline additives to enhance octane (currently producing MTBE and isobutylene). The Other business segment consists of fee-based marketing services and various operational support activities.

We evaluate segment performance based on the non-GAAP financial measure of gross operating margin. Gross operating margin (either in total or by individual segment) is an important performance measure of the core profitability of our operations. This measure forms the basis of our internal financial reporting and is used by senior management in deciding how to allocate capital resources among business segments. We believe that investors benefit from having access to the same financial measures that our management uses in evaluating segment results. The GAAP measure most directly comparable to total segment gross operating margin is operating income. Our non-GAAP financial measure of total segment gross operating margin should not be considered as an alternative to GAAP operating income.

We define total segment gross operating margin as operating income before: (1) depreciation and amortization expense; (2) operating lease expenses for which we do not have the payment obligation; (3) gains and losses on the sale of assets; and (4) selling, general and administrative expenses. Gross operating margin is exclusive of other income and expense transactions, provision for income taxes, minority interest and extraordinary charges. Gross operating margin by segment is calculated by subtracting segment operating costs and expenses (net of the adjustments noted above) from segment revenues, with both segment totals before the elimination of intercompany transactions.

Segment revenues and expenses include intersegment and intrasegment transactions, which are generally based on transactions made at market-related rates. Our consolidated revenues reflect the elimination of all material intercompany (both intersegment and intrasegment) transactions.

We include equity earnings from unconsolidated affiliates in our measurement of segment gross operating margin. Our equity investments with industry partners are a vital component of our business strategy. They are a means by which we conduct our operations to align our interests with those of our customers, which may be a supplier of raw materials or a consumer of finished products. This method of operation also enables us to achieve favorable economies of scale relative to the level of investment and business risk assumed versus what we could accomplish on a stand-alone basis. Many of these businesses perform supporting or complementary roles to our other business operations. For example, we use the Promix NGL fractionator to process a portion of the mixed NGLs extracted by our gas plants. Another example is our use of the Dixie pipeline to transport propane sold to customers through our NGL marketing activities. See Note 8 for additional information regarding our related party relationships with unconsolidated affiliates.

Our revenues are derived from a wide customer base. All consolidated revenues were earned in the United States. Most of our plant-based operations are located primarily along the western Gulf Coast in Texas, Louisiana and Mississippi. Our pipelines and related operations are in a number of regions of the United States including the

Gulf of Mexico offshore Louisiana (certain natural gas pipelines); the south and southeastern United States (primarily in the Texas, Louisiana and Mississippi regions); and certain regions of the central and western United States. The Mid-America pipeline system extends from the Hobbs hub located on the Texas-New Mexico border to Wyoming along one route and to Minnesota, Wisconsin and Illinois along other routes. Our marketing activities are headquartered in Houston, Texas at our main office and service customers in a number of regions in the United States including the Gulf Coast, West Coast and Mid-Continent areas.

Consolidated property, plant and equipment and investments in and advances to unconsolidated affiliates are allocated to each segment on the basis of each asset's or investment's principal operations. The principal reconciling item between consolidated property, plant and equipment and segment property is construction-in-progress. Segment property represents those facilities and projects that contribute to gross operating margin and is net of accumulated depreciation on these assets. Since assets under construction do not generally contribute to segment gross operating margin, these assets are not included in the operating segment totals until they are deemed operational. Consolidated intangible assets and goodwill are allocated to the segments based on the classification of the assets to which they relate.

The following table shows our measurement of total segment gross operating margin for the periods indicated:

	For the Three Months Ended March 31,	
	2004	**2003**
Revenues (1)	$ 1,704,890	$ 1,481,586
Less: Operating costs and expenses (1)	(1,621,508)	(1,386,704)
Add: Equity in income of unconsolidated affiliates (1)	13,398	1,621
Depreciation and amortization in operating costs and expenses (2)	30,520	27,657
Retained lease expense, net in operating expenses allocable to us and minority interest (3)	2,274	2,274
Loss on sale of assets in operating costs and expenses (2)	98	4
Total non-GAAP gross operating margin	$ 129,672	$ 126,438

(1) These amounts are taken from our Statements of Consolidated Operations and Comprehensive Income.
(2) These non-cash expenses are taken from the operating activities section of our Statements of Consolidated Cash Flows.
(3) These non-cash expenses represent the value of the operating leases contributed by EPCO to us for which EPCO has retained the cash payment obligation (i.e., the "retained leases"). The value of the retained leases contributed directly to us is shown on our Statement of Consolidated Cash Flows under the line item titled "Operating lease expense paid by EPCO." That portion of the value contributed by a minority interest holder is a component of "Contributions from minority interests" as shown in the financing activities section of our Statement of Consolidated Cash Flows.

A reconciliation of our measurement of total non-GAAP gross operating margin to GAAP consolidated operating income (as shown on our Statements of Consolidated Operations and Comprehensive Income) follows:

	For the Three Months Ended March 31,	
	2004	**2003**
Operating income per GAAP	$ 87,314	$ 85,032
Adjustments to reconcile operating income per GAAP to non-GAAP total gross operating margin:		
Depreciation and amortization in operating costs and expenses	30,520	27,657
Retained lease expense, net in operating costs and expenses	2,274	2,274
Loss on sale of assets in operating costs and expenses	98	4
Selling, general and administrative costs	9,466	11,471
Total non-GAAP gross operating margin	$ 129,672	$ 126,438

Information by operating segment, together with reconciliations to the consolidated totals, is presented in the following table:

	Operating Segments						
	Fractionation	**Pipelines**	**Processing**	**Octane Enhancement**	**Other**	**Adjs. and Elims.**	**Consol. Totals**
Revenues from third parties:							
Three months ended March 31, 2004	$ 227,403	$ 187,753	$1,106,307	$ 27,309	$ 815		$1,549,587
Three months ended March 31, 2003	204,490	201,893	941,686		713		1,348,782
Revenues from related parties:							
Three months ended March 31, 2004	285	51,806	103,212				155,303
Three months ended March 31, 2003	623	40,705	91,476				132,804
Intersegment and intrasegment revenues:							
Three months ended March 31, 2004	76,004	34,638	391,611	1,431		$(503,684)	
Three months ended March 31, 2003	84,672	35,724	187,241		101	(307,738)	
Total revenues:							
Three months ended March 31, 2004	303,692	274,197	1,601,130	28,740	815	(503,684)	1,704,890
Three months ended March 31, 2003	289,785	278,322	1,220,403		814	(307,738)	1,481,586
Equity income in unconsolidated affiliates:							
Three months ended March 31, 2004	1,180	12,218					13,398
Three months ended March 31, 2003	284	4,778		(3,441)			1,621
Gross operating margin by individual business segment and in total:							
Three months ended March 31, 2004	30,260	82,985	18,065	(1,266)	(372)		129,672
Three months ended March 31, 2003	29,047	71,932	29,956	(3,441)	(1,056)		126,438
Segment assets:							
At March 31, 2004	466,746	2,178,442	200,838	41,638	23,123	40,834	2,951,621
At December 31, 2003	471,221	2,188,694	163,199	42,220	23,739	74,432	2,963,505
Investments in and advances to unconsolidated affiliates (see Note 6):							
At March 31, 2004	89,041	644,252	33,000				766,293
At December 31, 2003	88,801	645,958	33,000				767,759
Intangible Assets (see Note 7):							
At March 31, 2004	67,923	9,601	185,938	1,609			265,071
At December 31, 2003	68,553	9,753	188,954	1,633			268,893
Goodwill (see Note 7)							
At March 31, 2004 and December 31, 2003	81,547	880					82,427

14. EARNINGS PER UNIT

Basic earnings per unit is computed by dividing net income or loss allocated to limited partner interests by the weighted-average number of common and subordinated units and Class B special units outstanding during a period. In general, diluted earnings per unit is computed by dividing net income or loss allocated to limited partner interests by the sum of:

- the weighted-average number of common and subordinated units and Class A and Class B special units outstanding during a period; and
- the number of incremental common units resulting from the assumed exercise of dilutive unit options outstanding during a period (the "incremental option units").

In a period of net operating losses, the Class A special units and incremental option units are excluded from the calculation of diluted earnings per unit due to their antidilutive effect. Treasury units are not considered to be outstanding units; therefore, they are excluded from the computation of both basic and diluted earnings per unit.

The dilutive incremental option units are calculated in accordance with the treasury stock method, which assumes that proceeds from the exercise of all in-the-money options at the beginning of each period are used to repurchase common units at average market value during the period. The amount of common units remaining after the proceeds are exhausted represents the potentially dilutive effect of the securities.

Beginning in August 2003, we started reissuing treasury units to satisfy our obligations under EPCO unit option agreements. The reissuance of these treasury units to satisfy EPCO's unit option liability has a dilutive effect on our earnings per unit. Prior to August 2003, EPCO had purchased practically all of the common units associated with its 1998 Plan in the open market. As a result, EPCO's unit option plan did not have any effect on our fully diluted earnings per unit in prior periods.

The amount of net income allocated to limited partner interests is derived by subtracting our General Partner's share of our net income from net income. The following table shows the allocation of net income to our General Partner for the periods indicated:

	For the Three Months Ended March 31,	
	2004	**2003**
Net income	$ 58,541	$ 40,505
Less incentive earnings allocations to General Partner	(6,277)	(3,770)
Net income available after incentive earnings allocation	52,264	36,735
Multiplied by General Partner ownership interest (1)	2.0%	1.0%
Standard earnings allocation to General Partner	$ 1,045	$ 367
Incentive earnings allocation to General Partner	$ 6,277	$ 3,770
Standard earnings allocation to General Partner	1,045	367
General partner interest in net income	$ 7,322	$ 4,137

(1) Our General Partner's ownership interest in us increased from 1% to 2% in December 2003 as a result of restructuring its overall ownership interest in us and our Operating Partnership.

The following table shows our calculation of limited partners' interest in net income, basic earnings per unit and diluted earnings per unit for the periods indicated:

	For the Three Months Ended March 31,	
	2004	**2003**
Income before change in accounting principle and general partner interest	$ 51,528	$ 40,505
Cumulative effect of change in accounting principle	7,013	
Net income	58,541	40,505
General partner interest in net income	(7,322)	(4,137)
Limited partners' interest in net income	$ 51,219	$ 36,368
BASIC EARNINGS PER UNIT		
Numerator		
Income before change in accounting principle and general partner interest	$ 51,528	$ 40,505
Cumulative effect of change in accounting principle	7,013	
General partner interest in net income	(7,322)	(4,137)
Limited partners' interest in net income	$ 51,219	$ 36,368
Denominator		
Common units outstanding	214,049	154,076
Subordinated units outstanding		32,115
Class B special units outstanding	4,414	
Total	218,463	186,191
Basic earnings per unit		
Income per unit before change in accounting principle and general partner interest	$ 0.24	$ 0.22
Cumulative effect of change in accounting principle	0.03	
General partner interest in net income	(0.03)	(0.02)
Limited partners' interest in net income	$ 0.24	$ 0.20
DILUTED EARNINGS PER UNIT		
Numerator		
Income before change in accounting principle and general partner interest	$ 51,528	$ 40,505
Cumulative effect of change in accounting principle	7,013	
General partner interest in net income	(7,322)	(4,137)
Limited partners' interest in net income	$ 51,219	$ 36,368
Denominator		
Common units outstanding	214,049	154,076
Subordinated units outstanding		32,115
Class A special units outstanding		10,000
Class B special units outstanding	4,414	
Incremental option units	497	
Total	218,960	196,191
Diluted earnings per unit		
Income per unit before change in accounting principle and general partner interest	$ 0.23	$ 0.21
Cumulative effect of change in accounting principle	0.03	
General partner interest in net income	(0.03)	(0.02)
Limited partners' interest in net income	$ 0.23	$ 0.19

15. CONDENSED FINANCIAL INFORMATION OF OPERATING PARTNERSHP

The Operating Partnership and its subsidiaries conduct substantially all of our business. We have no independent operations and no material assets outside of those of the Operating Partnership. In December 2003, we restructured our General Partner's ownership interest in us and the Operating Partnership from a 1% ownership in us and 1.0101% ownership in the Operating Partnership to a 2% ownership in us. As a result, our effective ownership in the Operating Partnership increased from 98.9899% to 100%.

The Operating Partnership has outstanding publicly traded debt securities consisting of its Senior Notes A, B, C and D. We act as guarantor of all of our Operating Partnership's consolidated debt obligations (including its publicly-traded debt securities), with the exception of the Seminole Notes. If the Operating Partnership were to default on any debt we guarantee, we would be responsible for full repayment of that obligation. Our guarantee of the Operating Partnership's debt obligations is full and unconditional. For additional information regarding our consolidated debt obligations, see Note 10.

The number and dollar amount of reconciling items between our consolidated financial statements and those of our Operating Partnership are insignificant. The primary reconciling items between the consolidated balance sheet of the Operating Partnership and our consolidated balance sheet are the treasury units we own directly and minority interest. The differences in consolidated net income are primarily dividends recognized by the 1999 Trust (which are eliminated in consolidation) and minority interest. The minority interest differences are attributable to the General Partner's 1.0101% ownership of the Operating Partnership prior to December 2003.

The following tables show condensed financial information for the Operating Partnership for the periods and at the dates indicated:

Condensed Consolidated Balance Sheets

	March 31, 2004	December 31, 2003
ASSETS		
Current assets	$ 686,728	$ 687,530
Property, plant and equipment, net	2,951,621	2,963,505
Investments in and advances to unconsolidated affiliates, net	766,293	767,759
Intangible assets, net	265,071	268,893
Goodwill	82,427	82,427
Deferred tax asset	8,784	10,437
Other assets	22,415	22,610
Total	$ 4,783,339	$ 4,803,161
LIABILITIES AND PARTNERS' EQUITY		
Current liabilities	$ 767,363	$ 1,093,747
Long-term debt	2,195,876	1,899,548
Other liabilities	9,027	14,081
Minority interest	91,384	89,216
Partners' equity	1,719,689	1,706,569
Total	$ 4,783,339	$ 4,803,161
Total Operating Partnership debt obligations guaranteed by us	$ 2,179,000	$ 2,114,000

Condensed Consolidated Statements of Operations

	For the Three Months Ended March 31,	
	2004	**2003**
Revenues	$ 1,704,890	$ 1,481,586
Costs and expenses	1,630,711	1,397,896
Equity in income of unconsolidated affiliates	13,398	1,621
Operating income	87,577	85,311
Other income (expense)		
Interest expense	(32,618)	(41,911)
Other, net	1,569	2,977
Total other income (expense)	(31,049)	(38,934)
Income before provision for taxes, minority interest and change in accounting principle	56,528	46,377
Provision for taxes	(1,625)	(3,129)
Income before minority interest and change in accounting principle	54,903	43,248
Minority interest	(2,934)	(1,899)
Income before change in accounting principle	51,969	41,349
Cumulative effect of change in accounting principle	7,013	
Net income	$ 58,982	$ 41,349

16. SUBSEQUENT EVENTS

Interest Rate Hedging Program

In March 2004, we entered into forward starting interest rate swaps in anticipation of entering into permanent debt financing for the proposed merger with GulfTerra. In late April 2004, we terminated these arrangements and received approximately $104.5 million in cash. This amount will be amortized as a reduction in interest expense over the life of the future planned debt issuances, which are forecasted to take place during the second half of 2004. Please see Note 12 for additional information regarding these financial instruments.

May 2004 equity offering

In May 2004, we sold 15,000,000 common units to the public at an offering price of $21.00 per unit. Net proceeds from this offering, including our General Partner’s proportionate net capital contribution of $6 million, were approximately $307 million after deducting applicable underwriting discounts, commissions and offering expenses of $14.3 million. The net proceeds from this offering, including our General Partner’s proportionate net capital contribution, were used to repay in full our $225 million Interim Term Loan and to temporarily reduce borrowings under our revolving credit facilities.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

For the three months ended March 31, 2004 and 2003.

INTRODUCTION

Enterprise Products Partners L.P. including its consolidated subsidiaries is a publicly traded Delaware limited partnership listed on the NYSE under the ticker symbol "EPD." Unless the context requires otherwise, references to "we," "us," "our" or "Enterprise" are intended to mean the consolidated business and operations of Enterprise Products Partners L.P. Certain abbreviated entity names and other capitalized and industry terms are defined within the glossary of this quarterly report on Form 10-Q.

We were formed in April 1998 to own and operate certain NGL-related businesses of Enterprise Products Company ("EPCO"). We conduct substantially all of our business through a wholly owned subsidiary, Enterprise Products Operating L.P. (our "Operating Partnership"). We are owned 98% by our limited partners and 2% by Enterprise Products GP, LLC (our "General Partner"). We and our General Partner are affiliates of EPCO.

The following discussion and analysis should be read in conjunction with our unaudited consolidated financial statements and notes included under Item 1 of this quarterly report. Other risks involved in our business are discussed under "*Quantitative and Qualitative Disclosures about Market Risk*" included under Item 3 of this quarterly report.

Cautionary Statement regarding Forward-Looking Information and Risk Factors

This quarterly report contains various forward-looking statements and information that are based on our beliefs and those of our General Partner, as well as assumptions made by us and information currently available to us. When used in this document, words such as "anticipate," "project," "expect," "plan," "goal," "forecast," "intend," "could," "believe," "may" and similar expressions and statements regarding our plans and objectives for future operations, are intended to identify forward-looking statements. Although we and our General Partner believe that such expectations reflected in such forward-looking statements are reasonable, neither we nor our General Partner can give any assurances that such expectations will prove to be correct. Such statements are subject to a variety of risks, uncertainties and assumptions. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those anticipated, estimated, projected or expected. You should not put undue reliance on any forward-looking statements. When considering forward-looking statements, please read our summarized "*Risk Factors*" below.

Risk Factors

Among the key risk factors that may have a direct impact on our results of operations and financial condition are:

- A reduction in demand for our products by the petrochemical, refining or heating industries could adversely affect our results of operations.
- A decline in the volume of NGLs delivered to our facilities could adversely affect our results of operations.
- A decrease in the difference between NGL product prices and natural gas prices may result in lower margins with respect to the margin sharing component on volumes of natural gas processed under fee-based arrangements with margin sharing mechanisms.
- Our business requires extensive credit risk management that may not be adequate to protect against customer nonpayment.
- Acquisitions and expansions may affect our business by substantially increasing the level of our indebtedness and contingent liabilities and increasing our risks of being unable to effectively integrate these new operations.

- Our tax treatment depends on our status as a partnership for federal income tax purposes, as well as our not being subject to entity-level taxation by states. If the IRS treats us as a corporation or we become subject to entity-level taxation for state tax purposes, it would substantially reduce distributions to our Unitholders and our ability to make payments on our debt securities.
- We have leverage that may restrict our future financial and operating flexibility.
- Terrorist attacks aimed at our facilities could adversely affect our business.

RECENT DEVELOPMENTS

Proposed merger with GulfTerra

We expect to complete the proposed merger with GulfTerra in the second half of 2004. A number of conditions must be satisfied before we can complete the merger, including approval by the unitholders of both Enterprise and GulfTerra and the expiration or termination of applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1974. While we cannot predict if and when all of the conditions of the proposed merger will be satisfied, we expect to complete the transaction in the second half of 2004.

In April 2004, we and El Paso agreed to amend certain terms of the merger agreement. In the original transaction, in connection with Step Two of the proposed merger (as described below), El Paso was to exchange its 50% membership interest in GulfTerra GP for a 50% membership interest in our General Partner. Under the amended transaction, in connection with Step Two of the proposed merger, El Paso will still contribute its 50% membership interest in GulfTerra GP to our General Partner, but in exchange will receive a 9.9% membership interest in our General Partner and $370 million in cash. The remaining 90.1% membership interest in our General Partner will continue to be owned by affiliates of EPCO. The funds for the $370 million payment to El Paso will be provided by affiliates of EPCO.

El Paso, through its 9.9% membership in our General Partner, will have protective veto rights on certain transactions, such as any merger of our General Partner or any merger involving and resulting in a change of control of us. In addition, commencing six months after the closing of the proposed merger, or earlier in certain circumstances, El Paso will have the right to exchange its 9.9% membership interest in our General Partner for a number of common units equal to 9.9% of the aggregate quarterly distribution paid by us to our General Partner divided by the preceding quarterly distribution per unit paid to the holders of our common units. Our General Partner may elect to deliver (i) Enterprise common units owned by our General Partner (which it may acquire from an affiliate of EPCO), (ii) an equivalent cash amount or (iii) a combination of cash or common units. Three and a half years after closing of the proposed merger, the affiliates of EPCO that own the 90.1% membership interest in our General Partner can require El Paso to contribute all of its membership interest in our General Partner to the General Partner.

In general, the proposed merger with GulfTerra involves the following three steps:

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

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

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

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

  - The exchange of each remaining GulfTerra common unit for 1.81 Enterprise common units, resulting in the issuance of approximately 104.6 million of our common units to GulfTerra unitholders.

- *Step Three*. Immediately after Step Two is completed, we expect to acquire certain South Texas midstream energy assets from El Paso for $150 million plus the value of then existing inventories related to such assets.

We anticipate that our obligations under Steps Two and Three of the proposed merger to pay El Paso $650 million will be financed initially with a short-term acquisition term loan and with borrowings under our revolving credit facilities.

Our preliminary estimate of the total consideration for Steps One, Two and Three we would pay or issue is approximately $4.0 billion. For a period of three years following the closing of the proposed merger, at our request El Paso will provide certain support services to GulfTerra similar to those provided by El Paso prior to the closing of the merger. GulfTerra will reimburse El Paso for 110% of its direct costs for such services (excluding any overhead costs). El Paso will make transition support payments to us in annual amounts of $18 million, $15 million and $12 million for the first, second and third years of such period, respectively, payable in twelve equal monthly installments for each such year. These transition support payments are included in our preliminary estimate of total consideration.

To review a copy of the merger agreement and related transaction documents, please read our Current Reports on Form 8-K filed with the SEC on December 15, 2003 and April 21, 2004.

Recontracting of natural gas processing agreements

We recently completed a program to convert essentially all of our traditional keepwhole contracts to other types of processing arrangements where the producer assumes all or most of the direct commodity price risk between NGLs and natural gas. These new arrangements include simple fee-based contracts, hybrid fee-based contracts with margin-sharing provisions and percent-of-liquids agreements. We began this effort in 2003. Prior to starting the recontracting effort, approximately 70% of the natural gas we processed was done so under traditional keepwhole arrangements. Under these arrangements, the volatility in natural gas prices since 2000 created large swings in the operating results of our natural gas processing business, which in turn did not provide us with a consistent return on our investment.

Beginning in the second quarter of 2004, approximately two-thirds of the 2.1 Bcf/d natural gas we expect to process will be done so under contracts containing a fee-based component. This compares to 50 MMcf/d of fee-based volumes prior to recontracting. Approximately one-third of the natural gas we expect to process, or 0.7 Bcf/d, will be under percent-of-liquids contracts compared to 0.5 Bcf/d processed under such arrangements previously. We forecast that our share of NGLs earned under percent-of-liquids contracts will increase to approximately 5 MBPD from the 4 MBPD earned prior to restructuring our processing agreements.

To provide our partnership with the opportunity to earn additional gross operating margin above that provided by the fee-based and percent-of-liquids arrangements and to align our interest with certain producers, some of our contracts provide a mechanism for us to participate in margin-sharing arrangements with the producer (in addition to the fees we would earn) without exposing our partnership to the risk of incremental cash losses. Approximately 50% of the natural gas we expect to process during 2004 is under these margin-sharing arrangements.

We believe these contract revisions will result in our being fairly compensated for this critical midstream service while providing producers with the assurance that their processing agreements with us are operative regardless of the natural gas price. We also believe that these new agreements will (1) provide us with a more consistent base of revenue and gross operating margin from our natural gas processing business, (2) greatly reduce the direct commodity price risk that previously existed under traditional keepwhole arrangements and (3) provide for a more reliable return on our investment.

Interest Rate Hedging Program

In March 2004, we entered into forward starting interest rate swaps in anticipation of entering into permanent debt financing for the proposed merger with GulfTerra. In late April 2004, we terminated these arrangements and received approximately $104.5 million in cash. For additional information regarding these financial instruments, please read "*Interest rate risk*" included under Item 3 of this quarterly report.

May 2004 equity offering

In May 2004, we sold 15,000,000 common units to the public at an offering price of $21.00 per unit. Net proceeds from this offering, including our General Partner's proportionate net capital contribution of $6 million, were $307 million after deducting applicable underwriting discounts, commissions and offering expenses of $14.3 million. The net proceeds from this offering, including our General Partner's proportionate net capital contribution, were used to repay in full our $225 million Interim Term Loan and to temporarily reduce borrowings under our revolving credit facilities.

OUR RESULTS OF OPERATIONS

We have five reportable business (or operating) segments: Pipelines, Fractionation, Processing, Octane Enhancement and Other. Pipelines consists of NGL, petrochemical and natural gas pipeline systems, storage and import/export terminal services. Fractionation primarily includes NGL fractionation, isomerization and propylene fractionation. Processing includes our natural gas processing business and related NGL marketing activities. Octane Enhancement represents our investment in a facility that produces motor gasoline additives to enhance octane (currently producing MTBE and isobutylene). The Other business segment consists of fee-based marketing services and various operational support activities.

We evaluate segment performance based on the non-GAAP financial measure of gross operating margin. Gross operating margin (either in total or by individual segment) is an important performance measure of the core profitability of our operations. This measure forms the basis of our internal financial reporting and is used by senior management in deciding how to allocate capital resources among business segments. We believe that investors benefit from having access to the same financial measures that our management uses in evaluating segment results. The GAAP measure most directly comparable to total segment gross operating margin is operating income. Our non-GAAP financial measure of total segment gross operating margin should not be considered as an alternative to GAAP operating income.

We define total segment gross operating margin as operating income before: (1) depreciation and amortization expense; (2) operating lease expenses for which we do not have the payment obligation; (3) gains and losses on the sale of assets; and (4) selling, general and administrative expenses. Gross operating margin is exclusive of other income and expense transactions, provision for income taxes, minority interest and extraordinary charges. Gross operating margin by segment is calculated by subtracting segment operating costs and expenses (net of the adjustments noted above) from segment revenues, with both segment totals before the elimination of

intercompany transactions. In accordance with GAAP, intercompany accounts and transactions are eliminated in consolidation.

We include equity earnings from unconsolidated affiliates in our measurement of segment gross operating margin. Our equity investments with industry partners are a vital component of our business strategy. They are a means by which we conduct our operations to align our interests with those of our customers, which may be a supplier of raw materials or a consumer of finished products. This method of operation also enables us to achieve favorable economies of scale relative to the level of investment and business risk assumed versus what we could accomplish on a stand-alone basis. Many of these businesses perform supporting or complementary roles to our other business operations. For additional information regarding our business segments, please read Note 13 of our Notes to Unaudited Consolidated Financial Statements included under Item 1 of this quarterly report.

The following table summarizes our consolidated revenues, costs and expenses, equity in income of unconsolidated affiliates and operating income for the periods indicated (dollars in thousands):

	For the Three Months Ended March 31,	
	2004	**2003**
Revenues	$ 1,704,890	$ 1,481,586
Operating costs and expenses	1,621,508	1,386,704
Selling, general and administrative costs	9,466	11,471
Equity in income (loss) of unconsolidated affiliates	13,398	1,621
Operating income	87,314	85,032

A reconciliation of our measurement of total non-GAAP gross operating margin to GAAP consolidated operating income (as shown on our Statements of Consolidated Operations and Comprehensive Income) follows:

	For the Three Months Ended March 31,	
	2004	**2003**
Operating income per GAAP	$ 87,314	$ 85,032
Adjustments to reconcile operating income per GAAP		
to non-GAAP total gross operating margin:		
Depreciation and amortization in operating costs and expenses	30,520	27,657
Retained lease expense, net in operating costs and expenses	2,274	2,274
Loss on sale of assets in operating costs and expenses	98	4
Selling, general and administrative costs	9,466	11,471
Total non-GAAP gross operating margin	$ 129,672	$ 126,438

EPCO subleases to us certain equipment located at our Mont Belvieu facility and 100 railroad tankcars for $1 dollar per year. These subleases (the “retained lease expense” in the previous table) are part of the Administrative Services Agreement that we executed with EPCO in connection with our formation in 1998. EPCO holds these items pursuant to operating leases for which it has retained the corresponding cash lease payment obligation. Operating costs and expenses (as shown in the Statements of Consolidated Operations and Comprehensive Income) treat the lease payments being made by EPCO as a non-cash related party operating expense, with the offset to Partners’ Equity on the Consolidated Balance Sheets recorded as a general contribution to the Company. Apart from the partnership interests we granted to EPCO at our formation, EPCO does not receive any additional ownership rights as a result of its contribution to us of the retained leases.

EPCO also assigned to us the purchase options associated with these leases. We notified the lessor of the isomerization unit associated with the retained leases of our intent to exercise the purchase option relating to this equipment in 2004. Under the terms of the lease agreement for the isomerization unit, we have the option to purchase the equipment at the lesser of fair value or $23.1 million. Should we decide to exercise all of the remaining purchase options associated with the retained leases (which are also at fair value), up to an additional $2.8 million would be payable in 2004, $2.3 million in 2008 and $3.1 million in 2016.

Our gross operating margin amounts by segment were as follows for the periods indicated (dollars in thousands):

	For the Three Months Ended March 31,	
	2004	2003
Gross operating margin by segment:		
Pipelines	$ 82,985	$ 71,932
Fractionation	30,260	29,047
Processing	18,065	29,956
Octane enhancement (1)	(1,266)	(3,441)
Other	(372)	(1,056)
Total gross operating margin	$ 129,672	$ 126,438

(1) Comparability of gross operating margin for the Octane Enhancement segment for the periods presented is impacted due to ownership changes in the octane enhancement facility that occurred in 2003. Prior to September 30, 2003, we owned a 33.3% partnership interest in the entity that owns this facility, the financial results of which were accounted for using the equity method of accounting (i.e., through equity earnings). On September 30, 2003, we increased our ownership interest in the entity that owns this facility to 66.7%. As a result of this increased ownership interest, beginning with the fourth quarter of 2003, the financial results of this facility are now consolidated into our financial statements (i.e., 100% of this facility's gross operating margin is reflected in the Octane Enhancement segment as opposed to 33.3% of its net income or loss through equity earnings prior to consolidation).

Our significant pipeline throughput, plant production and processing volumetric data were as follows for the periods indicated (on a net basis, taking into account our ownership interests):

	For the Three Months Ended March 31,	
	2004	2003
Pipelines, net volumes as shown:		
NGL and petrochemical liquids pipelines (MBPD, net)	1,423	1,313
Natural gas pipelines (BBtus per day, net)	1,075	1,034
Combined energy equivalent (MBPD, net)	1,706	1,585
Fractionation, net volumes in MBPD:		
NGL fractionation	229	235
Propylene fractionation	54	60
Isomerization	60	80
Natural gas processing, net volumes as shown:		
Fee-based natural gas processing (MMcf per day, net)	362	65
Equity NGL production (MBPD, net)	64	54
Octane enhancement, net volumes in MBPD	5	3

The following table illustrates selected average quarterly industry index prices for natural gas, crude oil, selected NGL and petrochemical products and indicative gas processing gross spreads since the beginning of 2002:

	Natural Gas, $/MMBtu	Crude Oil, $/barrel	Ethane, $/gallon	Propane, $/gallon	Normal Butane, $/gallon	Isobutane, $/gallon	Natural Gasoline, $/gallon	Polymer Grade Propylene, $/pound	Refinery Grade Propylene, $/pound	Indicative Gas Processing Gross Spread, $/gallon
	(1)	(2)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(3)
2002										
1st Quarter	$ 2.34	$ 21.41	$ 0.22	$ 0.30	$ 0.38	$ 0.44	$ 0.47	$ 0.16	$ 0.12	$ 0.12
2nd Quarter	$ 3.38	$ 26.26	$ 0.26	$ 0.40	$ 0.48	$ 0.51	$ 0.58	$ 0.20	$ 0.17	$ 0.10
3rd Quarter	$ 3.16	$ 28.30	$ 0.26	$ 0.42	$ 0.52	$ 0.58	$ 0.61	$ 0.21	$ 0.16	$ 0.14
4th Quarter	$ 3.99	$ 28.33	$ 0.31	$ 0.49	$ 0.60	$ 0.63	$ 0.66	$ 0.20	$ 0.15	$ 0.13
Average for Year	$ 3.22	$ 26.08	$ 0.26	$ 0.40	$ 0.50	$ 0.54	$ 0.58	$ 0.20	$ 0.15	$ 0.12
2003										
1st Quarter	$ 6.58	$ 34.12	$ 0.43	$ 0.65	$ 0.76	$ 0.80	$ 0.85	$ 0.24	$ 0.21	$ 0.05
2nd Quarter	$ 5.40	$ 29.04	$ 0.39	$ 0.53	$ 0.58	$ 0.62	$ 0.65	$ 0.25	$ 0.19	$ 0.04
3rd Quarter	$ 4.97	$ 30.21	$ 0.37	$ 0.56	$ 0.67	$ 0.68	$ 0.73	$ 0.21	$ 0.15	$ 0.10
4th Quarter	$ 4.58	$ 31.18	$ 0.40	$ 0.58	$ 0.73	$ 0.71	$ 0.75	$ 0.22	$ 0.16	$ 0.17
Average for Year	$ 5.38	$ 31.14	$ 0.40	$ 0.58	$ 0.68	$ 0.70	$ 0.74	$ 0.23	$ 0.18	$ 0.09
2004										
1st Quarter	$ 5.69	$ 35.25	$ 0.43	$ 0.66	$ 0.76	$ 0.76	$ 0.87	$ 0.29	$ 0.26	$ 0.13

(1) Natural gas, NGL, polymer grade propylene and refinery grade propylene prices represent an average of various commercial index prices including OPIS and CMAI. Natural gas price is representative of Henry-Hub I-FERC. NGL prices are representative of Mont Belvieu Non-TET pricing. Refinery grade propylene represents an average of CMAI spot prices. Polymer-grade propylene represents average CMAI contract pricing.

(2) Crude oil price is representative of an index price for West Texas Intermediate.

(3) The Indicative Gas Processing Gross Spread is a relative measure used by the NGL industry as an indicator of the gross economic benefit derived from extracting NGLs from natural gas production on the U.S. Gulf Coast. Specifically, it is the amount by which the economic value of a composite gallon of NGLs exceeds the value of the equivalent amount of energy of natural gas based on NGL and natural gas prices on the U.S. Gulf Coast. It is assumed that a gallon of NGLs is comprised of 33% ethane, 32% propane, 11% normal butane, 8% isobutane and 16% natural gasoline. The value of a composite gallon of NGLs is determined by multiplying these component percentages by industry index prices listed in the table above. The value of the equivalent amount of energy of natural gas to one gallon of NGLs is 8.9% of the price of a MMBtu of natural gas. The Indicative Gas Processing Gross Spread does not consider the operating and fuel costs incurred by a natural gas processing plant to extract the NGLs nor the transportation and fractionation costs to deliver the NGLs and natural gas to market.

General business environment

As a result of continued improvement of the economy, we have experienced an increase in demand for our midstream energy services when compared to the second half of 2003. Our largest NGL customers are experiencing stronger demand for their products and expect that this demand will be sustainable throughout 2004. In addition, natural gas prices have decreased relative to other forms of energy. This has made NGLs more competitive versus crude oil derivatives such as naphtha and gas oil for use as a feedstock in ethylene production. As a result, demand for ethane has increased. Average ethane demand by the ethylene industry for the first quarter of 2004 was 718 MBPD, which is comparable to the fourth quarter of 2003 and represents a 13% increase over ethane demand rates of the second and third quarters of 2003. The five-year average demand for ethane by the ethylene industry is approximately 750 MBPD.

Three months ended March 31, 2004 compared to three months ended March 31, 2003

Revenues for the first quarter of 2004 increased $223.3 million over those recorded during the same period in 2003 primarily due to higher NGL marketing revenues resulting from an increase in sales volumes. Likewise, operating costs and expenses increased $234.8 million quarter-to-quarter primarily due to an increase in cost of sales related to NGL marketing activities. The weighted-average NGL price was 64 CPG during the first quarter of 2004 compared to 63 CPG during the first quarter of 2003. Natural gas prices averaged $5.69 per MMBtu during the 2004 period versus $6.58 per MMBtu during the 2003 period.

Earnings from equity method unconsolidated affiliates increased $11.8 million quarter-to-quarter primarily due to $10.6 million recorded from GulfTerra GP in the first quarter of 2004. We acquired a 50% membership interest in GulfTerra GP from El Paso in December 2003. Selling, general and administrative costs decreased $2 million quarter-to-quarter. The first quarter of 2003 includes amounts paid to Williams for transition services that were discontinued in February 2003 when we began operating the Mid-America and Seminole pipeline systems. As a result of the aforementioned results, operating income increased $2.3 million quarter-to-quarter.

Interest expense decreased $9.3 million quarter-to-quarter primarily due to $11.3 million of unamortized loan costs which were expensed during the first quarter of 2003 when we repaid the bridge loan financing associated with our acquisition of interests in the Mid-America and Seminole pipelines. When compared to the first quarter of 2003, dividend income was $1.4 million lower due to a decrease in dividends received from VESCO.

The $7.0 million benefit recorded as a cumulative effect of change in accounting principle is due to our BEF subsidiary changing its method of accounting for planned major maintenance activities. For additional information regarding this non-cash item, please read " – *Other items – Cumulative effect of change in accounting principle recorded in first quarter of 2004*" on page 47. Including this adjustment, net income was $58.5 million for the first quarter of 2004 compared to $40.5 million for the first quarter of 2003.

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

Pipelines. Gross operating margin from our Pipelines segment was $83.0 million for the first quarter of 2004 compared to $71.9 million for the first quarter of 2003. On an energy-equivalent basis, net pipeline throughput was 1,706 MBPD for the 2004 period versus 1,585 MBPD for the 2003 period. Gross operating margin for the first quarter of 2004 includes $10.6 million of equity earnings from GulfTerra GP. On a quarter-to-quarter basis, our Mid-America and Seminole pipelines experienced a $4.5 million decrease in gross operating margin despite a 15 MBPD increase in volumes. Gross operating margin for these systems was affected by lower revenues in connection with incentive tariffs granted to certain customers to ship NGLs on these systems.

As a result of stronger demand for natural gas, gross operating margin from Acadian Gas increased $1.4 million quarter-to-quarter. Natural gas throughput on this system increased 85 BBtu/d. Gross operating margin from our NGL and petrochemical storage business was $3.5 million higher quarter-to-quarter as a result of lower storage well charges. Our NGL import facility posted a $1.4 million increase in gross operating margin quarter-to-quarter primarily due to a 48 MBPD increase in import volumes. Gross operating margin on our Lou-Tex NGL pipeline decreased $3.0 million quarter-to-quarter as a result of a 21 MBPD decrease in volumes attributable to reduced NGL shipments from Louisiana to Texas.

Fractionation. Gross operating margin from our Fractionation segment was $30.3 million for the first quarter of 2004 compared to $29.0 million for the first quarter of 2003. Gross operating margin from NGL fractionation increased $0.8 million quarter-to-quarter. NGL fractionation volumes were 229 MBPD during the first quarter of 2004 versus 235 MBPD during the same period in 2003. Gross operating margin from our Norco facility increased $3.1 million quarter-to-quarter primarily due to a 30 MBPD increase in volumes. Norco volumes increased during the first quarter of 2004 as a result of an expansion of the facility completed during the fourth quarter of 2004. This expansion allowed Norco to fractionate volumes that had been processed at either our Toca-Western facility or transported on our Lou-Tex NGL pipeline to Mont Belvieu for fractionation. Gross operating margin from our Mont Belvieu facility decreased by $1.5 million quarter-to-quarter on a 20 MBPD decrease in volumes primarily due to competitive pressures at this industry hub.

Gross operating margin from propylene fractionation increased $4.9 million quarter-to-quarter due to an increase in petrochemical marketing sales margins. Propylene fractionation volumes were 54 MBPD during the 2004 period compared to 60 MBPD during the 2003 period. Gross operating margin from isomerization decreased $2.6 million quarter-to-quarter primarily due to lower processing volumes and by-product revenues. Isomerization volumes were 60 MBPD in the first quarter of 2004 compared to 80 MBPD in the first quarter of 2003. The decrease in isomerization volumes is attributable to maintenance and other downtime at a large third party isomerization customer and at BEF.

Processing. Gross operating margin from our Processing segment was $18.1 million for the first three months of 2004 compared to $30.0 million for the first three months of 2003. Gross operating margin from our gas processing plants increased $4.9 million quarter-to-quarter, but was offset by a $16.6 million decrease in margin from our NGL marketing activities. NGL marketing results for the 2003 period benefited from unusually strong demand for propane and normal butane. Commodity hedging results for both periods were insignificant. Equity NGL volumes for the first quarter of 2004 were 64 MBPD compared to 54 MBPD during the first quarter of 2003. Fee-based processing volumes were 362 Mmcf/d for the 2004 period compared to 65 Mmcf/d for the 2003 period.

We recently completed a program to convert essentially all of our traditional keepwhole contracts to other types of processing arrangements where the producer assumes all or most of the direct commodity price risk between NGLs and natural gas. These new arrangements include simple fee-based contracts, hybrid fee-based contracts with margin-sharing provisions and percent-of-liquids agreements. For additional information regarding the restructuring of our natural gas processing mix, please read "– *Recent Developments – Recontracting of natural gas processing agreements*."

Octane enhancement. Gross operating margin for the Octane Enhancement segment was a loss of $1.3 million for the first quarter of 2004 versus a loss of $3.4 million for the first quarter of 2003. Upon our acquisition of an additional 33.3% partnership interest in BEF on September 30, 2003, it became a majority owned consolidated subsidiary of ours. Prior to this date, BEF was accounted for as an equity method unconsolidated affiliate. The quarter-to-quarter improvement in underlying operating results is primarily due to increased sales margins during the periods in which the facility was operational during each quarter. In addition, BEF changed the method it uses to account for planned major maintenance activities from the accrue-in-advance method to the expense-as-incurred method effective January 1, 2004. As a result of this change, turnaround-related operating expenses decreased $2.2 million quarter-to-quarter.

OUR LIQUIDITY AND CAPITAL RESOURCES

General

Our primary cash requirements, in addition to normal operating expenses and debt service, are for capital expenditures, business acquisitions and distributions to our partners. We expect to fund our short-term needs for such items as operating expenses and sustaining capital expenditures with operating cash flows. Capital expenditures for long-term needs resulting from internal growth projects and business acquisitions are expected to be funded by a variety of sources including (either separately or in combination) cash flows from operating activities, borrowings under commercial bank credit facilities, the issuance of additional partnership equity and public or private placement debt. We expect to fund cash distributions to partners primarily with operating cash flows. Our debt service requirements are expected to be funded by operating cash flows and/or refinancing arrangements.

As noted above, certain of our liquidity and capital resource requirements are fulfilled by borrowings made under debt agreements and/or proceeds from the issuance of additional partnership equity. At March 31, 2004, we had approximately $2.2 billion in principal outstanding under various debt agreements. On that date, total borrowing capacity under our revolving commercial bank credit facilities was $500 million of which $248.7 million was unused. For additional information regarding our debt, please read ” – *Our debt obligations.”*

We currently have on file with the SEC a $1.5 billion universal shelf registration statement covering the issuance of an unallocated amount of partnership equity or public debt obligations (separately or in combination). In June 2003, we sold 11,960,000 common units under this registration statement which reduced the amount available for future offerings to approximately $1.2 billion. In May 2004, we sold 15,000,000 common units under this registration statement from which we received net proceeds of $307 million, including our General Partner’s proportionate net capital contribution of $6 million. As a result of our May 2004 offering, the amount available for future offerings under this shelf registration statement was reduced to $0.9 billion.

In April 2004, we filed a new registration statement with the SEC covering an additional 10,000,000 common units issuable under our Distribution Reinvestment Plan (or “DRIP”). The DRIP provides unitholders of record and beneficial owners of our common units a voluntary means by which they can increase the number of common units they own by reinvesting the quarterly cash distributions they would otherwise receive in the purchase of additional common units. The new registration statement increased the number of common units issuable under the DRIP from 5,000,000 to 15,000,000. We expect to use the cash generated from this reinvestment program for general partnership purposes. Since its inception in August 2003, we have issued 3,891,687 common units under this program generating net proceeds (including our General Partner’s proportionate net capital contributions) of approximately $84 million. This amount includes 1,053,510 common units issued under this program in February 2004 which generated proceeds of approximately $23 million.

To support our growth objectives and financial flexibility, EPCO has reinvested approximately $75 million of its cash distributions since August 2003 through the DRIP (including $20 million in February 2003). In addition, EPCO has announced that it expects to reinvest an additional $120 million of its anticipated quarterly distributions through the first quarter of 2005.

If deemed necessary, we believe that additional financing arrangements can be obtained on reasonable terms. Furthermore, we believe that maintenance of our investment grade credit ratings combined with a continued ready access to debt and equity capital at reasonable rates and sufficient trade credit to operate our businesses efficiently provide a solid foundation to meet our long and short-term liquidity and capital resource requirements.

The following discussions highlight significant quarter-to-quarter comparisons in consolidated operating, investing and financing cash flows:

	For the Three Months Ended March 31,	
	2004	2003
Net income	$ 58,541	$ 40,505
Adjustments to reconcile net income to cash flows provided by (used for) operating activities before changes in operating accounts:		
Depreciation and amortization	31,383	39,261
Distributions received from unconsolidated affiliates: (1)		
GulfTerra GP (2)	10,642	
Other equity method investments (3)	5,040	15,626
Equity in income of unconsolidated affiliates: (1)		
GulfTerra GP (2)	(10,554)	
Other equity method investments (4)	(2,844)	(1,621)
Decrease (increase) in restricted cash (5)	5,825	(10,006)
Cumulative effect of change in accounting principle	(7,013)	
Other	7,016	7,281
Cash flow from operating activities before changes in operating accounts	98,036	91,046
Net effect of changes in operating accounts	(68,431)	50,497
Operating activities cash flows	$ 29,605	$ 141,543

(1) Distributions from unconsolidated affiliates and equity in income of unconsolidated affiliates have been presented in a manner to aid in comparability between periods.
(2) We acquired our interest in GulfTerra GP in December 2003.
(3) The 2003 period includes $5.1 million of cash distributions attributable to unconsolidated affiliates which became consolidated subsidiaries in 2003.
(4) The 2003 period includes $1.6 million of losses attributable to unconsolidated affiliates which became consolidated subsidiaries in 2003.
(5) Restricted cash consists of amounts held by a brokerage firm as margin deposits associated with our financial instruments portfolio and for the physical purchase of natural gas made on the NYMEX exchange.

Operating activities cash flows primarily reflect net income adjusted for depreciation, amortization and similar non-cash amounts; equity earnings and cash distributions from unconsolidated affiliates and changes in operating accounts. The net effect of changes in operating accounts is generally the result of timing of sales and purchases near the end of each period. Cash flow from operations is primarily based on earnings from our business activities. As a result, these cash flows are exposed to certain risks. The products that we process, sell or transport are principally used as feedstocks in petrochemical manufacturing, in the production of motor gasoline and as fuel for residential, agricultural and commercial heating. Reduced demand for our products or services by industrial customers, whether because of general economic conditions, reduced demand for the end products made with our products or increased competition from petroleum-based products due to pricing differences or other reasons could have a negative impact on our earnings and thus the availability of cash from operating activities. Other risks include fluctuations in NGL and energy prices, competitive practices in the midstream energy industry and the impact of operational and systems risks. For additional information regarding risk factors pertinent to our business, please read “*Cautionary Statement Regarding Forward-Looking Information and Risk Factors*” on page 29 of this quarterly report.

Three months ended March 31, 2004 compared to three months ended March 31, 2003

Operating activities cash flows. Cash flow from operating activities was $29.6 million during the first three months of 2004 compared to $141.5 million for the same period in 2003. As shown in the preceding table, cash flow before the net effect of changes in operating accounts was an inflow of $98 million for the 2004 period versus $91 million for the 2003 period. We believe that cash flow from operating activities before the net effect of changes in operating accounts is an important measure of our ability to generate core cash flows from our assets and other investments.

The $7 million increase in this element of our operating cash flows is primarily due to (i) a decrease in restricted cash and (ii) our receipt of a special distribution in the first quarter of 2003 of approximately $5 million from our Starfish unconsolidated affiliate in connection with the settlement of a tariff rate case. The $7.9 million decrease in depreciation and amortization is primarily due to unamortized loan costs we expensed during the first quarter of 2003 when we repaid the bridge loan financing associated with our acquisition of interests in the Mid-America and Seminole pipelines. Earnings from equity method unconsolidated affiliates increased $11.8 million quarter-to-quarter primarily due to the $10.6 million we recorded during the first quarter of 2004 from our investment in GulfTerra GP. The $7.0 million benefit, recorded as a cumulative effect of change in accounting principle, is due to our consolidated BEF subsidiary changing its method of accounting for planned major maintenance activities. For additional information regarding this non-cash item, please read " – *Other items – Cumulative effect of change in accounting principle recorded in first quarter of 2004*" on page 47. The quarter-to-quarter fluctuation in the restricted cash balance is primarily due to physical purchases of natural gas on the NYMEX exchange.

The net effect of changes in operating accounts is generally the result of timing of cash receipts from sales and cash payments for inventory, purchases and other expenses near the end of each period. Approximately two-thirds of the change in this component of our cash flows relates to net cash inflows from inventory reductions during the first quarter of 2003 versus modest net cash outlays for inventory during the first quarter of 2004. An increase in NGL prices during the first quarter of 2003 relative to our cost of inventory led us to monetize a portion of our inventory.

Investing activities cash flows. For the three months ended March 31, 2004 and 2003, we used $15.8 million and $73.1 million in cash, respectively, for investing activities. Capital expenditures were $15.0 million for the 2004 period versus $23.8 million for the 2003 period. For additional information regarding our capital expenditures, please read " – *Capital spending*" on page 43. During the first quarter of 2003, we used $28.8 million to purchase the Port Neches Pipeline and the remaining 50% ownership interests in EPIK. Our investments in and advances to unconsolidated affiliates for the first three months of 2003 included amounts we contributed to our Gulf of Mexico natural gas pipeline investments for their expansion capital projects.

Financing activities cash flows. Our financing activities were a cash inflow of $0.5 million during the first three months of 2004 compared to an outflow of $59.7 million for the same period during 2003. For the first quarter of 2004, our net borrowings under debt agreements were $65 million compared to net repayments of $244.8 million during the first quarter of 2003. During the 2003 period, we made net repayments on our debt obligations using proceeds from our January 2003 common unit offering. The 2003 period also reflects the Operating Partnership's issuance of Senior Notes C ($350 million in principal amount) and Senior Notes D ($500 million in principal amount) and the repayment of $1.0 billion that was outstanding under the bridge loan financing we used to purchase interests in the Mid-America and Seminole pipelines.

Cash distributions to partners increased from $69.2 million during the first quarter of 2003 to $91.3 million during the same period in 2004. The increase in cash distributions is primarily due to an increase in both the declared quarterly distribution rates and the number of units eligible for distributions. Future cash distributions to partners will increase as a result of our periodic issuance of common units under the DRIP and equity offerings.

Net proceeds from the sale of common units were $23.1 million during the first quarter of 2004 compared to $258.1 million for the same period in 2003. Both amounts include our General Partner's net proportionate capital contributions. In May 2004, we sold 15,000,000 common units from which we received net proceeds of $307 million, including our General Partner's proportionate net capital contribution of $6 million. We used the proceeds

from our May 2004 public offering to completely repay the $225 million Interim Term Loan and to temporarily reduce debt outstanding under our revolving credit facilities.

Our debt obligations

Our debt consisted of the following at the dates indicated:

	March 31, 2004	December 31, 2003
Borrowings under:		
Interim Term Loan, variable rate, repaid in May 2004 (1)	$ 225,000	$ 225,000
364-Day Revolving Credit Facility, variable rate, due October 2004, $230 million borrowing capacity	90,000	70,000
Multi-Year Revolving Credit Facility, variable rate, due November 2005, $270 million borrowing capacity (2)	160,000	115,000
Senior Notes A, 8.25% fixed rate, due March 2005	350,000	350,000
Seminole Notes, 6.67% fixed rate, $15 million due in December 2004 and 2005 (3)	30,000	30,000
MBFC Loan, 8.70% fixed rate, due March 2010	54,000	54,000
Senior Notes B, 7.50% fixed rate, due February 2011	450,000	450,000
Senior Notes C, 6.375% fixed rate, due February 2013	350,000	350,000
Senior Notes D, 6.875% fixed rate, due March 2033	500,000	500,000
Total principal amount	2,209,000	2,144,000
Unamortized balance of increase in fair value related to hedging a portion of fixed-rate debt	7,828	1,531
Less unamortized discount on Senior Notes A, B, and D	(5,952)	(5,983)
Subtotal long-term debt	2,210,876	2,139,548
Less current maturities of debt (4)	(15,000)	(240,000)
Long-term debt (4)	$ 2,195,876	$ 1,899,548
Standby letters of credit outstanding, $75 million of credit capacity available under our Multi-Year Revolving Credit Facility	$ 1,300	$ 1,300

(1) We used the proceeds from our May 2004 common unit offering to fully repay the Interim Term Loan.
(2) This revolving credit facility has $270 million of total borrowing capacity, which is reduced by the amount of standby letters of credit outstanding.
(3) Solely as to the assets of our subsidiary, Seminole Pipeline Company, our $2.2 billion in senior indebtedness at March 31, 2004 is structurally subordinated and ranks junior in right of payment to the $30 million of indebtedness of Seminole Pipeline Company.
(4) In accordance with SFAS No. 6, “Classification of Short-Term Obligations Expected to Be Refinanced,” long-term and current maturities of debt at March 31, 2004 reflect the classification of such debt obligations at May 5, 2004. With respect to our 364-Day Revolving Credit Facility, borrowings under this facility are not included in current maturities because we have the option and ability to convert any revolving credit balance outstanding at maturity to a one-year term loan (due October 2005) in accordance with the terms of the agreement. With respect to our Interim Term Loan, we reclassified this amount to long-term debt at March 31, 2004 since we used the proceeds from our May 2004 equity offering to repay this obligation.

Scheduled future maturities of long-term debt. We have long and short-term payment obligations under credit agreements such as our Senior Notes and revolving credit facilities. Scheduled future maturities of debt at March 31, 2004 were: $240 million due in 2004; $615 million due in 2005; $54 million due in 2010; $450 million due in 2011; $350 million due in 2013; and $500 million due in 2033. On May 5, 2004, we used $307 million in net proceeds from our May 2004 equity offering to repay the $225 million Interim Term Loan and approximately $80 million to temporarily reduce debt outstanding under our revolving credit facilities.

Parent-Subsidiary guarantor relationships. We act as guarantor of the debt obligations of our Operating Partnership, with the exception of the Seminole Notes. If the Operating Partnership were to default on any debt we guarantee, we would be responsible for full repayment of that obligation. The Seminole Notes are unsecured obligations of Seminole Pipeline Company (of which we own an effective 78.4% of its capital stock).

Covenants. We were in compliance with the various covenants of our debt agreements at March 31, 2004 and December 31, 2003.

Information regarding variable interest rates paid

The following table shows the range of interest rates paid and weighted-average interest rate paid on our variable rate debt obligations for the three months ended March 31, 2004:

	Range of interest rates paid	**Weighted-average interest rate paid**
364-Day Revolving Credit Facility	1.17% - 4.00%	1.82%
Multi-Year Revolving Credit Facility	1.67% - 4.00%	1.71%
Interim Term Loan	1.72% - 1.78%	1.76%

Credit ratings

Our current senior unsecured credit ratings are Baa2 as rated by Moody’s Investor Services and BBB- as rated by Standard and Poor’s, both are investment grade. In December 2003, as a result of our execution of definitive agreements with GulfTerra and El Paso to merge with GulfTerra, Moody’s put our rating under review for possible downgrade and Standard and Poor’s placed our rating on credit watch with negative implications. Both debt rating agencies will be reviewing the credit attributes and the risk profile of the merged partnership as well as the execution risk of the permanent financing of the proposed merger.

We believe that the maintenance of an investment grade credit rating is important in managing our liquidity and capital resource requirements. We maintain regular communications with these ratings agencies, each of which independently judges our creditworthiness based on a variety of quantitative and qualitative factors.

Our material contractual obligations

With regards to our material contractual obligations, there have been no significant changes outside of the ordinary course of business since December 31, 2003 with the exception that we used net proceeds from our May 2004 equity offering to repay the $225 million Interim Term Loan and approximately $80 million to temporarily reduce debt outstanding under our revolving credit facilities.

Capital spending

For the three months ended March 31, 2004 and 2003, we spent $15 million and $23.8 million on capital projects recorded as property, plant and equipment. The following table summarizes our capital expenditures for the periods indicated:

	For the Three Months Ended March 31,	
	2004	2003
Capital expenditures by segment:		
Pipelines	$ 7.1	$ 8.7
Fractionation	3.6	5.0
Processing	3.4	15.2
Octane Enhancement	2.0	
Other	5.1	3.4
Reclassifications (1)	(6.2)	(8.5)
Total capital expenditures	$ 15.0	$ 23.8
Sustaining capital expenditures (2)	$ 4.2	$ 2.3
Expansion capital expenditures (2)	10.8	21.5
Total capital expenditures	$ 15.0	$ 23.8

(1) Represents the reversal of prior year-end construction-in-progress accruals, which is offset by the recording of actual amounts during the current year in the capital expenditure by segment totals.

(2) For internal reporting purposes, we generally classify improvements and major renewals of existing assets as sustaining capital expenditures and all other capital spending (on existing and new assets) as expansion capital expenditures.

For the remainder of 2004, we expect our share of capital expenditures to approximate $62 million, of which $29 million is forecast to be spent on Pipelines segment projects and approximately $19 million on modifications to the BEF facility to produce iso-octane. We expect to invest approximately $7 million in the capital projects of our unconsolidated affiliates during the remainder of 2004, of which $5.9 million is attributable to projects of our Gulf of Mexico natural gas pipeline investments. At March 31, 2004, we had approximately $3 million in outstanding purchase commitments related to capital projects.

Retained Leases

In 1998, EPCO assigned to us the purchase options associated with certain operating leases that it contributed to us at our formation (the “retained leases”). We have notified the lessor of an isomerization unit covered under the retained leases of our intent to exercise the purchase option relating to this equipment in 2004. Under the terms of the lease agreement for the isomerization unit, we have the option to purchase the equipment at the lesser of fair value or $23.1 million. Should we decide to exercise all of the remaining purchase options associated with the retained leases (which are also at fair value), up to an additional $2.8 million would be payable in 2004, $2.3 million in 2008 and $3.1 million in 2016. These cash outlays would be in addition to the $68 million in forecasted capital project spending for 2004 as discussed in the previous paragraph.

Pipeline Integrity Costs

Our NGL, petrochemical and natural gas pipelines are subject to pipeline safety programs administered by the U.S. Department of Transportation, through its Office of Pipeline Safety. This federal agency has issued safety regulations containing requirements for the development of integrity management programs for hazardous liquid pipelines (which include NGL and petrochemical pipelines) and natural gas pipelines. In general, these regulations require companies to assess the condition of their pipelines in certain high consequence areas (as defined by the regulation) and to perform any necessary repairs. In connection with the new regulations for hazardous liquid

pipelines, we developed a pipeline integrity management program in 2002. We are currently preparing an integrity management program for our natural gas pipelines, which must be completed by December 2004.

During the first three months of 2004, we spent approximately $1.9 million to comply with these new regulations, of which $1.2 million was recorded as an operating expense of our Pipelines segment. Based on information currently available, our cash outlays for this program are estimated at $15.5 million for the remainder of 2004 and in the range of $9 million to $19 million for each of the years 2005 through 2008. At present, we expect that approximately 90% of our pipeline integrity management program costs will be recorded as operating expenses within our Pipelines segment. The remainder will be classified as sustaining capital expenditures.

RECENT ACCOUNTING DEVELOPMENTS

FIN 46, "Consolidation of Variable Interest Entities – An Interpretation of ARB No. 51." This interpretation of ARB No. 51 addresses requirements for accounting consolidation of a variable interest entity ("VIE") with its primary beneficiary. In general, if an equity owner of a VIE meets certain criteria defined within FIN 46, the assets, liabilities and results of the activities of the VIE should be included in the consolidated financial statements of the owner. Our adoption of FIN 46 (as amended by FIN 46R) in 2003 has had no material effect on our consolidated financial statements.

Due to the complexity of FIN 46 (as amended by FIN 46R and interpreted), the FASB is continuing to provide guidance regarding implementation issues. Since this guidance is still continuing, our conclusions regarding the application of this guidance may be altered. As a result, adjustments may be recorded in future periods as we adopt new FASB interpretations of FIN 46.

EITF 03-16, "Accounting for Investments in Limited Liability Companies." This accounting guidance requires that investments in limited liability companies (or "LLCs") that have separate ownership accounts for each investor be accounted for similar to a limited partnership investment under SOP No. 78-9, "*Accounting for Investments in Real Estate Ventures*." Under this new guidance (applicable for the period beginning July 1, 2004), investors would be required to apply the equity method of accounting to their investments at a much lower ownership threshold (typically any ownership interest greater than 3-5%) than the 20% threshold applied under APB Opinion No. 18, "*The Equity Method of Accounting for Investments in Common Stock*."

Currently, we account for our 13.1% investment in Venice Energy Services Company, LLC ("VESCO") using the cost method. As a result, we have recognized dividend income from VESCO to the extent that we have received cash distributions from them. In accordance with the new accounting guidance in EITF 03-16, we will record a retroactive cumulative effect adjustment equal to the difference between (i) equity earnings from VESCO that would have been recorded using the equity method in prior periods and (ii) the dividend income from VESCO that was recorded using the cost method. We are currently studying the effect that EITF 03-16 will have on our investment in VESCO; however, based on information available, we do not believe that the implementation of this new accounting guidance will have a material effect on our financial statements.

OUR CRITICAL ACCOUNTING POLICIES

In our financial reporting process, we employ methods, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of our financial statements. These methods, estimates and assumptions also affect the reported amounts of revenues and expenses during the reporting period. Investors should be aware that actual results could differ from these estimates if the underlying assumptions prove to be incorrect.

In general, there have been no significant changes in our critical accounting policies since December 31, 2003. For a detailed discussion of these policies, please read "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Our critical accounting policies*" in our annual report on Form 10-K for 2003. The following information summarizes the estimation risk underlying our most significant financial statement items:

Depreciation methods and estimated useful lives of property, plant and equipment

In general, depreciation is the systematic and rational allocation of an asset's cost, less its residual value (if any), to the periods it benefits. We use the straight-line method to depreciate our property, plant and equipment. Our estimate of an asset's useful life is based on a number of assumptions including technological changes that may affect the asset's usefulness and the manner in which we intend to physically use the asset. If we subsequently change our assumptions regarding these factors, it would result in an increase or decrease in depreciation expense.

At March 31, 2004 and December 31, 2003, the net book value of our property, plant and equipment was $2.9 billion and $3.0 billion, respectively. For additional information regarding our property, plant and equipment, please read Note 5 of the Notes to Unaudited Consolidated Financial Statements included under Item 1 of this quarterly report.

Measuring recoverability of long-lived assets and equity method investments

Long-lived assets (including intangible assets with finite useful lives and property, plant and equipment) are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Long-lived assets with recorded values that are not expected to be recovered through future expected cash flows are written-down to their estimated fair values. The carrying value of a long-lived asset is not recoverable if it exceeds the sum of undiscounted estimated cash flows expected to result from the use and eventual disposition of the existing asset. Our estimates of such undiscounted cash flows are based on a number of assumptions including anticipated margins and volumes; estimated useful life of the asset or asset group; and salvage values. An impairment charge would be recorded for the excess of the long-lived asset's carrying value and its fair value, which is based on a series of assumptions similar to those used to derive undiscounted cash flows but incorporating probabilities that reflect a range of possible outcomes and market value and replacement cost estimates.

Equity method investments (such as our investments in GulfTerra GP and Promix) are evaluated for impairment whenever events or changes in circumstances indicate that there is a loss in value of the investment which is an other than temporary decline. Examples of such events or changes including continued operating losses of the investee or long-term negative changes in the investee's industry. The carrying value of an equity method investment is not recoverable if it exceeds the sum of discounted estimated cash flows expected to be derived from the investment. This estimate of discounted cash flows is based on a number of assumptions including discount rates; probabilities assigned to different cash flow scenarios; anticipated margins and volumes and estimated useful life of the investment.

Our investment in certain unconsolidated affiliates includes excess cost amounts that have been attributed to goodwill. For GulfTerra GP, the excess cost amount attributed to goodwill at March 31, 2004 and December 31, 2003 is $328.2 million. The goodwill amount (which represents potential intangible assets, excess of fair values over carrying values of tangible assets, and remaining goodwill, if any) for GulfTerra GP represents our preliminary allocation of the purchase price pending completion of a fair value analysis which is expected to be completed during the second half of 2004. To the extent that our preliminary allocation of the excess cost of GulfTerra GP is ultimately attributed to depreciable or amortizable assets, our equity earnings from GulfTerra GP will be reduced from what it otherwise would be. For a table showing the impact of potential reclassification of the GulfTerra GP excess cost amount, please read Note 6 of the Notes to Unaudited Consolidated Financial Statements included under Item 1 of this quarterly report.

For the three months ended March 31, 2004 and 2003, we did not record any impairment charges related to our long-lived assets or equity method investments.

Amortization methods and estimated useful lives of qualifying intangible assets

Our recorded intangible assets primarily consist of the estimated value assigned to certain contract-based assets representing the rights we own arising from contractual agreements. A contract-based intangible asset with a finite useful life is amortized over its estimated useful life. Our estimate of useful life is based on a number of factors including the expected useful life of related assets (i.e., fractionation facility, pipeline, etc.) and the effects of

obsolescence, demand, competition and other factors. If our underlying assumptions regarding the useful life of an intangible asset change, we then might need to adjust the amortization period of such asset which would increase or decrease amortization expense. Additionally, if we determine that an intangible asset's unamortized cost may not be recoverable due to impairment, this would result in a charge against earnings.

At March 31, 2004 and December 31, 2003, the carrying value of our intangible asset portfolio was $265.1 million and $268.9 million. For additional information regarding our intangible assets, please read Note 7 of the Notes to Unaudited Consolidated Financial Statements included under Item 1 of this quarterly report.

Methods we employ to measure the fair value of goodwill

Our goodwill is attributable to the excess of the purchase price over the fair value of assets acquired. Goodwill is not amortized. Instead, goodwill is tested for impairment at a reporting unit level annually, and more frequently, if circumstances warrant. This testing involves calculating the fair value of a reporting unit, which in turn is based on our assumptions regarding the future economic prospects of the reporting unit. If the fair value of the reporting unit (including related goodwill) is less than its book value, a charge to earnings would be required to reduce the carrying value of goodwill to its implied fair value. If our underlying assumptions regarding the future economic prospects of a reporting unit change, this could further impact the fair value of the reporting unit and result in an additional charge to earnings to reduce the carrying value of goodwill.

At March 31, 2004 and December 31, 2003, the carrying value of our goodwill was $82.4 million. For additional information regarding our goodwill, please read Note 7 of the Notes to Unaudited Consolidated Financial Statements included under Item 1 of this quarterly report.

Our revenue recognition polices

In general, we recognize revenue from our customers when all of the following criteria are met: (i) firm contracts are in place, (ii) delivery has occurred or services have been rendered, (iii) pricing is fixed and determinable and (iv) collectibility is reasonably assured. When contracts settle (i.e., either physical delivery of product has taken place or the services designated in the contract have been performed), we determine if an allowance is necessary and record it accordingly. Historically, the consolidated revenues we recorded were not materially based on estimates. However, as SEC regulations require us to submit financial information on increasingly accelerated timeframes, our use of estimates will increase. We believe the assumptions underlying any revenue estimates that we might use will not prove to be materially different from actual amounts due to our development and implementation of a fully integrated volume management system that is inclusive of operational activities through financial accounting.

RELATED PARTY TRANSACTIONS

Relationship with EPCO

We have an extensive and ongoing relationship with EPCO. EPCO is controlled by Dan L. Duncan, who is also a director (and Chairman of the Board of Directors) of our General Partner. In addition, the remaining executive and other officers of our General Partner are employees of EPCO, including O.S. Andras who is President and Chief Executive Officer and a director of the General Partner. The principal business activity of the General Partner is to act as our managing partner. Collectively, EPCO and its affiliates owned 56.6% of Enterprise at March 31, 2004, which includes the 2% ownership interest of our General Partner (of which EPCO and its affiliates own 100%).

We have no employees. All of our management, administrative and operating functions are performed by employees of EPCO pursuant to the Administrative Services Agreement. Prior to January 1, 2004, we reimbursed EPCO for the costs of its employees who performed operating functions for us and for costs related to certain of its management and administrative personnel hired in response to the expansion of our business. In addition, we paid EPCO a monthly fee for services provided by its other management and administrative employees. On January 1, 2004, the Administrative Services Agreement was amended to eliminate the fee portion of this reimbursement and to provide that we reimburse EPCO for all costs related to management or administrative support for us.

We also have entered into an agreement with EPCO to provide trucking services to us for the transportation of NGLS and other products. In addition, we also buy from and sell to EPCO's Canadian affiliate certain NGL products.

Relationship with Shell

We have a significant commercial relationship with Shell as a partner, customer and vendor. At March 31, 2004, Shell owned an approximate 18.3% equity interest in Enterprise. Shell is our largest customer. Our revenues from Shell primarily reflect the sale of NGL and petrochemical products to Shell and the fees we charge Shell for natural gas processing, pipeline transportation and NGL fractionation services. Our operating costs and expenses with Shell primarily reflect the payment of energy-related expenses related to the Shell natural gas processing agreement and the purchase of NGL products from Shell.

Relationship with unconsolidated affiliates

Our significant related party transactions with unconsolidated affiliates consist of the sale of natural gas to Evangeline, purchase of pipeline transportation services from Dixie and purchase of NGL storage, transportation and fractionation services from Promix. In addition, we sell natural gas to Promix.

The following table summarizes our related party revenues, operating costs and expenses, and selling, general and administrative costs for the periods indicated:

	For the Three Months Ended March 31,	
	2004	**2003**
Revenues		
EPCO and affiliates	$ 2,143	$ 563
Shell and affiliates	104,100	82,220
Unconsolidated affiliates	49,060	50,021
Operating costs and expenses		
EPCO and affiliates	39,113	46,205
Shell and affiliates	166,830	171,714
Unconsolidated affiliates	9,582	16,483
Selling, general and administrative costs		
EPCO and affiliates	6,894	6,384

OTHER ITEMS

Cumulative effect of change in accounting principle recorded in first quarter of 2004

On January 1, 2004, our majority owned BEF subsidiary changed its method of accounting for planned major maintenance activities from the accrue-in-advance method to the expense-as-incurred method. These major maintenance costs, which typically result in facility shutdowns for 30 to 45 days, are principally comprised of amounts paid to third parties for materials, contract services, and other related items.

We have historically used the expense-as-incurred method for planned major maintenance activities. The change in accounting for our majority owned BEF subsidiary conforms the Company's accounting for all planned major maintenance costs and changes the method to better reflect expenses in the period incurred. As such, we believe the change is to a method that is preferable under the circumstances.

The cumulative effect of this accounting change for years prior to 2004, which is shown separately in the Statement of Consolidated Operations and Comprehensive Income, resulted in a gross benefit of $7 million being recorded on January 1, 2004. After adjusting for the minority interest portion, the net effect on our earnings is $4.7

million. For information regarding the effect of this change on basic and diluted earnings per unit, please read Note 14 of the Notes to Unaudited Consolidated Financial Statements included under Item 1 of this quarterly report.

For the periods indicated, the following table shows pro forma net income, basic earnings per unit and diluted earnings per unit amounts assuming the accounting change was applied retroactively to January 1, 2003:

	For the Three Months Ended March 31,	
	2004	**2003**
Pro Forma income statement amounts:		
Income before minority interest	$ 54,482	$ 41,846
Net income before general partner interest	$ 53,866	$ 39,534
Limited partner interest in net income	$ 46,637	$ 35,406
Pro forma per unit data (basic):		
Units outstanding (see Note 14)	218,463	186,191
Per unit data:		
Income before minority interest	$ 0.25	$ 0.22
Net income before general partner interest	0.25	0.21
Limited partner interest in net income	$ 0.21	$ 0.19
Pro forma per unit data (diluted):		
Units outstanding (see Note 14)	218,960	196,191
Per unit data:		
Income before minority interest	$ 0.25	$ 0.21
Net income before general partner interest	0.25	0.20
Limited partner interest in net income	$ 0.21	$ 0.18

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are exposed to financial market risks, including changes in commodity prices and interest rates. We may use financial instruments (i.e., futures, forwards, swaps, options and other financial instruments with similar characteristics) to mitigate the risks of certain identifiable and anticipated transactions. In general, the type of risks we attempt to hedge are those related to the variability of future earnings and cash flows caused by changes in commodity prices and interest rates. As a matter of policy, we do not use financial instruments for speculative (or “trading”) purposes.

We recognize our financial instruments on the balance sheet as assets and liabilities based on the instrument’s fair value. Fair value is generally defined as the amount at which the financial instrument could be exchanged in a current transaction between willing parties, not in a forced or liquidation sale. The estimated fair values of our financial instruments have been determined using available market information and appropriate valuation techniques. We must use considerable judgment, however, in interpreting market data and developing these estimates. Accordingly, our fair value estimates are not necessarily indicative of the amounts that we could realize upon disposition of these instruments. The use of different market assumptions and/or estimation techniques could have a material effect on our estimates of fair value.

Changes in the fair value of financial instrument contracts are recognized currently in earnings unless specific hedge accounting criteria are met. If the financial instruments meet those criteria, the instrument’s gains and losses offset the related results of the hedged item in the Statement of Operations and Comprehensive Income for a fair value hedge and are deferred in other comprehensive income for a cash flow hedge. Gains and losses on a cash flow hedge are reclassified into earnings when the forecasted transaction affects earnings. A contract designated as a hedge of an anticipated transaction that is no longer likely to occur is immediately recognized in earnings.

To qualify as a hedge, the item to be hedged must expose us to commodity or interest rate risk and the hedging instrument must reduce the exposure and meet the hedging requirements of SFAS No. 133, "*Accounting for Derivative Instruments and Hedging Activities*" (as amended and interpreted). We must formally designate the

financial instrument as a hedge and document and assess the effectiveness of the hedge at inception and on a quarterly basis. Any ineffectiveness is recorded into earnings immediately.

Due to the complexity of SFAS No. 133 (as amended and interpreted), the FASB is continuing to provide guidance about implementation issues. Since this guidance is still continuing, our conclusions regarding the application of guidance may be altered. As a result, adjustments may be recorded in future periods as we adopt new FASB interpretations of this guidance. For additional information regarding our financial instruments, please read Note 12 of the Notes to Unaudited Consolidated Financial Statements included under Item 1 of this quarterly report.

Interest rate risk hedging program

Our interest rate exposure results from variable and fixed rate borrowings under debt agreements. We assess the cash flow risk related to interest rates by identifying and measuring changes in our interest rate exposures that may impact future cash flows and evaluating hedging opportunities to manage these risks. We use analytical techniques to measure our exposure to fluctuations in interest rates, including cash flow sensitivity analysis to estimate the expected impact of changes in interest rates on our future cash flows. The General Partner oversees the strategies associated with these financial risks and approves instruments that are appropriate for our requirements.

We manage a portion of our interest rate risks by utilizing interest rate swaps and similar arrangements. The objective of entering into this type of arrangement is to manage debt service costs by converting a portion of fixed rate debt into variable rate debt or a portion of variable rate debt into fixed rate debt. In general, an interest rate swap requires one party to pay a fixed interest rate on a defined (or "notional") amount while the other party pays a variable rate based on the same notional amount. The notional amount specified in an interest rate swap agreement does not represent exposure to credit loss. We monitor our positions and the credit ratings of counterparties. Management believes the risk of incurring a credit loss on these financial instruments is remote, and that if incurred, such losses would be minimal. We believe that it is prudent to maintain an appropriate balance of variable rate and fixed rate debt.

Fair value hedges – Interest rate swaps. On January 8, 2004, we entered into three interest rate swap agreements under which we exchanged the payment of fixed rate interest on a portion of principal outstanding under Senior Notes B and C for variable rate interest:

Hedged Fixed Rate Debt	Period Covered by Swap	Termination Date of Swap	Fixed to Variable Rate	Notional Amount
Senior Notes B, 7.50% fixed rate, due Feb. 2011	Jan. 2004 to Feb. 2011	Feb. 2011	7.50% to 4.6%	$50 million
Senior Notes C, 6.375% fixed rate, due Feb. 2013	Jan. 2004 to Feb. 2013	Feb. 2013	6.375% to 3.1%	$100 million
Senior Notes C, 6.375% fixed rate, due Feb. 2013	Jan. 2004 to Feb. 2013	Feb. 2013	6.375% to 3.1%	$100 million

We have designated these interest rate swaps as fair value hedges under SFAS No. 133 since they mitigate changes in the fair value of the underlying fixed rate debt. These agreements have a combined notional amount of $250 million and match the maturity dates of the underlying debt being hedged. Under the swap agreements, we pay the counterparty a variable rate based on LIBOR (plus an applicable margin) and receive back from the counterparty a fixed rate payment equal to the stated interest rate of the debt being hedged, based on the notional amounts for each swap agreement. We settle amounts receivable from or payable to the counterparties every six months (the "settlement period").

As effective fair value hedges, an increase in the fair value of these interest rate swaps is equally offset by an increase in fair value of the underlying hedged debt. The offsetting changes in fair value have no effect on current period interest expense. However, the interest rate swaps effectively converted a portion of the underlying fixed rate debt (i.e., the notional amounts hedged for Senior Notes B and C) into variable rate debt. As a result, interest expense will vary depending on the variable rates payable by us under terms of the swap agreements at the end of

each settlement period. To the extent that the variable rate amount payable by us at the end of each settlement period is less than the fixed rate amount receivable from the counterparty, we will amortize the difference ratably to earnings as a reduction in interest expense over the settlement period. If the variable rate payable by us at the end of each settlement period is more than the fixed rate amount receivable from the counterparty, we would amortize this difference ratably to earnings as an increase in interest expense over the settlement period.

Total fair value of the interest rate swaps at March 31, 2004 was approximately $6.4 million with an offsetting increase in fair value of the underlying debt. Interest expense in our Statement of Consolidated Operations and Comprehensive Income for the three months ended March 31, 2004 reflects a $1.7 million benefit from these swaps.

The following tables shows the effect of hypothetical price movements on the fair value ("FV") of our interest rate swaps and potential change in the fair value of the debt at the dates indicated:

Scenario	Resulting Classification	Swap FV at 03/31/04	Change in Fair Value of Debt
FV assuming no change in underlying interest rates	Asset(Liability)	$ 6,357	$ (6,357)
FV assuming 10% increase in underlying interest rates	Asset(Liability)	$ (1,772)	$ 8,129
FV assuming 10% decrease in underlying interest rates	Asset(Liability)	$ 14,486	$ (8,129)

Scenario	Resulting Classification	Swap FV at 04/22/04	Change in Fair Value of Debt
FV assuming no change in underlying interest rates	Asset(Liability)	$ (6,875)	$ (6,875)
FV assuming 10% increase in underlying interest rates	Asset(Liability)	$ (16,356)	$ 9,481
FV assuming 10% decrease in underlying interest rates	Asset(Liability)	$ 2,606	$ (9,481)

The fair value of the interest rate swaps excludes the benefit we have already recorded in earnings. The change in fair value between March 31, 2004 and April 22, 2004 is primarily due to an increase in market interest rates.

Cash flow hedges – Forward starting interest rate swaps. On March 17, 2004, we entered into four forward starting interest rate swap transactions with original maturities of September 30, 2004. A forward starting swap is an agreement that effectively hedges the price on a specific U.S. treasury security for an established period of time. The purpose of these transactions was to effectively hedge the underlying U.S. treasury interest rate associated with our anticipated issuance of debt to refinance the existing debt of GulfTerra after the proposed merger is completed. The forward starting interest rate swaps have been designated as cash flow hedges under SFAS No. 133. The notional amount of the anticipated debt issuances was $2 billion.

On April 23, 2004, we elected to terminate these financial instruments in order to monetize the then current value of the swaps and to reduce future debt service costs. As a result, we received $104.5 million in cash from the counterparties. This amount will be amortized over the life of the anticipated debt (when issued) as a reduction to interest expense. The following table shows the portfolio of forward starting swaps categorized by the term of the underlying anticipated debt offering:

Term of Anticipated Debt Offering (or Forecasted Transaction)	Notional Amount of Anticipated Debt covered by Forward Starting Swaps	Cash Received upon Settlement of Forward Starting Swaps in April 2004
5-year debt instrument	$ 500.0	$ 18.7
10-year debt instrument	500.0	26.1
15-year debt instrument	500.0	29.4
30-year debt instrument	500.0	30.3
Total	$ 2,000.0	$ 104.5

The non-cash fair value of the forward starting interest rate swaps at March 31, 2004 was $17.0 million and was recorded as a component of AOCI in our Statement of Consolidated Partners' Equity and as an addition to comprehensive income in our Statement of Consolidated Operations and Comprehensive income for the three months ended March 31, 2004. When the $104.5 million cash settlement is recorded during the second quarter of 2004, it will replace the $17.0 non-cash fair value amount in AOCI and comprehensive income.

Commodity risk hedging program

The prices of natural gas, NGLs, petrochemical products and MTBE are subject to fluctuations in response to changes in supply, market uncertainty and a variety of additional factors that are beyond our control. In order to manage the risks associated with our Processing segment activities, we may enter into various commodity financial instruments. The primary purpose of these risk management activities is to hedge our exposure to price risks associated with natural gas, NGL production and inventories, firm commitments and certain anticipated transactions. The commodity financial instruments we utilize may be settled in cash or with another financial instrument.

We do not hedge our exposure related to MTBE price risks. In addition, we generally do not hedge risks associated with the petrochemical marketing activities that are part of our Fractionation segment. In our Pipelines segment, we utilize a limited number of commodity financial instruments to manage the price Acadian Gas charges or pays certain of its customers for natural gas. Lastly, we do not employ commodity financial instruments in our fee-based marketing business classified under the Other segment.

We have adopted a policy to govern our use of commodity financial instruments to manage the risks of our natural gas and NGL businesses. The objective of this policy is to assist us in achieving our profitability goals while maintaining a portfolio with an acceptable level of risk, defined as remaining within the position limits established by the General Partner. We enter into risk management transactions to manage price risk, basis risk, physical risk or other risks related to our commodity positions on both a short-term (less than 30 days) and long-term basis, not to exceed 24 months. The General Partner oversees our strategies associated with physical and financial risks (such as those mentioned previously), approves specific activities subject to the policy (including authorized products, instruments and markets) and establishes specific guidelines and procedures for implementing and ensuring compliance with the policy.

The fair value of our commodity financial instrument portfolio at May 1, 2004, March 31, 2004 and December 31, 2003 and the results of our commodity hedging activities for the three months ended March 31, 2004 and 2003 were all nominal amounts. During both the first quarter of 2004 and the first quarter of 2003, we utilized a limited number of commodity financial instruments.

ITEM 4. CONTROLS AND PROCEDURES.

Our management, with the participation of the CEO and CFO of our General Partner, have evaluated the effectiveness of our disclosure controls and procedures, including internal controls over financial reporting. Collectively, these disclosure controls and procedures are designed to provide us with a reasonable assurance that the information required to be disclosed in periodic reports filed with the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. The disclosure controls and procedures are also designed to provide reasonable assurance that such information is accumulated and communicated to our management, including our General Partner's CEO and CFO, as appropriate to allow such persons to make timely decisions regarding required disclosures.

Our management does not expect that our disclosure controls and procedures will prevent all errors and all fraud. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Based on the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about

the likelihood of future events. Therefore, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our disclosure controls and procedures are designed to provide such reasonable assurances of achieving our desired control objectives, and our CEO and CFO have concluded that our disclosure controls and procedures are effective in achieving that level of reasonable assurance.

Based on their evaluation, the CEO and CFO of our General Partner have concluded that our disclosure controls and procedures are effective to ensure that material information relating to our partnership is made known to management on a timely basis. The CEO and CFO noted no significant deficiencies or material weaknesses in the design or operation of our internal controls over financial reporting that are likely to adversely affect our ability to record, process, summarize and report financial information. Also, they detected no fraud involving management or employees who have a significant role in our internal controls over financial reporting. There have been no significant changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) or in other factors that occurred during our last fiscal quarter that have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

The certifications of our General Partner's CEO and CFO required under Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 have been included as exhibits to this quarterly report on Form 10-Q.

PART II. OTHER INFORMATION.

ITEM 2. CHANGES IN SECURITIES, USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES.

We did not repurchase any of our common units or Class B special units during the three month period ended March 31, 2004. As of March 31, 2004, we and our affiliates are authorized to repurchase up to 618,400 common units under the December 1998 common unit repurchase program. Any common units repurchased under this publicly announced program are classified as treasury units.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits

Exhibit No.	Exhibit*
2.1	Amendment No. 1 to Parent Company Agreement, dated as of April 19, 2004, by and among Enterprise Products Partners L.P., Enterprise Products GP, LLC, Enterprise Products GTM, LLC, El Paso Corporation, Sabine River Investors I, L.L.C., Sabine River Investors II, L.L.C., El Paso EPN Investments, L.L.C. and GulfTerra GP Holding Company (including the forms of Second Amended and Restated Limited Liability Company Agreement of Enterprise Products GP, LLC, Exchange and Registration Rights Agreement and Performance Guaranty, to be entered into by the parties named therein in connection with the merger of Enterprise and GulfTerra, attached as Exhibits 1, 2 and 3, respectively, thereto) (incorporated by reference to Exhibit 2.1 to the Form 8-K filed April 21, 2004).
3.1	First Amended and Restated Limited Liability Company Agreement of Enterprise Products GP, LLC dated as of September 17, 1999 (incorporated by reference to Exhibit 99.8 to the Form 8-K/A-l filed October 27, 1999).
3.2	Amendment No. 1 to the First Amended and Restated Limited Liability Company Agreement of Enterprise Products GP, LLC dated as of September 19, 2002 (incorporated by reference to Exhibit 3.2 to Form 10-K filed March 31, 2003).
3.3#	Amended and Restated Agreement of Limited Partnership of Enterprise Products Operating L.P. dated as of July 31, 1998 (restated to include all agreements through December 10, 2003).
3.4	Reorganization Agreement, dated as of December 10, 2003, among Enterprise Products Partners, L.P., Enterprise Products Operating L.P., Enterprise Products GP, LLC and Enterprise Products OLPGP, Inc. (incorporated by reference to Exhibit 3.1 to Form 8-K filed December 10, 2003).

3.5	Third Amended and Restated Agreement of Limited Partnership of Enterprise Products Partners L.P. dated May 15, 2002 (restated to include all amendments through December 17, 2003) (incorporated by reference to Exhibit 3.1 to Form 8-K filed February 10, 2004).
4.1	Indenture dated as of March 15, 2000, among Enterprise Products Operating L.P., as Issuer, Enterprise Products Partners L.P., as Guarantor, and First Union National Bank, as Trustee (incorporated by reference to Exhibit 4.1 to Form 8-K filed March 10, 2000).
4.2	First Supplemental Indenture dated as of January 22, 2003, among Enterprise Products Operating L.P., as Issuer, Enterprise Products Partners L.P., as Guarantor, and Wachovia Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.2 to Registration Statement on Form S-4, Reg. No. 333-102776, filed January 28, 2003).
4.3	Global Note representing $350 million principal amount of 6.375% Series A Senior Notes due 2013 with attached Guarantee (incorporated by reference to Exhibit 4.3 to Registration Statement on Form S-4, Reg. No. 333-102776, filed January 28, 2003).
4.4	Global Note representing $350 million principal amount of 6.375% Series B Senior Notes due 2013 with attached Guarantee (incorporated by reference to Exhibit 4.4 to Registration Statement on Form S-4, Reg. No. 333-102776, filed January 28, 2003).
4.5	Registration Rights Agreement dated as of January 22, 2003, among Enterprise Products Operating L.P., Enterprise Products Partners L.P. and the Initial Purchasers named therein (incorporated by reference to Exhibit 4.5 to Registration Statement on Form S-4, Reg. No. 333-102776, filed January 28, 2003).
4.6	Second Supplemental Indenture dated as of February 14, 2003, among Enterprise Products Operating L.P., as Issuer, Enterprise Products Partners L.P., as Guarantor, and Wachovia Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.3 to Form 10-K filed March 31, 2003).
4.7	Rule 144 A Global Note representing $499.2 million principal amount of 6.875% Series A Senior Notes due 2033 with attached Guarantee (incorporated by reference to Exhibit 4.5 to Form 10-K filed March 31, 2003).
4.8	Regulation S Global Note representing $800,000 principal amount of 6.875% Series A Senior Notes due 2033 with attached Guarantee (incorporated by reference to Exhibit 4.6 to Form 10-K filed March 31, 2003).
4.9	Global Note representing $500 million principal amount of 6.875% Series B Senior Notes due 2033 with attached Guarantee (incorporated by reference to Exhibit 4.8 to Form 10-K filed March 31, 2003).
4.10	Registration Rights Agreement dated as of February 14, 2003, among Enterprise Products Operating L.P., Enterprise Products Partners L.P. and the Initial Purchasers named therein (incorporated by reference to Exhibit 4.10 to Form 10-K filed March 31, 2003).
4.11	Global Note representing $350 million principal amount of 8.25% Senior Notes due 2005 (incorporated by reference to Exhibit 4.2 to Form 8-K filed March 10, 2000).
4.12	Global Notes representing $450 million principal amount of 7.50% Senior Notes due 2011 (incorporated by reference to Exhibit 4.1 to Form 8-K filed January 25, 2001).
4.13	Form of Common Unit certificate (incorporated by reference to Exhibit 4.1 to Registration Statement on Form S-1/A; File No. 333-52537, filed July 21, 1998).
4.14	$250 Million Multi-Year Revolving Credit Facility dated as of November 17, 2000, among Enterprise Products Operating L.P., First Union National Bank, as Administrative Agent, Bank One, NA, as Documentation Agent, the Chase Manhattan Bank, as Syndication Agent, and the several banks from time to time parties thereto, with First Union Securities, Inc. and Chase Securities Inc. as Joint Lead Arrangers and Joint Book Managers (incorporated by reference to Exhibit 4.2 to Form 8-K filed January 24, 2001).
4.15	Guaranty Agreement dated as of November 17, 2000, by Enterprise Products Partners L.P. in favor of First Union National Bank, as Administrative Agent, with respect to the $250 Million Multi-Year Revolving Credit Facility included as Exhibit 4.4 above (incorporated by reference to Exhibit 4.4 to Form 8-K filed January 24, 2001).
4.16	First Amendment to Multi-Year Credit Facility dated April 19, 2001 (incorporated by reference to Exhibit 4.12 to Form 10-Q filed May 14, 2001).
4.17	Second Amendment to Multi-Year Revolving Credit Facility dated April 14, 2002 (incorporated by reference to Exhibit 4.14 to Form 10-Q filed May 14, 2002).

4.18	Third Amendment to Multi-Year Revolving Credit Facility dated July 31, 2002 (incorporated by reference to Exhibit 4.1 to Form 10-Q filed August 12, 2002).
4.19	Contribution Agreement dated September 17, 1999 (incorporated by reference to Exhibit "B" to Schedule 13D filed September 27, 1999 by Tejas Energy, LLC).
4.20	Registration Rights Agreement dated September 17, 1999 (incorporated by reference to Exhibit "E" to Schedule 13D filed September 27, 1999 by Tejas Energy, LLC).
4.21	Unitholder Rights Agreement dated September 17, 1999 (incorporated by reference to Exhibit "C" to Schedule 13D filed September 27, 1999 by Tejas Energy, LLC).
4.22	Amendment No. 1, dated September 12, 2003, to Unitholder Rights Agreement dated September 17, 1999 (incorporated by reference to Exhibit 4.1 to Form 8-K filed September 15, 2003).
4.23	364-Day Revolving Credit Agreement dated as of October 30, 2003, among Enterprise Products Operating L.P., Wachovia Bank, National Association, as Administrative Agent, Bank One, N.A., as Syndication Agent, Royal Bank of Canada, The Bank of Nova Scotia and SunTrust Bank, as Co-Documentation Agents, and the several lenders from time to time parties thereto, with Wachovia Capital Markets, LLC and Banc One Capital Markets, Inc., as Joint Lead Arrangers, and Wachovia Capital Markets, LLC, as Sole Manager (incorporated by reference to Exhibit 4.29 to Form 10-Q filed November 13, 2003).
4.24	Guaranty Agreement dated as of October 30, 2003 by Enterprise Products Partners L.P. in favor of Wachovia Bank, National Association, as Administrative Agent, with respect to 364-Day Revolving Credit Facility (incorporated by reference to Exhibit 4.30 to Form 10-Q filed November 13, 2003).
4.25	Fourth Amendment to Multi-Year Revolving Credit Facility dated October 30, 2003 (incorporated by reference to Exhibit 4.31 to Form 10-Q filed November 13, 2003).
4.26	Voting Agreement and Proxy, dated as of December 15, 2003, by and among GulfTerra Energy Partners, L.P., Enterprise Products Delaware Holdings, L.P., the Duncan Family 2000 Trust and Dan L. Duncan (incorporated by reference to Exhibit 4.1 to Schedule 13D, Amendment No. 2, filed December 18, 2003).
4.27	Interim Term Loan Agreement dated December 12, 2003, among Enterprise Products Operating L.P., Lehman Commercial Paper Inc., as Administrative Agent, Bank One NA, The Bank of Nova Scotia, SunTrust Bank and Wachovia Bank, National Association, as Co-Syndicating Agents, and the several banks from time to time parties thereto. (incorporated by reference to Exhibit 4.1 to Form 8-K filed February 10, 2004).
4.28	Guaranty Agreement dated as of December 12, 2003, by Enterprise Products Partners L.P. in favor of Lehman Commercial Paper Inc., as Administrative Agent, with respect to Interim Term Loan Agreement. (incorporated by reference to Exhibit 4.2 to Form 8-K filed February 10, 2004).
4.29	First Amendment to 364-Day Revolving Credit Facility dated December 22, 2003, among Enterprise Products Operating L.P., Wachovia Bank, National Association, as Administrative Agent, and the several lenders from time to time party thereto. (incorporated by reference to Exhibit 4.3 to Form 8-K filed February 10, 2004).
4.30	Fifth Amendment and Supplement to Multi-Year Revolving Credit Facility dated December 22, 2003, among Enterprise Products Operating L.P., Wachovia Bank, National Association, as Administrative Agent, and the several lenders from time to time party thereto. (incorporated by reference to Exhibit 4.4 to Form 8-K filed February 10, 2004).
4.31	$1.2 Billion 364-Day Term Credit Facility dated as of July 31, 2002, among Enterprise Products Operating Partnership L.P., Wachovia Bank, National Association, as Administrative Agent, Lehman Commercial Paper Inc., as Co-Syndication Agent, Royal Bank of Canada, as Co- Syndication Agent and Arranger, with Wachovia Securities, Inc. and Lehman Brothers Inc., as Lead Arrangers and Joint Bookrunners and RBC Capital Markets, as Arranger (incorporated by reference to Exhibit 4.3 to Form 8-K filed August 12, 2002).
4.32	Guaranty Agreement dated as of July 31, 2002 by Enterprise Products Partners L.P. in favor of Wachovia Bank, National Association, as Administrative Agent, with respect to the $1.2 Billion 364-Day Term Credit Facility (incorporated by reference to Exhibit 4.4 to Form 8-K filed August 12, 2002).
10.1	Seventh Amendment to Conveyance of Gas Processing Rights, dated as of April 1, 2004 among Enterprise Gas Processing, LLC, Shell Oil Company, Shell Exploration & Production Company, Shell Offshore Inc., Shell Consolidated Energy Resources Inc., Shell Land & Energy Company,

	Shell Frontier Oil & Gas Inc. and Shell Gulf of Mexico Inc. (incorporated by reference to Exhibit 10.1 to Form 8-K filed April 26, 2004).
18.1#	Letter regarding Change in Accounting Principles dated May 4, 2004.
31.1#	Sarbanes-Oxley Section 302 certification of O.S. Andras for Enterprise Products Partners L.P. for the March 31, 2004 quarterly report on Form 10-Q.
31.2#	Sarbanes-Oxley Section 302 certification of Michael A. Creel for Enterprise Products Partners L.P. for the March 31, 2004 quarterly report on Form 10-Q.
32.1#	Sarbanes-Oxley Section 1350 certification of O.S. Andras for the March 31, 2004 quarterly report on Form 10-Q.
32.2#	Sarbanes-Oxley Section 1350 certification of Michael A. Creel for the March 31, 2004 quarterly report on Form 10-Q.

*	With respect to any exhibits incorporated by reference to any Exchange Act filings, the Commission file number for Enterprise Products Partners L.P. is 1-14323.
#	Filed with this report.

(b) Reports on Form 8-K.

January 6, 2004 filing, Items 5 and 7. On January 6, 2004, we filed as an exhibit the unaudited balance sheet of our General Partner dated September 30, 2003.

February 3, 2004, Items 7 and 12. On February 3, 2004, we issued a press release regarding our financial results for the three and twelve-month periods ended December 31, 2003 and 2002. A copy of the earnings press release and related financial information was filed as an exhibit.

February 10, 2004, Items 5 and 7. On February 10, 2004, we filed updates to our partnership agreement and common unit description, various credit facilities and the administrative services agreement with EPCO. Our Third Amended and Restated Agreement of Limited Partnership, Interim Term Loan Agreement and related Guaranty Agreement, First Amendment to 364-Day Revolving Credit Facility, Fifth Amendment and Supplement to Multi-Year Revolving Credit Facility and the Amended and Restated Administrative Services Agreement were attached as exhibits thereto.

March 22, 2004 filing, Items 5 and 7. On March 22, 2004, we filed as an exhibit the audited balance sheet of our General Partner dated December 31, 2003.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this quarterly report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized, in the City of Houston, State of Texas on May 10, 2004.

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

By: Enterprise Products GP, LLC,
as General Partner

/s/ Michael J. Knesek

By:
Name: Michael J. Knesek
Title: Vice President, Controller and Principal Accounting Officer of the General Partner

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AMENDED AND RESTATED

AGREEMENT OF LIMITED PARTNERSHIP

OF

ENTERPRISE PRODUCTS OPERATING L.P.

As Amended by

Reorganization Agreement, dated December 10, 2003

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AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
ENTERPRISE PRODUCTS OPERATING L.P.

THIS AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF ENTERPRISE PRODUCTS OPERATING L.P. dated as of July 31, 1998, restated as amended by the GP Reorganization Agreement dated as of December 10, 2003, is entered into by and among Enterprise Products OLPGP, Inc., a Delaware corporation ("OLPGP"), as the General Partner, and Enterprise Products Partners L.P., a Delaware limited partnership (the "MLP"), as the Limited Partner, together with any other Persons who become Partners in the Partnership or parties hereto as provided herein. In consideration of the covenants, conditions and agreements contained herein, the parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS

1.1 ***Definitions.*** The definitions listed on Attachment I shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

1.2 ***Construction.*** Unless the context requires otherwise: (a) any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa; (b) references to Articles and Sections refer to Articles and Sections of this Agreement; and (c) "include" or "includes" means includes, without limitation, and "including" means including, without limitation.

ARTICLE II
ORGANIZATION

2.1 ***Formation.*** The General Partner and the MLP have previously formed the Partnership as a limited partnership pursuant to the provisions of the Delaware Act and hereby amend and restate the original Agreement of Limited Partnership of Enterprise Products Operating L.P., as amended by the First Amendment, in its entirety. This amendment and restatement shall become effective on the date of this Agreement. Except as expressly provided to the contrary in this Agreement, the rights, duties (including fiduciary duties), liabilities and obligations of the Partners and the administration, dissolution and termination of the Partnership shall be governed by the Delaware Act. All Partnership Interests shall constitute personal property of the owner thereof for all purposes and a Partner has no interest in specific Partnership property.

2.2 ***Name.*** The name of the Partnership shall be "Enterprise Products Operating L.P." The Partnership's business may be conducted under any other name or names deemed necessary or appropriate by the General Partner in its sole discretion. The words "Limited Partnership," "L.P.," "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purpose of complying with the laws of any jurisdiction that so requires. The General Partner in its discretion may change the name of the Partnership at any

time and from time to time and shall notify the Limited Partner of such change in the next regular communication to the Limited Partner.

2.3 ***Registered Office; Registered Agent; Principal Office; Other Offices.*** Unless and until changed by the General Partner, the registered office of the Partnership in the State of Delaware shall be located at 1209 Orange Street, New Castle County, Wilmington, Delaware 19801, and the registered agent for service of process on the Partnership in the State of Delaware at such registered office shall be The Corporation Trust Company. The principal office of the Partnership shall be located at 2727 North Loop West, Houston, Texas 77008 or such other place as the General Partner may from time to time designate by notice to the Limited Partner. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner deems necessary or appropriate. The address of the General Partner shall be 2727 North Loop West, Houston, Texas 77008 or such other place as the General Partner may from time to time designate by notice to the Limited Partner.

2.4 ***Purpose and Business.*** The purpose and nature of the business to be conducted by the Partnership shall be to conduct the following businesses or activities, in each case provided that any such business or activity is conducted within North America:

(a) to serve as a partner, member or other equity owner of any Subsidiaries of the Partnership pursuant to the applicable partnership agreements, limited liability company agreements or other applicable documents and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership under such agreements or documents;

(b) to acquire, manage, lease, sell, operate and otherwise deal with any and all assets or properties contributed or transferred to the Partnership (by operation of law or otherwise) by the General Partner, its Affiliates or any other Persons prior to or in connection with the consummation of the transactions taking place on the Closing Date and any similar assets or properties and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership pursuant to any agreements relating to such assets;

(c) to engage directly in, or to enter into or form any corporation, limited liability company, partnership, joint venture or other arrangement to engage indirectly in, any type of business or activity engaged in by EPC or its Affiliates immediately prior to the Closing Date and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership pursuant to the agreements relating to such business or activity;

(d) to engage directly in, or enter into or form any corporation, partnership, joint venture, limited liability company or other arrangement to engage indirectly in, any business activity that is approved by the General Partner and which may lawfully be conducted by a limited partnership organized pursuant to the Delaware Act and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership pursuant to the agreements relating to such business activity; provided, however, that the General Partner determines in good faith, prior to the conduct of such activity, that the conduct by the Partnership of such activity is not likely to result in the Partnership being treated as an association taxable as a corporation for federal income tax purposes; and

(e) to do anything necessary or appropriate to the foregoing, including, without limitation, the making of capital contributions to a Group Member, the MLP or any Subsidiary of the MLP.

The General Partner has no obligation or duty to the Partnership, the Limited Partner or any Assignee to propose or approve, and in its sole discretion may decline to propose or approve, the conduct by the Partnership of any business.

2.5 ***Powers.*** The Partnership shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described in Section 2.4 and for the protection and benefit of the Partnership.

2.6 ***Power of Attorney.***

(a) The Limited Partner and each Assignee hereby constitutes and appoints the General Partner and, if a Liquidator (other than the General Partner) shall have been selected pursuant to Section 12.3, the Liquidator, severally (and any successor to either thereof by merger, transfer, assignment, election or otherwise) and each of their authorized officers and attorneys-in-fact, as the case may be, with full power of substitution, as his true and lawful agent and attorney-in-fact, with full power and authority in his name, place and stead, to:

(i) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (A) all certificates, documents and other instruments (including this Agreement and the Certificate of Limited Partnership and all amendments or restatements hereof or thereof) that the General Partner or the Liquidator deems necessary or appropriate to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware and in all other jurisdictions in which the Partnership may conduct business or own property; (B) all certificates, documents and other instruments that the General Partner or the Liquidator deems necessary or appropriate to reflect, in accordance with its terms, any amendment, change, modification or restatement of this Agreement; (C) all certificates, documents and other instruments (including conveyances and a certificate of cancellation) that the General Partner or the Liquidator deems necessary or appropriate to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement; (D) all certificates, documents and other instruments relating to the admission, withdrawal, removal or substitution of any Partner pursuant to, or other events described in, Article IV, X, XI or XII; (E) all certificates, documents and other instruments relating to the determination of the rights, preferences and privileges of any class or series of Partnership Interests; and (F) all certificates, documents and other instruments (including agreements and a certificate of merger) relating to a merger or consolidation of the Partnership pursuant to Article XIV; and

(ii) execute, swear to, acknowledge, deliver, file and record all ballots, consents, approvals, waivers, certificates, documents and other instruments necessary or appropriate, in the discretion of the General Partner or the Liquidator, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action that is made or given by the Partners hereunder or is consistent with the terms of this Agreement or is necessary or

appropriate, in the discretion of the General Partner or the Liquidator, to effectuate the terms or intent of this Agreement; provided, that when the approval of the Limited Partner is required by any provision of this Agreement, the General Partner or the Liquidator may exercise the power of attorney made in this Section 2.6(a)(ii) only after the necessary vote, consent or approval of the Limited Partner is obtained.

Nothing contained in this Section 2.6(a) shall be construed as authorizing the General Partner to amend this Agreement except in accordance with Article XIII or as may be otherwise expressly provided for in this Agreement.

(b) The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive and, to the maximum extent permitted by law, not be affected by the subsequent death, incompetency, disability, incapacity, dissolution, bankruptcy or termination of the Limited Partner or Assignee and the transfer of all or any portion of the Limited Partner's or Assignee's Partnership Interest and shall extend to the Limited Partner's or Assignee's heirs, successors, assigns and personal representatives. The Limited Partner or Assignee hereby agrees to be bound by any representation made by the General Partner or the Liquidator acting in good faith pursuant to such power of attorney; and the Limited Partner or Assignee hereby waives, to the maximum extent permitted by law, any and all defenses that may be available to contest, negate or disaffirm the action of the General Partner or the Liquidator taken in good faith under such power of attorney. The Limited Partner or Assignee shall execute and deliver to the General Partner or the Liquidator, within 15 days after receipt of the request therefor, such further designation, powers of attorney and other instruments as the General Partner or the Liquidator deems necessary to effectuate this Agreement and the purposes of the Partnership.

2.7 ***Term.*** The term of the Partnership commenced upon the filing of the Certificate of Limited Partnership in accordance with the Delaware Act and shall continue in existence until the close of Partnership business on December 31, 2088, or until the earlier termination of the Partnership in accordance with the provisions of Article XII. The existence of the Partnership as a separate legal entity shall continue until the cancellation of the Certificate of Limited Partnership as provided in the Delaware Act.

2.8 ***Title to Partnership Assets.*** Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner or Assignee individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner, one or more of its Affiliates or one or more nominees, as the General Partner may determine. The General Partner hereby declares and warrants that any Partnership assets for which record title is held in the name of the General Partner, one or more of its Affiliates or one or more nominees shall be held by the General Partner or such Affiliate or nominee for the use and benefit of the Partnership in accordance with the provisions of this Agreement; provided, however, that the General Partner shall use reasonable efforts to cause record title to such assets (other than those assets in respect of which the General Partner determines that the expense and difficulty of conveyancing makes transfer of record title to the Partnership impracticable) to be vested in the Partnership as soon as reasonably practicable; provided, further, that, prior to the withdrawal or removal of the General Partner or

as soon thereafter as practicable, the General Partner shall use reasonable efforts to effect the transfer of record title to the Partnership and, prior to any such transfer, will provide for the use of such assets in a manner satisfactory to the General Partner. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which record title to such Partnership assets is held.

ARTICLE III
RIGHTS OF THE LIMITED PARTNER

3.1 ***Limitation of Liability.*** The Limited Partner and the Assignees shall have no liability under this Agreement except as expressly provided in this Agreement or the Delaware Act.

3.2 ***Management of Business.*** Neither the Limited Partner nor any Assignee, in its capacity as such, shall participate in the operation, management or control (within the meaning of Section 17-303(a) of the Delaware Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. Any action taken by any Affiliate of the General Partner or any officer, director, employee, member, partner, agent or trustee of the General Partner or any of its Affiliates, or any officer, director, employee, member, partner, agent or trustee of a Group Member, the MLP or any Subsidiary of the MLP, in its capacity as such, shall not be deemed to be participation in the control of the business of the Partnership by a limited partner of the Partnership (within the meaning of Section 17-303(a) of the Delaware Act) and shall not affect, impair or eliminate the limitations on the liability of the Limited Partner or Assignee under this Agreement.

3.3 ***Rights of the Limited Partner Relating to the Partnership.***

(a) In addition to other rights provided by this Agreement or by applicable law, and except as limited by Section 3.3(b), the Limited Partner shall have the right, for a purpose reasonably related to the Limited Partner's interest as a limited partner in the Partnership, upon reasonable demand and at the Limited Partner's own expense:

(i) to obtain true and full information regarding the status of the business and financial condition of the Partnership;

(ii) promptly after becoming available, to obtain a copy of the Partnership's federal, state and local tax returns for each year;

(iii) to have furnished to it, a current list of the name and last known business, residence or mailing address of each Partner;

(iv) to have furnished to it, a copy of this Agreement and the Certificate of Limited Partnership and all amendments thereto, together with a copy of the executed copies of all powers of attorney pursuant to which this Agreement, the Certificate of Limited Partnership and all amendments thereto have been executed;

(v) to obtain information regarding the amount of cash and a description and statement of the Net Agreed Value of any other Capital Contribution by each

Partner and which each Partner has agreed to contribute in the future, and the date on which each became a Partner; and

(vi) to obtain such other information regarding the affairs of the Partnership as is just and reasonable.

(b) Notwithstanding any other provision of this Agreement, the General Partner may keep confidential from the Limited Partner and any Assignee, for such period of time as the General Partner deems reasonable, (i) any information that the General Partner reasonably believes to be in the nature of trade secrets or (ii) other information the disclosure of which the General Partner in good faith believes (A) is not in the best interests of the MLP or the Partnership Group, (B) could damage the MLP or the Partnership Group or (C) that the MLP or any Group Member is required by law or by agreement with any third party to keep confidential (other than agreements with Affiliates the primary purpose of which is to circumvent the obligations set forth in this Section 3.3).

3.4 ***Outside Activities of the Limited Partner.*** Subject to the provisions of Section 7.5, which shall continue to be applicable to the Persons referred to therein, regardless of whether such Person shall also be a Limited Partner, the Limited Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities in direct competition with the Partnership Group.

ARTICLE IV
TRANSFER OF PARTNERSHIP INTERESTS

4.1 ***Transfer Generally.***

(a) The term “transfer,” when used in this Agreement with respect to a Partnership Interest, shall be deemed to refer to a transaction by which the General Partner assigns its Partnership Interest as a general partner in the Partnership to another Person who becomes the General Partner, or by which the Limited Partner assigns its Partnership Interest as a limited partner in the Partnership to another Person who becomes the Limited Partner or Assignee, and includes a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise.

(b) No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article IV. Any transfer or purported transfer of a Partnership Interest not made in accordance with this Article IV shall be null and void.

(c) Nothing contained in this Agreement shall be construed to prevent a disposition by any member of the General Partner of any or all of the issued and outstanding member interests of the General Partner.

4.2 ***Transfer of General Partner Interest.*** No provision of this Agreement shall be construed to prevent (and the Limited Partners do hereby expressly consent to) (i) the transfer by the General Partner of all or a portion of its Partnership Interest as the General Partner of the

Partnership to one or more Affiliates, which transferred Partnership Interest, to the extent not transferred to a successor General Partner, shall constitute a Limited Partner Partnership Interest or (ii) the transfer by the General Partner, in whole and not in part, of its General Partner Partnership Interest upon its merger, consolidation or other combination into any other Person or the transfer by it of all or substantially all of its assets to another Person if, in the case of a transfer described in either clause (i) or (ii) of this sentence, the rights and duties of the General Partner with respect to the General Partner Partnership Interest so transferred, or the rights and duties of a Limited Partner with respect to the Limited Partner Partnership Interest so transferred, are assumed by the transferee and the transferee agrees to be bound by the provisions of this Agreement; *provided, however,* that in either such case, the transferee is primarily controlled, directly or indirectly, by the MLP General Partner or any Person primarily controlling, directly or indirectly, the MLP General Partner; *provided, further* that in either such case, such transferee furnishes to the Partnership an Opinion of Counsel that such merger, consolidation, combination, transfer or assumption will not result in a loss of limited liability of the Limited Partners or cause the Partnership to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes. In the case of a transfer pursuant to this Section 4.2 to a Person proposed as a successor general partner of the Partnership, the transferee or successor (as the case may be) shall be admitted to the Partnership as the General Partner immediately prior to the transfer of the Partnership Interest, and the business of the Partnership shall continue without dissolution.

4.3 ***Transfer of the Limited Partner's Partnership Interests.*** The Limited Partner may transfer all, but not less than all, of its Partnership Interest as a limited partner of the Partnership in connection with the merger, consolidation or other combination of the Limited Partner with or into any other Person or the transfer by the Limited Partner of all or substantially all of its assets to another Person, and following any such transfer such Person may become a Substituted Limited Partner pursuant to Article X. Except as set forth in the immediately preceding sentence, or in connection with any pledge of (or any related foreclosure on) the Limited Partner's Partnership Interest as a limited partner of the Partnership solely for the purpose of securing, directly or indirectly, indebtedness of the Partnership or the MLP, the Limited Partner may not transfer all or any part of its Partnership Interest or withdraw from the Partnership.

4.4 ***Restrictions on Transfers.***

(a) Notwithstanding the other provisions of this Article IV, no transfer of any Partnership Interest shall be made if such transfer would (i) violate the then applicable federal or state securities laws or rules and regulations of the Commission, any state securities commission or any other governmental authorities with jurisdiction over such transfer, (ii) terminate the existence or qualification of the Partnership or the MLP under the laws of the jurisdiction of its formation or (iii) cause the Partnership or the MLP to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes (to the extent not already so treated or taxed).

(b) The General Partner may impose restrictions on the transfer of Partnership Interests if a subsequent Opinion of Counsel determines that such restrictions are necessary to avoid a significant risk of the Partnership's or the MLP's becoming taxable as a corporation or

otherwise to be taxed as an entity for federal income tax purposes. The restrictions may be imposed by making such amendments to this Agreement as the General Partner may determine to be necessary or appropriate to impose such restrictions.

ARTICLE V
CAPITAL CONTRIBUTIONS AND RELATED MATERS

5.1 ***Prior Contributions; Closing Date Contribution of MLP.***

(a) to the date hereof, (i) the General Partner made certain Capital Contributions to the Partnership in exchange for an interest in the Partnership and has been admitted as the general partner of the Partnership, and (ii) the MLP made certain Capital Contributions to the Partnership in exchange for an interest in the Partnership and has been admitted as a Limited Partner of the Partnership.

(b) On the Closing Date, the Partnership Interest of the General Partner in the Partnership shall be continued, subject to all of the rights, privileges and duties of the General Partner under this Agreement.

(c) On the Closing Date, the MLP shall make a cash Capital Contribution to the Partnership equal to the net proceeds to the MLP from the Initial Offering and in exchange therefor the Partnership Interest of the MLP as a Limited Partner in the Partnership shall be continued, subject to the rights, privileges and duties of the Limited Partner hereunder.

5.2 ***Additional Capital Contributions.*** With the consent of the General Partner, the Limited Partner may, but shall not be obligated to, make additional Capital Contributions to the Partnership. Contemporaneously with the making of any such additional Capital Contributions by the Limited Partner, the General Partner shall be obligated to make an additional Capital Contribution to the Partnership in an amount equal to 0.001/99.999 of the cash, cash equivalents or Net Agreed Value of the additional Capital Contribution then made by the Limited Partner (including with respect to additional Capital Contributions by the Limited Partner of the net proceeds received by the MLP upon the issuance of Common Units pursuant to the Over-Allotment Option). Except as set forth in the immediately preceding sentence and Article XII, the General Partner shall not be obligated to make any additional Capital Contributions to the Partnership.

5.3 ***Interest and Withdrawal.*** No interest shall be paid by the Partnership on Capital Contributions. No Partner or Assignee shall be entitled to the withdrawal or return of its Capital Contribution, except to the extent, if any, that distributions made pursuant to this Agreement or upon termination of the Partnership may be considered as such by law and then only to the extent provided for in this Agreement. Except to the extent expressly provided in this Agreement, no Partner or Assignee shall have priority over any other Partner or Assignee either as to the return of Capital Contributions or as to profits, losses or distributions. Any such return shall be a compromise to which all Partners and Assignees agree within the meaning of 17-502(b) of the Delaware Act.

5.4 ***Capital Accounts.***

(a) The Partnership shall maintain for each Partner owning a Partnership Interest a separate Capital Account with respect to such Partnership Interest in accordance with the rules of Treasury Regulation Section 1.704-l(b)(2)(iv). Such Capital Account shall be increased by (i) the amount of all Capital Contributions made to the Partnership with respect to such Partnership Interest pursuant to this Agreement and (ii) all items of Partnership income and gain (including, without limitation, income and gain exempt from tax) computed in accordance with Section 5.4(b) and allocated with respect to such Partnership Interest pursuant to Section 6.1, and decreased by (x) the amount of cash or the Net Agreed Value of all actual and deemed distributions of cash or property made with respect to such Partnership Interest pursuant to this Agreement and (y) all items of Partnership deduction and loss computed in accordance with Section 5.4(b) and allocated with respect to such Partnership Interest pursuant to Section 6.1.

(b) For purposes of computing the amount of any item of income, gain, loss or deduction which is to be allocated pursuant to Article VI and is to be reflected in the Partners' Capital Accounts, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for federal income tax purposes (including, without limitation, any method of depreciation, cost recovery or amortization used for that purpose), provided, that:

(i) Solely for purposes of this Section 5.4, the Partnership shall be treated as owning directly its proportionate share (as determined by the General Partner) of all property owned by any OLP Subsidiary that is classified as a partnership for federal income tax purposes.

(ii) All fees and other expenses incurred by the Partnership to promote the sale of (or to sell) a Partnership Interest that can neither be deducted nor amortized under Section 709 of the Code, if any, shall, for purposes of Capital Account maintenance, be treated as an item of deduction at the time such fees and other expenses are incurred and shall be allocated among the Partners pursuant to Section 6.1.

(iii) Except as otherwise provided in Treasury Regulation Section 1.704-l(b)(2)(iv)(m), the computation of all items of income, gain, loss and deduction shall be made without regard to any election under Section 754 of the Code which may be made by the Partnership and, as to those items described in Section 705(a)(1)(B) or 705(a)(2)(B) of the Code, without regard to the fact that such items are not includable in gross income or are neither currently deductible nor capitalized for federal income tax purposes. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(b) of the Code is required, pursuant to Treasury Regulation Section 1.704-2(b)(2)(iv)(m) to be taken into account in determining Capital Accounts, the amount of such adjustment in the Capital Accounts shall be treated as an item of gain or loss.

(iv) Any income, gain or loss attributable to the taxable disposition of any Partnership property shall be determined as if the adjusted basis of such property as of such date of disposition were equal in amount to the Partnership's Carrying Value with respect to such property as of such date.

(v) In accordance with the requirements of Section 704(b) of the Code, any deductions for depreciation, cost recovery or amortization attributable to any Contributed Property shall be determined as if the adjusted basis of such property on the date it was acquired by the Partnership were equal to the Agreed Value of such property. Upon an adjustment pursuant to Section 5.4(d) to the Carrying Value of any Partnership property subject to depreciation, cost recovery or amortization, any further deductions for such depreciation, cost recovery or amortization attributable to such property shall be determined (A) as if the adjusted basis of such property were equal to the Carrying Value of such property immediately following such adjustment and (B) using a rate of depreciation, cost recovery or amortization derived from the same method and useful life (or, if applicable, the remaining useful life) as is applied for federal income tax purposes; provided, however, that, if the asset has a zero adjusted basis for federal income tax purposes, depreciation, cost recovery or amortization deductions shall be determined using any reasonable method that the General Partner may adopt.

(vi) If the Partnership's adjusted basis in a depreciable or cost recovery property is reduced for federal income tax purposes pursuant to Section 48(q)(1) or 48(q)(3) of the Code, the amount of such reduction shall, solely for purposes hereof, be deemed to be an additional depreciation or cost recovery deduction in the year such property is placed in service and shall be allocated among the Partners pursuant to Section 6.1. Any restoration of such basis pursuant to Section 48(q)(2) of the Code shall, to the extent possible, be allocated in the same manner to the Partners to whom such deemed deduction was allocated.

(c) A transferee of a Partnership Interest shall succeed to a pro rata portion of the Capital Account of the transferor relating to the Partnership Interest so transferred.

(d) (i) In accordance with Treasury Regulation Section 1.704-l(b)(2)(iv)(f), on an issuance of additional Partnership Interests for cash or Contributed Property, the Capital Account of all Partners and the Carrying Value of each Partnership property immediately prior to such issuance shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as if such Unrealized Gain or Unrealized Loss had been recognized on an actual sale of each such property immediately prior to such issuance and had been allocated to the Partners at such time pursuant to Section 6.1 in the same manner as any item of gain or loss actually recognized during such period would have been allocated. In determining such Unrealized Gain or Unrealized Loss, the aggregate cash amount and fair market value of all Partnership assets (including, without limitation, cash or cash equivalents) immediately prior to the issuance of additional Partnership Interests shall be determined by the General Partner using such reasonable method of valuation as it may adopt; provided, however, that the General Partner, in arriving at such valuation, must take fully into account the fair market value of the Partnership Interests of all Partners at such time. The General Partner shall allocate such aggregate value among the assets of the Partnership (in such manner as it determines in its discretion to be reasonable) to arrive at a fair market value for individual properties.

(ii) In accordance with Treasury Regulation Section 1.704-l(b)(2)(iv)(f), immediately prior to any actual or deemed distribution to a Partner of any Partnership property (other than a distribution of cash that is not in redemption or retirement of a Partnership Interest), the Capital Accounts of all Partners and the Carrying Value of all

Partnership property shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as if such Unrealized Gain or Unrealized Loss had been recognized in a sale of such property immediately prior to such distribution for an amount equal to its fair market value, and had been allocated to the Partners, at such time, pursuant to Section 6.1 in the same manner as any item of gain or loss actually recognized during such period would have been allocated. In determining such Unrealized Gain or Unrealized Loss the aggregate cash amount and fair market value of all Partnership assets (including, without limitation, cash or cash equivalents) immediately prior to a distribution shall (A) in the case of an actual distribution which is not made pursuant to Section 12.4 or in the case of a deemed contribution and/or distribution occurring as a result of a termination of the Partnership pursuant to Section 708 of the Code, be determined and allocated in the same manner as that provided in Section 5.4(d)(i) or (B) in the case of a liquidating distribution pursuant to Section 12.4, be determined and allocated by the Liquidator using such reasonable method of valuation as it may adopt.

5.5 ***Loans from Partners.*** Loans by a Partner to the Partnership shall not constitute Capital Contributions. If any Partner shall advance funds to the Partnership in excess of the amounts required hereunder to be contributed by it to the capital of the Partnership, the making of such excess advances shall not result in any increase in the amount of the Capital Account of such Partner. The amount of any such excess advances shall be a debt obligation of the Partnership to such Partner and shall be payable or collectible only out of the Partnership assets in accordance with the terms and conditions upon which such advances are made.

5.6 ***Limited Preemptive Rights.*** Except as provided in Section 5.2, no Person shall have preemptive, preferential or other similar rights with respect to (a) additional Capital Contributions; (b) issuance or sale of any class or series of Partnership Interests, whether unissued, held in the treasury or hereafter created; (c) issuance of any obligations, evidences of indebtedness or other securities of the Partnership convertible into or exchangeable for, or carrying or accompanied by any rights to receive, purchase or subscribe to, any such Partnership Interests; (d) issuance of any right of subscription to or right to receive, or any warrant or option for the purchase of, any such Partnership Interests; or (e) issuance or sale of any other securities that may be issued or sold by the Partnership.

5.7 ***Fully Paid and Non-Assessable Nature of Limited Partner Partnership Interests.*** All Limited Partner Partnership Interests issued pursuant to, and in accordance with the requirements of, this Article V shall be fully paid and non-assessable Partnership Interests in the Partnership, except as such non-assessability may be affected by Section 17-607 of the Delaware Act.

ARTICLE VI
ALLOCATIONS AND DISTRIBUTIONS

6.1 ***Allocations for Capital Account Purposes.*** For purposes of maintaining the Capital Accounts and in determining the rights of the Partners among themselves, the Partnership's items of income, gain, loss and deduction (computed in accordance with Section 5.4(b)) shall be allocated among the Partners in each taxable year (or portion thereof) as provided hereinbelow.

(a) *Net Income*. After giving effect to the special allocations set forth in Section 6.1(d), Net Income for each taxable year and all items of income, gain, loss and deduction taken into account in computing Net Income for such taxable year shall be allocated as follows:

(i) First, 100% to the General Partner until the Net Income allocated to the General Partner pursuant to this Section 6.1(a)(i) for the current taxable year and all previous taxable years is equal to the aggregate Net Losses allocated to the General Partner pursuant to Section 6.1(b)(ii) for all previous taxable years;

(ii) Second, 100% to the General Partner and the Limited Partner, in accordance with their respective Percentage Interests.

(b) *Net Losses*. After giving effect to the special allocations set forth in Section 6.1(d), Net Losses for each taxable period and all items of income, gain, loss and deduction taken into account in computing Net Losses for such taxable period shall be allocated as follows:

(i) First, 100% to the General Partner and the Limited Partner, in accordance with their respective Percentage Interests; provided, that Net Losses shall not be allocated pursuant to this Section 6.1(b)(i) to the extent that such allocation would cause the Limited Partner to have a deficit balance in its Adjusted Capital Account at the end of such taxable year (or increase any existing deficit balance in its Adjusted Capital Account);

(ii) Second, the balance, if any, 100% to the General Partner.

(c) *Net Termination Gains and Losses*. After giving effect to the special allocations set forth in Section 6.1(d), all items of income, gain, loss and deduction taken into account in computing Net Termination Gain or Net Termination Loss for such taxable period shall be allocated in the same manner as such Net Termination Gain or Net Termination Loss is allocated hereunder. All allocations under this Section 6.1(c) shall be made after Capital Account balances have been adjusted by all other allocations provided under this Section 6.1 and after all distributions of Available Cash provided under Section 6.4 have been made with respect to the taxable period ending on or before the Liquidation Date; provided, however, that solely for purposes of this Section 6.1(c), Capital Accounts shall not be adjusted for distributions made pursuant to Section 12.4.

(i) If a Net Termination Gain is recognized (or deemed recognized pursuant to Section 5.4(d)), such Net Termination Gain shall be allocated between the General Partner and the Limited Partner in the following manner (and the Capital Accounts of the Partners shall be increased by the amount so allocated in each of the following subclauses, in the order listed, before an allocation is made pursuant to the next succeeding subclause):

(A) First, to each Partner having a deficit balance in its Capital Account, in the proportion that such deficit balance bears to the total deficit balances in the Capital Accounts of all Partners, until each such Partner has been allocated Net Termination Gain equal to any such deficit balance in its Capital Account; and

(B) Second, 100% to the General Partner and the Limited Partner in accordance with their respective Percentage Interests.

(ii) If a Net Termination Loss is recognized (or deemed recognized pursuant to Section 5.4(d)), such Net Termination Loss shall be allocated to the Partners in the following manner:

(A) First, 100% to the General Partner and the Limited Partner in proportion to, and to the extent of, the positive balances in their respective Capital Accounts; and

(B) Second, the balance, if any, 100% to the General Partner.

(d) *Special Allocations*. Notwithstanding any other provision of this Section 6.1, the following special allocations shall be made for such taxable period:

(i) *Partnership Minimum Gain Chargeback*. Notwithstanding any other provision of this Section 6.1, if there is a net decrease in Partnership Minimum Gain during any Partnership taxable period, each Partner shall be allocated items of Partnership income and gain for such period (and, if necessary, subsequent periods) in the manner and amounts provided in Treasury Regulation Sections 1.704-2(f)(6), 1.704-2(g)(2) and 1.704-2(j)(2)(i), or any successor provision. For purposes of this Section 6.1(d), each Partner's Adjusted Capital Account balance shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 6.1(d) with respect to such taxable period (other than an allocation pursuant to Sections 6.1(d)(v) and 6.1(d)(vi)). This Section 6.1(d)(i) is intended to comply with the Partnership Minimum Gain chargeback requirement in Treasury Regulation Section 1.704-2(f) and shall be interpreted consistently therewith.

(ii) *Chargeback of Partner Nonrecourse Debt Minimum Gain*. Notwithstanding the other provisions of this Section 6.1 (other than Section 6.1(d)(i)), except as provided in Treasury Regulation Section 1.704-2(i)(4), if there is a net decrease in Partner Nonrecourse Debt Minimum Gain during any Partnership taxable period, any Partner with a share of Partner Nonrecourse Debt Minimum Gain at the beginning of such taxable period shall be allocated items of Partnership income and gain for such period (and, if necessary, subsequent periods) in the manner and amounts provided in Treasury Regulation Sections 1.704-2(i)(4) and 1.704-2(j)(2)(ii), or any successor provisions. For purposes of this Section 6.1(d), each Partner's Adjusted Capital Account balance shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 6.1(d), other than Section 6.1(d)(i) and other than an allocation pursuant to Sections 6.1(d)(v) and 6.1(d)(vi), with respect to such taxable period. This Section 6.1(d)(ii) is intended to comply with the chargeback of items of income and gain requirement in Treasury Regulation Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(iii) *Qualified Income Offset*. In the event any Partner unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulation Sections 1.704-l(b)(2)(ii)(d)(4), 1.704-l(b)(2)(ii)(d)(5), or 1.704-l(b)(2)(ii)(d)(6), items of Partnership

income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations promulgated under Section 704(b) of the Code, the deficit balance, if any, in its Adjusted Capital Account created by such adjustments, allocations or distributions as quickly as possible unless such deficit balance is otherwise eliminated pursuant to Section 6.1(d)(i) or (ii).

(iv) *Gross Income Allocations*. In the event any Partner has a deficit balance in its Capital Account at the end of any Partnership taxable period in excess of the sum of (A) the amount such Partner is required to restore pursuant to the provisions of this Agreement and (B) the amount such Partner is deemed obligated to restore pursuant to Treasury Regulation Sections 1.704-2(g) and 1.704-2(i)(5), such Partner shall be specially allocated items of Partnership gross income and gain in the amount of such excess as quickly as possible; provided, that an allocation pursuant to this Section 6.1(d)(iv) shall be made only if and to the extent that such Partner would have a deficit balance in its Capital Account as adjusted after all other allocations provided in this Section 6.1 have been tentatively made as if this Section 6.1(d)(iv) were not in this Agreement.

(v) *Nonrecourse Deductions*. Nonrecourse Deductions for any taxable period shall be allocated to the Partners in accordance with their respective Percentage Interests. If the General Partner determines in its good faith discretion that the Partnership's Nonrecourse Deductions must be allocated in a different ratio to satisfy the safe harbor requirements of the Treasury Regulations promulgated under Section 704(b) of the Code, the General Partner is authorized, upon notice to the Limited Partner, to revise the prescribed ratio to the numerically closest ratio that does satisfy such requirements.

(vi) *Partner Nonrecourse Deductions*. Partner Nonrecourse Deductions for any taxable period shall be allocated 100% to the Partner that bears the Economic Risk of Loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulation Section 1.704-2(i). If more than one Partner bears the Economic Risk of Loss with respect to a Partner Nonrecourse Debt, such Partner Nonrecourse Deductions attributable thereto shall be allocated between or among such Partners in accordance with the ratios in which they share such Economic Risk of Loss.

(vii) *Nonrecourse Liabilities*. For purposes of Treasury Regulation Section 1.752-3(a)(3), the Partners agree that Nonrecourse Liabilities of the Partnership in excess of the sum of (A) the amount of Partnership Minimum Gain and (B) the total amount of Nonrecourse Built-in Gain shall be allocated among the Partners in accordance with their respective Percentage Interests.

(viii) *Code Section 754 Adjustments*. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(c) of the Code is required, pursuant to Treasury Regulation Section 1.704-l(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such item of gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Treasury Regulations.

(ix) *Curative Allocation*.

(A) Notwithstanding any other provision of this Section 6.1, other than the Required Allocations, the Required Allocations shall be taken into account in making the Agreed Allocations so that, to the extent possible, the net amount of items of income, gain, loss and deduction allocated to each Partner pursuant to the Required Allocations and the Agreed Allocations, together, shall be equal to the net amount of such items that would have been allocated to each such Partner under the Agreed Allocations had the Required Allocations and the related Curative Allocation not otherwise been provided in this Section 6.1. Notwithstanding the preceding sentence, Required Allocations relating to (1) Nonrecourse Deductions shall not be taken into account except to the extent that there has been a decrease in Partnership Minimum Gain and (2) Partner Nonrecourse Deductions shall not be taken into account except to the extent that there has been a decrease in Partner Nonrecourse Debt Minimum Gain. Allocations pursuant to this Section 6.1(d)(ix)(A) shall only be made with respect to Required Allocations to the extent the General Partner reasonably determines that such allocations will otherwise be inconsistent with the economic Agreement among the Partners. Further, allocations pursuant to this Section 6.1(d)(ix)(A) shall be deferred with respect to allocations pursuant to clauses (1) and (2) hereof to the extent the General Partner reasonably determines that such allocations are likely to be offset by subsequent Required Allocations.

(B) The General Partner shall have reasonable discretion, with respect to each taxable period, to (1) apply the provisions of Section 6.1(d)(ix)(A) in whatever order is most likely to minimize the economic distortions that might otherwise result from the Required Allocations, and (2) divide all allocations pursuant to Section 6.1(d)(ix)(A) among the Partners in a manner that is likely to minimize such economic distortions.

6.2 ***Allocations for Tax Purposes.***

(a) Except as otherwise provided herein, for federal income tax purposes, each item of income, gain, loss and deduction shall be allocated among the Partners in the same manner as its correlative item of “book” income, gain, loss or deduction is allocated pursuant to Section 6.1.

(b) In an attempt to eliminate Book-Tax Disparities attributable to a Contributed Property or Adjusted Property, items of income, gain, loss, depreciation, amortization and cost recovery deductions shall be allocated for federal income tax purposes among the Partners as follows:

(i) (A) In the case of a Contributed Property, such items attributable thereto shall be allocated among the Partners in the manner provided under Section 704(c) of

the Code that takes into account the variation between the Agreed Value of such property and its adjusted basis at the time of contribution; and (B) any item of Residual Gain or Residual Loss attributable to a Contributed Property shall be allocated among the Partners in the same manner as its correlative item of “book” gain or loss is allocated pursuant to Section 6.1.

(ii) (A) In the case of an Adjusted Property, such items shall (1) first, be allocated among the Partners in a manner consistent with the principles of Section 704(c) of the Code to take into account the Unrealized Gain or Unrealized Loss attributable to such property and the allocations thereof pursuant to Section 5.4(d)(i) or (ii), and (2) second, in the event such property was originally a Contributed Property, be allocated among the Partners in a manner consistent with Section 6.2(b)(i)(A); and (B) any item of Residual Gain or Residual Loss attributable to an Adjusted Property shall be allocated among the Partners in the same manner as its correlative item of “book” gain or loss is allocated pursuant to Section 6.1.

(iii) The General Partner shall apply the principles of Treasury Regulation Section 1.704-3(d) to eliminate Book-Tax Disparities.

(c) For the proper administration of the Partnership and for the preservation of uniformity of Units of the MLP (or any class or classes thereof), the General Partner shall have sole discretion to (i) adopt such conventions as it deems appropriate in determining the amount of depreciation, amortization and cost recovery deductions; (ii) make special allocations for federal income tax purposes of income (including, without limitation, gross income) or deductions; and (iii) amend the provisions of this Agreement as appropriate (x) to reflect the proposal or promulgation of Treasury Regulations under Section 704(b) or Section 704(c) of the Code or (y) otherwise to preserve or achieve uniformity of Units of the MLP (or any class or classes thereof). The General Partner may adopt such conventions, make such allocations and make such amendments to this Agreement as provided in this Section 6.2(c) only if such conventions, allocations or amendments would not have a material adverse effect on the Partners, the holders of any class or classes of Units of the MLP issued and outstanding or the Partnership, and if such allocations are consistent with the principles of Section 704 of the Code.

(d) The General Partner in its discretion may determine to depreciate or amortize the portion of an adjustment under Section 743(b) of the Code attributable to unrealized appreciation in any Adjusted Property (to the extent of the unamortized Book-Tax Disparity) using a predetermined rate derived from the depreciation or amortization method and useful life applied to the Partnership’s common basis of such property, despite any inconsistency of such approach with Proposed Treasury Regulation Section 1.168-2(n), Treasury Regulation Section 1.167(c)-l(a)(6) or Proposed Treasury Regulation Section 1.197-2(g)(3). If the General Partner determines that such reporting position cannot reasonably be taken, the General Partner may adopt depreciation and amortization conventions under which all purchasers acquiring Units of the MLP in the same month would receive depreciation and amortization deductions, based upon the same applicable rate as if they had purchased a direct interest in the Partnership’s property. If the General Partner chooses not to utilize such aggregate method, the General Partner may use any other reasonable depreciation and amortization conventions to preserve the uniformity of the intrinsic tax characteristics of any class or classes of Units of the MLP that would not have a material adverse effect on the Limited Partner or the holders of any class or classes of Units of the MLP.

(e) Any gain allocated to the Partners upon the sale or other taxable disposition of any Partnership asset shall, to the extent possible, after taking into account other required allocations of gain pursuant to this Section 6.2, be characterized as Recapture Income in the same proportions and to the same extent as such Partners (or their predecessors in interest) have been allocated any deductions directly or indirectly giving rise to the treatment of such gains as Recapture Income.

(f) All items of income, gain, loss, deduction and credit recognized by the Partnership for federal income tax purposes and allocated to the Partners in accordance with the provisions hereof shall be determined without regard to any election under Section 754 of the Code which may be made by the Partnership; provided, however, that such allocations, once made, shall be adjusted as necessary or appropriate to take into account those adjustments permitted or required by Sections 734 and 743 of the Code.

(g) The General Partner may adopt such methods of allocation of income, gain, loss or deduction between a transferor and a transferee of a Partnership Interest as it determines necessary, to the extent permitted or required by Section 706 of the Code and the regulations or rulings promulgated thereunder.

6.3 ***Distributions.***

(a) Within 45 days following the end of each Quarter commencing with the Quarter ending on September 30, 1998, an amount equal to 100% of Available Cash with respect to such Quarter shall, subject to Section 17-607 of the Delaware Act, be distributed in accordance with this Article VI by the Partnership to the Partners in accordance with their respective Percentage Interests. The immediately preceding sentence shall not require any distribution of cash if and to the extent such distribution would be prohibited by applicable law or by any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which the Partnership is a party or by which it is bound or its assets are subject. All distributions required to be made under this Agreement shall be made subject to Section 17-607 of the Delaware Act.

(b) In the event of the dissolution and liquidation of the Partnership, all receipts received during or after the Quarter in which the Liquidation Date occurs (other than from borrowings described in (a) (ii) of the definition of Available Cash) shall be applied and distributed solely in accordance with, and subject to the terms and conditions of, Section 12.4.

(c) The General Partner shall have the discretion to treat taxes paid by the Partnership on behalf of, or amounts withheld with respect to, all or less than all of the Partners, as a distribution of Available Cash to such Partners.

ARTICLE VII
MANAGEMENT AND OPERATION OF BUSINESS

7.1 ***Management.***

(a) The General Partner shall conduct, direct and manage all activities of the Partnership. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership shall be exclusively vested in the General Partner, and neither the Limited Partner nor any Assignee shall have any management power over the business and affairs of the Partnership. In addition to the powers now or hereafter granted a general partner of a limited partnership under applicable law or which are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to Section 7.3, shall have full power and authority to do all things and on such terms as it, in its sole discretion, may deem necessary or appropriate to conduct the business of the Partnership, to exercise all

powers set forth in Section 2.5 and to effectuate the purposes set forth in Section 2.4, including the following:

(i) the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness, including indebtedness that is convertible into Partnership Securities, and the incurring of any other obligations;

(ii) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership;

(iii) the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any or all of the assets of the Partnership or the merger or other combination of the Partnership with or into another Person (the matters in this clause (iii) being subject, however, to any prior approval that may be required by Section 7.3);

(iv) the use of the assets of the Partnership (including cash on hand) for any purpose consistent with the terms of this Agreement, including the financing of the conduct of the operations of the Partnership Group; subject to Section 7.6(a), the lending of funds to other Persons (including the MLP); the repayment of obligations of the MLP or any member of the Partnership Group; and the making of capital contributions to any member of the Partnership Group;

(v) the negotiation, execution and performance of any contracts, conveyances or other instruments (including instruments that limit the liability of the Partnership under contractual arrangements to all or particular assets of the Partnership, with the other party to the contract to have no recourse against the General Partner or its assets other than its interest in the Partnership, even if same results in the terms of the transaction being less favorable to the Partnership than would otherwise be the case);

(vi) the distribution of Partnership cash;

(vii) the selection and dismissal of employees (including employees having titles such as “president,” “vice president,” “secretary” and “treasurer”) and agents, outside attorneys, accountants, consultants and contractors and the determination of their compensation and other terms of employment or hiring;

(viii) the maintenance of such insurance for the benefit of the Partnership Group and the Partners (including the assets of the Partnership) as it deems necessary or appropriate;

(ix) the formation of, or acquisition of an interest in, and the contribution of property and the making of loans to, any further limited or general partnerships, joint ventures, corporations or other relationships subject to the restrictions set forth in Section 2.4;

(x) the control of any matters affecting the rights and obligations of the Partnership, including the bringing and defending of actions at law or in equity and otherwise engaging in the conduct of litigation and the incurring of legal expense and the settlement of claims and litigation;

(xi) the indemnification of any Person against liabilities and contingencies to the extent permitted by law; and

(xii) the undertaking of any action in connection with the Partnership's participation as a partner or equity owner of any Group Member.

(b) Notwithstanding any other provision of this Agreement, the MLP Agreement, the Delaware Act or any applicable law, rule or regulation, each of the Partners and Assignees (i) approves, ratifies and confirms the execution, delivery and performance by the parties thereto of the MLP Agreement, the Underwriting Agreement, the EPCO Agreement and the other agreements described in or filed as a part of the Registration Statement that are related to the transactions contemplated by the Registration Statement; (ii) agrees that the General Partner (on its own or through any officer of the Partnership) is authorized to execute, deliver and perform the agreements referred to in clause (i) of this sentence and the other agreements, acts, transactions and matters described in or contemplated by the Registration Statement on behalf of the Partnership without any further act, approval or vote of the Partners or the Assignees or the other Persons who may acquire an interest in Partnership Securities; and (iii) agrees that the execution, delivery or performance by the General Partner, the MLP, any Group Member or any Affiliate of any of them, of this Agreement or any agreement authorized or permitted under this Agreement, shall not constitute a breach by the General Partner of any duty that the General Partner may owe the Partnership or the Limited Partner or the Assignees or any other Persons under this Agreement (or any other agreements) or of any duty stated or implied by law or equity.

7.2 ***Certificate of Limited Partnership.*** The General Partner has caused the Certificate of Limited Partnership to be filed with the Secretary of State of the State of Delaware as required by the Delaware Act and shall use all reasonable efforts to cause to be filed such other certificates or documents as may be determined by the General Partner in its sole discretion to be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware or any other state in which the Partnership may elect to do business or own property. To the extent that such action is determined by the General Partner in its sole discretion to be reasonable and necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate of Limited Partnership and do all things to maintain the Partnership as a limited partnership (or a partnership or other entity in which the limited partners have limited liability) under the laws of the State of Delaware or of any other state in which the Partnership may elect to do business or own property. Subject to the terms of Section 3.3(a), the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate of Limited Partnership, any qualification document or any amendment thereto to the Limited Partner or any Assignee.

7.3 ***Restrictions on General Partner's Authority.***

(a) The General Partner may not, without written approval of the specific act by the Limited Partner or by other written instrument executed and delivered by the Limited Partner subsequent to the date of this Agreement, take any action in contravention of this Agreement, including, except as otherwise provided in this Agreement, (i) committing any act that would make it impossible to carry on the ordinary business of the Partnership; (ii) possessing Partnership property, or assigning any rights in specific Partnership property, for other than a Partnership purpose; (iii) admitting a Person as a Partner; or (iv) amending this Agreement in any manner.

(b) Except as provided in Articles XII and XIV, the General Partner may not sell, exchange or otherwise dispose of or approve on behalf of the Partnership the sale, exchange or other disposition of all or substantially all of the Partnership's assets in a single transaction or a series of related transactions without the approval of the Limited Partner; provided, however, that this provision shall not preclude or limit the General Partner's ability to mortgage, pledge, hypothecate or grant a security interest in all or substantially all of the assets of the Partnership and shall not apply to any forced sale of any or all of the assets of the Partnership pursuant to the foreclosure of, or other realization upon, any such encumbrance.

7.4 ***Reimbursement of the General Partner.***

(a) Except as provided in this Section 7.4 and elsewhere in this Agreement or in the MLP Agreement, the General Partner shall not be compensated for its services as general partner of the MLP or any Group Member.

(b) Subject to any of the applicable limitations contained in the EPCO Agreement, the General Partner shall be reimbursed on a monthly basis, or such other reasonable basis as the General Partner may determine in its sole discretion, for (i) all direct and indirect expenses that it incurs or payments it makes on behalf of the Partnership (including amounts paid by the General Partner to EPC under the EPCO Agreement and including salary, bonus, incentive compensation and other amounts paid to any Person, including Affiliates of the General Partner, to perform services for the Partnership or for the General Partner in the discharge of its duties to the Partnership), and (ii) all other necessary or appropriate expenses allocable to the Partnership or otherwise reasonably incurred by the General Partner in connection with operating the Partnership's business (including expenses allocated to the General Partner by its Affiliates). The General Partner shall determine the expenses that are allocable to the Partnership in any reasonable manner determined by the General Partner in its sole discretion. Reimbursements pursuant to this Section 7.4 shall be in addition to any reimbursement to the General Partner as a result of indemnification pursuant to Section 7.7.

(c) The General Partner, in its sole discretion and without the approval of the Limited Partner (who shall have no right to vote in respect thereof), may propose and adopt on behalf of the Partnership employee benefit plans, employee programs and employee practices or cause the Partnership to issue Partnership Securities, in connection with, or pursuant to, any employee benefit plan, employee program or employee practice maintained or sponsored by the General Partner or any of its Affiliates, in each case for the benefit of employees of the General

Partner, any Group Member or any Affiliate, or any of them, in respect of services performed, directly or indirectly, for the benefit of the Partnership Group. Expenses incurred by the General Partner in connection with any such plans, programs and practices shall be reimbursed in accordance with Section 7.4(b). Any and all obligations of the General Partner under any employee benefit plans, employee programs or employee practices adopted by the General Partner as permitted by this Section 7.4(c) shall constitute obligations of the General Partner hereunder and shall be assumed by any successor General Partner approved pursuant to Section 11.1 or 11.2 or the transferee of or successor to all of the General Partner's Partnership Interest as the general partner in the Partnership pursuant to Section 4.2.

7.5 ***Outside Activities.***

(a) After the Closing Date, the General Partner, for so long as it is the general partner of the Partnership (i) agrees that its sole business will be to act as the general partner or managing member of the Partnership, the MLP, and any other partnership or limited liability company of which the Partnership or the MLP is, directly or indirectly, a partner or managing member and to undertake activities that are ancillary or related thereto (including being a limited partner in the partnership), (ii) shall not engage in any business or activity or incur any debts or liabilities except in connection with or incidental to (A) its performance as general partner or managing member of one or more Group Members or as described in or contemplated by the Registration Statement or (B) the acquiring, owning or disposing of debt or equity securities in any Group Member and (iii) except to the extent permitted by the EPCO Agreement, shall not, and shall cause its Affiliates not to, engage in any Restricted Activity.

(b) EPC has entered into the EPCO Agreement with the Partnership and the MLP, which agreement sets forth certain restrictions on the liability of EPC and its Affiliates to engage in Restricted Activities.

(c) Except as specifically restricted by Section 7.5(a) and the EPCO Agreement, each Indemnitee (other than the General Partner) shall have the right to engage in businesses of every type and description and other activities for profit and to engage in and possess an interest in other business ventures of any and every type or description, whether in businesses engaged in or anticipated to be engaged in by any Group Member, independently or with others, including business interests and activities in direct competition with the business and activities of any Group Member, and none of the same shall constitute a breach of this Agreement or any duty express or implied by law to any Group Member or any Partner or Assignee. Neither any Group Member, the Limited Partner nor any other Person shall have any rights by virtue of this Agreement, the MLP Agreement or the partnership relationship established hereby or thereby in any business ventures of any Indemnitee.

(d) Subject to the terms of the EPCO Agreement and Sections 7.5(a), 7.5(b), and 7.5(c), but otherwise notwithstanding anything to the contrary in this Agreement, (i) the engaging in competitive activities by any Indemnitees (other than the General Partner) in accordance with the provisions of this Section 7.5 is hereby approved by the Partnership and all Partners, (ii) it shall be deemed not to be a breach of the General Partner's fiduciary duty or any other obligation of any type whatsoever of the General Partner for the Indemnitees (other than the General Partner) to engage in such business interests and activities in preference to or the

exclusion of the Partnership and (iii) the General Partner and the Indemnitees shall have no obligation to present business opportunities to the Partnership.

(e) The General Partner and any of its Affiliates may acquire Partnership Securities in addition to those acquired on the Closing Date and, except as otherwise provided in this Agreement, shall be entitled to exercise all rights relating to such Partnership Securities.

(f) The term "Affiliates" when used in Sections 7.5(a) and 7.5(b) with respect to the General Partner shall not include any Group Member or any Subsidiary of a Group Member.

7.6 ***Loans from the General Partner; Loans or Contributions from the Partnership; Contracts with Affiliates; Certain Restrictions on the General Partner.***

(a) The General Partner or any of its Affiliates may lend to the MLP or any Group Member, and the MLP or any Group Member may borrow from the General Partner or any of its Affiliates, funds needed or desired by the MLP or the Group Member for such periods of time and in such amounts as the General Partner may determine; provided, however, that in any such case the lending party may not charge the borrowing party interest at a rate greater than the rate that would be charged the borrowing party or impose terms less favorable to the borrowing party than would be charged or imposed on the borrowing party by unrelated lenders on comparable loans made on an arm's-length basis (without reference to the lending party's financial abilities or guarantees). The borrowing party shall reimburse the lending party for any costs (other than any additional interest costs) incurred by the lending party in connection with the borrowing of such funds. For purposes of this Section 7.6(a) and Section 7.6(b), the term "Group Member" shall include any Affiliate of a Group Member that is controlled by the Group Member. No Group Member may lend funds to the General Partner or any of its Affiliates (other than the MLP, a Subsidiary of the MLP or another Group Member).

(b) The Partnership may lend or contribute to any Group Member and any Group Member may borrow from the Partnership, funds on terms and conditions established in the sole discretion of the General Partner; provided, however, that the Partnership may not charge the Group Member interest at a rate less than the rate that would be charged to the Group Member (without reference to the General Partner's financial abilities or guarantees) by unrelated lenders on comparable loans. The foregoing authority shall be exercised by the General Partner in its sole discretion and shall not create any right or benefit in favor of any Group Member or any other Person.

(c) The General Partner may itself, or may enter into an agreement, in addition to the EPCO Agreement, with any of its Affiliates to, render services to a Group Member or to the General Partner in the discharge of its duties as the general partner of the Partnership. Any services rendered to a Group Member by the General Partner or any of its Affiliates shall be on terms that are fair and reasonable to the Partnership; provided, however, that the requirements of this Section 7.6(c) shall be deemed satisfied as to (i) any transaction approved by Special Approval, (ii) any transaction, the terms of which are no less favorable to the Partnership Group than those generally being provided to or available from unrelated third parties or (iii) any transaction that, taking into account the totality of the relationships between

the parties involved (including other transactions that may be particularly favorable or advantageous to the Partnership Group), is equitable to the Partnership Group. The provisions of Section 7.4 shall apply to the rendering of services described in this Section 7.6(c).

(d) Any Group Member may transfer assets to joint ventures, other partnerships, corporations, limited liability companies or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions as are consistent with this Agreement and applicable law.

(e) Neither the General Partner nor any of its Affiliates shall sell, transfer or convey any property to, or purchase any property from, the Partnership, directly or indirectly, except pursuant to transactions that are fair and reasonable to the Partnership; provided, however, that the requirements of this Section 7.6(e) shall be deemed to be satisfied as to (i) the transactions effected pursuant to Section 5.1 and any other transactions described in or contemplated by the Registration Statement, (ii) any transaction approved by Special Approval, (iii) any transaction, the terms of which are no less favorable to the Partnership than those generally being provided to or available from unrelated third parties, or (iv) any transaction that, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Partnership), is equitable to the Partnership.

(f) The General Partner and its Affiliates will have no obligation to permit the MLP or any Group Member to use any facilities or assets of the General Partner and its Affiliates, except as may be provided in contracts entered into from time to time specifically dealing with such use, nor shall there be any obligation on the part of the General Partner or its Affiliates to enter into such contracts.

(g) Without limitation of Sections 7.6(a) through 7.6(f), and notwithstanding anything to the contrary in this Agreement, the existence of the conflicts of interest described in the Registration Statement are hereby approved by all Partners.

7.7 ***Indemnification.***

(a) To the fullest extent permitted by law but subject to the limitations expressly provided in this Agreement, all Indemnitees shall be indemnified and held harmless by the Partnership from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status as a Person of the type described in clauses (a)-(d) of the definition of the term "Indemnitee"; provided, that in each case the Indemnitee acted in good faith and in a manner that such Indemnitee reasonably believed to be in, or (in the case of a Person other than the General Partner) not opposed to, the best interests of the Partnership and, with respect to any criminal proceeding, had no reasonable cause to believe its conduct was unlawful; provided, further, no indemnification pursuant to this Section 7.7 shall be available to the General Partner with respect to its obligations incurred pursuant to the Underwriting Agreement (other than obligations incurred by the General Partner on behalf of

the Partnership or the MLP). The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that the Indemnitee acted in a manner contrary to that specified above. Any indemnification pursuant to this Section 7.7 shall be made only out of the assets of the Partnership, it being agreed that the General Partner shall not be personally liable for such indemnification and shall have no obligation to contribute or loan any monies or property to the Partnership to enable it to effectuate such indemnification.

(b) To the fullest extent permitted by law, expenses (including legal fees and expenses) incurred by an Indemnitee who is indemnified pursuant to Section 7.7(a) in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Partnership prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Partnership of any undertaking by or on behalf of the Indemnitee to repay such amount if it shall be determined that the Indemnitee is not entitled to be indemnified as authorized in this Section 7.7.

(c) The indemnification provided by this Section 7.7 shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, both as to actions in the Indemnitee's capacity as a Person of the type described in clauses (a)-(d) of the definition of the term "Indemnitee," and as to actions in any other capacity (including any capacity under the Underwriting Agreement), and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee.

(d) The Partnership may purchase and maintain (or reimburse the General Partner or its Affiliates for the cost of) insurance, on behalf of the General Partner, its Affiliates and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expense that may be incurred by such Person in connection with the Partnership's activities or such Person's activities on behalf of the Partnership, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(e) For purposes of this Section 7.7, the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute "fines" within the meaning of Section 7.7(a); and action taken or omitted by it with respect to any employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is in, or not opposed to, the best interests of the Partnership.

(f) In no event may an Indemnitee subject the Limited Partner to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in part under this Section 7.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 7.7 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

(i) No amendment, modification or repeal of this Section 7.7 or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitee to be indemnified by the Partnership, nor the obligations of the Partnership to indemnify any such Indemnitee under and in accordance with the provisions of this Section 7.7 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

7.8 ***Liability of Indemnitees.***

(a) Notwithstanding anything to the contrary set forth in this Agreement, no Indemnitee shall be liable for monetary damages to the Partnership, the Limited Partner, the Assignees or any other Persons who have acquired interests in the Units, for losses sustained or liabilities incurred as a result of any act or omission if such Indemnitee acted in good faith.

(b) Subject to its obligations and duties as General Partner set forth in Section 7.1 (a), the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents, and the General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by the General Partner in good faith.

(c) To the extent that, at law or in equity, an Indemnitee has duties (including fiduciary duties) and liabilities relating thereto to the Partnership or to the Partners, the General Partner and any other Indemnitee acting in connection with the Partnership’s business or affairs shall not be liable to the Partnership or to any Partner for its good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict or otherwise modify the duties and liabilities of an Indemnitee otherwise existing at law or in equity, are agreed by the Partners to replace such other duties and liabilities of such Indemnitee.

(d) Any amendment, modification or repeal of this Section 7.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the liability to the Partnership, the Limited Partner, the General Partner, and the Partnership’s and General Partner’s directors, officers and employees under this Section 7.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

7.9 ***Resolution of Conflicts of Interest.***

(a) Unless otherwise expressly provided in this Agreement or the MLP Agreement, whenever a potential conflict of interest exists or arises between the General Partner or any of its Affiliates, on the one hand, and the Partnership, the MLP, any Partner or any Assignee, on the other, any resolution or course of action by the General Partner or its Affiliates in respect of such conflict of interest shall be permitted and deemed approved by all Partners, and shall not constitute a breach of this Agreement, of the MLP Agreement, of any agreement contemplated herein or therein, or of any duty stated or implied by law or equity, if the resolution or course of action is, or by operation of this Agreement is deemed to be, fair and reasonable to the Partnership. The General Partner shall be authorized but not required in connection with its resolution of such conflict of interest to seek Special Approval of such resolution. Any conflict of interest and any resolution of such conflict of interest shall be conclusively deemed fair and reasonable to the Partnership if such conflict of interest or resolution is (i) approved by Special Approval (as long as the material facts within the actual knowledge of the officers and directors of the General Partner and EPC regarding the proposed transaction were disclosed to the Audit and Conflicts Committee at the time it gave its approval), (ii) on terms no less favorable to the Partnership than those generally being provided to or available from unrelated third parties or (iii) fair to the Partnership, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Partnership). The General Partner may also adopt a resolution or course of action that has not received Special Approval. The General Partner (including the Audit and Conflicts Committee in connection with Special Approval) shall be authorized in connection with its determination of what is "fair and reasonable" to the Partnership and in connection with its resolution of any conflict of interest to consider (A) the relative interests of any party to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interest; (B) any customary or accepted industry practices and any customary or historical dealings with a particular Person; (C) any applicable generally accepted accounting practices or principles; and (D) such additional factors as the General Partner (including the Audit and Conflicts Committee) determines in its sole discretion to be relevant, reasonable or appropriate under the circumstances. Nothing contained in this Agreement, however, is intended to nor shall it be construed to require the General Partner (including the Audit and Conflicts Committee) to consider the interests of any Person other than the Partnership. In the absence of bad faith by the General Partner, the resolution, action or terms so made, taken or provided by the General Partner with respect to such matter shall not constitute a breach of this Agreement or any other agreement contemplated herein or a breach of any standard of care or duty imposed herein or therein or, to the extent permitted by law, under the Delaware Act or any other law, rule or regulation.

(b) Whenever this Agreement or any other agreement contemplated hereby provides that the General Partner or any of its Affiliates is permitted or required to make a decision (i) in its "sole discretion" or "discretion," that it deems "necessary or appropriate" or "necessary or advisable" or under a grant of similar authority or latitude, except as otherwise provided herein, the General Partner or such Affiliate shall be entitled to consider only such interests and factors as it desires and shall have no duty or obligation to give any consideration to any interest of, or factors affecting, the Partnership, the MLP, the Limited Partner or, any limited partner of the Limited Partner or any Assignee, (ii) it may make such decision in its sole

discretion (regardless of whether there is a reference to “sole discretion” or “discretion”) unless another express standard is provided for, or (iii) in “good faith” or under another express standard, the General Partner or such Affiliate shall act under such express standard and shall not be subject to any other or different standards imposed by this Agreement, the MLP Agreement, any other agreement contemplated hereby or under the Delaware Act or any other law, rule or regulation. In addition, any actions taken by the General Partner or such Affiliate consistent with the standards of “reasonable discretion” set forth in the definitions of Available Cash shall not constitute a breach of any duty of the General Partner to the Partnership, the Limited Partner or any limited partner of the Limited Partner. The General Partner shall have no duty, express or implied, to sell or otherwise dispose of any asset of the Partnership Group other than in the ordinary course of business. No borrowing by any Group Member or the approval thereof by the General Partner shall be deemed to constitute a breach of any duty of the General Partner to the Partnership or the Limited Partner by reason of the fact that the purpose or effect of such borrowing is directly or indirectly to (A) enable distributions to the General Partner or its Affiliates to exceed 0.001% of the total amount distributed to all partners or (B) hasten the expiration of the Subordination Period or the conversion of any Subordinated Units into Common Units.

(c) Whenever a particular transaction, arrangement or resolution of a conflict of interest is required under this Agreement to be “fair and reasonable” to any Person, the fair and reasonable nature of such transaction, arrangement or resolution shall be considered in the context of all similar or related transactions.

(d) The Limited Partner hereby authorizes the General Partner, on behalf of the Partnership as a partner or member of a Group Member, to approve of actions by the general partner or managing member of such Group Member similar to those actions permitted to be taken by the General Partner pursuant to this Section 7.9.

7.10 ***Other Matters Concerning the General Partner.***

(a) The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken or omitted to be taken in reliance upon the opinion (including an Opinion of Counsel) of such Persons as to matters that the General Partner reasonably believes to be within such Person’s professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

(c) The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers, a duly appointed attorney or attorneys-in-fact or the duly authorized officers of the Partnership. Each such attorney shall, to the extent provided by the General Partner in the power of attorney, have full

power and authority to do and perform each and every act and duty that is permitted or required to be done by the General Partner hereunder.

(d) Any standard of care and duty imposed by this Agreement or under the Delaware Act or any applicable law, rule or regulation shall be modified, waived or limited, to the extent permitted by law, as required to permit the General Partner to act under this Agreement or any other agreement contemplated by this Agreement and to make any decision pursuant to the authority prescribed in this Agreement, so long as such action is reasonably believed by the General Partner to be in, or not inconsistent with, the best interests of the Partnership.

7.11 ***Reliance by Third Parties.*** Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner and any officer of the General Partner authorized by the General Partner to act on behalf of and in the name of Partnership has full power and authority to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any authorized contracts on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner or any such officer as if it were the Partnership's sole party in interest, both legally and beneficially. The Limited Partner hereby waives any and all defenses or other remedies that may be available against such Person to contest, negate or disaffirm any action of the General Partner or any such officer in connection with any such dealing. In no event shall any Person dealing with the General Partner or any such officer or its representatives be obligated to ascertain that the terms of the Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or any such officer or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (i) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (ii) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership and (iii) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

ARTICLE VIII
BOOKS, RECORDS, ACCOUNTING AND REPORTS

8.1 ***Records and Accounting.*** The General Partner shall keep or cause to be kept at the principal office of the Partnership appropriate books and records with respect to the Partnership's business, including all books and records necessary to provide to the Limited Partner any information required to be provided pursuant to Section 3.3(a). Any books and records maintained by or on behalf of the Partnership in the regular course of its business, including books of account and records of Partnership proceedings, may be kept on, or be in the form of, computer disks, hard drives, punch cards, magnetic tape, photographs, micrographics or any other information storage device, provided, that the books and records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for financial reporting purposes, on an accrual basis in accordance with U.S. GAAP.

8.2 ***Fiscal Year.*** The fiscal year of the Partnership shall be a fiscal year ending December 31.

ARTICLE IX
TAX MATTERS

9.1 ***Preparation of Tax Returns.*** The Partnership shall timely file all returns of the Partnership that are required for federal, state and local income tax purposes on the basis of the accrual method and a taxable year ending on December 31. The tax information reasonably required by the Partners for federal and state income tax reporting purposes with respect to a taxable year shall be furnished to them within 90 days of the close of the calendar year in which the Partnership's taxable year ends. The classification, realization and recognition of income and deductions and other items shall be on the accrual method of accounting for federal income tax purposes.

9.2 ***Tax Elections.***

(a) The Partnership shall make the election under Section 754 of the Code in accordance with applicable regulations thereunder, subject to the reservation of the right to seek to revoke any such election upon the General Partner's determination that such revocation is in the best interests of the Limited Partner.

(b) The Partnership shall elect to deduct expenses incurred in organizing the Partnership ratably over a sixty-month period as provided in Section 709 of the Code.

(c) Except as otherwise provided herein, the General Partner shall determine whether the Partnership should make any other elections permitted by the Code.

9.3 ***Tax Controversies.*** Subject to the provisions hereof, the General Partner is designated as the Tax Matters Partner (as defined in Section 6231 of the Code) and is authorized and required to represent the Partnership (at the Partnership's expense) in connection with all examinations of the Partnership's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Partnership funds for professional services and costs associated therewith. Each Partner agrees to cooperate with the General Partner and to do or refrain from doing any or all things reasonably required by the General Partner to conduct such proceedings.

9.4 ***Withholding.*** Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that it determines in its discretion to be necessary or appropriate to cause the Partnership to comply with any withholding requirements established under the Code or any other federal, state or local law including, without limitation, pursuant to Sections 1441, 1442, 1445 and 1446 of the Code. To the extent that the Partnership is required or elects to withhold and pay over to any taxing authority any amount resulting from the allocation or distribution of income to any Partner (including, without limitation, by reason of Section 1446 of the Code), the amount withheld may be treated as a distribution of cash pursuant to Section 6.3 in the amount of such withholding from such Partner.

ARTICLE X
ADMISSION OF PARTNERS

10.1 ***Admission of the General Partner and Limited Partner.*** As provided herein, the General Partner was previously admitted and shall continue as the sole general partner of the Partnership, and the MLP was previously admitted and shall continue as the sole limited partner of the Partnership.

10.2 ***Admission of Substituted Limited Partners.*** Any person that is the successor in interest to the Limited Partner as described in Section 4.3 shall be admitted to the Partnership as the Limited Partner upon (a) furnishing to the General Partner (i) acceptance in form satisfactory to the General Partner of all of the terms and conditions of this Agreement and (ii) such other documents or instruments as may be required to effect its admission as the Limited Partner in the Partnership and (b) obtaining the consent of the General Partner, which consent may be given or withheld in the General Partner's sole discretion. Such Person shall be admitted to the Partnership as the Limited Partner immediately prior to the transfer of the Partnership Interest, and the business of the Partnership shall continue without dissolution.

10.3 ***Admission of a Successor or Transferee General Partner.*** A successor General Partner approved pursuant to Section 11.1 or 11.2 or the transferee of or successor to all of the General Partner's Partnership Interest as the general partner in the Partnership pursuant to Section 4.2 who is proposed to be admitted as a successor General Partner shall, subject to compliance with the terms of Section 11.3, if applicable, be admitted to the Partnership as the General Partner, effective immediately prior to the withdrawal or removal of the General Partner pursuant to Section 11.1 or 11.2 or the transfer of the General Partner's Partnership Interest as a general partner in the Partnership pursuant to Section 4.2; provided, however, that no such successor shall be admitted to the Partnership until compliance with the terms of Section 4.2 has occurred and such successor has executed and delivered such other documents or instruments as may be required to effect such admission. Any such successor shall, subject to the terms hereof, carry on the business of the Partnership without dissolution.

10.4 ***Admission of Additional Limited Partners.***

(a) A Person (other than the General Partner, the MLP or a Substituted Limited Partner) who makes a Capital Contribution to the Partnership in accordance with this Agreement shall be admitted to the Partnership as an Additional Limited Partner only upon furnishing to the General Partner (i) evidence of acceptance in form satisfactory to the General Partner of all of the terms and conditions of this Agreement, including the granting of the power of attorney granted in Section 2.6 and (ii) such other documents or instruments as may be required in the discretion of the General Partner to effect such Person's admission as an Additional Limited Partner.

(b) Notwithstanding anything to the contrary in this Section 10.4, no Person shall be admitted as an Additional Limited Partner without the consent of the General Partner, which consent may be given or withheld in the General Partner's discretion. The admission of any Person as an Additional Limited Partner shall become effective on the date upon which the

name of such Person is recorded as such in the books and records of the Partnership, following the consent of the General Partner to such admission.

10.5 ***Amendment of Agreement and Certificate of Limited Partnership.*** To effect the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Delaware Act to amend the records of the Partnership to reflect such admission and, if necessary, to prepare as soon as practicable an amendment to this Agreement and, if required by law, the General Partner shall prepare and file an amendment to the Certificate of Limited Partnership, and the General Partner may for this purpose, among others, exercise the power of attorney granted pursuant to Section 2.6.

ARTICLE XI
WITHDRAWAL OR REMOVAL OF PARTNERS

11.1 ***Withdrawal of the General Partner.***

(a) The General Partner shall be deemed to have withdrawn from the Partnership upon the occurrence of any one of the following events (each such event herein referred to as an "Event of Withdrawal");

(i) the General Partner voluntarily withdraws from the Partnership by giving written notice to the other Partners;

(ii) the General Partner transfers all of its rights as General Partner pursuant to Section 4.2;

(iii) the General Partner is removed pursuant to Section 11.2;

(iv) [Reserved]

(v) the General Partner (A) makes a general assignment for the benefit of creditors; (B) files a voluntary bankruptcy petition for relief under Chapter 7 of the United States Bankruptcy Code; (C) files a petition or answer seeking for itself a liquidation, dissolution or similar relief (but not a reorganization) under any law; (D) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the General Partner in a proceeding of the type described in clauses (A)-(C) of this Section 11.1(a)(v); or (E) seeks, consents to or acquiesces in the appointment of a trustee (but not a debtor in possession), receiver or liquidator of the General Partner or of all or any substantial part of its properties;

(vi) a final and non-appealable order of relief under Chapter 7 of the United States Bankruptcy Code is entered by a court with appropriate jurisdiction pursuant to a voluntary or involuntary petition by or against the General Partner; or

(vii) (A) in the event the General Partner is a corporation, a certificate of dissolution or its equivalent is filed for the General Partner, or 90 days expire after the date of notice to the General Partner of revocation of its charter without a reinstatement of its charter, under the laws of its state of incorporation; (B) in the event the General Partner is a partnership

or limited liability company, the dissolution and commencement of winding up of the General Partner; (C) in the event the General Partner is acting in such capacity by virtue of being a trustee of the trust, the termination of the trust; (D) in the event the General Partner is a natural person, his death or adjudication of incompetency; (E) and otherwise in the event of the termination of the General Partner.

If an Event of Withdrawal specified in Section 11.1(a)(iv) (with respect to withdrawal), (v), (vi) or (vii)(A), (B), (C) or (E) occurs, the withdrawing General Partner shall give notice to the Limited Partner within 30 days after such occurrence. The Partners hereby agree that only the Events of Withdrawal described in this Section 11.1 shall result in the withdrawal of the General Partner from the Partnership.

(b) Withdrawal of the General Partner from the Partnership upon the occurrence of an Event of Withdrawal shall not constitute a breach of this Agreement under the following circumstances: (i) at any time during the period beginning on the Closing Date and ending at 12:00 midnight, Eastern Standard Time, on December 31, 2008, the General Partner voluntarily withdraws by giving at least 90 days' advance notice of its intention to withdraw to the Limited Partner; provided, that prior to the effective date of such withdrawal, the Limited Partner approves such withdrawal and the General Partner delivers to the Partnership an Opinion of Counsel ("Withdrawal Opinion of Counsel") that such withdrawal (following the selection of the successor General Partner) would not result in the loss of the limited liability of the Limited Partner, any limited partner of the MLP, or any limited partner of any Group Member or cause the MLP or the Partnership to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes; (ii) at any time after 12:00 midnight, Eastern Standard Time, on December31, 2008, the General Partner voluntarily withdraws by giving at least 90 days' advance notice to the Limited Partner, such withdrawal to take effect on the date specified in such notice; or (iii) at any time that the General Partner ceases to be the General Partner pursuant to Section 11.1(a)(ii), (iii) or (iv). If the General Partner gives a notice of withdrawal pursuant to Section 11.1(a)(i) hereof, the Limited Partners may, prior to the effective date of such withdrawal, elect a successor General Partner. If, prior to the effective date of the General Partner's withdrawal, a successor is not selected by the Limited Partner as provided herein or the Partnership does not receive a Withdrawal Opinion of Counsel, the Partnership shall be dissolved in accordance with Section 12.1. Any successor General Partner elected in accordance with the terms of this Section 11.1 shall be subject to the provisions of Section10.3.

11.2 ***Removal of the General Partner.*** The General Partner may be removed by the MLP, as Limited Partner. If the General Partner is removed pursuant to this Section 11.2, the MLP, as Limited Partner, may, prior to the effective date of such removal, elect a successor General Partner. The admission of any such successor General Partner to the Partnership shall be subject to the provisions of Section 10.3.

11.3 ***Interest of Departing Partner and Successor General Partner.***

(a) The Partnership Interest of a Departing Partner departing as a result of withdrawal or removal pursuant to Section 11.1 or 11.2 shall be purchased by the successor to the Departing Partner for cash in the manner specified in the MLP Agreement. Such purchase

shall be a condition to the admission to the Partnership of the successor as the General Partner. Notwithstanding the foregoing, an assignment of all or any portion of a General Partner's (or Departing General Partner's) Partnership Interest to the MLP, as Limited Partner, or to any other Person (other than an individual) the ownership interest of which is then transferred to the MLP, can be made in exchange for an increased interest in the MLP and in lieu of a cash purchase. Any successor General Partner shall indemnify the Departing General Partner as to all debts and liabilities of the Partnership arising on or after the effective date of the withdrawal or removal of the Departing Partner.

(b) The Departing Partner shall be entitled to receive all reimbursements due such Departing Partner pursuant to Section 7.4, including any employee-related liabilities (including severance liabilities), incurred in connection with the termination of any employees employed by such Departing Partner for the benefit of the Partnership.

11.4 ***Withdrawal of the Limited Partner.*** Without the prior written consent of the General Partner, which may be granted or withheld in its sole discretion, and except as provided in Section10.1, the Limited Partner shall not have the right to withdraw from the Partnership.

ARTICLE XII
DISSOLUTION AND LIQUIDATION

12.1 ***Dissolution.*** The Partnership shall not be dissolved by the admission of Substituted Limited Partners or Additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the removal or withdrawal of the General Partner, if a successor General Partner is elected pursuant to Section 11.1 or 11.2, the Partnership shall not be dissolved and such successor General Partner shall continue the business of the Partnership. The Partnership shall dissolve, and (subject to Section 12.2) its affairs shall be wound up, upon:

(a) the expiration of its term as provided in Section 2.7;

(b) an Event of Withdrawal of the General Partner as provided in Section 11.1(a) (other than Section 11.1(a)(ii)), unless a successor is elected and an Opinion of Counsel is received as provided in Section 11.1(b) or 11.2 and such successor is admitted to the Partnership pursuant to Section 10.3;

(c) an election to dissolve the Partnership by the General Partner that is approved by the Limited Partner;

(d) entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Delaware Act;

(e) the sale of all or substantially all of the assets and properties of the Partnership Group; or

(f) the dissolution of the MLP.

12.2 ***Continuation of the Business of the Partnership After Dissolution.*** Upon (a) dissolution of the Partnership following an Event of Withdrawal caused by the withdrawal or removal of the General Partner as provided in Section 11.1(a)(i) or (iii) and the failure of the Limited Partner to select a successor to such Departing Partner pursuant to Section 11.1 or 11.2, then within 90 days thereafter or (b) dissolution of the Partnership upon an event constituting an Event of Withdrawal pursuant to Section 11.1(a)(iv), (v) or (vi) of the MLP Agreement, then, to the maximum extent permitted by law, within 180 days thereafter, the Limited Partner may elect to reconstitute the Partnership and continue its business on the same terms and conditions set forth in this Agreement by forming a new limited partnership on terms identical to those set forth in this Agreement and having as a general partner a Person approved by the Limited Partner. In addition, upon dissolution of the Partnership pursuant to Section 12.1(f), if the MLP is reconstituted pursuant to Section 12.2 of the MLP Agreement, the reconstituted MLP may (whether or not it is the sole limited partner), within 180 days after such event of dissolution, as Limited Partner, elect to reconstitute the Partnership in accordance with the immediately preceding sentence. Upon any such election by the Limited Partner, all Partners shall be bound thereby and shall be deemed to have approved same. Unless such an election is made within the applicable time period as set forth above, the Partnership shall conduct only activities necessary to wind up its affairs. If such an election is so made, then:

(i) the reconstituted Partnership shall continue until the end of the term set forth in Section 2.7 unless earlier dissolved in accordance with this Article XII;

(ii) if the successor General Partner is not the former General Partner, then the interest of the former General Partner shall be purchased by the successor General Partner or converted into Common Units or purchased for cash by the MLP as provided in the MLP Agreement; and

(iii) all necessary steps shall be taken to cancel this Agreement and the Certificate of Limited Partnership and to enter into and, as necessary, to file a new partnership agreement and certificate of limited partnership, and the successor General Partner may for this purpose exercise the powers of attorney granted the General Partner pursuant to Section2.6; provided, that the right to approve a successor General Partner and to reconstitute and to continue the business of the Partnership shall not exist and may not be exercised unless the Partnership has received an Opinion of Counsel that (x) the exercise of the right would not result in the loss of limited liability of the Limited Partner or any limited partner of the MLP and (y) neither the Partnership, the reconstituted limited partnership nor any Group Member would be treated as an association taxable as a corporation or otherwise be taxable as an entity for federal income tax purposes upon the exercise of such right to continue.

12.3 ***Liquidator.*** Upon dissolution of the Partnership, unless the Partnership is continued under an election to reconstitute and continue the Partnership pursuant to Section 12.2, the General Partner shall select one or more Persons to act as Liquidator. The Liquidator (if other than the General Partner) shall be entitled to receive such compensation for its services as may be approved by the Limited Partner. The Liquidator (if other than the General Partner) shall agree not to resign at any time without 15 days' prior notice and may be removed at any time, with or without cause, by notice of removal approved by the Limited Partner. Upon dissolution, removal or resignation of the Liquidator, a successor and substitute Liquidator (who shall have

and succeed to all rights, powers and duties of the original Liquidator) shall within 30 days thereafter be approved by the Limited Partner. The right to approve a successor or substitute Liquidator in the manner provided herein shall be deemed to refer also to any such successor or substitute Liquidator approved in the manner herein provided. Except as expressly provided in this Article XII, the Liquidator approved in the manner provided herein shall have and may exercise, without further authorization or consent of any of the parties hereto, all of the powers conferred upon the General Partner under the terms of this Agreement (but subject to all of the applicable limitations, contractual and otherwise, upon the exercise of such powers, other than the limitation on sale set forth in Section 7.3(b)) to the extent necessary or desirable in the good faith judgment of the Liquidator to carry out the duties and functions of the Liquidator hereunder for and during such period of time as shall be reasonably required in the good faith judgment of the Liquidator to complete the winding up and liquidation of the Partnership as provided for herein.

12.4 ***Liquidation.*** The Liquidator shall proceed to dispose of the assets of the Partnership, discharge its liabilities, and otherwise wind up its affairs in such manner and over such period as the Liquidator determines to be in the best interest of the Partners, subject to Section 17-804 of the Delaware Act and the following:

(a) Disposition of Assets. The assets may be disposed of by public or private sale or by distribution in kind to one or more Partners on such terms as the Liquidator and such Partner or Partners may agree. If any property is distributed in kind, the Partner receiving the property shall be deemed for purposes of Section 12.4(c) to have received cash equal to its fair market value; and contemporaneously therewith, appropriate cash distributions must be made to the other Partners. The Liquidator may, in its absolute discretion, defer liquidation or distribution of the Partnership's assets for a reasonable time if it determines that an immediate sale or distribution of all or part of the Partnership's assets would be impractical or would cause undue loss to the Partners. The Liquidator may, in its absolute discretion, distribute the Partnership's assets, in whole or in part, in kind if it determines that a sale would be impractical or would cause undue loss to the Partners.

(b) Discharge of Liabilities. Liabilities of the Partnership include amounts owed to Partners otherwise than in respect of their distribution rights under Article VI. With respect to any liability that is contingent, conditional or unmatured or is otherwise not yet due and payable, the Liquidator shall either settle such claim for such amount as it thinks appropriate or establish a reserve of cash or other assets to provide for its payment. When paid, any unused portion of the reserve shall be distributed as additional liquidation proceeds.

(c) Liquidation Distributions. All property and all cash in excess of that required to discharge liabilities as provided in Section 12.4(b) shall be distributed to the Partners in accordance with, and to the extent of, the positive balances in their respective Capital Accounts, as determined after taking into account all Capital Account adjustments (other than those made by reason of distributions pursuant to this Section 12.4(c)) for the taxable year of the Partnership during which the liquidation of the Partnership occurs (with such date of occurrence being determined pursuant to Treasury Regulation, Section 1.704-l(b)(2)(ii)(g)), and such distribution shall be made by the end of such taxable year (or, if later, within 90 days after said date of such occurrence).

12.5 ***Cancellation of Certificate of Limited Partnership.*** Upon the completion of the distribution of Partnership cash and property as provided in Section 12.4 in connection with the liquidation of the Partnership, the Partnership shall be terminated and the Certificate of Limited Partnership and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware shall be canceled and such other actions as may be necessary to terminate the Partnership shall be taken.

12.6 ***Return of Capital Contributions.*** The General Partner shall not be personally liable for, and shall have no obligation to contribute or loan any monies or property to the Partnership to enable it to effectuate, the return of the Capital Contributions of the Limited Partner, or any portion thereof, it being expressly understood that any such return shall be made solely from Partnership assets.

12.7 ***Waiver of Partition.*** To the maximum extent permitted by law, each Partner hereby waives any right to partition of the Partnership property.

12.8 ***Capital Account Restoration.*** No Partner shall have any obligation to restore any negative balance in its Capital Account upon liquidation of the Partnership.

ARTICLE XIII
AMENDMENT OF PARTNERSHIP AGREEMENT

13.1 ***Amendment to be Adopted Solely by the General Partner.*** Each Partner agrees that the General Partner, without the approval of any Partner or Assignee, may amend any provision of this Agreement, and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect:

(a) a change in the name of the Partnership, the location of the principal place of business of the Partnership, the registered agent of the Partnership or the registered office of the Partnership;

(b) admission, substitution, withdrawal or removal of Partners in accordance with this Agreement;

(c) a change that, in the sole discretion of the General Partner, is necessary or advisable to qualify or continue the qualification of the Partnership as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any state or to ensure that no Group Member nor the MLP will be treated as an association taxable as a corporation or otherwise be taxable as an entity for federal income tax purposes;

(d) a change that, in the discretion of the General Partner, (i) does not adversely affect the Limited Partner in any material respect, (ii) is necessary or advisable to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute (including the Delaware Act), compliance with any of which the General Partner determines in its discretion to be in the best interests of the Partnership and the Limited Partner, (iii) is required to effect the intent expressed in the Registration Statement or the intent of the provisions of this Agreement or is otherwise contemplated by this Agreement or (iv) is required

to conform the provisions of this Agreement with the provisions of the MLP Agreement as the provisions of the MLP Agreement may be amended, supplemented or restated from time to time;

(e) a change in the fiscal year or taxable year of the Partnership and any changes that, in the discretion of the General Partner, are necessary or advisable as a result of a change in the fiscal year or taxable year of the Partnership including, if the General Partner shall so determine, a change in the definition of "Quarter" and the dates on which distributions are to be made by the Partnership;

(f) an amendment that is necessary, in the Opinion of Counsel, to prevent the Partnership or the General Partner or its directors, officers, trustees or agents from in any manner being subjected to the provisions of the Investment Company Act of 1940, as amended, the Investment Advisers Act of 1940, as amended, or "plan asset" regulations adopted under the Employee Retirement Income Security Act of 1974, as amended, regardless of whether such are substantially similar to plan asset regulations currently applied or proposed by the United States Department of Labor;

(g) any amendment expressly permitted in this Agreement to be made by the General Partner acting alone;

(h) an amendment effected, necessitated or contemplated by a Merger Agreement approved in accordance with Section 14.3;

(i) an amendment that, in the discretion of the General Partner, is necessary or advisable to reflect, account for and deal with appropriately the formation by the Partnership of, or investment by the Partnership in, any corporation, partnership, joint venture, limited liability company or other entity in connection with the conduct by the Partnership of activities permitted by the terms of Section 2.4;

(j) a merger or conveyance pursuant to Section 14.3(d); or

(k) any other amendments substantially similar to the foregoing.

13.2 ***Amendment Procedures.*** Except as provided in Section 13.1, all amendments to this Agreement shall be made in accordance with the following requirements: Amendments to this Agreement may be proposed only by or with the consent of the General Partner which consent may be given or withheld in its sole discretion. A proposed amendment shall be effective upon its approval by the Limited Partner.

ARTICLE XIV
MERGER

14.1 ***Authority.*** The Partnership may merge or consolidate with one or more corporations, limited liability companies, business trusts or associations, real estate investment trusts, common law trusts or unincorporated businesses, including a general partnership or limited partnership, formed under the laws of the State of Delaware or any other state of the United States of America, pursuant to a written agreement of merger or consolidation ("Merger Agreement") in accordance with this Article XIV.

14.2 ***Procedure for Merger or Consolidation.*** Merger or consolidation of the Partnership pursuant to this Article XIV requires the prior approval of the General Partner. If the General Partner shall determine, in the exercise of its discretion, to consent to the merger or consolidation, the General Partner shall approve the Merger Agreement, which shall set forth:

(a) The names and jurisdictions of formation or organization of each of the business entities proposing to merge or consolidate;

(b) The name and jurisdiction of formation or organization of the business entity that is to survive the proposed merger or consolidation (the "Surviving Business Entity");

(c) The terms and conditions of the proposed merger or consolidation;

(d) The manner and basis of exchanging or converting the equity securities of each constituent business entity for, or into, cash, property or general or limited partner interests, rights, securities or obligations of the Surviving Business Entity; and (i) if any general or limited partner interests, securities or rights of any constituent business entity are not to be exchanged or converted solely for, or into, cash, property or general or limited partner interests, rights, securities or obligations of the Surviving Business Entity, the cash, property or general or limited partner interests, rights, securities or obligations of any limited partnership, corporation, trust or other entity (other than the Surviving Business Entity) which the holders of such general or limited partner interests, securities or rights are to receive in exchange for, or upon conversion of their general or limited partner interests, securities or rights, and (ii) in the case of securities represented by certificates, upon the surrender of such certificates, which cash, property or general or limited partner interests, rights, securities or obligations of the Surviving Business Entity or any general or limited partnership, corporation, trust or other entity (other than the Surviving Business Entity), or evidences thereof, are to be delivered;

(e) A statement of any changes in the constituent documents or the adoption of new constituent documents (the articles or certificate of incorporation, articles of trust, declaration of trust, certificate or agreement of limited partnership or other similar charter or governing document) of the Surviving Business Entity to be effected by such merger or consolidation;

(f) The effective time of the merger, which may be the date of the filing of the certificate of merger pursuant to Section 14.4 or a later date specified in or determinable in accordance with the Merger Agreement (provided, that if the effective time of the merger is to be later than the date of the filing of the certificate of merger, the effective time shall be fixed no later than the time of the filing of the certificate of merger and stated therein); and

(g) Such other provisions with respect to the proposed merger or consolidation as are deemed necessary or appropriate by the General Partner.

14.3 ***Approval by the Limited Partner of Merger or Consolidation.***

(a) Except as provided in Section 14.3(d), the General Partner, upon its approval of the Merger Agreement, shall direct that a copy or a summary of the Merger Agreement be submitted to the Limited Partner for its approval.

(b) Except as provided in Section 14.3(d) the Merger Agreement shall be approved upon receiving the approval of the Limited Partner.

(c) Except as provided in Section 14.3(d), after such approval by the Limited Partner, and at any time prior to the filing of the certificate of merger pursuant to Section 14.4, the merger or consolidation may be abandoned pursuant to provisions therefor, if any, set forth in the Merger Agreement.

(d) Notwithstanding anything else contained in this Article XIV or in this Agreement, the General Partner is permitted, in its discretion and without Limited Partner approval, to (i) convert the Partnership or any Group Member to another type of limited liability entity as provided by Section 17-219 of the Delaware Act or (ii) merge the Partnership or any Group Member into, or convey all of the Partnership's assets to, another limited liability entity which shall be newly formed and shall have no assets, liabilities or operations at the time of such merger or conveyance other than those it receives from the Partnership or other Group Member, provided that in any such case (A) General Partner has received an Opinion of Counsel that the conversion, merger or conveyance, as the case may be, would not result in the loss of the limited liability of the Limited Partner or of any limited partner of the MLP or cause the Partnership or the MLP to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes (to the extent not previously treated as such), (B) the sole purpose of such conversion, merger or conveyance is to effect a mere change in the legal form of the Partnership into another limited liability entity and (C) the governing instruments of the new entity provide the Limited Partner with rights and obligations that are, in all material respects, the same rights and obligations of the Limited Partner hereunder.

14.4 ***Certificate of Merger.*** Upon the required approval by the General Partner and the Limited Partner of a Merger Agreement, a certificate of merger shall be executed and filed with the Secretary of State of the State of Delaware in conformity with the requirements of the Delaware Act.

14.5 ***Effect of Merger.***

(a) At the effective time of the certificate of merger:

(i) all of the rights, privileges and powers of each of the business entities that has merged or consolidated, and all property, real, personal and mixed, and all debts due to any of those business entities and all other things and causes of action belonging to each of those business entities shall be vested in the Surviving Business Entity and after the merger or consolidation shall be the property of the Surviving Business Entity to the extent they were of each constituent business entity;

(ii) the title to any real property vested by deed or otherwise in any of those constituent business entities shall not revert and is not in any way impaired because of the merger or consolidation;

(iii) all rights of creditors and all liens on or security interests in property of any of those constituent business entities shall be preserved unimpaired; and

(iv) all debts, liabilities and duties of those constituent business entities shall attach to the Surviving Business Entity, and may be enforced against it to the same extent as if the debts, liabilities and duties had been incurred or contracted by it.

(b) A merger or consolidation effected pursuant to this Article XIV shall not be deemed to result in a transfer or assignment of assets or liabilities from one entity to another.

ARTICLE XV
GENERAL PROVISIONS

15.1 ***Addresses and Notices.*** Any notice, demand, request, report or proxy materials required or permitted to be given or made to a Partner under this Agreement shall be in writing and shall be deemed given or made when received by it at the principal office of the Partnership referred to in Section 2.3.

15.2 ***References.*** Except as specifically provided as otherwise, references to “Articles” and “Sections” are to Articles and Sections of this Agreement.

15.3 ***Further Action.*** The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

15.4 ***Binding Effect.*** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

15.5 ***Integration.*** This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

15.6 ***Creditors.*** None of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

15.7 ***Waiver.*** No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach of any other covenant, duty, agreement or condition.

15.8 ***Counterparts.*** This Agreement may be executed in counterparts, all of which together shall constitute an agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto, independently of the signature of any other party.

15.9 ***Applicable Law.*** This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

15.10 ***Invalidity of Provisions.*** If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

15.11 ***Amendments to Reflect GP Reorganization Agreement.*** In addition to the amendments to this Agreement contained in the GP Reorganization Agreement and notwithstanding any other provision of this Agreement to the contrary, this Agreement shall be deemed to be further amended and modified to the extent necessary, but only to the extent necessary, to carry out the purposes and intent of the GP Reorganization Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

GENERAL PARTNER:

ENTERPRISE PRODUCTS OLPGP, INC.

By: ____________________________________
Name:
Title:

LIMITED PARTNER:

ENTERPRISE PRODUCTS PARTNERS L.P.

By: Enterprise Products GP, LLC, as
General Partner

By: ____________________________________
Name:
Title:

Attachment I

DEFINITIONS

"*Additional Limited Partner*" means a Person admitted to the Partnership as a Limited Partner pursuant to Section 10.4 and who is shown as such on the books and records of the Partnership.

"*Adjusted Capital Account*" means the Capital Account maintained for each Partner as of the end of each fiscal year of the Partnership, (a) increased by any amounts that such Partner is obligated to restore under the standards set by Treasury Regulation Section 1.704-l(b)(2)(ii)(c) (or is deemed obligated to restore under Treasury Regulation Sections 1.704-2(g) and 1.704-2(i)(5)) and (b)decreased by (i) the amount of all losses and deductions that, as of the end of such fiscal year, are reasonably expected to be allocated to such Partner in subsequent years under Sections 704(e)(2) and 706(d) of the Code and Treasury Regulation Section 1.751-l(b)(2)(ii), and (ii) the amount of all distributions that, as of the end of such fiscal year, are reasonably expected to be made to such Partner in subsequent years in accordance with the terms of this Agreement or otherwise to the extent they exceed offsetting increases to such Partner's Capital Account that are reasonably expected to occur during (or prior to) the year in which such distributions are reasonably expected to be made (other than increases as a result of a minimum gain chargeback pursuant to Section 6.1(d)(i) or 6.1(d)(ii)). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Treasury Regulation Section 1.704-l(b)(2)(ii)(d) and shall be interpreted consistently therewith. The "Adjusted Capital Account" of a Partner in respect of a general partner interest or any other specified interest in the Partnership shall be the amount which such adjusted capital account would be if such general partner interest or other interest in the Partnership were the only interest in the Partnership held by a Partner from and after the date on which such general partner interest or other interest was first issued.

"*Adjusted Property*" means any property the Carrying Value of which has been adjusted pursuant to Section 5.4(d)(i) or 5.4(d)(ii). Once an Adjusted Property is deemed contributed to a new partnership in exchange for an interest in the new partnership, followed by the deemed liquidation of the Partnership for federal income tax purposes upon a termination of the Partnership pursuant to Treasury Regulation Section 1.708-(b)(l)(iv), such property shall thereafter constitute a Contributed Property until the carrying value of such property is subsequently adjusted pursuant to Section 5.4(d)(i) or 5.4(d)(ii).

"*Affiliate*" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with (either directly or indirectly), the Person in question. As used herein, the term "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"*Agreed Allocation*" means any allocation, other than a Required Allocation, of an item of income, gain, loss or deduction pursuant to the provisions of Section 6.1, including, without limitation, a Curative Allocation (if appropriate to the context in which the term "Agreed Allocation" is used).

“*Agreed Value*” of any Contributed Property means the fair market value of such property or other consideration at the time of contribution as determined by the General Partner using such reasonable method of valuation as it may adopt. The General Partner shall, in its discretion, use such method as it deems reasonable and appropriate to allocate the aggregate Agreed Value of Contributed Properties contributed to the Partnership in a single or integrated transaction among each separate property on a basis proportional to the fair market value of each Contributed Property.

“*Agreement*” means this Amended and Restated Agreement of Limited Partnership of Enterprise Products Operating L.P., as it may be amended, supplemented or restated from time to time.

“*Assignee*” means a Person to whom one or more Partnership Interests of a Limited Partner have been transferred in the manner permitted under this Agreement but who has not been admitted as a Substituted Limited Partner.

“*Audit and Conflicts Committee*” means a committee of the board of directors of the MLP General Partner composed entirely of two or more directors who are neither security holders, officers nor employees of the MLP General Partner nor officers, directors or employees of any Affiliate of such entity.

“*Available Cash*” means, with respect to any Quarter ending prior to the Liquidation Date,

(a) the sum of (i) all cash and cash equivalents of the Partnership Group on hand at the end of such Quarter, and (ii) all additional cash and cash equivalents of the Partnership Group on hand on the date of determination of Available Cash with respect to such Quarter resulting from (A) borrowings for working capital purposes made subsequent to the end of such Quarter or (B) Interim Capital Transactions after the end of such Quarter designated by the General Partner as Operating Surplus in accordance with clause (a)(iii)(A) of the definition of Operating Surplus, less

(b) the amount of any cash reserves that is necessary or appropriate in the reasonable discretion of the General Partner to (i) provide for the proper conduct of the business of the Partnership Group (including reserves for future capital expenditures and anticipated for the future credit needs of the Partnership Group) subsequent to such Quarter, (ii) comply with applicable law or any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which any member of the Partnership Group is a party or by which it is bound or its assets are subject or (iii) provide funds for distributions under Section 6.4 or 6.5 of the MLP Agreement in respect of any one or more of the next four Quarters; provided, however, that the General Partner may not establish cash reserves pursuant to (iii) above if the effect of such reserves would be that the MLP is unable to distribute the Minimum Quarterly Distribution on all Common Units with respect to such Quarter; and, provided further, that disbursements made by a Group Member or cash reserves established, increased or reduced after the end of such Quarter but on or before the date of determination of Available Cash with respect to such Quarter shall be deemed to have been made, established, increased or reduced, for

purposes of determining Available Cash, within such Quarter if the General Partner so determines.

Notwithstanding the foregoing, "Available Cash" with respect to the Quarter in which the Liquidation Date occurs and any subsequent Quarter shall equal zero.

"*Book-Tax Disparity*" means with respect to any item of Contributed Property or Adjusted Property, as of the date of any determination, the difference between the Carrying Value of such Contributed Property or Adjusted Property and the adjusted basis thereof for federal income tax purposes as of such date. A Partner's share of the Partnership's Book-Tax Disparities in all of its Contributed Property and Adjusted Property will be reflected by the difference between such Partner's Capital Account balance as maintained pursuant to Section 5.4 and the hypothetical balance of such Partner's Capital Account computed as if it had been maintained strictly in accordance with federal income tax accounting principles.

"*Business Day*" means Monday through Friday of each week, except that a legal holiday recognized as such by the government of the United States of America or the states of New York or Texas shall not be regarded as a Business Day.

"*Capital Account*" means the capital account maintained for a Partner pursuant to Section5.4.

"*Capital Contribution*" means any cash, cash equivalents or the Net Agreed Value of Contributed Property that a Partner contributes to the Partnership pursuant to this Agreement.

"*Carrying Value*" means (a) with respect to a Contributed Property, the Agreed Value of such property reduced (but not below zero) by all depreciation, amortization and cost recovery deductions charged to the Partners' and Assignees' Capital Accounts in respect of such Contributed Property, and (b) with respect to any other Partnership property, the adjusted basis of such property for federal income tax purposes, all as of the time of the determination. The Carrying Value of any property shall be adjusted from time to time in accordance with Sections 5.4(d)(i) and 5.4(d)(ii) and to reflect changes, additions or other adjustments to the Carrying Value for dispositions and acquisitions of Partnership properties, as deemed appropriate by the General Partner.

"*Certificate of Limited Partnership*" means the Certificate of Limited Partnership of the Partnership filed with the Secretary of State of the State of Delaware as referenced in Section 2.1, as such Certificate of Limited Partnership may be amended, supplemented or restated from time to time.

"*Closing Date*" means the first date on which Common Units are sold by the MLP to the Underwriters pursuant to the provisions of the Underwriting Agreement.

"*Code*" means the Internal Revenue Code of 1986, as amended and in effect from time to time. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

"*Common Unit*" has the meaning assigned to such term in the MLP Agreement.

“*Contributed Property*” means each property or other asset, in such form as may be permitted by the Delaware Act, but excluding cash, contributed to the Partnership (or deemed contributed to the Partnership on termination and reconstitution thereof pursuant to Section 708 of the Code). Once the Carrying Value of a Contributed Property is adjusted pursuant to Section 5.4(d), such property shall no longer constitute a Contributed Property, but shall be deemed an Adjusted Property.

“*Curative Allocation*” means any allocation of an item of income, gain, deduction, loss or credit pursuant to the provisions of Section 6.1 (d) (ix).

“*Delaware Act*” means the Delaware Revised Uniform Limited Partnership Act, 6 Del C. ss.17-101, et seq., as amended, supplemented or restated from time to time, and any successor to such statute.

“*Departing Partner*” means a former General Partner from and after the effective date of any withdrawal or removal of such former General Partner pursuant to Section 11.1 or 11.2.

“*Economic Risk of Loss*” has the meaning set forth in Treasury Regulation Section1.752-2(a).

“*EPC*” means Enterprise Products Company, a Delaware corporation.

“*EPC PartnersII*” means EPC PartnersII, Inc., a Delaware corporation.

“*EPCO Agreement*” has the meaning assigned to such term in the MLP Agreement.

“*Event of Withdrawal*” has the meaning assigned to such term in Section 11.1 .

“*First Amendment*” means the First Amendment to Agreement of Limited Partnership of the Partnership dated effective June 1, 1998 among the MLP General Partner, the MLP, EPC and EPC Partners II.

“*General Partner*” means OLPGP and its successors and permitted assigns as general partner of the Partnership. References herein to actions taken by the General Partner prior to December 10, 2003, shall refer to actions taken by the MLP General Partner, as the predecessor of OLPGP as general partner of the Partnership.

“*GP Reorganization Agreement*” means the Reorganization Agreement, dated as of December 10, 2003 among the Partnership, the MLP, the General Partner and the MLP General Partner.

“*Group Member*” means a member of the Partnership Group.

“*Indemnitee*” means (a) the General Partner, any Departing Partner and any Person who is or was an Affiliate of the General Partner or any Departing Partner, (b) any Person who is or was a member, director, officer, employee, agent or trustee of the MLP or any Group Member, (c) any Person who is or was an officer, member, partner, director, employee, agent or trustee of the General Partner or any

Departing Partner or any Affiliate of the General Partner or any Departing Partner, or any Affiliate of any such Person and (d) any Person who is or was serving at the request of the General Partner or any Departing Partner or any such Affiliate as a director, officer, employee, member, partner, agent, fiduciary or trustee of another Person; provided, that a Person shall not be an Indemnitee by reason of providing, on a fee-for-services basis, trustee, fiduciary or custodial services.

"*Initial Offering*" means the initial offering and sale of Common Units to the public, as described in the Registration Statement.

"*Interim Capital Transactions*" has the meaning assigned to such term in the MLP Agreement.

"*Limited Partner*" means any Person that is admitted to the Partnership as a limited partner pursuant to the terms and conditions of this Agreement; but the term Limited Partner shall not include any Person from and after the time such Person withdraws as a Limited Partner from the Partnership.

"*Liquidation Date*" means (a) in the case of an event giving rise to the dissolution of the Partnership of the type described in clauses (a) and (b) of the first sentence of Section 12.2, the date on which the applicable time period during which the Partners have the right to elect to reconstitute the Partnership and continue its business has expired without such an election being made, and (b)in the case of any other event giving rise to the dissolution of the Partnership, the date on which such event occurs.

"*Liquidator*" means one or more Persons selected by the General Partner to perform the functions described in Section 12.3.

"*Merger Agreement*" has the meaning assigned to such term in Section 14.1.

"*Minimum Quarterly Distribution*" has the meaning assigned to such term in the MLP Agreement.

"*MLP*" has the meaning assigned to such term in the introductory paragraph hereof.

"*MLP Agreement* " means the Third Amended and Restated Agreement of Limited Partnership of the MLP, dated May 15, 2002, as amended, supplemented or restated from time to time.

"*MLP General Partner*" means Enterprise Products GP, LLC and its successors and permitted assigns in its capacity as general partner of the MLP.

"*National Securities Exchange*" means an exchange registered with the Commission under Section 6(a) of the Securities Exchange Act of 1934, as amended, supplemented or restated from time to time, and any successor to such statute, or the Nasdaq Stock Market or any successor thereto.

"*Net Agreed Value*" means, (a) in the case of any Contributed Property, the Agreed Value of such property reduced by any liabilities either assumed by the Partnership upon such

contribution or to which such property is subject when contributed, and (b) in the case of any property distributed to a Partner by the Partnership, the Partnership's Carrying Value of such property (as adjusted pursuant to Section 5.4(d)(ii)) at the time such property is distributed, reduced by any indebtedness either assumed by such Partner upon such distribution or to which such property is subject at the time of distribution, in either case, as determined under Section 752 of the Code.

"*Net Income*" means, for any taxable year, the excess, if any, of the Partnership's items of income and gain (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable year over the Partnership's items of loss and deduction (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable year. The items included in the calculation of Net Income shall be determined in accordance with Section 5.4(b) and shall not include any items specially allocated under Section 6.1(d).

"*Net Loss*" means, for any taxable year, the excess, if any, of the Partnership's items of loss and deduction (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable year over the Partnership's items of income and gain (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable year. The items included in the calculation of Net Loss shall be determined in accordance with Section 5.4(b) and shall not include any items specially allocated under Section 6.1(d).

"*Net Termination Gain*" means, for any taxable year, the sum, if positive, of all items of income, gain, loss or deduction recognized by the Partnership after the Liquidation Date. The items included in the determination of Net Termination Gain shall be determined in accordance with Section 5.4(b) and shall not include any items of income, gain or loss specially allocated under Section 6.1(d).

"*Net Termination Loss*" means, for any taxable year, the sum, if negative, of all items of income, gain, loss or deduction recognized by the Partnership after the Liquidation Date. The items included in the determination of Net Termination Loss shall be determined in accordance with Section 5.4(b) and shall not include any items of income, gain or loss specially allocated under Section 6.1(d).

"*Nonrecourse Built-in Gain*" means with respect to any Contributed Properties or Adjusted Properties that are subject to a mortgage or pledge securing a Nonrecourse Liability, the amount of any taxable gain that would be allocated to the Partners pursuant to Sections 6.2(b)(i)(A), 6.2(b)(ii)(A) and 6.2(b)(iii) if such properties were disposed of in a taxable transaction in full satisfaction of such liabilities and for no other consideration.

"*Nonrecourse Deductions*" means any and all items of loss, deduction or expenditures (described in Section 705(a)(2)(B) of the Code) that, in accordance with the principles of Treasury Regulation Section 1.704-2(b), are attributable to a Nonrecourse Liability.

"*Nonrecourse Liability*" has the meaning set forth in Treasury Regulation Section 1.752-l(a)(2).

"*OLPGP*" means Enterprise Products OLPGP, Inc., a Delaware corporation.

"*OLP Subsidiary*" means a Subsidiary of the Partnership.

"*Operating Surplus*" has the meaning assigned to such term in the MLP Agreement.

"*Opinion of Counsel*" means a written opinion of counsel (who may be regular counsel to the Partnership, the General Partner or any of their Affiliates) acceptable to the General Partner in its reasonable discretion.

"*Over-Allotment Option*" has the meaning assigned to such term in the MLP Agreement.

"*Partner Nonrecourse Debt*" has the meaning set forth in Treasury Regulation Section 1.704-2(b)(4).

"*Partner Nonrecourse Debt Minimum Gain*" has the meaning set forth in Treasury Regulation Section 1.704-2(i)(2).

"*Partner Nonrecourse Deductions*" means any and all items of loss, deduction or expenditure (including, without limitation, any expenditure described in Section 705(a)(2)(B) of the Code) that, in accordance with the principles of Treasury Regulation Section 1.704-2(i), are attributable to a Partner Nonrecourse Debt.

"*Partners*" means the General Partner and the Limited Partner.

"Partnership" means Enterprise Products Operating L.P., a Delaware limited partnership, and any successors thereto.

"*Partnership Group*" means the Partnership and the OLP Subsidiaries, treated as a single consolidated entity.

"*Partnership Interest*" means the interest of a Partner in the Partnership.

"*Partnership Minimum Gain*" means that amount determined in accordance with the principles of Treasury Regulation Section 1.704-2(d).

"*Partnership Securities*" shall have the meaning given to such term in the MLP Agreement.

"*Percentage Interest*" means as of the date of such determination (a) as to the General Partner, 0.001% and (b) as to the MLP, 99.999%.

"*Person*" means an individual or a corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association, government agency or political subdivision thereof or other entity.

"*Quarter*" means, unless the context requires otherwise, a fiscal quarter of the Partnership.

"*Recapture Income*" means any gain recognized by the Partnership (computed without regard to any adjustment required by Sections 734 or 743 of the Code) upon the disposition of any property or asset of the Partnership, which gain is characterized as ordinary income because it represents the recapture of deductions previously taken with respect to such property or asset.

"*Registration Statement*" means the Registration Statement on Form S-1 (Registration No.333-52537), as it has been or as it may be amended or supplemented from time to time, filed by the MLP with the Securities and Exchange Commission under the Securities Act to register the offering and sale of the Common Units in the Initial Offering.

"*Required Allocations*" means (a) any limitation imposed on any allocation of Net Losses or Net Termination Losses under Section 6.1(b) or 6.1(c)(ii) and (b) any allocation of an item of income, gain, loss or deduction pursuant to Section 6.1(d)(i), 6.1(d)(ii), 6.1(d)(iii), 6.1(d)(v), 6.1(d)(vi) or 6.1(d)(viii).

"*Residual Gain*" or "Residual Loss" means any item of gain or loss, as the case may be, of the Partnership recognized for federal income tax purposes resulting from a sale, exchange or other disposition of a Contributed Property or Adjusted Property, to the extent such item of gain or loss is not allocated pursuant to Section 6.2(b)(i)(A) or 6.2(b)(ii)(A), respectively, to eliminate Book-Tax Disparities.

"*Restricted Activities*" has the meaning assigned to such term in the MLP Agreement.

"*Securities Act*" means the Securities Act of 1933, as amended, supplemented or restated from time to time and any successor to such statute.

"*Special Approval*" means approval by a majority of the members of the Audit and Conflicts Committee.

"*Subordinated Unit*" has the meaning assigned to such term in the MLP Agreement.

"*Subordination Period*" has the meaning assigned to such term in the MLP Agreement.

"*Subsidiary*" means, with respect to any Person, (a) a corporation of which more than 50% of the voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing body of such corporation is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person or a combination thereof, (b) a partnership (whether general or limited) in which such Person or a Subsidiary of such Person is, at the date of determination, a general or limited partner of such partnership, but only if more than 50% of the Partnership Interests of such partnership (considering all of the Partnership Interests of the partnership as a single class) is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person or a combination thereof or (c) any other Person (other than a corporation or a partnership) in which such person, one or more Subsidiaries of such Person, or a combination thereof, directly or indirectly, at the date of determination has (i) at least a majority ownership interest or (ii) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

"*Substituted Limited Partner*" means a Person who is admitted as a Limited Partner to the Partnership pursuant to Section 10.2 in place of and with all the rights of a Limited Partner and who is shown as a Limited Partner on the books and records of the Partnership.

"*Surviving Business Entity*" has the meaning assigned to such term in Section 14.2(b).

"*Transfer*" has the meaning assigned to such term in Section 4.1(a).

"*Underwriter*" means each Person named as an underwriter in Exhibit A to the Underwriting Agreement that purchases Common Units pursuant thereto.

"*Underwriting Agreement*" means the Underwriting Agreement dated July 27, 1998, among the Underwriters, the MLP, the General Partner and certain other parties, providing for the purchase of Common Units by such Underwriters.

"*Unit*" has the meaning assigned to such term in the MLP Agreement.

"*Unrealized Gain*" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (a) the fair market value of such property as of such date (as determined under Section 5.4(d)) over (b) the Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 5.4(d) as of such date).

"*Unrealized Loss*" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (a) the Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 5.4(d) as of such date) over (b) the fair market value of such property as of such date (as determined under Section 5.4(d)).

"*U.S. GAAP*" means United States Generally Accepted Accounting Principles consistently applied.

"*Withdrawal Opinion of Counsel*" has the meaning assigned to such term in Section 11.1(b).

EXHIBIT 32.1

SARBANES-OXLEY SECTION 906 CERTIFICATION

**CERTIFICATION OF O.S. ANDRAS, CHIEF EXECUTIVE OFFICER
OF ENTERPRISE PRODUCTS GP, LLC, THE GENERAL PARTNER OF
ENTERPRISE PRODUCTS PARTNERS L.P.**

In connection with this quarterly report of Enterprise Products Partners L.P. (the “Registrant”) on Form 10-Q for the three months ended March 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, O.S. Andras, Chief Executive Officer of Enterprise Products GP, LLC, the General Partner of the Registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ O.S. Andras

Name: O.S. Andras
Title: Chief Executive Officer of Enterprise Products GP, LLC
on behalf of Enterprise Products Partners L.P.

Date: May 10, 2004

EXHIBIT 31.1

SARBANES-OXLEY SECTION 302 CERTIFICATION

CERTIFICATION OF O.S. ANDRAS, PRINCIPAL EXECUTIVE OFFICER OF ENTERPRISE PRODUCTS GP, LLC THE GENERAL PARTNER OF ENTERPRISE PRODUCTS PARTNERS L.P.

I, O.S. Andras, the Principal Executive Officer of Enterprise Products GP, LLC, the General Partner of Enterprise Products Partners L.P., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Enterprise Products Partners L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others with those entities, particularly during the period in which this report is being prepared;
   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2004

/s/ O.S. Andras

Name: O.S. Andras
Title: Principal Executive Officer of our General Partner, Enterprise Products GP, LLC

May 4, 2004

Board of Directors of Enterprise Products GP, LLC
(the General Partner of Enterprise Products Partners L.P.)
2727 North Loop West
Houston, Texas 77008

Dear Sirs:

At your request, we have read the description included in your Quarterly Report on Form 10-Q to the Securities and Exchange Commission for the quarter ended March 31, 2004, of the facts relating to your change in method of accounting for planned major maintenance for operations related to Belvieu Environmental Fuels, a majority owned subsidiary of Enterprise Products Partners L.P. (the “Company”) from the accrue-in-advance method to expensing these costs as incurred. We believe, on the basis of the facts so set forth and other information furnished to us by appropriate officials of the Company, that the accounting change described in your Form 10-Q is to an alternative accounting principle that is preferable under the circumstances.

We have not audited any consolidated financial statements of the Company and its consolidated subsidiaries as of any date or for any period subsequent to December 31, 2003. Therefore, we are unable to express, and we do not express, an opinion on the facts set forth in the above mentioned Form 10-Q, on the related information furnished to us by officials of the Company, or on the financial position, results of operations, or cash flows of the Company as of any date or for any period subsequent to December 31, 2003.

Yours truly,

/s/ DELOITTE & TOUCHE LLP
Houston, Texas
May 4, 2004

SARBANES-OXLEY SECTION 302 CERTIFICATION

CERTIFICATION OF MICHAEL A. CREEL, PRINCIPAL FINANCIAL OFFICER OF ENTERPRISE PRODUCTS GP, LLC THE GENERAL PARTNER OF ENTERPRISE PRODUCTS PARTNERS L.P.

I, Michael A. Creel, the Principal Financial Officer of Enterprise Products GP, LLC, the General Partner of Enterprise Products Partners L.P., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Enterprise Products Partners L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others with those entities, particularly during the period in which this report is being prepared;
   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2004

/s/ Michael A. Creel

Name: Michael A. Creel
Title: Principal Financial Officer of our General Partner, Enterprise Products GP, LLC

SARBANES-OXLEY SECTION 906 CERTIFICATION

**CERTIFICATION OF MICHAEL A. CREEL, CHIEF FINANCIAL OFFICER
OF ENTERPRISE PRODUCTS GP, LLC, THE GENERAL PARTNER OF
ENTERPRISE PRODUCTS PARTNERS L.P.**

In connection with this quarterly report of Enterprise Products Partners L.P. (the "Registrant") on Form 10-Q for the three months ending March 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael A. Creel, Chief Financial Officer of Enterprise Products GP, LLC, the General Partner of the Registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Michael A. Creel

Name: Michael A. Creel
Title: Chief Financial Officer of Enterprise Products GP, LLC
on behalf of Enterprise Products Partners L.P.

Date: May 10, 2004