TEPPCO PARTNERS, L.P.

2003 Annual Report

PARTNERSHIP PROFILE

TEPPCO Partners, L.P. is a publicly traded master limited partnership that operates in three business segments: refined petroleum products, liquefied petroleum gases (LPGs) and petrochemical transportation and storage, which operates through the **Downstream Segment**; natural gas gathering and natural gas liquids (NGLs) storage, transportation and fractionation, which operates through the **Midstream Segment**; and crude oil transportation and marketing, which operates through the **Upstream Segment**. TEPPCO also owns 50 percent interests in Seaway Crude Pipeline Company, Centennial Pipeline LLC and Mont Belvieu Storage Partners, L.P., and an undivided ownership interest in the Basin Pipeline. Texas Eastern Products Pipeline Company, LLC, an indirect wholly owned subsidiary of Duke Energy Field Services, LLC, is the general partner of TEPPCO Partners, L.P.

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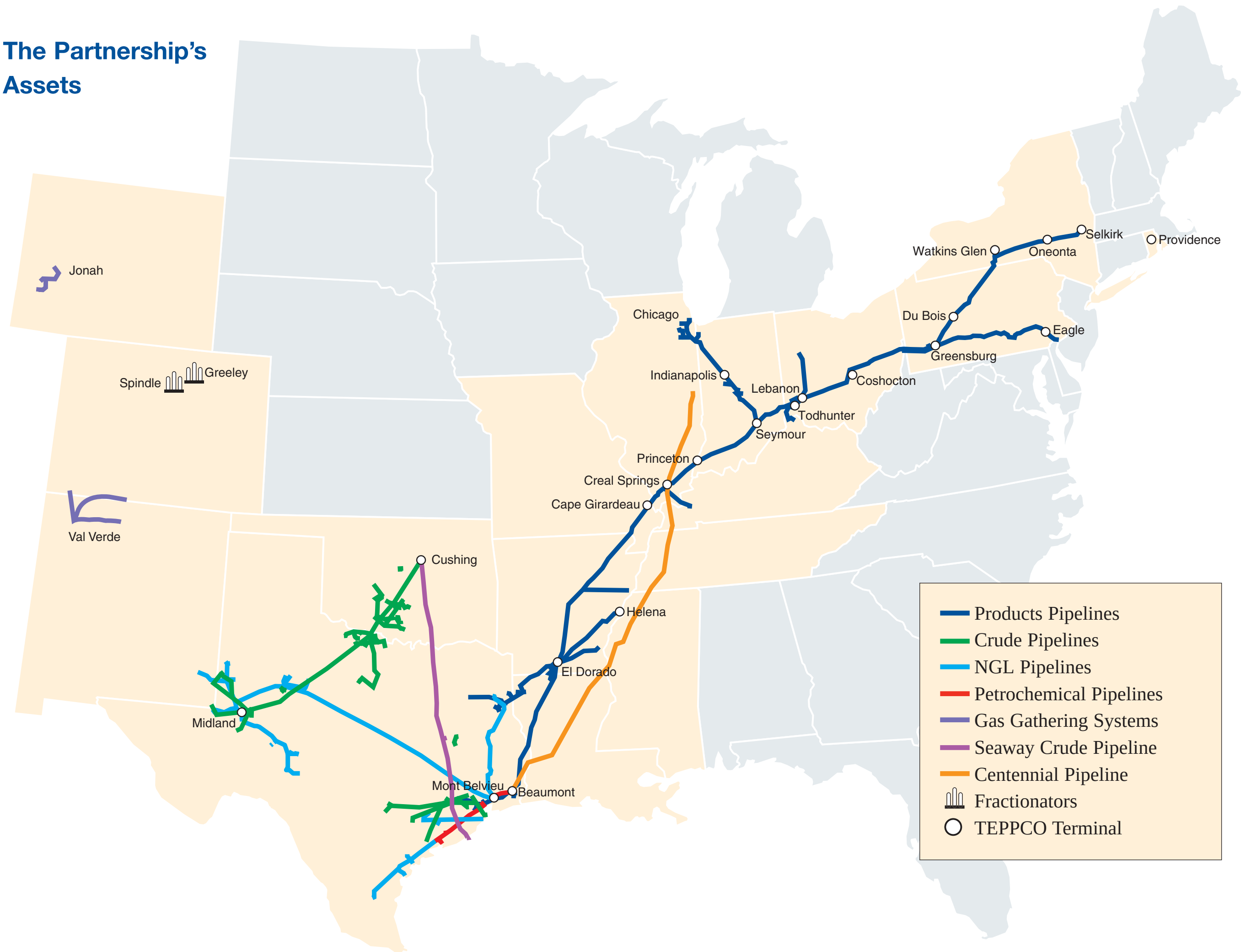
The Partnership's Assets



On the Cover: *Over the past several years, the Partnership has made significant investments to support growth in demand for transportation services on the TEPPCO system. TEPPCO recently installed two new 60,000 gallon storage tanks at its Oneonta, New York, terminal as part of a system-wide effort to increase propane deliverability to Midwest and Northeast markets.*

FINANCIAL AND OPERATING HIGHLIGHTS

FINANCIAL HIGHLIGHTS

Thousands, except as noted

	YEAR ENDED DECEMBER 31				
	2003	2002	2001 [1]	2000 [1]	1999
Revenues	**$4,255,832**	$ 3,242,163	$ 3,556,413	$ 3,087,941	$ 1,934,883
Operating Expenses	**251,489**	213,556	185,918	150,149	136,095
Purchases of Petroleum Products	**3,711,207**	2,772,328	3,172,805	2,793,643	1,666,042
Depreciation and Amortization	**100,728**	86,032	45,899	35,163	32,656
Operating Income	**192,408**	170,247	151,791	108,986	100,090
Net Income	**125,769**	117,862	109,131	77,376	72,120
Basic Net Income Per Unit [2]	**$1.52**	$1.79	$2.18	$1.89	$1.91
Distributions Paid Per Unit [3]	**$2.50**	$2.35	$2.15	$2.00	$1.85

[1] Certain prior year amounts have been reclassified to conform with current year presentation.
[2] The per unit calculation is based on the weighted-average number of units and net income allocated to limited partners.
[3] TEPPCO makes quarterly distributions of Available Cash, generally defined as consolidated cash receipts less consolidated cash disbursements and cash reserves. Available Cash exceeded cash distribution payments in the periods presented.

OPERATING HIGHLIGHTS

Downstream Segment

	2003	2002	2001	2000	1999
Volumes Delivered *(thousand barrels)*					
Refined Products	**154,061**	138,164	122,947	128,151	132,642
LPGs	**42,543**	40,490	39,957	39,633	37,575
Total	**196,604**	178,654	162,904	167,784	170,217
Barrel Miles *(millions)*	**125,520**	107,815	112,389	112,922	110,409
Average Tariff *(per barrel)*					
Refined Products	**$0.90**	$0.89	$0.98	$0.93	$0.93
LPGs	**$2.16**	$1.84	$1.95	$1.86	$1.80

Midstream Segment

	2003	2002	2001	2000	1999
Gathering – Natural Gas					
Bcf	**461.2**	340.7	45.5	–	–
Btu *(in trillions)*	**469.1**	353.7	50.7	–	–
Average Fee Per MMBtu	**$0.29**	$0.26	$0.17	–	–
Fractionation – NGLs					
Total Barrels *(millions)*	**4.1**	4.1	4.1	4.1	3.8
Margin Per Barrel	**$1.80**	$1.82	$1.81	$1.83	$1.93
Transportation – NGLs					
Total Barrels *(millions)*	**57.9**	54.0	21.5	5.2	4.6
Margin Per Barrel	**$0.69**	$0.72	$0.96	$1.35	$1.38
Sales – Condensate					
Total Barrels *(thousands)*	**63.3**	80.0	16.2	–	–
Margin Per Barrel	**$30.25**	$25.39	$19.91	–	–

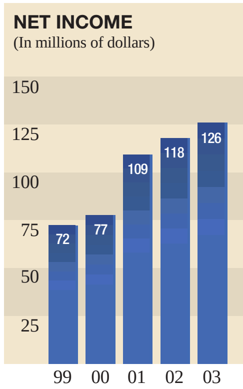
Upstream Segment

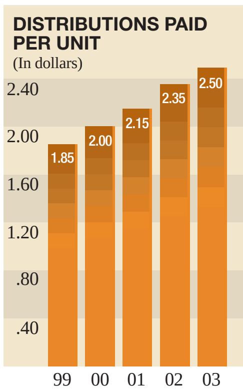
	2003	2002	2001	2000	1999
Volumes *(thousand barrels)*					
Crude Oil Transportation	**95,541**	82,813	78,714	46,225	33,267
Crude Oil Marketing	**159,710**	139,182	159,477	107,607	96,252
Crude Oil Terminaling	**115,076**	127,376	121,932	56,473	–
LSI Volume *(thousand gallons)*	**10,449**	9,648	8,769	7,974	8,891

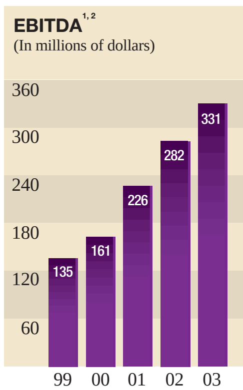
TO OUR UNITHOLDERS

In 2003, TEPPCO Partners, L.P. capitalized on our diversified pipeline assets and the overall success of our organic growth projects, increasing Unitholder value and improving the Partnership's financial strength.

Excellent operating performance across all of our business segments contributed to a record-setting year for volumes, net income and earnings before interest, taxes, depreciation and amortization (EBITDA). All in all, the Partnership's 2003 results illustrate the strength and diversity of TEPPCO's asset portfolio and the exceptional performance of our employees.







[1] EBITDA = Net Income + Interest Expense, Net + Depreciation & Amortization (D&A) + TEPPCO Pro-rata Percentage of Joint Venture Interest Expense and D&A.

[2] Please see inside back cover for reconciliation of Non-GAAP Financial Measures.

FINANCIAL PERFORMANCE

We are very pleased with the operational and financial results of each of our businesses. TEPPCO's net income in 2003 was $126 million and record EBITDA was $331 million. In addition, we increased our distribution by $0.20 per unit to an annualized rate of $2.60 per unit at year end, continuing our 11-year track record of distribution increases. Distributions have increased 35 percent over the past five years.

The Downstream Segment had an excellent year with record refined products and propane deliveries, made possible by the additional capacity provided by our investment in Centennial Pipeline LLC. Although Centennial's financial and operational performance has been challenging, our Downstream Commercial and Operations groups have done an excellent job utilizing Centennial capacity in a manner that has been beneficial to both TEPPCO and its customers.

The Midstream Segment continued its strong performance, with volume growth on the Jonah Gas Gathering System and the full-year contribution of the Val Verde Gathering System, acquired in June 2002, providing a positive impact on our overall profitability. Additional organic growth prospects make the outlook favorable for continued strong performance in this segment.

Our Upstream Segment had strong gathering, marketing and transportation results, including the benefits of a onetime gain of $3.9 million related to the sale of certain portions of the Rancho Pipeline. Additionally, Seaway Crude Pipeline's performance was noticeably stronger, with record volumes in the second half of the year. TEPPCO also had higher throughput on our crude systems and a record year for gallons delivered by Lubrication Services, L.P. (LSI).

Our operating costs were higher than expected, largely as a result of pipeline integrity expenses in the Downstream Segment. The goal of TEPPCO's ongoing pipeline integrity program has been to maintain the reliability and safety of our pipeline systems, which is in the long-term interest of all of our stakeholders.

TEPPCO ended 2003 in a solid financial position. During the year, we spent $162 million on acquisitions and organic growth investments, which we believe will provide earnings, cash flow and growth opportunities. We raised approximately $171 million in equity capital during the year to fund these growth investments, reduce debt and for general partnership purposes. Our year-end debt-to-capitalization ratio was 54 percent.

YEAR IN REVIEW

The Partnership continued building a base for long-term growth by enhancing existing systems and pursuing new business opportunities. TEPPCO increased throughput on our pipeline systems, constructed new pipeline and gathering systems, and expanded and upgraded our existing infrastructure. Among the highlights of 2003:

- TEPPCO acquired an additional interest in Centennial Pipeline for $20 million, bringing our ownership interest to 50 percent. Centennial provided additional capacity that enabled TEPPCO to transport record refined products and propane volumes in 2003.
- In November, TEPPCO purchased 150 miles of crude supply and transportation assets along the upper Texas Gulf Coast from Genesis Pipeline Texas, L.P. The $21 million acquisition will strengthen our existing South Texas market position and improve our physical asset base.
- During the fourth quarter, the Partnership completed a $12 million expansion project that was part of a system-wide effort to increase TEPPCO's deliverability of liquefied petroleum gas (LPGs) to the Northeast markets.
- TEPPCO's Phase III expansion of the Jonah System became operational in the fourth quarter. During 2003, we spent $45 million on the project to expand both pipeline and processing capacity on Jonah. This Phase III expansion provides additional investment opportunities from the ongoing development of the Jonah and Pinedale reserves in Wyoming.
- The Partnership spent an additional $64 million on other revenue-generating projects, including the expansion of Downstream terminal storage and delivery capacity; additional well connections in the Midstream Segment; and expansions on the Upstream Segment's South Texas System.

CORPORATE GOVERNANCE, VALUES AND ETHICS

TEPPCO is committed to honest, fair and open business conduct. Our business has grown dramatically in size and complexity over the years, and we operate in increasingly dynamic markets and under more stringent regulatory scrutiny.

TEPPCO's business values represent the company's foundation, as well as our future. They form the basis of our behavior, our business decisions, our image and our reputation. Each employee at TEPPCO is responsible for upholding our tradition of business integrity. It is a responsibility we share and a tradition we honor each day – with every decision and action.

CHANGES IN LEADERSHIP

In January 2004, Jim W. Mogg was promoted to group vice president and chief development officer for Duke Energy. He had most recently served as chairman, president and chief executive officer (CEO) of Duke Energy Field Services, LLC (DEFS). He will continue in his role as chairman of Texas Eastern Products Pipeline Company, LLC.

Mogg was succeeded by William H. Easter III as chairman, president and CEO of DEFS. Easter was most recently vice president, state government affairs, for ConocoPhillips and has had a 30-year career in the areas of natural gas supply and marketing, transportation, refining and petroleum marketing. In February 2004, Easter succeeded William (Bill) W. Slaughter on the TEPPCO board of directors.

On behalf of Unitholders and employees, we express our gratitude to Bill for his dedication to the development of TEPPCO.

LOOKING FORWARD

TEPPCO remains confident that our current strategy and focus will provide continued growth in earnings, EBITDA and cash distributions. With respect to 2004, these opportunities include:

- Integration of the Genesis crude oil assets and increased utilization of Seaway Crude Pipeline.
- Continued development of refined products and propane market opportunities.
- Continued development of the Jonah and Pinedale fields.
- Infill drilling of coal bed methane and conventional gas in the San Juan Basin, where our Val Verde Gathering System is located.

Our outlook remains positive as we develop our diversified portfolio. As TEPPCO moves into 2004, we will continue to strengthen our asset base, operate efficiently, remain focused on working safely and provide a high degree of service to our customers.

In closing, we would like to thank all of our employees for their ongoing dedication and commitment to TEPPCO, its customers, investors and the communities that we serve.

Jim W. Mogg
Chairman
Texas Eastern Products Pipeline Company, LLC, General Partner

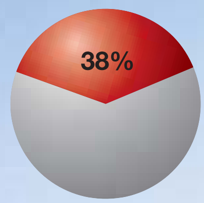
Barry R. Pearl
President and Chief Executive Officer
Texas Eastern Products Pipeline Company, LLC, General Partner

Barry R. Pearl (left), President and Chief Executive Officer, and Jim W. Mogg, Chairman

DOWNSTREAM

The 4,600-mile Downstream Segment consists of interstate transportation, storage and terminaling of refined products and liquified petroleum gas (LPGs), and intrastate transportation of petrochemicals. This segment also includes TEPPCO's ownership interests in Centennial Pipeline LLC and Mont Belvieu Storage Partners, L.P.

Downstream Share of EBITDA[1]



[1] Please see inside back cover for reconciliation of Non-GAAP Financial Measures.

INCREASED CAPACITY MEETS MARKET DEMAND

TEPPCO transports gasoline, jet fuel, distillates and blendstocks from the upper Texas Gulf Coast refining center to the Central and Midwestern regions of the United States. Customers include integrated and independent oil companies and wholesalers. The products are ultimately distributed for end use by the driving public, commercial airlines, air freight carriers, the military, trucking companies, railroads and the agricultural sector.

The Centennial Pipeline parallels the TEPPCO system from the United States Gulf Coast and increases shippers' ability to directly connect major refineries and import terminals located on the Texas Gulf Coast to the Midwest. The 795-mile Centennial Pipeline transports gasoline and diesel fuel and increases the utilization of TEPPCO's mid-continent system to meet the growing demand in the Arkansas, Louisiana and Midwest market areas.

In February 2003, TEPPCO increased its ownership interest in Centennial to 50 percent. The Partnership also signed a five-year capacity lease, which benefits both Centennial and TEPPCO by providing flexibility to better utilize both systems. Centennial provides a foundation for future growth in the Downstream Segment.

The Partnership continues to improve the entire refined products system to better serve its customers. In 2003, TEPPCO expanded capacity on a pipeline segment to the Chicago, Illinois, area that increased capacity by 10,000 barrels per day; increased the truck loading rates at its Lebanon, Ohio, terminal; began high sulfur diesel service at the Princeton, Indiana, terminal; and completed upgrades to expand its North Houston terminal facilities. These improvements contributed to record deliveries of refined products in 2003.

The Partnership's interest in Centennial Pipeline provides additional capacity to serve the growing demand in the Midwest market areas. The pipeline intersects TEPPCO's mainline near Creal Springs, Illinois, at a 2 million barrel storage terminal. TEPPCO is the operator of the Creal Springs storage facility.

SYSTEM IMPROVEMENTS INCREASE DELIVERABILITY

TEPPCO is the only pipeline that transports LPGs from the upper Texas Gulf Coast to the Midwest and Northeast regions of the United States. Propane customers include wholesalers and retailers who sell to commercial, industrial, agricultural and residential heating customers. The Partnership enhances its LPG business with the transportation of butanes to refineries and gasoline blenders in the Midwest and on the East Coast.

The Partnership continues to look for opportunities to increase propane service levels to Midwest and Northeast markets. In fourth quarter 2003, TEPPCO completed the installation of three pump stations between Todhunter, Ohio, and Coshocton, Ohio. The expansion will increase delivery capability to the Northeast during the peak winter months by more than 1 million barrels. TEPPCO also doubled the loading capacity and increased storage at Oneonta, New York.

These improvements, along with the addition of Centennial Pipeline capacity, enabled TEPPCO to provide better year-round service of LPGs, leading to record mainline propane deliveries in 2003.

Effective January 2003, TEPPCO formed Mont Belvieu Storage Partners, L.P., a joint venture with Louis Dreyfus Energy Services L.P. The LPG storage and pipeline asset base in Mont Belvieu, Texas, serves the fractionation, refining and petrochemical industries and is the origin point for LPG movements into the TEPPCO system.

In July 2003, the venture completed a 3.1 million barrel brine pond at Mont Belvieu, where NGLs, LPGs and low sulfur diesel fuel are stored in underground salt dome wells.

Mont Belvieu is the largest LPG storage complex in the United States and provides substantial flexibility in the transportation, terminaling and storage of LPGs, NGLs and petrochemicals. To remove product from the wells, brine (or saltwater) is pumped into the wells, displacing product into the pipeline. When placing product into storage, brine is displaced from the wells into the storage ponds. With the addition of this new pond, Mont Belvieu Storage Partners has approximately 11.5 million barrels of brine storage, which increases flexibility in moving LPGs in and out of storage wells.

Mont Belvieu Storage Partners continues to look for opportunities to expand services to the upper Texas Gulf Coast energy marketplace by increasing pipeline throughput and the mix of products handled through the existing system, and establishing new receipt and delivery connections.

PETROCHEMICALS EXPAND MARKET PRESENCE

TEPPCO's petrochemical pipelines between Mont Belvieu and Port Arthur, Texas, transport ethylene, propylene and natural gasoline to the world's largest naphtha steam cracker plant. In January 2003, the Partnership commenced service on the 142-mile Dean North Pipeline, which transports refinery grade propylene from Mont Belvieu to Point Comfort, Texas. TEPPCO leverages these pipelines to strengthen its presence in the Gulf Coast petrochemical market, as well as improve utilization of substantial storage and interconnect capabilities in Mont Belvieu.

A major focus during 2003 was a pipeline rehabilitation project on our propane system that supplies Ohio, Pennsylvania and New York. Part of the rehabilitation included the replacement of a pipeline under the Caesar Creek Reservoir in southwestern Ohio. Crews replaced the existing pipeline by completing a 2,300-foot directional drill under the reservoir. The new pipe was then welded together onshore and pulled into position, where a final connection was completed by a barge crew (shown right). The replacement pipe was then positioned and buried below the bed of the reservoir.

COMMITTED TO THE SAFETY OF OUR PIPELINES

Pipelines are by far the safest means to transport petroleum products, according to the U.S. Department of Transportation, and are recognized as the most economical way of distributing oil and gas from production fields to refineries and from refineries to consumers. TEPPCO's pipelines traverse many states and communities throughout the country, and we are committed to protecting the quality of life in the communities we serve.

We have a comprehensive, ongoing pipeline integrity program to maintain the long-term reliability and safety of our pipeline systems.

TEPPCO also has a public information program to inform and educate the public and communicate our commitment to safety. This program includes working closely with federal, state and local public safety offices as well as individuals to promote pipeline safety.

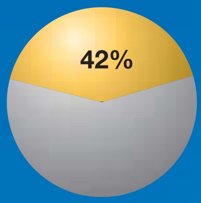
Our pipeline systems are monitored 24 hours a day, every day of the year, from fully staffed, computerized control centers, which coordinate operations throughout the system and remotely control rate of flow, pressure, and the opening and closing of valves. The control centers also monitor devices that can alert operators to abrupt changes in operating parameters, providing a way to rapidly detect an emergency condition. Satellite and telecommunication links connect control centers with facilities along our pipelines to ensure rapid response and constant monitoring of pipeline conditions.

The safe, reliable transportation of petroleum products is our primary concern.

MIDSTREAM

The Midstream Segment includes natural gas gathering and storage, and the transportation and fractionation of natural gas liquids (NGLs). This segment consists of the Jonah Gas Gathering System in Wyoming; the Val Verde Gathering System, located in New Mexico and Colorado; the Chaparral and Quanah NGL systems extending from New Mexico to Texas; NGL pipelines along the Texas Gulf Coast, in East Texas and from southeastern New Mexico; and fractionators in Colorado. This segment has more than 2,300 miles of pipeline.

Midstream Share of EBITDA[1]



[1] Please see inside back cover for reconciliation of Non-GAAP Financial Measures.

STRATEGIC EXPANSIONS SUSTAIN GROWTH

The 480-mile Jonah Gas Gathering System is located in southwestern Wyoming's Green River Basin, one of the most active basins in the United States. Gas gathered on the system is delivered to several interstate pipeline systems that provide access to West Coast, Rocky Mountain and Midwest markets.

In 2003, TEPPCO completed an 80-mile expansion on the system, looping Jonah's gathering system in both the Jonah and Pinedale Fields as well as the mainline system to Opal, Wyoming. This expansion increased system capacity to 1.2 billion cubic feet per day (Bcf/day).

TEPPCO also built the new Pioneer gas processing plant near Opal. The plant provides up to 250 million cubic feet per day (MMcf/day) of processing capacity to accommodate increased gas production from the Jonah and Pinedale Fields. Residue gas from the Pioneer plant can be delivered to third-party interstate pipelines.

The Val Verde Gathering System, located in northwestern New Mexico and southwestern Colorado, gathers coal bed methane (CBM) from the San Juan Basin, a long-term source of natural gas supply in North America.

The 360-mile system is one of the largest CBM gathering and treating facilities in the United States, with a capacity of approximately 1 Bcf/day. Gas transported on Val Verde is delivered to several interstate pipeline systems serving the western United States, as well as local New Mexico markets.

In July 2003, the New Mexico Oil Conservation Division approved an application for infill drilling to allow two wells per standard 320-acre gas spacing unit

In 2003, TEPPCO expanded both pipeline and processing capacity on the Jonah Gas Gathering System in southwestern Wyoming. The project included 80 miles of new pipeline that increased system capacity to 1.2 billion cubic feet per day and construction of a new 250 million cubic feet per day gas processing plant.

in the Fruitland Coal Formation of the San Juan Basin. This approval of infill drilling will provide potential opportunities for long-term growth and increased throughput on the Val Verde System.

Both the Val Verde and Jonah systems are located in gas basins that play an increasingly vital role in the United States' domestic gas supply. TEPPCO will continue to utilize existing capacity and prudently expand these systems to meet customers' needs.

NGL LINES PROVIDE STABLE CASH FLOW

TEPPCO operates a number of NGL pipelines along the Texas Gulf Coast, in East Texas and from southeastern New Mexico and West Texas to Mont Belvieu, Texas. The 135,000 barrel per day Chaparral system is an 845-mile pipeline that extends from West Texas and New Mexico to fractionators and storage wells in Mont Belvieu, Texas. The 180-mile Quanah Pipeline is a 22,000 barrel per day NGL gathering system that connects to Chaparral near Midland, Texas.

TEPPCO owns and operates additional natural gas liquids pipelines that supply transportation services from key NGL supply points to the Gulf Coast refining and petrochemical center. The 155-mile Dean South Pipeline, which has a capacity of 10,000 barrels per day, originates in South Texas and terminates at Point Comfort, Texas. The 103-mile Wilcox NGL Pipeline runs from Lavaca County, Texas, to Fort Bend County, Texas. The 7,500 barrel per day system transports NGLs for Duke Energy Field Services

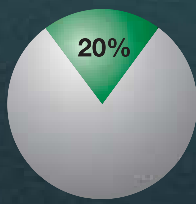
(DEFS), the owner of TEPPCO's general partner, from two of DEFS's natural gas processing plants. In East Texas, TEPPCO owns the 189-mile Panola Pipeline, which has a capacity of approximately 43,000 barrels per day and transports NGLs from DEFS's East Texas Plant Complex in Carthage, Texas, to Mont Belvieu. The San Jacinto Pipeline, a 34-mile NGL pipeline from Carthage to Longview, Texas, has a capacity of approximately 12,000 barrels per day and delivers NGLs to a local chemical facility.

The Val Verde Gathering System, located in the San Juan Basin of northwestern New Mexico and southwestern Colorado, is one of the largest coal bed methane gathering and treating facilities in the United States. Gas transported on Val Verde is delivered to several interstate pipeline systems serving the western United States, as well as local New Mexico markets.

UPSTREAM

The 3,650-mile Upstream Segment includes gathering, storage, transportation and marketing of crude oil, and the distribution of lubrication oils and specialty chemicals in Oklahoma, New Mexico, Texas and the Rocky Mountain region. This segment also generates revenues from trade documentation and pumpover services at Cushing, Oklahoma, and Midland, Texas, and includes an undivided ownership interest in the Basin Pipeline and a partnership interest in Seaway Crude Pipeline Company.

Upstream Share of EBITDA[1]



[1] Please see inside back cover for reconciliation of Non-GAAP Financial Measures.

TACTICAL ACQUISITIONS CREATE OPPORTUNITIES

The Upstream Segment concentrates growth, marketing and operating activities in its core business areas: crude oil mainline transmission systems, the Seaway Crude Pipeline and Basin Pipeline that deliver into Cushing, Oklahoma, and to various refineries; and crude oil purchasing, gathering and transportation services utilizing the assets of TEPPCO's Red River, South Texas and West Texas pipelines and various smaller systems.

As part of the ARCO Pipe Line transaction completed in 2000, TEPPCO acquired a 23.5 percent undivided joint interest in the Rancho Pipeline, a crude oil system from West Texas to Houston, Texas. In March 2003, the Rancho Pipeline ceased operations in accordance with its operating agreement and segments of the pipeline were sold to owners with undivided interests in the pipeline. As part of this transaction, TEPPCO acquired the outstanding undivided interest on a strategic 58-mile segment of Rancho to facilitate new connectivity to Seaway and the South Texas System, resulting in increased throughput capacity, improved service to existing markets, new market penetration and lower operating cost and risk.

The 350,000 barrel per day capacity Seaway Crude Pipeline is a critical link in the crude oil supply chain for Central and Midwest refining centers. A marine import terminal in Freeport, Texas, is the origin point for the 30-inch diameter crude pipeline. The pipeline transports crude oil from Freeport to Cushing, Oklahoma.

A significant portion of the growth in the Upstream Segment has occurred through acquisitions of pipeline gathering systems. These acquisitions have provided increased efficiencies for the gathering and transportation of crude oil with our existing pipeline systems, as well as expansion into new market areas.

In November 2003, TEPPCO acquired crude supply and transportation assets along the upper Texas Gulf Coast from Genesis Pipeline Texas, L.P. The $21 million transaction included approximately 150 miles of small diameter trunk lines, 26,000 barrels per day of throughput and 12,000 barrels per day of lease marketing and trucking business. The assets will be integrated into the South Texas System and will enable future growth of TEPPCO's existing businesses by providing new market opportunities and increased capacity.

The South Texas System, located west of Houston, now consists of 900 miles of trunkline and gathering pipelines and 780,000 barrels of storage. The majority of crude oil on this system is delivered on a tariff basis into Houston area refineries.

The Partnership also owns the Red River System. Located on the Oklahoma-Texas border, this 1,690-mile system includes trunkline and gathering pipelines and approximately 1.5 million barrels of storage. The Red River System has numerous trucking facility and pipeline connections, which deliver crude to market trading points as well as refineries.

The 250-mile West Texas Trunk System transports domestic sweet and sour crude oil from several West Texas and Southeast New Mexico gathering systems to the Upstream Segment's terminal in Midland, Texas. Other crude oil assets, located primarily in Texas, consist of 310 miles of pipeline, 295,000 barrels of storage and multiple trucking facilities. In addition, the Partnership owns an undivided interest in the Basin Pipeline, a 416-mile crude oil pipeline that transports Permian Basin crude from New Mexico to Texas and Oklahoma.

The Upstream Segment's crude oil terminaling and storage facilities in Midland and Cushing have more than 2 million barrels of storage. The Cushing terminal has connections to 10 major terminals with over 23 million barrels of combined storage.

TEPPCO also serves natural gas pipeline and gas processing businesses through Lubrication Services, L.P. (LSI), one of the nation's top gas engine oil distributors. Its products include lubrication oils and specialty chemicals, such as glycol and methanol. LSI's distribution networks are located in Colorado, Kansas, Louisiana, New Mexico, Oklahoma, Texas and Wyoming. LSI continues to provide a consistent margin contribution with the potential for future growth.

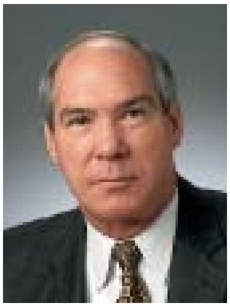
MARKETING EFFORTS BUILD SEAWAY VOLUME

Seaway Crude Pipeline Company is a partnership between wholly owned subsidiaries of TEPPCO and ConocoPhillips. The 500-mile pipeline transports crude oil from the Texas Gulf Coast to Cushing, a crude distribution point for the Central United States and a delivery point for the New York Mercantile Exchange (NYMEX). The 350,000 barrel per day capacity Seaway system is a critical link in the crude oil supply chain for Central and Midwest refining centers.

Seaway also provides marine terminaling and storage services for Texas Gulf Coast refineries. The Freeport, Texas, marine terminal is the origin point for the 30-inch diameter crude pipeline. Three large diameter pipelines carry crude oil from Freeport to the adjacent Jones Creek Tank Farm, which has six storage tanks capable of handling approximately 2.6 million barrels of crude. A crude oil marine terminal facility at Texas City, Texas, is used to supply refineries in the Houston area. Two larger diameter pipelines connect the Texas City marine terminal to storage facilities in Texas City and Galena Park, Texas, where there are seven tanks with a combined capacity of approximately 3 million barrels. Seaway has the capability to provide marine terminaling and crude oil storage services for all Houston area refineries.

The company continues to look for opportunities to fully utilize the Seaway system. In 2003, long-haul Seaway volumes increased an average of 12,000 barrels per day by focusing on alignment with key refiners and suppliers and aggressively marketing mainline capacity.

BOARD OF DIRECTORS*



JIM W. MOGG[2], 55, was elected to the board in October 1997, was appointed Chairman effective May 2002 and is Chairman of the Compensation Committee. He is Group Vice President and Chief Development Officer of Duke Energy.

MARK A. BORER, 49, was elected to the board in April 2000. He is Executive Vice President of Marketing and Corporate Development of Duke Energy Field Services, LLC.

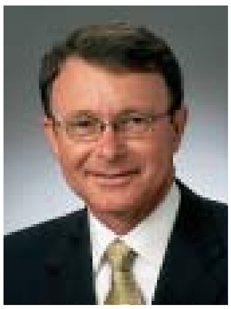
MICHAEL J. BRADLEY, 49, was elected to the board in February 2003. He is Executive Vice President of Gathering and Processing of Duke Energy Field Services, LLC.

MILTON CARROLL[1,2,3], 53, was elected to the board in November 1997. He is the Chairman of CenterPoint Energy, Inc., having been elected in September 2002. He is the founder and Chairman of Instrument Products, Inc., a Houston-based manufacturer of oil field equipment and other precision products.

DERRILL CODY[2], 65, was elected to the board in 1989. He is currently of counsel to McKinney and Stringer, P.C., Oklahoma City, Oklahoma. Cody joined the firm in 1990 after serving as Executive Vice President of Texas Eastern Corporation and Chairman and Chief Executive Officer of Texas Eastern Gas Pipeline Company.

JOHN P. DESBARRES [1,2,3], 64, was elected to the board in May 1995 and is Chairman of the Special Committee. He was formerly Chairman, President and Chief Executive Officer of Transco Energy Company from 1992 to 1995. Prior to joining Transco, DesBarres spent three years with Santa Fe Pacific Pipelines, Inc. and 25 years with Sun Company.

WILLIAM H. EASTER III, 54, was elected to the board in February 2004. He is Chairman, President and Chief Executive Officer of Duke Energy Field Services, LLC. Prior to joining DEFS, Easter spent 30 years with ConocoPhillips.



BARRY R. PEARL, 54, joined the company in February 2001 as President and Chief Operating Officer. He was appointed Chief Executive Officer and elected to the board effective May 2002. Prior to joining TEPPCO, Pearl spent more than 14 years with Santa Fe Pacific Pipeline Partners, L.P., in a number of executive positions.

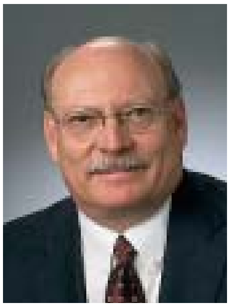
R. A. WALKER[1,2,3], 46, was elected to the board in July 2002 and was elected Chairman of the Audit Committee in January 2003. Walker was most recently president of 3TEC Energy Corporation until its merger with Plains Exploration and Production Company in June 2003. Prior to joining 3TEC Walker was senior managing director and co-head of Prudential Capital Group from 1997 to 2000, joining the firm in 1987.

*TEPPCO Partners, L.P. does not have directors or officers. Set forth on this page are the directors of the General Partner, Texas Eastern Products Pipeline Company, LLC, an indirect wholly owned subsidiary of Duke Energy Field Services, LLC.

COMMITTEE LEGEND: 1 Audit Committee 2 Compensation Committee 3 Special Committee

CORPORATE OFFICERS*

BARBARA A. CARROLL, 49
Vice President of Environmental, Health and Safety

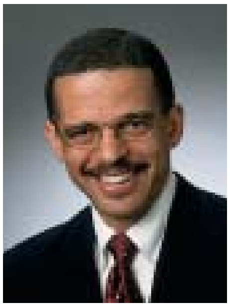


J. MICHAEL COCKRELL, 57
Senior Vice President of Commercial Upstream

JOHN N. GOODPASTURE, 55
Vice President of Corporate Development

THOMAS R. HARPER, 63
Senior Vice President of Commercial Downstream

CHARLES H. LEONARD, 55
Senior Vice President and Chief Financial Officer



LEONARD W. MALLETT, 47
Vice President of Operations

DAVID E. OWEN, 54
Vice President of Human Resources

STEPHEN W. RUSSELL, 52
Vice President of Support Services

JAMES C. RUTH, 56
Senior Vice President, General Counsel and Secretary

* TEPPCO Partners, L.P. does not have directors or officers. Set forth on this page are the officers of the General Partner, Texas Eastern Products Pipeline Company, LLC, an indirect wholly owned subsidiary of Duke Energy Field Services, LLC. Barry R. Pearl, pictured on page 15, is President and Chief Executive Officer.

UNITHOLDER INFORMATION

STOCK EXCHANGE AND UNIT TRADING PRICES

The Partnership's limited partnership (LP) units trade on the New York Stock Exchange under the symbol TPP. Outstanding LP units at December 31, 2003, totaled 62,998,554.

2003	HIGH	LOW
First Quarter	$31.64	$28.05
Second Quarter	$37.00	$30.35
Third Quarter	$37.69	$34.00
Fourth Quarter	$41.15	$35.22

2002	HIGH	LOW
First Quarter	$33.25	$27.30
Second Quarter	$33.20	$29.35
Third Quarter	$32.19	$23.90
Fourth Quarter	$29.98	$26.00

CASH DISTRIBUTIONS

Since its formation as a publicly traded master limited partnership in 1990, TEPPCO Partners, L.P. has made quarterly cash distributions to Unitholders. The Partnership increased its cash distribution twice during 2003 to $2.60 on an annualized basis. Cash distributions of $0.65 per unit were paid on February 6, 2004. Additional 2004 cash distributions are expected to be paid on May 7, August 6 and November 5.

PUBLICLY TRADED PARTNERSHIP ATTRIBUTES

TEPPCO Partners, L.P. is a publicly traded master limited partnership, which operates in the following distinct ways from a publicly traded stock corporation:

Unitholders own partnership units and receive cash distributions, instead of shares of stock and dividends.

A partnership generally is not subject to federal and state income taxes, as is a corporation. Partnerships flow through all of the annual income, gains, losses, deductions or credits to Unitholders, who are required to show their allocated share of these amounts on their income tax returns, as though these items had been incurred directly.

TEPPCO provides each Unitholder of record a Schedule K-1 tax package that includes each Unitholder's allocated share of reportable Partnership items and other Partnership information necessary to be included in tax returns. This compares with a corporate stockholder, who receives a Form 1099 annually detailing required tax data.

K-1 INQUIRIES

Unitholder Schedule K-1 inquiries should be directed to TEPPCO K-1 Support, toll-free at (877) 699-1093, or to the Partnership's website: **www.teppco.com**

ROYALTY INQUIRIES

Royalty inquiries should be directed to Royalty Relations at (720) 528-3152.

Royalty inquiries should be mailed to:
Royalty Relations Department
TEPPCO Crude Oil, LLC
Suite 300 N
6312 S. Fiddler's Green Circle
Englewood, CO 80111

ADDITIONAL INVESTOR INFORMATION

Additional information about TEPPCO Partners, L.P. can be obtained by contacting Investor Relations at (800) 659-0059 or (713) 759-3954.

TRANSFER AGENT AND REGISTRAR

Information on the direct deposit of cash distributions for registered Unitholders is available from:

Mellon Investor Services
TEPPCO—c/o Shareholder Services
P.O. Box 3315
South Hackensack, NJ 07606-1916
(800) 953-2496

For registered Unitholders, communication regarding name and address changes, lost certificates and other administrative matters should be directed to:

Mellon Investor Services
Overpeck Centre
85 Challenger Road
Ridgefield Park, NJ 07660
(800) 953-2496 or
www.melloninvestor.com\isd

PARTNERSHIP OFFICES

TEPPCO Partners, L.P.
2929 Allen Parkway
P.O. Box 2521
Houston, TX 77252-2521
(713) 759-3636

INTERNET WEBSITE

Earnings and other financial results, Partnership news, filings with the Securities and Exchange Commission and other Partnership information are available on TEPPCO's website: **www.teppco.com**

This report may contain certain forward-looking information regarding the Partnership, including projections, estimates, forecasts, plans and objectives. Although management believes that all such statements are based upon reasonable assumptions, no assurance can be given that the actual results will not differ materially from those contained in such forward-looking statements.

Certifications by the Chief Executive Officer and Chief Financial Officer required pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 have been filed as exhibits to the Partnership's 2003 Form 10-K.

NON-GAAP FINANCIAL MEASURES

	2003	2002	2001	2000	1999
EBITDA (in millions)					
Net Income	$126	$118	$109	$ 77	$ 72
Interest Expense – net	84	66	62	45	30
Depreciation & Amortization (D&A)	101	86	46	36	33
TEPPCO Pro-rata Percentage of Joint Venture Interest Expense and D&A	20	12	9	3	–
Total EBITDA	$331	$282	$226	$161	$135

2003 Segment EBITDA	Downstream	Midstream	Upstream	Total
EBITDA (in millions)				
Operating Income	$ 84	$ 80	$28	$192
Equity Earnings (Losses)	(4)	–	21	17
Other – net	1	–	–	1
D&A	32	58	11	101
TEPPCO Pro-rata Percentage of Joint Venture Interest Expense and D&A	13	–	7	20
Total EBITDA	$126	$138	$67	$331
% of Total EBITDA	38%	42%	20%	100%

TEPPCO Partners, L.P.
2929 Allen Parkway
P.O. Box 2521
Houston, Texas 77252-2521

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