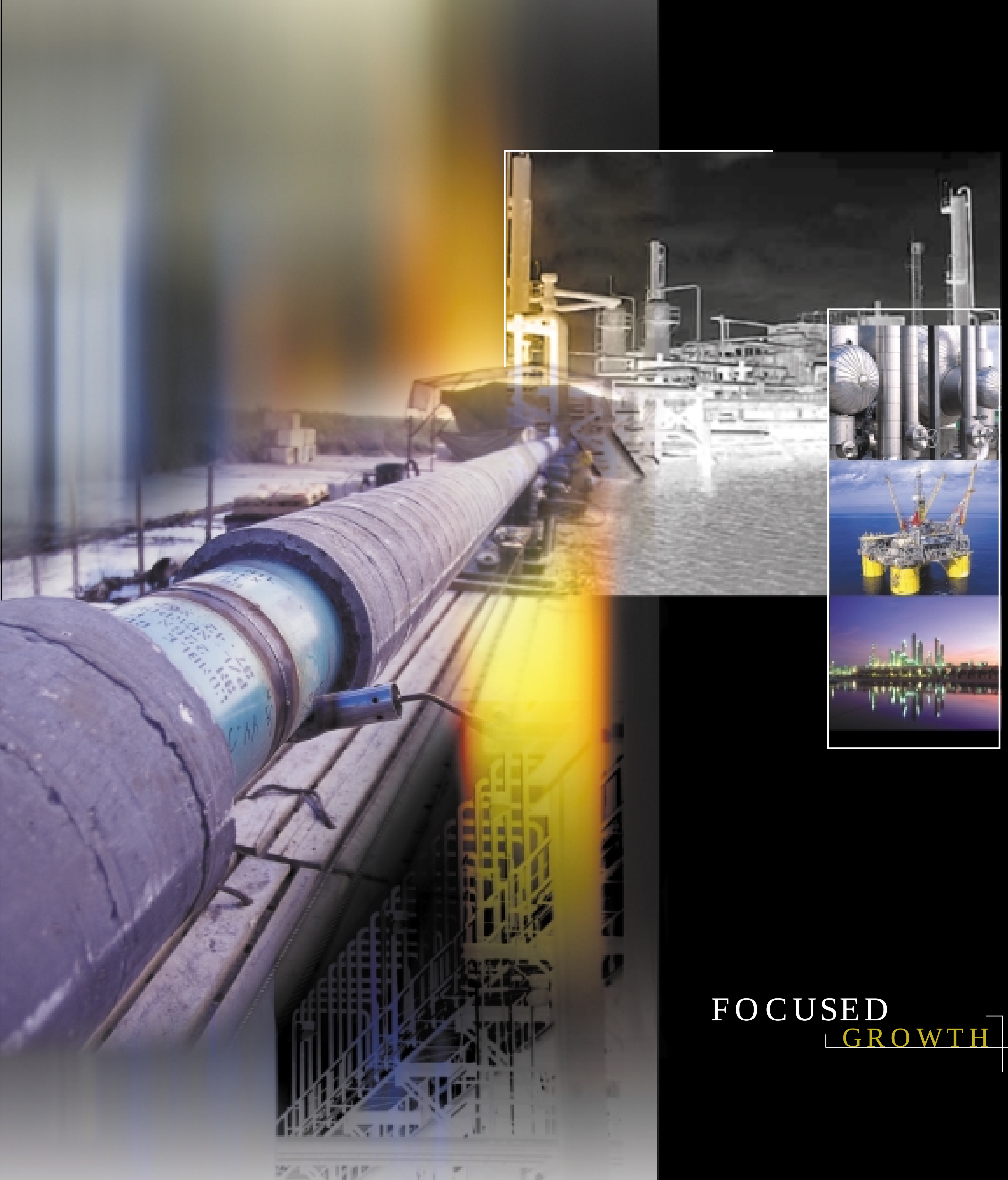
Enterprise Products Partners L.P.

ANNUAL REPORT 2000



FOCUSED GROWTH

COMPANY PROFILE

Enterprise Products Partners L.P. is the second largest publicly traded energy partnership with an enterprise value of over $3 billion. Since going public in July 1998, Enterprise has completed or initiated over $1.2 billion in acquisitions and investments in energy infrastructure projects. We have increased our cash distribution rate to partners by over 22 percent since December 1999.

Enterprise is a leading provider of midstream energy services to producers and consumers of natural gas and natural gas liquids ("NGLs"). The Company's services include natural gas transportation, processing and storage and NGL fractionation (or separation), transportation, storage and import/export terminalling. Enterprise's customers are oil and gas producers, the petrochemical and refining industries and large consumers of natural gas such as electric utilities, independent power producers, natural gas distribution companies and large industrial customers. The Company's assets are geographically focused on the United States' Gulf Coast, which accounts for approximately 55 percent of domestic natural gas and NGL production and 75 percent of domestic NGL demand.

FINANCIAL HIGHLIGHTS

Amounts in 000s except per unit amounts

	2000	1999	1998	1997	1996
Income Statement Data:					
Revenues from consolidated operations	$3,073,139	$1,346,456	$ 754,573	$1,035,963	$1,015,262
Gross operating margin (1)	$ 320,615	$ 179,195	$ 99,627	$ 128,710	$ 137,937
Operating income	$ 243,734	$ 132,351	$ 50,473	$ 75,680	$ 84,668
Income before extraordinary charge and minority interest	$ 222,759	$ 121,521	$ 37,355	$ 52,690	$ 61,427
Extraordinary charge on early extinguishment of debt	$ —	$ —	$ (27,176)	$ —	$ —
Net Income	$ 220,506	$ 120,295	$ 10,077	$ 52,163	$ 60,813
Diluted Earnings per Unit					
Income before extraordinary item and minority interest per unit	$ 2.67	$ 1.65	$ 0.62	$ 0.95	$ 1.11
Net income per unit	$ 2.64	$ 1.64	$ 0.17	$ 0.94	$ 1.10
Number of units for fully diluted calculation	82,443.6	72,788.5	60,124.4	54,962.8	54,962.8
Balance Sheet Data:					
Total assets	$1,951,521	$1,494,952	$ 741,037	$ 697,713	$ 711,151
Total long-term debt	$ 404,000	$ 295,000	$ 90,000	$ 230,237	$ 255,617
Combined equity/partners' equity	$ 935,959	$ 789,465	$ 562,536	$ 311,885	$ 266,021
% of total debt to total debt and equity	30.2%	27.2%	13.8%	42.5%	49.0%
Other Financial Data:					
Cash flow from operating activities	$ 360,688	$ 177,953	$ (9,442)	$ 65,254	$ 98,585
EBITDA (2)	$ 267,026	$ 147,050	$ 55,472	$ 79,882	$ 87,109
EBITDA of unconsolidated affiliates (3)	$ 35,549	$ 23,425	$ 23,912	$ 24,372	$ 25,012
Total "Lookthrough" EBITDA	$ 302,575	$ 170,475	$ 79,384	$ 104,254	$ 112,121
Cash distributions declared per Common Unit (4)	$ 2.10	$ 1.85	$ 0.77	(4)	(4)
Annual cash distribution rate at December 31,	$ 2.20	$ 2.00	$ 1.80	(4)	(4)

(1) Gross operating margin represents operating income before depreciation, amortization, lease expense obligations retained by the Company's largest unitholder, Enterprise Products Company ("EPCO"), gain or loss from sale of assets and general and administrative expenses. Gross margin also includes the Company's equity earnings from unconsolidated affiliates.

(2) EBITDA is defined as net income plus depreciation, amortization and interest expense less equity in income of unconsolidated affiliates. EBITDA for 1998 excludes the extraordinary charge of $27.176 million related to the early extinguishment of debt.

(3) Represents Enterprise's pro rata share of EBITDA of the unconsolidated affiliates.

(4) The Company began distributing cash to its partnership units after its initial public offering of Common Units on July 27, 1998.

DEAR UNITHOLDERS

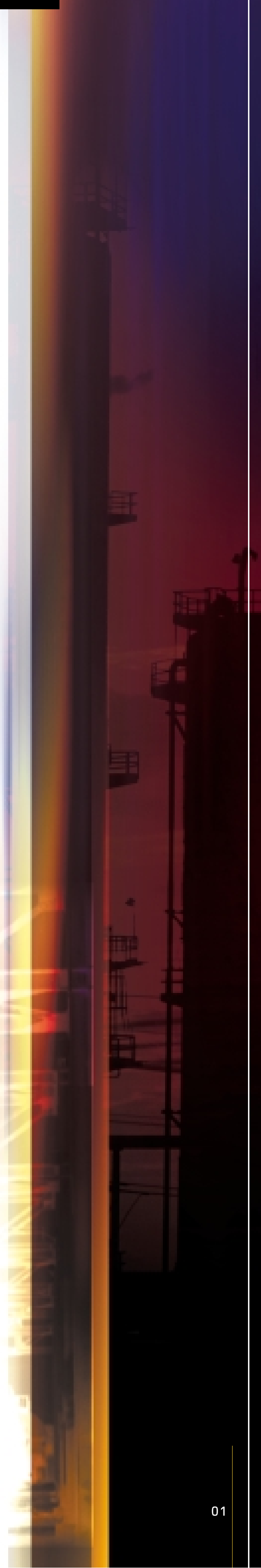
By any measure, the year 2000 was an excellent year for Enterprise Products Partners. The partnership generated record revenues, earnings and cash flow. We announced over $600 million of investments; the majority of which were investments in pipeline and fractionation assets. These investments will provide new sources of fee-based cash flow for our partnership. We broadened and diversified the partnership's base of midstream energy assets through strategic acquisitions of attractive natural gas pipeline businesses. We believe this will enhance our potential to benefit from expected increases in natural gas demand and production growth from the Gulf of Mexico and the Louisiana Gulf Coast.

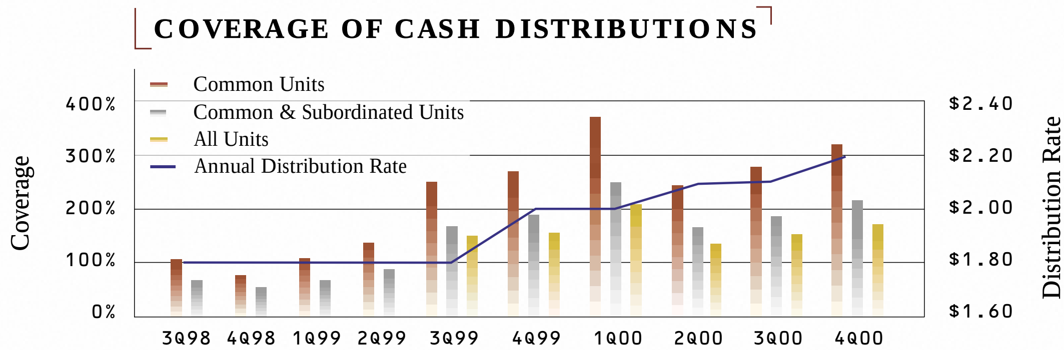
As a result of the growth of the partnership's fee-based cash flow, we raised the annual cash distribution rate to partners by $0.10 per unit in both July and January to coincide with the payment of the second and fourth quarter cash distributions. These two increases raised our annual cash distribution rate in effect at the end of the year to $2.20 per unit, which achieved our objective of increasing the distribution rate by 10 percent annually.

Record Performance Due to strong demand for natural gas liquids ("NGLs") and our midstream energy services and new streams of earnings from businesses that we acquired or constructed over the past eighteen months, Enterprise reported revenues, net income and cash flow that significantly exceeded previous records. Revenues surpassed $3.0 billion, which was a 128 percent increase over revenues of $1.3 billion in 1999. Net income increased 83 percent to $220.5 million, or $2.64 per unit on a fully diluted basis, from $120.3 million, or $1.64 per unit, reported last year.

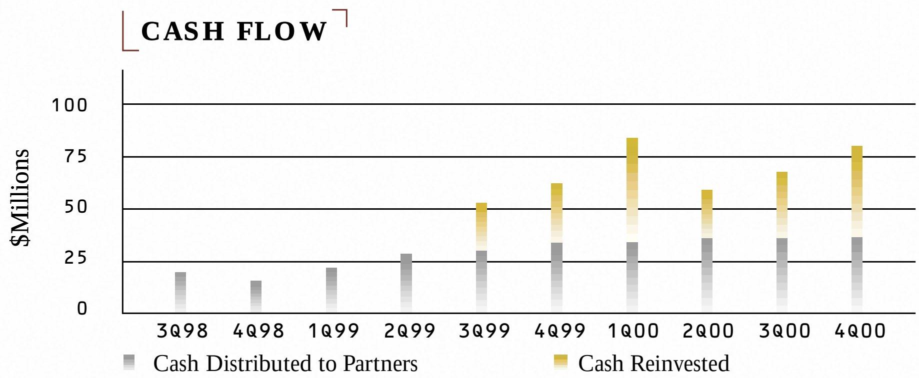
With each of our major segments posting solid volume growth, gross operating margin for the year was $320.6 million, a 79 percent increase compared to $179.2 million in 1999. Our fee-based segments, Fractionation, Pipeline and Other, recorded a 32 percent increase in gross margin. This margin expansion was due to increases in volume and margin from acquisitions and new growth projects that were completed since mid-1999. The Processing segment accounted for $122.2 million of gross margin. Processing benefited from increases in NGL-rich natural gas volumes from deepwater developments that were handled by our plants and resilient demand throughout the year for NGLs which resulted in strong unit margins.

During 2000, we generated $292.9 million of cash flow, or $4.32 per unit based on the average number of Common and Subordinated partnership units outstanding. This provided over 200 percent coverage of the $2.10 per unit in cash distributions paid during 2000. While Enterprise's 16.5 million Special Units do not receive cash distributions until their conversion into Common units over the next three years; we consider the ultimate conversion of these units when we establish our cash distribution rate. Cash generated in 2000 would have provided 166 percent coverage of the distribution requirement had the Special Units been eligible to receive cash distributions during 2000.





We believe our capital allocation policy will create long-term value for our limited partners and maintain the partnership's strong balance sheet. Our cash distribution rate to partners is primarily based on the cash flow generated by our fee-based businesses and considers the future conversion of the Special units. The cash generated in excess of the distribution requirement is reinvested in new growth projects, acquisitions and to retire debt. Last year, we generated over $290 million of cash, provided our partners additional current income through a 10 percent increase in our cash distribution rate and reinvested approximately $150 million back into the partnership to fund growth which will create long term value.



Focused Growth In 2000, we initiated over $600 million of investments which expand Enterprise's integrated midstream energy system and build upon our value chain approach to enhance economic return. These acquisitions and construction of new projects were consistent with our growth strategy to:

- position the company to benefit from increased demand and production of natural gas and NGLs from the deepwater developments in the Gulf of Mexico;
- invest in joint venture projects with strategic partners;
- expand through complementary acquisitions as major energy companies seek to divest "non-core" assets; and
- increase the amount of cash generated from fee-based services.

Our $226 million acquisition of Acadian Gas, LLC is a strategic investment that provides us with a significant entry point into the natural gas pipeline and storage business in Louisiana. Acadian is a 1,000-mile intrastate pipeline system with over one billion cubic feet ("Bcf") per day of capacity. The system includes a natural gas storage facility with a capacity of 3.4 Bcf. We completed the purchase of Acadian from an affiliate of Shell Oil Company with an effective date of April 1, 2001.

We are excited about Acadian's growth potential. The system delivers natural gas supplies to over 110 customers primarily located in Louisiana's Mississippi River industrial corridor. Its customers include gas-fired electric utilities, natural gas utilities and large industrial customers. There are opportunities for volume growth from Acadian's traditional customer base and from seven gas-fired power projects currently being developed by third parties in areas near the pipeline. Acadian also has access to growing supplies of natural gas from deepwater developments in the Gulf of Mexico and should benefit from renewed drilling activity on the Louisiana Gulf Coast.

Recently, we completed the acquisition of ownership interests in the Nautilus, Manta Ray, Nemo and Stingray natural gas pipelines and the West Cameron Dehydration facility for approximately $113 million in cash. These systems have an aggregate capacity of 2.85 Bcf per day and consist of 725 miles of pipe. These pipelines transport natural gas from deepwater and continental shelf areas in the central Gulf of Mexico to onshore processing plants and pipelines that transport the gas to the end-use markets. Our partners in these facilities are affiliates of Shell Oil Company and Marathon Oil Company who have dedicated production to some of these pipelines.

SIGNIFICANT INVESTMENTS ANNOUNCED IN 2000

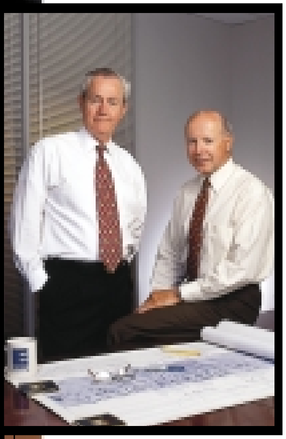
Investment	Description	$Millions	Completed
Acadian Gas, LLC	Louisiana intrastate natural gas pipeline	$226	April 2001
Interests in 4 Gulf of Mexico natural gas pipelines	Links offshore production to onshore processing plants and pipelines	113	January 2001
Lou-Tex Propylene Pipeline	Links propylene markets in Louisiana and Texas	100	March 2000
Lou-Tex NGL Pipeline	Links NGL markets in Louisiana and Texas	90	November 2000
Baton Rouge Propylene Concentrator	Joint Venture with ExxonMobil Chemical	20	July 2000
		$549	

We are confident of our growth prospects over the next several years. We have already identified investments in new pipeline projects in 2001 that will either secure additional supplies of natural gas and NGLs for our integrated system or allow us to serve new markets. We also believe the trend of major energy companies divesting midstream energy assets and outsourcing those related services will continue.

Financial Objectives Our management team has an established track record of consistent earnings growth. Since 1993, which includes four and a half years of operations as a private company with limited access to capital; we have been successful at growing our EBITDA (earnings before interest, taxes, depreciation and amortization) from consolidated and unconsolidated affiliates at a compound annual growth rate of 29 percent. In the brief two and a half years that we have been public, we have invested over $1.2 billion in acquisitions and new projects to create a major, integrated midstream energy service business on the Gulf Coast. During the past three years, our EBITDA has grown at a 43 percent compound annual growth rate.

Today, we are more optimistic about our future growth potential than at any other time in the thirty-three year history of our company. Looking to the future, our financial objectives are to:

- invest $300 million annually in accretive growth projects and acquisitions in the midstream energy sector;
- increase EBITDA by an average compound annual growth rate of 15 percent;
- increase our cash distribution rate to limited partners by 10 percent annually; and
- maintain a conservative capital structure and a solid investment grade balance sheet.



O.S. Andras (L) President and Chief Executive Officer; and Dan L. Duncan, Chairman

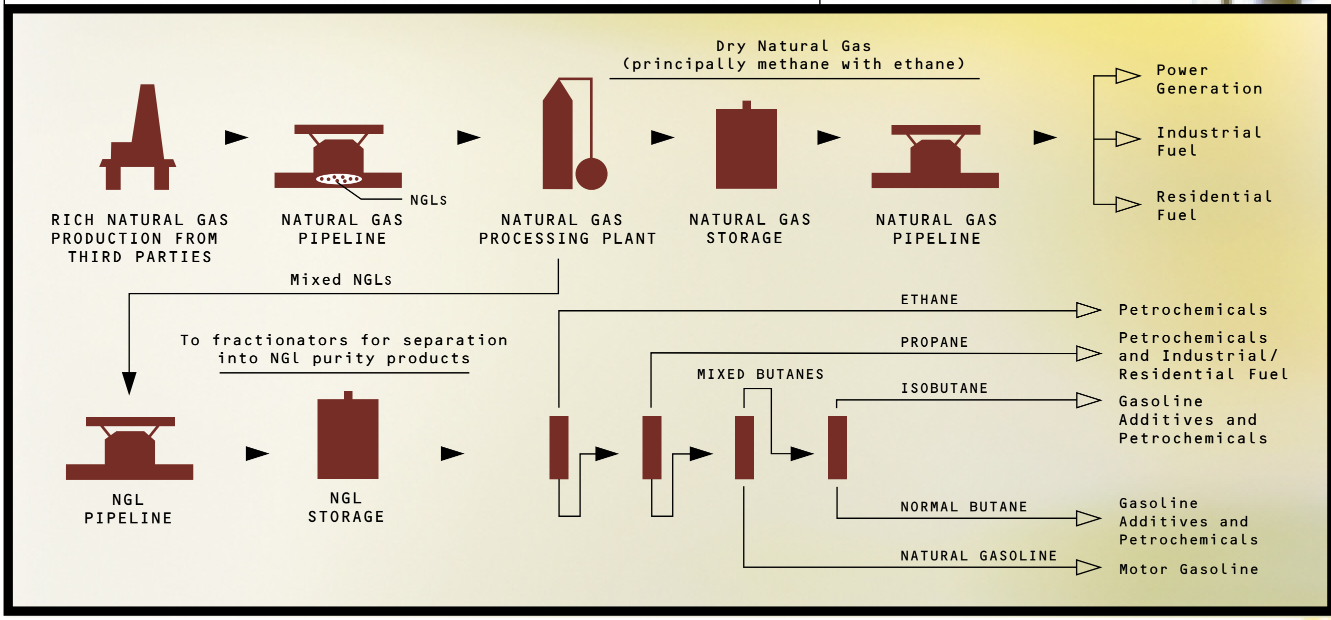
Closing Remarks In 2000, we successfully executed our growth strategy. Also during the year, the financial markets returned to the tried and true principles of valuing equity securities based on net income, return on capital and cash flow. Our partnership units benefited from both of these events. Our limited partners who owned Enterprise partnership units for the entire year of 2000 were rewarded for their loyalty. Our partnership units provided a yield of 11.5 percent, based on the price of the units at the beginning of the year and the respective cash distributions, and capital appreciation of 70.5 percent for a total simple return of 82.0 percent.

Our management team appreciates the support that our limited partners have given us over the past year and as we begin 2001.

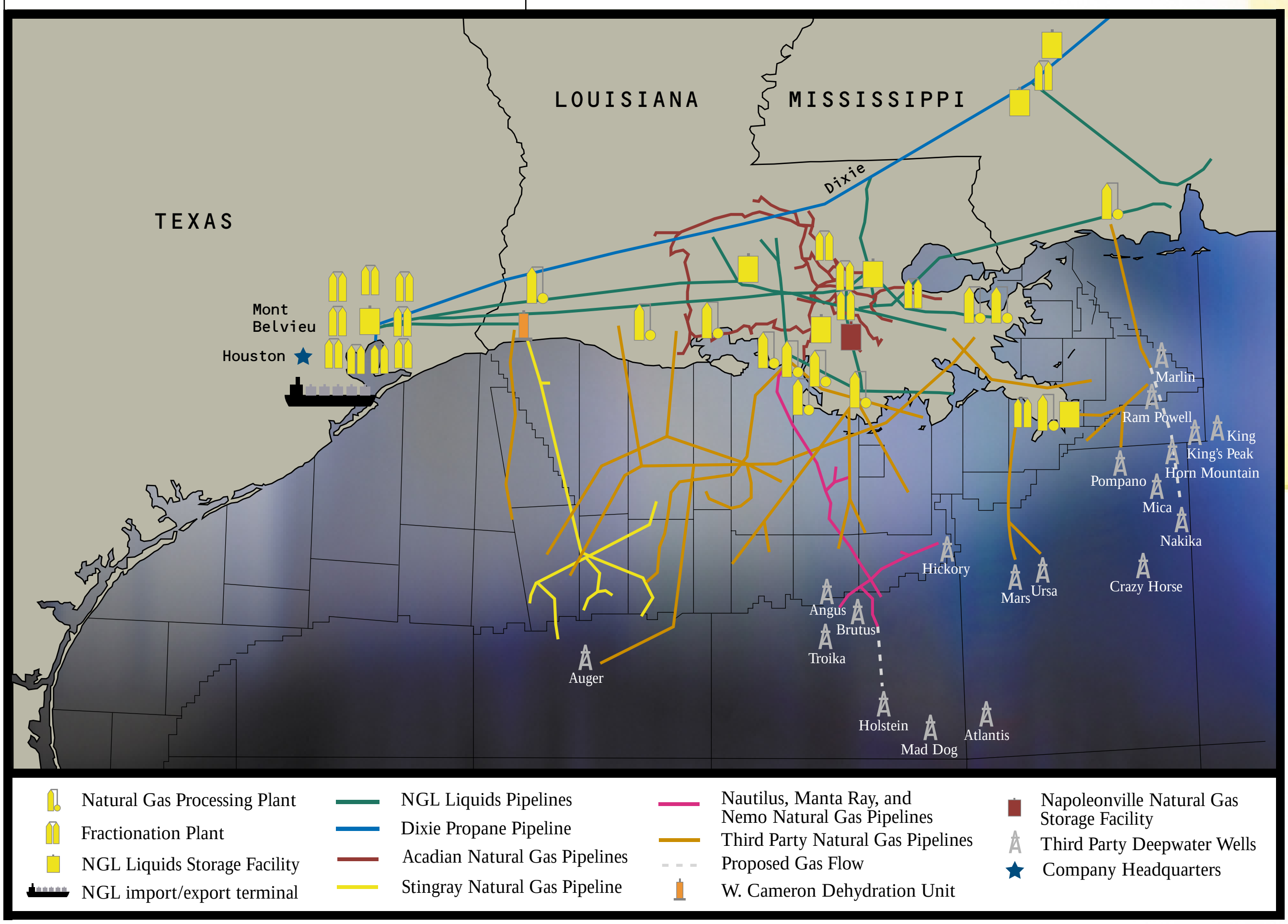
Dan L. Duncan
Chairman

O.S. Andras
President and Chief
Executive Officer

ENTERPRISE MIDSTREAM VALUE CHAIN



ENTERPRISE SYSTEM MAP

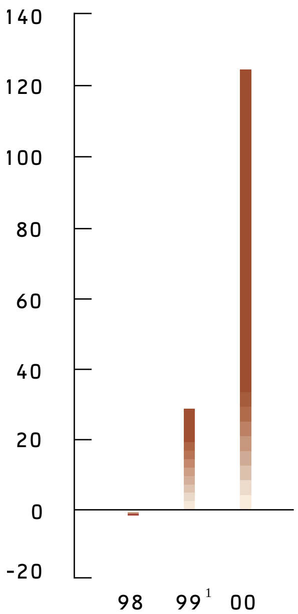


NATURAL GAS PROCESSING

NATURAL GAS PRODUCED IN ASSOCIATION WITH OIL CONTAINS HIGHER CONCENTRATIONS OF NATURAL GAS LIQUIDS (NGLS). THIS "RICH" NATURAL GAS IN ITS RAW FORM IS USUALLY NOT ACCEPTABLE FOR TRANSPORTATION IN THE NATION'S PIPELINE SYSTEM OR COMMERCIAL USE. NATURAL GAS PROCESSING PLANTS, LOCATED NEAR THE PRODUCTION AREA, REMOVE THE NGLS WHICH ENABLES THE GAS TO MEET PIPELINE AND COMMERCIAL QUALITY SPECIFICATIONS. ON AN ENERGY EQUIVALENT BASIS, NGLS GENERALLY HAVE A GREATER ECONOMIC VALUE AS A RAW MATERIAL FOR PETROCHEMICALS AND MOTOR GASOLINE THAN THEIR VALUE IN NATURAL GAS FORM.

Since 1980, North American natural gas demand has modestly grown from 63 billion cubic feet (Bcf) per day to approximately 73 Bcf per day in 2000. Because of increased demand for natural gas as the preferred fuel for power generation and continued industrial growth, demand is forecasted to increase by 21 Bcf per day to approximately 94 Bcf per day by 2010. In the next ten years, the compound annual growth rate of demand is expected to be 2.5 times greater than the growth rate for the previous twenty years. To supply this growth, producers are challenged to find new sources of natural gas and further exploit reserves from mature basins.

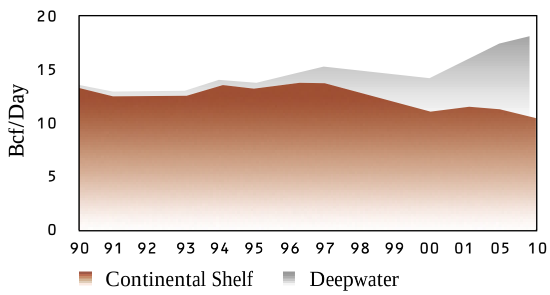
Production from deepwater developments in the Gulf of Mexico is expected to be a significant new source of natural gas. This production is forecasted to increase from 2.5 Bcf per day in 1999 to approximately 6.7 Bcf per day by 2010. Because deepwater natural gas is primarily associated with the production of crude oil, it contains NGLs in quantities of 3 to 8 gallons per thousand cubic feet (Mcf) versus the more typical 1 to 1.5 gallons per Mcf for production from the continental shelf and most land-based production.



Processing Segment Gross Operating Margin
$Millions

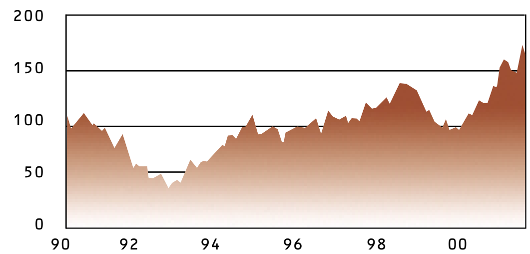
(1) Includes five months of margin from Processing assets associated with Tejas NGL acquisition, effective August 1, 1999.

GULF OF MEXICO NATURAL GAS PRODUCTION FORECAST



Source: PIRA

GULF OF MEXICO RIG COUNT



Source: Baker Hughes

Development of deepwater fields requires significant capital investment. With the recovery of natural gas prices during 2000 and the prospect of attractive prices for the foreseeable future, oil and gas producers have increased their exploration and production activities in both the deepwater and continental shelf areas of the Gulf of Mexico. Advances in technology have also reduced the costs to develop these reserves that are in water depths of up to 8,000 feet. In January 2001, approximately 167 rigs were working in the Gulf, which was the highest level in over a decade.

Our employees constantly monitor our facilities to ensure safe operations, product quality and cost efficiency.

Enterprise entered into the natural gas processing business through the acquisition of Tejas Natural Gas Liquids from an affiliate of Shell Oil Company effective August 1, 1999. We own interests in twelve gas processing plants, located on the Louisiana and Mississippi Gulf Coast, with gross processing capacity of 11.6 Bcf per day, or a net capacity of 3.2 Bcf per day based on Enterprise's ownership interest. These plants straddle pipelines which bring unprocessed natural gas from the Gulf of Mexico to onshore pipelines. We have a 20-year processing agreement with Shell for the rights to process Shell's current and future production from the state and federal waters of the Gulf of Mexico.

Generally, under our processing agreements with Shell and other producers, Enterprise either takes title to the NGLs removed and compensates the producer for the amount of energy extracted based on the price of natural gas or simply receives a percentage of the NGLs removed. We market our share of the NGLs produced from these processing agreements and NGLs that we purchase on a merchant basis. These NGLs serve as an additional source of supply for Enterprise's downstream, fee-based pipeline, storage and fractionation businesses.

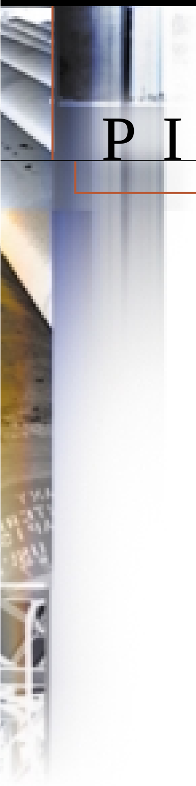
The Processing segment includes Enterprise's natural gas processing operations and its related NGL merchant activities. During 2000, gross margin from this segment increased 329 percent to $122.2 million versus $28.5 million in 1999. Enterprise's equity-NGL production grew from 67 thousand barrels per day (MBPD) in 1999 to 72 MBPD in 2000. The results for 1999 represent the five-month period that Enterprise owned this business. The increase in gross margin is attributable to a full year of ownership, a strong pricing environment which supported maximum recoveries of NGLs, increased volumes of rich natural gas from deepwater developments and the start-up of the Neptune gas processing plant, in which we own a 66 percent equity interest.

Natural gas production from deepwater developments is expected to increase to 3.8 Bcf per day in 2001. Shell's large Brutus development is forecasted to begin production during the third quarter of 2001. This production will be transported by the Nemo, Manta Ray and Nautilus natural gas pipelines, in which Enterprise has acquired ownership interests, to the Neptune plant for processing. Enhancements are currently being made to the Neptune plant that will enable it to recover an additional 2.5 MBPD of NGLs.

Also during 2001, we are expecting increased NGL production from our Pascagoula processing plant as the Marlin development, which is jointly owned by BP Amoco and Shell, continues to increase production levels. The Pascagoula processing plant is jointly owned with BP Amoco. Enterprise owns 40 percent of the facility while BP Amoco owns 60 percent.

Enterprise and BP Amoco are partners in the Pascagoula, Mississippi processing plant which processes gas from deepwater wells in the eastern Gulf of Mexico.

Enterprise processes gas produced from deepwater developments in the Gulf of Mexico such as Shell Oil Company's Ursa development located 130 miles southeast of New Orleans.

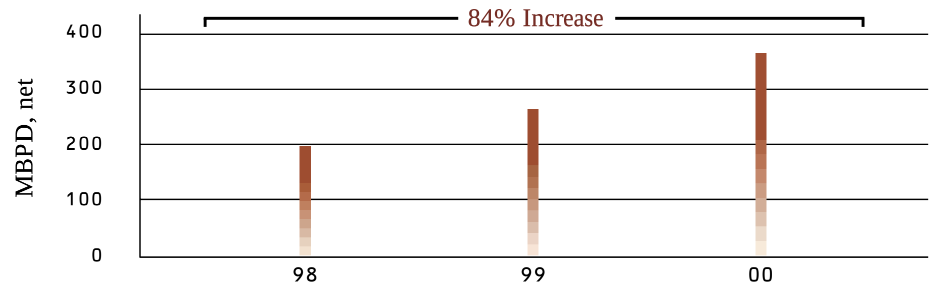


PIPELINE

Enterprise's Pipeline segment includes its ownership interests in transportation and distribution pipelines, salt dome storage caverns and NGL import and export terminals. This segment is an integral component in our value chain.

We have focused on the Pipeline segment, with its fee-based cash flows, as a major source of growth for our partnership. During 2000, we completed the acquisition and construction of pipelines totaling over $200 million and initiated another $339 million of acquisitions of natural gas pipelines which we discussed earlier in this annual report.

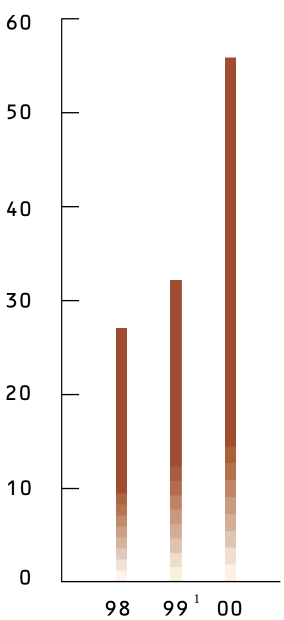
PIPELINE VOLUME GROWTH



Our liquids pipeline network includes almost 3,000 miles of pipe. This network links natural gas processing plants, fractionators, storage facilities, import and export terminals and end-use customers throughout the Gulf Coast.

In March 2000, we completed the $100 million purchase of the Lou-Tex Propylene pipeline from an affiliate of Shell Chemical. This is a 263-mile chemical grade propylene pipeline that extends from Sorrento, Louisiana to Mont Belvieu, Texas. This pipeline links major propylene markets in Louisiana and Texas. Since acquiring this pipeline, we have expanded the capacity by 45 percent to approximately 50 MBPD. We have entered into long-term agreements with affiliates of Shell Chemical and ExxonMobil Chemical to provide exchange services between Louisiana and Texas utilizing this pipeline.

We completed the construction of the Lou-Tex NGL pipeline in November 2000 at a cost of approximately $90 million. This 206-mile pipeline system has a capacity of 50 MPBD based on certain conditions. It links Enterprise's pipeline and storage facilities in Breaux Bridge, Louisiana to the Mont Belvieu complex. This is the only NGL pipeline that functionally links the two largest NGL markets in the United States. With storage on either end, this bi-directional pipeline can transport mixed NGLs, ethane, propane, normal butane, isobutane, natural gasoline or refinery grade propylene in batch mode. Since, it began operations, the demand for this



Pipeline Segment Gross Operating Margin
$Millions

(1) Includes five months of margin from Pipeline assets associated with Tejas NGL acquisition, effective August 1, 1999.

The construction of the 206-mile Lou-Tex NGL pipeline was completed in less than seven months in time to serve winter demand for propane and other NGLs.

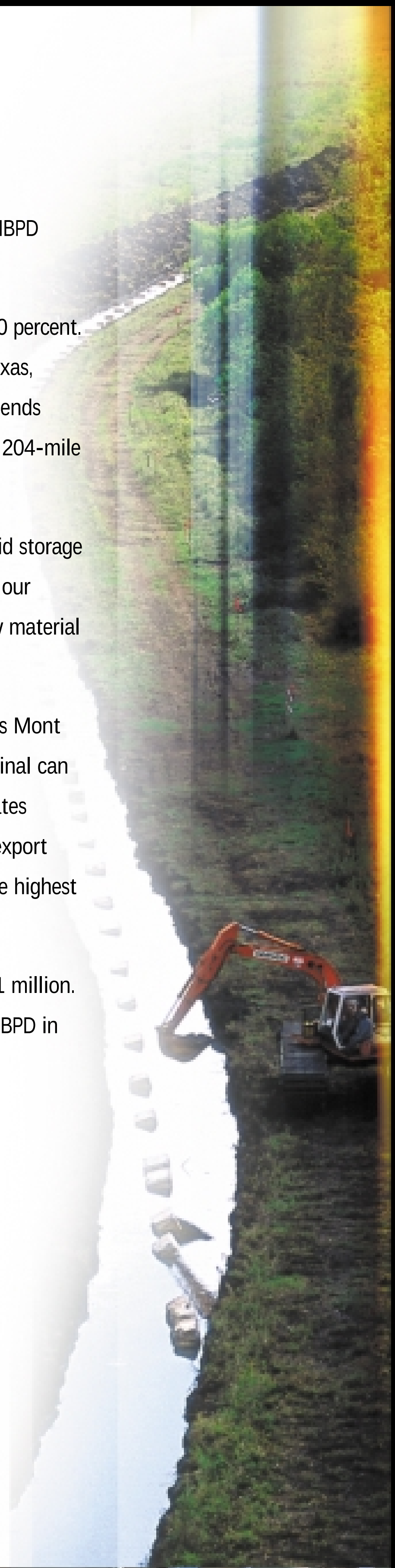
system has surpassed our expectations. The design of the system allows for an expansion up to 100 MBPD at nominal cost.

Also during 2000, we increased our ownership interest in the Dixie propane pipeline to approximately 20 percent. Dixie is a major propane pipeline that transports propane from NGL fractionators and refineries in Texas, Louisiana and Mississippi to customers throughout the southeastern United States. The pipeline extends approximately 1,100 miles from Mont Belvieu to near Raleigh, North Carolina. The pipeline includes a 204-mile lateral which serves markets in Georgia.

Enterprise's storage assets consist of approximately 45.3 million barrels of net NGL and petroleum liquid storage capacity in salt dome storage caverns in Texas, Louisiana and Mississippi. These facilities are linked to our extensive pipeline system. Our storage services provide our customers flexibility in managing their raw material and finished product inventories.

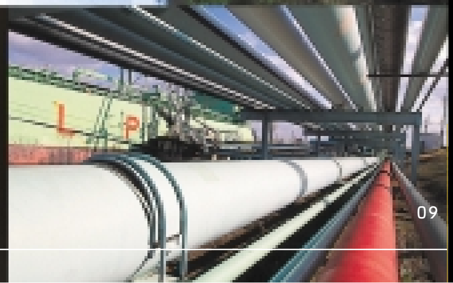
Enterprise's NGL import and export terminal on the Houston Ship Channel is connected to Enterprise's Mont Belvieu storage facility, approximately 15 miles away, by company-owned pipelines. The import terminal can offload NGLs at rates up to 10,000 barrels per hour. It is one of only three facilities in the United States designed to handle world-scale NGL tankers. We also own a 50 percent interest in and operate the export terminal which can load refrigerated propane and butane at approximately 5,000 barrels per hour - the highest loading rate in the United States for these products.

In 2000, gross margin from the Pipeline segment increased by 80 percent from $31.2 million to $56.1 million. The segment realized volume growth of approximately 40 percent to 367 MBPD in 2000 versus 264 MBPD in the preceding year.



At Mont Belvieu, Enterprise's storage facility, which has a capacity of 21 million barrels, is connected to supplies and end-use customers by a web of pipelines.

A world class NGL tanker is loaded with refrigerated propane at Enterprise's export terminal on the Houston Ship Channel.

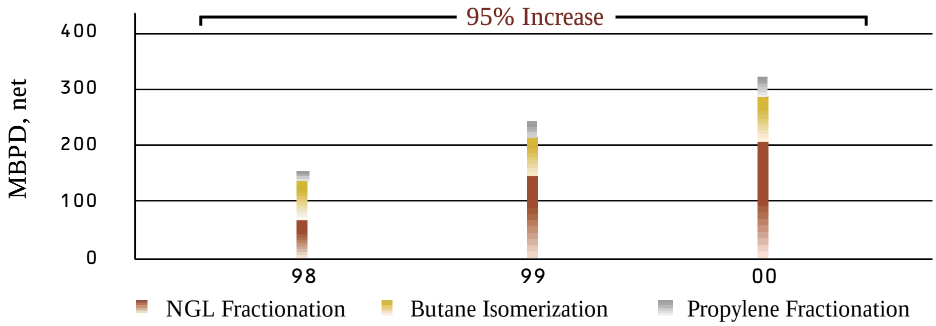


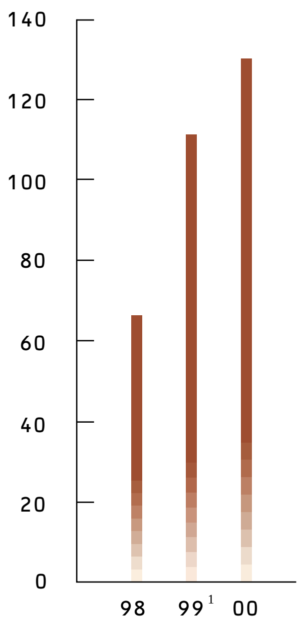
F R A C T I O N A T I O N

FRACTIONATION IS THE PROCESS OF SEPARATING MIXED NGLS AND OTHER PETROLEUM LIQUIDS INTO INDIVIDUAL COMPONENTS. THE PROCESS IS ACCOMPLISHED BY APPLYING HEAT AND PRESSURE TO A MIXTURE OF HYDROCARBONS AND TAKING ADVANTAGE OF THE DIFFERENT BOILING POINTS FOR EACH COMPONENT OF THE MIXTURE. AS THE TEMPERATURE OF THE MIXTURE IS INCREASED, THE LIGHTEST COMPONENT BOILS OFF THE TOP OF THE DISTILLATION TOWER AS A GAS WHERE IT IS THEN CONDENSED INTO A PURITY LIQUID THAT IS ROUTED TO STORAGE. THE HEAVIER COMPONENTS IN THE MIXTURE AT THE BOTTOM OF THE TOWER ARE ROUTED TO THE SECOND TOWER WHERE THE PROCESS IS REPEATED, AND A DIFFERENT COMPONENT IS SEPARATED. THIS PROCESS IS REPEATED UNTIL THE MIXTURE OF LIQUIDS HAS BEEN SEPARATED INTO ITS PURITY COMPONENTS.

The Fractionation segment includes the following business services: NGL Fractionation, Butane Isomerization and Propylene Fractionation. The processing services that are provided by these businesses are principally fee-based.

FRACTIONATION VOLUMES





Fractionation Segment Gross Operating Margin
$Millions

(1) Includes five months of margin from Fractionation assets associated with Tejas NGL acquisition, effective August 1, 1999.

NGL Fractionation NGL fractionation plants separate mixed NGLs into ethane, propane, normal butane, isobutane and natural gasoline. The three principal sources of mixed NGLs in the United States are domestic natural gas processing plants, petroleum refineries and imports of butane and propane mixtures. NGLs are used by the petrochemical and refining industries as raw materials to produce plastics, synthetic fibers and foams, to enhance octane in motor gasoline and to seasonally reduce the cost to produce motor gasoline. NGLs are also used as an industrial and residential fuel.

Enterprise owns interests in seven NGL fractionation plants located in Texas, Louisiana and Mississippi. These facilities have a gross processing capacity of 558 MBPD and net capacity to Enterprise's ownership interest of approximately 290 MBPD. Enterprise serves as the operator of six of these facilities. In most of these plants, Enterprise jointly owns the facility with strategic partners. Partners in these plants include affiliates of Dow Chemical, Exxon Mobil, BP Amoco, Texaco, Koch, Burlington Resources and Williams.

One of our major goals for 2000 was to contract additional volumes for our 210 MBPD fractionator located in

Safety is paramount at Enterprise. The Mont Belvieu facility has operated for six years and over 4 million man-hours without a lost time accident.

Mont Belvieu, Texas. During the year, volumes increased by approximately 8.5 percent as the result of these efforts. In 2001, additional volumes will be provided as the result of a long-term agreement whereby Enterprise will exchange mixed NGLs produced at the Sea Robin gas processing plant in Vermilion Parish, Louisiana for NGL purity products at our Mont Belvieu complex. We will utilize our recently constructed Lou-Tex NGL pipeline to transport the NGL mixture from the Sea Robin plant to our Mont Belvieu fractionation plant. We expect initial gross volumes of 16 MBPD starting in March of 2001 increasing to 20 MBPD by the end of the year.

NGL fractionation volumes increased 16 percent during 2000 to 213 MBPD from 184 MBPD in 1999. This increase was largely attributable to a full year of results from fractionation facilities that were either acquired or commenced operations during 1999.

NGL FRACTIONATION ASSETS

Facility	Ownership Interest	Capacity (MPBD)
Mont Belvieu, TX (1)	62.5%	210
Norco, LA (1)	100.0%	70
Baton Rouge, LA (1)	32.3%	60
Promix, LA (1)	33.3%	145
Tebone, LA (1)	33.4%	30
Venice, LA	13.1%	36
Petal, MS (1)	100.0%	7
Total Gross Capacity		558
Total Net Capacity		290

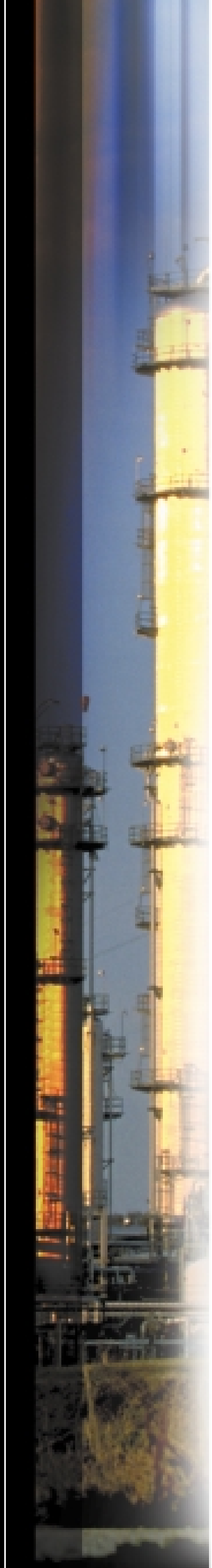
(1) Enterprise serves as the operator.

Butane Isomerization Normal butane and isobutane are NGLs that occur naturally from natural gas processing operations and by-products from crude oil refining. The supply of normal butane exceeds demand. Conversely, the demand for isobutane is greater than the supply, which is not of the quality required for some applications. To service this mismatch in supply and demand, we provide isomerization services. Isomerization is the process of converting normal or mixed butanes into high purity isobutane. Enterprise has three butane isomerization plants at its Mont Belvieu complex with a combined production capacity of 116 MBPD of high purity isobutane.

Isobutane is used by the petrochemical industry for the production of propylene oxide, a basic building block for petrochemicals. The annual domestic demand growth for propylene oxide during the past decade has averaged 4 percent, or about 1.5 times the growth rate of U.S. gross domestic product. Isobutane is also used by refiners to produce motor gasoline additives, such as alkylate and MTBE. These additives are combined with motor gasoline to achieve the federal environmental standards for exhaust emissions mandated by the Clean Air Act and to increase the octane content of gasoline to meet the requirements of fuel-efficient, gasoline engines.

Enterprise's Mont Belvieu, Texas complex, 25 miles east of Houston, consists of nine state-of-the-art fractionation facilities.

The Baton Rouge propylene fractionator is a project jointly owned with ExxonMobil Chemical. Enterprise was responsible for the design and construction of the facility and also operates the plant.



Isomerization volumes for 2000 and 1999 were steady at 74 MBPD. The majority of these volumes are associated with long-term agreements. The weighted average life of these contracts is six years.

We believe the demand for our isomerization services may increase should the phase out of the oxygenate MTBE occur. A new source of octane for motor gasoline would be required to replace the octane lost from an MTBE phase out. Alkylate, which includes isobutane as a major component, is a possible octane substitute.

BUTANE ISOMERIZATION ASSETS

Facility	Economic Interest	Capacity (MPBD)
Isom I, Mont Belvieu, TX	100.0%	36
Isom II, Mont Belvieu, TX (1)	100.0%	36
Isom III, Mont Belvieu, TX	100.0%	44
Total Gross & Net Capacity		116

(1) Enterprise leases the economic interest that it does not own.

Propylene Fractionation Propylene is used in the production of plastic consumer products, pharmaceuticals, detergents and solvents. Total domestic demand for chemical and polymer grade propylene has grown at a compound annual growth rate of approximately 7 percent since 1993. Demand is forecasted to increase 4 percent per year from 2000 to 2004.

Enterprise has ownership interests in three propylene fractionation plants. Two of these plants are located at our Mont Belvieu complex and have a combined capacity of 31 MBPD. These plants produce high purity, or polymer grade, propylene for petrochemical customers. Polymer grade propylene is 99.5 percent pure propylene that is produced by fractionating chemical grade propylene, which is approximately 92 percent pure propylene, or refinery grade propylene, which is a propane/propylene mix that is 50 to 70 percent pure propylene. The primary impurities in chemical and refinery grade propylene are propane and butanes.

Enterprise completed construction and commenced operations at a 23 MBPD chemical grade propylene fractionator in July 2000. This is a joint project with ExxonMobil Chemical. We are the operator of this facility and have a 30 percent ownership interest.

During 2000, propylene fractionation volumes grew 18 percent, from 28 MBPD in 1999 to 33 MBPD in the current year. This growth was attributable to the strong demand for polymer grade propylene and the addition of our project with ExxonMobil.

PROPYLENE FRACTIONATION ASSETS

Facility	Economic Interest	Capacity (MPBD)
Polymer Grade I, Mont Belvieu, TX (1) (2)	100.0%	17
Polymer Grade II, Mont Belvieu, TX (1)	100.0%	14
Chemical Grade, Baton Rouge, LA (1)	30.0%	23
Total Gross Capacity		54
Total Net Capacity		38

(1) Enterprise serves as the operator. (2) The Company owns 54.6% of this facility and leases the remainder.

2000 ENTERPRISE ANNUAL REPORT

FINANCIAL SECTION

Enterprise Products Partners L.P.
Consolidated Financial Statements
for the Years Ended December 31, 2000 and 1999

Index to Financial Statements

Supplemental Information

Independent Auditors' Report

Enterprise Products Partners L.P.:

We have audited the accompanying consolidated balance sheets of Enterprise Products Partners L.P. (the "Company") as of December 31, 2000 and 1999 and the related statements of consolidated operations, consolidated cash flows, and consolidated partners' equity for each of the years in the three-year period ended December 31, 2000. These consolidated financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2000 and 1999, and the results of its consolidated operations and its consolidated cash flows for each of the years in the three-year period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
February 28, 2001

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

ASSETS	December 31, 2000	December 31, 1999
Current Assets		
Cash and cash equivalents	$ 60,409	$ 5,230
Accounts receivable - trade, net of allowance for doubtful accounts of $10,916 in 2000 and $15,897 in 1999	409,085	262,348
Accounts receivable - affiliates	6,533	56,075
Inventories	93,222	39,907
Current maturities of participation in notes receivable from unconsolidated affiliates	-	6,519
Prepaid and other current assets	12,143	14,459
Total current assets	581,392	384,538
Property, Plant and Equipment, Net	975,322	767,069
Investments in and Advances to Unconsolidated Affiliates	298,954	280,606
Intangible assets, net of accumulated amortization of $5,374 in 2000 and $1,345 in 1999	92,869	61,619
Other Assets	2,984	1,120
Total	$ 1,951,521	$ 1,494,952
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities		
Current maturities of long-term debt	$ -	$ 129,000
Accounts payable - trade	96,559	69,294
Accounts payable - affiliate	56,447	64,780
Accrued gas payables	377,126	233,360
Accrued expenses	21,488	16,510
Other current liabilities	34,759	18,176
Total current liabilities	586,379	531,120
Long-Term Debt	404,000	166,000
Other Long-Term Liabilities	15,613	296
Minority Interest	9,570	8,071
Commitments and Contingencies		
Partners' Equity		
Common Units (46,524,515 Units outstanding at December 31, 2000 and 45,552,915 at December 31, 1999)	514,896	439,196
Subordinated Units (21,409,870 Units outstanding in 2000 and 1999)	165,253	136,618
Special Units (16,500,000 Units outstanding at December 31, 2000 and 14,500,000 Units at December 31, 1999)	251,132	210,436
Treasury Units acquired by Trust, at cost (267,200 Units outstanding at December 31, 2000 and 1999)	(4,727)	(4,727)
General Partner	9,405	7,942
Total Partners' Equity	935,959	789,465
Total	$ 1,951,521	$ 1,494,952

See Notes to Consolidated Financial Statements

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

	Years Ended December 31,		
	2000	**1999**	**1998**
REVENUES			
Revenues from consolidated operations	$ 3,049,020	$ 1,332,979	$ 738,902
Equity income in unconsolidated affiliates	24,119	13,477	15,671
Total	3,073,139	1,346,456	754,573
COST AND EXPENSES			
Operating costs and expenses	2,801,060	1,201,605	685,884
Selling, general and administrative	28,345	12,500	18,216
Total	2,829,405	1,214,105	704,100
OPERATING INCOME	243,734	132,351	50,473
OTHER INCOME (EXPENSE)			
Interest expense	(33,329)	(16,439)	(15,057)
Interest income from unconsolidated affiliates	1,787	1,667	809
Dividend income from unconsolidated affiliates	7,091	3,435	-
Interest income - other	3,748	886	772
Other, net	(272)	(379)	358
Other income (expense)	(20,975)	(10,830)	(13,118)
INCOME BEFORE EXTRAORDINARY ITEM AND MINORITY INTEREST	222,759	121,521	37,355
Extraordinary charge on early extinguishment of debt			(27,176)
INCOME BEFORE MINORITY INTEREST	222,759	121,521	10,179
MINORITY INTEREST	(2,253)	(1,226)	(102)
NET INCOME	$ 220,506	$ 120,295	$ 10,077
BASIC EARNINGS PER UNIT			
Income before extraordinary item and minority interest	$ 3.28	$ 1.80	$ 0.62
Net income	$ 3.25	$ 1.79	$ 0.17
DILUTED EARNINGS PER UNIT			
Income before extraordinary item and minority interest	$ 2.67	$ 1.65	$ 0.62
Net income	$ 2.64	$ 1.64	$ 0.17

See Notes to Consolidated Financial Statements

ENTERPRISE PRODUCTS PARTNERS L.P.
STATEMENTS OF CONSOLIDATED CASH FLOWS
(Amounts in Thousands)

	Year Ended December 31,		
	2000	**1999**	**1998**
OPERATING ACTIVITIES			
Net income	$ 220,506	$ 120,295	$ 10,077
Adjustments to reconcile net income to cash flows provided by (used for) operating activities:			
Extraordinary item - early extinguishment of debt			27,176
Depreciation and amortization	41,016	25,315	19,194
Equity in income of unconsolidated affiliates	(24,119)	(13,477)	(15,671)
Distributions received from unconsolidated affiliates	37,267	6,008	9,117
Leases paid by EPCO	10,537	10,557	4,010
Minority interest	2,253	1,226	102
(Gain) loss on sale of assets	2,270	123	(276)
Net effect of changes in operating accounts	70,958	27,906	(63,171)
Operating activities cash flows	360,688	177,953	(9,442)
INVESTING ACTIVITIES			
Capital expenditures	(243,913)	(21,234)	(8,360)
Proceeds from sale of assets	92	8	1,887
Business acquisitions, net of cash acquired		(208,095)	
Participation in notes receivable from unconsolidated affiliates:			
Purchase of notes receivable			(33,725)
Collection of notes receivable	6,519	19,979	7,228
Investments in and advances to unconsolidated affiliates	(31,496)	(61,887)	(26,842)
Investing activities cash flows	(268,798)	(271,229)	(59,812)
FINANCING ACTIVITIES			
Net proceeds from sale of common units			243,296
Long-term debt borrowings	599,000	350,000	90,000
Long-term debt repayments	(490,000)	(154,923)	(257,413)
Debt issuance costs	(4,043)	(3,135)	(1,735)
Net decrease in restricted cash			4,522
Cash dividends paid to partners	(139,577)	(111,758)	(21,645)
Cash dividends paid to minority interest by Operating Partnership	(1,429)	(1,140)	
Units acquired by consolidated trust		(4,727)	
Unit repurchases	(770)		
Cash contributions from EPCO to minority interest	108	86	2,478
Financing activities cash flows	(36,711)	74,403	59,503
CASH CONTRIBUTION FROM EPCO			14,913
NET CHANGE IN CASH AND CASH EQUIVALENTS	55,179	(18,873)	5,162
CASH AND CASH EQUIVALENTS, JANUARY 1	5,230	24,103	18,941
CASH AND CASH EQUIVALENTS, DECEMBER 31	$ 60,409	$ 5,230	$ 24,103

See Notes to Consolidated Financial Statements

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

	Limited Partners					
	Common Units	Subordinated Units	Special Units	Treasury Units	General Partner	Total
Balances, December 31, 1997	$ 188,503	$ 120,263			$ 3,119	$ 311,885
Net income	5,641	4,335			101	10,077
Cash contributions from EPCO	7,519	4,813			2,581	14,913
Leases paid by EPCO after public offering	2,701	1,269			40	4,010
Proceeds from sale of Common Units	243,296					243,296
Cash distributions to Unitholders	(14,578)	(6,851)			(216)	(21,645)
Balances, December 31, 1998	433,082	123,829			5,625	562,536
Net income	80,998	38,094			1,203	120,295
Leases paid by EPCO	7,109	3,342			106	10,557
Special Units issued to Coral Energy, LLC in connection with TNGL acquisition			$ 210,436		2,126	212,562
Cash distributions to Unitholders	(81,993)	(28,647)			(1,118)	(111,758)
Units acquired by consolidated trust				$ (4,727)		(4,727)
Balances, December 31, 1999	439,196	136,618	210,436	(4,727)	7,942	789,465
Net income	148,656	69,253			2,597	220,506
Leases paid by EPCO	7,117	3,315			105	10,537
Additional Special Units issued to Coral Energy, LLC in connection with contingency agreement			55,241		557	55,798
Conversion of 1.0 million Coral Energy, LLC Special Units into Common Units	14,513		(14,513)			-
Units repurchased and retired in connection with buy-back program	(687)	(43)	(32)		(8)	(770)
Cash distributions to Unitholders	(93,899)	(43,890)			(1,788)	(139,577)
Balances, December 31, 2000	$ 514,896	$ 165,253	$ 251,132	$ (4,727)	$ 9,405	$ 935,959

See Notes to Consolidated Financial Statements

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ENTERPRISE PRODUCTS PARTNERS L.P. and its consolidated subsidiaries (the "Company") is a publicly-traded Delaware limited partnership listed on the New York Stock Exchange under symbol "EPD". The Company and its operating subsidiary, Enterprise Products Operating L.P. (the "Operating Partnership") were formed in April 1998 to own and operate the natural gas liquids ("NGL") business of Enterprise Products Company ("EPCO"). The Company conducts substantially all of its business through its Operating Partnership, in which it owns a 98.9899% limited partner interest. Enterprise Products GP, LLC (the "General Partner") owns 1.0101% of the Operating Partnership and 1% of the Company and serves as the general partner of both entities. Both the Company and the General Partner are subsidiaries of EPCO.

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

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

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

The accompanying consolidated financial statements include the historical accounts and operations of the NGL business of EPCO, including NGL operations conducted by affiliated companies of EPCO prior to their consolidation with EPCO. The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries, after elimination of all material intercompany accounts and transactions. In general, investments in which the Company owns 20% to 50% and exercises significant influence over operating and financial policies are accounted for using the equity method. Investments in which the Company owns less than 20% are accounted for using the cost method unless the Company exercises significant influence over operating and financial policies of the investee in which case the investment is accounted for using the equity method.

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of consolidated operations.

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

DERIVATIVE INSTRUMENTS such as swaps, forwards and other contracts to manage the price risks associated with inventories, firm commitments and certain anticipated transactions are used by the Company. Prior to the implementation of SFAS 133 in January 2001 (see Note 12), the Company deferred the impact of changes in the market value of these contracts until such time as the hedged transaction was settled. At that time, the impact of the changes in fair value of these contracts would be recognized in earnings.

Under SFAS 133, the Company is required to recognize in earnings changes in fair value of these derivative instruments that are not offset by changes in the fair value of the inventories, firm commitments and certain anticipated transactions. The effective portion of these hedged transactions will be deferred until the firm commitment or anticipated transaction affects earnings. To qualify as a hedge, the item to be hedged must expose the Company to commodity or interest rate risk and the hedging instrument must reduce that exposure and meet the hedging requirements of SFAS 133. Any contracts held or issued that do not meet the requirements of a hedge (as defined by SFAS 133) will be recorded at fair value on the balance sheet and any changes in that fair value recognized in earnings. If a contract designated as a hedge of commodity risk is terminated, the associated gain or loss is deferred and recognized in income when the firm commitment or anticipated 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.

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

EARNINGS PER UNIT is based on the amount of income allocated to limited partners and the weighted-average number of Units outstanding during the period. Specifically, basic earnings per Unit is calculated by dividing the amount of income allocated to limited partners by the weighted-average number of Common Units and Subordinated Units outstanding during the period. Diluted earnings per Unit is based on the amount of income allocated to limited partners and the weighted-average number of Common Units, Subordinated Units, and Special Units outstanding during the period. The Special Units are excluded from the computation of basic earnings per Unit because, under the terms of the Special Units, they do not share in income nor are they entitled to unit distributions until they are converted to Common Units. During 2000, 1.0 million Special Units were converted into Common Units. See Notes 7 and 8 for additional information on the capital structure and earnings per Unit computation.

ENVIRONMENTAL COSTS for remediation are accrued based on estimates of known remediation requirements. Such accruals are based on management's best estimate of the ultimate costs to remediate the site. Ongoing environmental compliance costs are charged to expense as incurred, and expenditures to mitigate or prevent future environmental contamination are capitalized. Environmental costs, accrued environmental liabilities and expenditures to mitigate or eliminate future environmental contamination for each of the years in the three-year period ended December 31, 2000 were not significant to the consolidated financial statements. Costs of environmental compliance and monitoring aggregated $1.1 million, $0.9 million and $1.4 million for the years ended December 31, 2000, 1999 and 1998. The Company's estimated liability for environmental remediation is not discounted.

EXCESS COST OVER UNDERLYING EQUITY IN NET ASSETS (or "excess cost") denotes the excess of the Company's cost (purchase price) over the underlying equity in net assets of K/D/S Promix, LLC and Dixie Pipeline Company. The excess cost associated with the Company's investment in K/D/S Promix is being amortized using the straight-line method over a period of 20 years. The excess cost related to the Company's investment in Dixie Pipeline Company is being amortized using the straight-line method over a period of 35 years due to its classification as a pipeline asset. The excess cost of K/D/S Promix, LLC and Dixie Pipeline Company is reflected in the Company's investments in and advances to unconsolidated affiliates for these entities. See Note 2 for a further discussion of the excess cost related to these investments.

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

FEDERAL INCOME TAXES are not provided because the Company is a master limited partnership. As a result, the Company's earnings or losses for Federal income tax purposes are included in the tax returns of the individual partners. Accordingly, no recognition has been given to income taxes in the accompanying financial statements of the Company. State income taxes are not material to the Company. Net earnings for financial statement purposes may differ significantly from taxable income reportable to unitholders as a result of differences between the tax basis and financial reporting basis of assets and liabilities and the taxable income allocation requirements under the partnership agreement.

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

INTANGIBLE ASSETS include the values assigned to a 20-year natural gas processing agreement and the excess cost of the purchase price over the fair market value of the assets acquired from Mont Belvieu Associates, both of which were initially recorded in 1999. The $89.3 million in intangibles related to the natural gas processing agreement is being amortized over the contract term. The $9.0 million excess cost of the purchase price over the fair market value of the assets acquired from Mont Belvieu Associates is being amortized over 20 years. See Note 2 for additional information regarding these assets.

LONG-LIVED ASSETS are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company has not recognized any impairment losses for any of the periods presented.

PROPERTY, PLANT AND EQUIPMENT is recorded at cost and is depreciated using the straight-line method over the asset's estimated useful life. Maintenance, repairs and minor renewals are charged to operations as incurred. Additions and improvements to and major renewals of existing assets are capitalized and depreciated using the straight-line method over the estimated useful life of the new equipment or modifications. The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts, and any gain or loss on disposition is included in income.

REVENUE is recognized by the Company's five reportable business segments using the following criteria: (a) persuasive evidence of an exchange arrangement exists, (b) delivery has occurred or services have been rendered, (c) the buyer's price is fixed or determinable and (d) collectibility is reasonably assured. When the contracts settle (i.e., either physical delivery of product has taken place or the services designated in the contract have been performed), a determination of the necessity of an allowance is made and recorded accordingly.

In the Fractionation segment, the Company enters into NGL fractionation contracts, isomerization contracts and propylene fractionation and merchant contracts. Under the propylene merchant contracts, revenue is recognized once the products have been effectively delivered to the third party. Regarding the various NGL and propylene fractionation and isomerization contracts whereby a toll fee is collected, revenue is recognized once the contract services have been performed. Fractionation and isomerization contracts typically include a base processing fee per gallon subject to adjustment for changes in natural gas, electricity and labor costs, which are the principal variable costs of these operations. The propylene merchant contracts are based upon market rates or spot prices as determined in the individual contracts.

As part of its Pipeline operations, the Company enters into pipeline contracts, storage contracts and product loading contracts. Under the pipeline contracts, revenue is recognized once the products have been physically delivered to the third party through the pipeline. Under the storage contracts whereby a fee is collected based upon the number of days in storage multiplied by the storage rate by product, revenue is recognized ratably over the length of the storage contract. In the absence of a set period under contractual terms, storage revenue is recognized based upon a daily rate as specified in the applicable contract. Revenues for product loading contracts (applicable to the operations of EPIK, an unconsolidated affiliate) are recorded once the loading services have been performed. Pipeline contracts typically include a throughput fee per gallon as stated in the contract or as regulated by the Federal Energy Regulatory Committee ("FERC"). Storage and loading rates are stated in the individual contracts.

As part of its Processing business, the Company entered into a 20-year natural gas processing agreement with Shell ("Shell Processing Agreement"), whereby the Company has the right to process Shell's current and future production from the Gulf of Mexico within the state and federal waters off Texas, Louisiana, Mississippi, Alabama and Florida. This includes natural gas production from the developments currently referred to as deepwater. This contract serves as an arrangement between the Company and Shell. In addition to the Shell Processing Agreement, the Company has contracts to process natural gas for other third parties.

Under these contracts, the price of the Company's services is based upon contractual terms with Shell or other third parties and may be specified as either (i) a cash fee or (ii) the retention of a percentage of the NGLs extracted from the natural gas stream. If a cash fee for services is stipulated by the contract, the Company records revenue once the natural gas has been processed and sent back to Shell or the other third parties (i.e., delivery has taken place).

If the contract stipulates that the Company retains a percentage of the NGLs extracted as payment for its services, the Processing segment's merchant business records revenues when it sells and delivers such NGL products to third parties. The Processing segment's merchant business may also buy and sell NGLs in the open market. The revenues recorded for these contracts are recognized upon delivery of the products specified in each individual contract. Pricing under both types of arrangements is based upon market prices plus or minus other determining factors specific to each contract such as location pricing differentials.

The Octane Enhancement segment consists of the Company's equity interest in Belvieu Environmental Fuels ("BEF") which owns and operates a facility that produces motor gasoline additives to enhance octane. This facility currently produces MTBE. BEF's operations primarily occur as a result of a contract with Sunoco, Inc. ("Sun") whereby Sun has agreed to purchase 100 percent of the MTBE output at market-related negotiated prices. Under the contract with Sun, 100 percent of the MTBE production is delivered to Sun and Sun is obligated to take title to the product. Revenue is recognized once the product has been physically delivered to Sun.

The Other segment is primarily comprised of fee-based marketing services. The Company performs NGL marketing services for a small number of customers for which it charges a commission. Commissions are based on either a percentage of the final sales price negotiated on behalf of the client or a fixed-fee per gallon based on the volume sold for the client. Revenues are recorded at the time the marketing services are complete.

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

2. ACQUISITIONS

Acquisition of Kinder Morgan and EPCO interest in Mont Belvieu Fractionation Facility in July 1999

Effective July 1, 1999, the Company acquired Kinder Morgan Operating LP "A"'s 25% interest and EPCO's 0.5% interest in a 210,000 BPD NGL fractionation facility located in Mont Belvieu, Texas for approximately $42 million in cash and the assumption of approximately $ 4 million of debt. The $42 million in cash was funded with borrowings under the Company's $350 million bank credit facility.

The acquisition was accounted for under the purchase method of accounting and, accordingly, the purchase price has been allocated to the assets purchased and liabilities assumed based on their estimated fair value at July 1, 1999 as follows (in millions):

Property	$	36.2
Intangible asset		9.0
Liabilities		(3.7)
Total purchase price	$	41.5

The intangible asset represents the excess cost of purchase price over the fair market value of the assets acquired and is being amortized over 20 years. For the years ending December 31, 2000 and 1999, $0.5 million and $0.2 million of such amortization was charged to operating costs and expenses.

Acquisition of Tejas Natural Gas Liquids, LLC in August 1999

Effective August 1, 1999, the Company acquired Tejas Natural Gas Liquids, LLC ("TNGL") from a subsidiary of Tejas Energy, LLC, now Coral Energy, LLC, an affiliate of Shell Oil Company ("Shell") for $166 million in cash and the issuance of 14.5 million non-distribution bearing, convertible Special Units valued at $210.4 million. All references hereafter to "Shell", unless the context indicates otherwise, shall refer collectively to Shell Oil Company, its subsidiaries and affiliates. TNGL engages in natural gas processing and NGL fractionation, transportation, storage and marketing in Louisiana and Mississippi. TNGL has varying interests in eleven natural gas processing plants, four NGL fractionation facilities, four NGL storage facilities, approximately 1,500 miles of pipelines and is party to the Shell Processing Agreement, a 20 year natural gas processing agreement.

The cash portion of the purchase price was funded with borrowings under the Company's $350 million bank credit facility. The value of the 14.5 million non-distribution bearing, convertible Special Units was determined using both present value and Black Scholes Model methodologies and was within a range provided by an independent investment banker.

In addition to the initial purchase price, the Company agreed to issue to Shell 6.0 million non-distribution bearing, convertible Contingency Units provided that Shell meets certain performance criteria in calendar years 2000 and 2001 (see Note 7). If Shell met the performance criteria for 2000, 3.0 million of the Contingency Units would be issued; likewise, if Shell met the 2001 goals, the remaining 3.0 million Contingency Units would be issued. On June 28, 2000, Shell met the performance criteria for 2000 and in accordance with its contingent Unit agreement with Shell, the Company issued the 3.0 million Contingency Units (deemed "Special Units" once they are issued) on August 1, 2000. The value of these new Special Units was determined to be $55.2 million using present value techniques.

The acquisition was accounted for under the purchase method of accounting and, accordingly, the purchase price has been allocated to the assets acquired and liabilities assumed based on their estimated fair value at August 1, 1999. The following table reflects the allocation of the initial purchase price, the value of the 3.0 million new Special Units and purchase accounting adjustments (in millions):

Current Assets	$ 124.3
Investments	128.6
Property	216.9
Intangible asset	89.3
Liabilities	(147.4)
Total Purchase Price	$ 411.7

The $89.3 million intangible asset is the value assigned to the Shell Processing Agreement and is being amortized over the contract term. For the years ending December 31, 2000 and 1999, $3.6 million and $1.1 million of such amortization was charged to operating costs and expenses. Beginning in December 2000, such amortization increased to $0.4 million per month. The assets, liabilities and results of operations of TNGL are included with those of the Company as of August 1, 1999. If the remainder of the Contingency Units are issued in 2001 (or at such later date as agreed to by the parties), the purchase price and value of the Shell Processing Agreement will be adjusted accordingly. Historical information for periods prior to August 1, 1999 do not reflect any impact associated with the TNGL acquisition.

Pro Forma effect of Acquisitions

The following table presents unaudited pro forma information for the years ended December 31, 1999 and 1998 as if the acquisition of TNGL and the Mont Belvieu fractionator facility had been made as of the beginning of the periods presented. The pro forma information is based upon information currently available to and certain estimates and assumptions by management and, as a result, are not necessarily indicative of the financial results of the Company had the transactions actually occurred on these dates. Likewise, the unaudited pro forma information is not necessarily indicative of future financial results of the Company.

	1999	1998
Revenues	$ 1,726,516	$ 1,366,450
Income before extraordinary item and minority interest	$ 136,415	$ 42,054
Net income	$ 135,037	$ 14,728
Allocation of net income to		
Limited partners	$ 133,687	$ 14,581
General Partner	$ 1,350	$ 147
Units used in earning per Unit calculations		
Basic	66,710	60,124
Diluted	81,210	74,624
Income per Unit before minority interest		
Basic	$ 2.02	$ 0.69
Diluted	$ 1.66	$ 0.56
Net income per Unit		
Basic	$ 2.00	$ 0.24
Diluted	$ 1.65	$ 0.20

Acadian Gas, LLC

On September 25, 2000, the Company announced that it had executed a definitive agreement to purchase Acadian Gas, LLC ("Acadian") from Coral Energy, an affiliate of Shell, for $226 million in cash, inclusive of working capital. Acadian's assets are comprised of the 438-mile Acadian, 577-mile Cypress and 27-mile Evangeline natural gas pipeline systems, which together have over one billion cubic feet ("Bcf") per day of capacity. These natural gas pipeline systems are wholly-owned by Acadian with the exception of the Evangeline system in which Acadian holds an approximate 49.5% interest. The system includes a leased natural gas storage facility at Napoleonville, Louisiana. Completion of this transaction is subject to certain conditions, including regulatory approvals. The purchase is expected to be completed during the first quarter of 2001.

3. PROPERTY, PLANT AND EQUIPMENT

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

	Estimated Useful Life in Years	2000	1999
Plants and pipelines	5-35	$ 1,108,519	$ 875,773
Underground and other storage facilities	5-35	109,760	103,578
Transportation equipment	3-35	2,620	2,117
Land		14,805	14,748
Construction in progress		34,358	32,810
Total		1,270,062	1,029,026
Less accumulated depreciation		294,740	261,957
Property, plant and equipment, net		$ 975,322	$ 767,069

Depreciation expense for the years ended December 31, 2000, 1999 and 1998 was $33.3 million, $22.4 million and $18.6 million, respectively.

4. INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED AFFILIATES

The Company owns interests in a number of related businesses that are accounted for under the equity method or cost method. The investments in and advances to these unconsolidated affiliates are grouped according to the operating segment to which they relate. For a general discussion of the Company's business segments, see Note 15.

At December 31, 2000, the Company's Fractionation operating segment included the following unconsolidated affiliates (all accounted for using the equity method):

- *Baton Rouge Fractionators LLC* ("BRF") - an approximate 32.25% interest in a natural gas liquid ("NGL") fractionation facility located in southeastern Louisiana.

- *Baton Rouge Propylene Concentrator, LLC* ("BRPC") - a 30.0% interest in a propylene concentration unit located in southeastern Louisiana that became operational in July 2000.

- *K/D/S Promix LLC* ("Promix") - a 33.33% interest in a NGL fractionation facility and related storage facilities located in south Louisiana. The Company's investment includes excess cost over the underlying equity in the net assets of Promix of $8.0 million which is being amortized using the straight-line method over a period of 20 years. The unamortized balance of excess cost over the underlying equity in the net assets of Promix was $7.4 million at December 31, 2000.

The combined results of operations for the last three years and financial position for the last two years of the Company's Fractionation equity method investments are summarized below:

	As of or for the Year Ended December 31, 2000	1999	1998
BALANCE SHEET DATA:			
Current assets	$ 31,168	$ 47,235	
Property, plant and equipment, net	264,618	245,855	
Other assets	67	854	
Total assets	$ 295,853	$ 293,944	
Current liabilities	$ 13,661	$ 32,646	
Other liabilities	-	-	
Combined equity	282,192	261,298	
Total liabilities and combined equity	$ 295,853	$ 293,944	
INCOME STATEMENT DATA:			
Revenues	$ 71,287	$ 36,293	$ 31,881
Gross operating margin	33,240	14,970	12,154
Operating income	19,997	5,930	9,840
Net income	20,661	4,200	9,271

At December 31, 2000, the Company's Pipeline operating segment included the following unconsolidated affiliates (all accounted for using the equity method):

- *EPIK Terminalling L.P.* and *EPIK Gas Liquids, LLC* (collectively, "EPIK") - a 50% aggregate interest in a refrigerated NGL marine terminal loading facility located in southeast Texas. The Company owns 50% of EPIK Terminalling L.P. which owns 99% of such facilities. The Company owns 50% of EPIK Gas Liquids, LLC which owns 1% of such facilities. The Company does not exercise control over these entities; therefore, it is precluded from consolidating such entities into its financial statements.

- *Wilprise Pipeline Company, LLC* ("Wilprise") - a 37.35% interest in a NGL pipeline system located in southeastern Louisiana.

- *Tri-States NGL Pipeline LLC* ("Tri-States") - an aggregate 33.33% interest in a NGL pipeline system located in Louisiana, Mississippi, and Alabama.

- *Belle Rose NGL Pipeline LLC* ("Belle Rose") - a 41.7% interest in a NGL pipeline system located in south Louisiana.

- *Dixie Pipeline Company* ("Dixie") - a 19.9% interest in a corporation owning a 1,301-mile propane pipeline and associated facilities extending from Mont Belvieu, Texas to North Carolina. The Company acquired an 11.5% interest in Dixie as a result of the TNGL acquisition. On October 6, 2000, the Company purchased an additional 8.4% interest in Dixie from Conoco Pipe Line Company for $19.4 million in cash. As a result of this purchase, the Company is able to exercise significant influence over Dixie's operating and financial activities and changed its method of accounting for the investment in Dixie from the cost method to the equity method. This change in accounting methods for Dixie resulted in a immaterial cumulative effect of $0.2 million in expense being recorded in 2000 relating to the period in which the Company held an ownership interest in Dixie during 1999. The cumulative effect is recorded as a reduction of current year equity earnings from Dixie due to its immaterial nature.

  As a result of changing from the cost method to the equity method, the Company's investment in Dixie includes excess cost over the underlying equity in the net assets of $37.4 million which is being amortized using the straight-line method over a period of 35 years due to its classification as a pipeline asset. During 2000, the Company recorded amortization expense associated with this excess cost of $0.9 million (including the cumulative effect of $0.2 million related to 1999 mentioned previously), which is reflected in the equity earnings of Dixie. The unamortized balance of excess cost over the underlying equity in the net assets of Dixie was $36.3 million at December 31, 2000.

The combined results of operations for the last three years and financial position for the last two years of the Company's Pipeline equity method investments are summarized below:

	As of or for the Year Ended December 31,		
	2000	**1999**	**1998**
BALANCE SHEET DATA:			
Current assets	$ 25,464	$ 26,483	
Property, plant and equipment, net	188,724	193,237	
Other assets	3,666	3,172	
Total assets	$ 217,854	$ 222,892	
Current liabilities	$ 31,085	$ 32,873	
Other liabilities	4,018	4,317	
Combined equity	182,751	185,702	
Total liabilities and combined equity	$ 217,854	$ 222,892	
INCOME STATEMENT DATA:			
Revenues	$ 96,270	$ 52,386	$ 3,982
Gross operating margin	51,414	24,845	1,869
Operating income	41,757	19,988	1,775
Net income	31,241	15,637	1,777

At December 31, 2000, the Octane Enhancement operating segment included *Belvieu Environmental Fuels* ("BEF") in which the Company owns a 33.33% interest. BEF is a partnership that owns a methyl tertiary butyl ether ("MTBE") production facility located within the Company's Mont Belvieu complex. The production of MTBE is driven by oxygenated fuels programs enacted under the federal Clean Air Act Amendments of 1990 and other legislation. Any changes to these programs that enable localities to elect not to participate in these programs, lessen the requirements for oxygenates or favor the use of non-isobutane based oxygenated fuels reduce the demand for MTBE and could have an adverse effect on the Company's results of operations.

In recent years, MTBE has been detected in water supplies. The major source of the ground water contamination appears to be leaks from underground storage tanks. Although these detections have been limited and the great majority of these detections have been well below levels of public health concern, there have been actions calling for the phase-out of MTBE in motor gasoline in various federal and state governmental agencies.

In light of these developments, the owners of BEF are formulating a contingency plan for use of the BEF facility if MTBE were banned or significantly curtailed. Management is exploring a possible conversion of the BEF facility from MTBE production to alkylate production. Depending upon the type of alkylate process chosen and the level of alkylate production desired, the cost to convert the facility from MTBE production to alkylate production can range from $20 million to $90 million, with the Company's share of these costs ranging from $6.7 million to $30 million.

BEF has a ten-year off-take agreement with Sun Company, Inc. ("Sun") under which Sun is required to purchase all of the plant's MTBE production through September 2004. Through May 31, 2000, Sun was required to pay for the MTBE using the following pricing structure:

- for the first 193,450,000 gallons of MTBE produced per contract year, the higher of (i) a contractual floor price or (ii) a toll or spot market-related price (as defined within the agreement); and,
- a spot market-related price for all volumes in excess of this amount.

The floor price was a price sufficient to cover essentially all of BEF's operating costs plus principal and interest payments on its bank term loan. In general, Sun paid the floor price during the periods in which it was in effect. Beginning June 1, 2000 through the remainder of the agreement, the pricing on all MTBE delivered to Sun changed to a market-related negotiated price which generally approximates Gulf Coast MTBE spot prices. The market-related negotiated price is subject to fluctuations in commodity prices for MTBE. MTBE spot prices are generally higher during the April to September period of each year which corresponds with the summer driving season.

The results of operations for the last three years and financial position for the last two years of the Company's investments in BEF are summarized below:

	As of or for the Year Ended December 31,		
	2000	**1999**	**1998**
BALANCE SHEET DATA:			
Current Assets	$ 20,640	$ 44,261	
Property, plant and equipment, net	150,603	161,390	
Other assets	11,439	8,313	
Total assets	$ 182,682	$ 213,964	
Current liabilities	$ 8,042	$ 41,317	
Other liabilities	5,779	4,323	
Combined equity	168,861	168,324	
Total liabilities and combined equity	$ 182,682	$ 213,964	
INCOME STATEMENT DATA:			
Revenues	$ 258,180	$ 193,219	$ 182,001
Gross operating margin	43,328	43,479	47,262
Operating income	30,529	30,025	33,930
Income before accounting change	31,220	29,029	29,401
Net income	31,220	24,550	29,401

The Company's investments in and advances to unconsolidated affiliates also includes *Venice Energy Services Company, LLC ("VESCO").* The VESCO investment consists of a 13.1% interest in a LLC owning a natural gas processing plant, fractionation facilities, storage, and gas gathering pipelines in Louisiana. This investment is accounted for using the cost method.

During the third quarter of 1999, the Company acquired the remaining interests in Mont Belvieu Associates, 51%, ("MBA") and Entell NGL Services, LLC, 50%, ("Entell"). After the acquisition of the remaining interests, MBA was dissolved by the Company and Entell became a wholly owned subsidiary of the Company.

The following table shows investments in and advances to unconsolidated affiliates at:

	December 31, 2000	December 31, 1999
Accounted for on equity basis:		
BEF	$ 58,677	$ 63,004
Promix	48,670	50,496
BRF	30,599	36,789
Tri-States	27,138	28,887
EPIK	15,998	15,258
Belle Rose	11,653	12,064
BRPC	25,925	11,825
Wilprise	9,156	9,283
Dixie	38,138	20,000
Accounted for on cost basis:		
VESCO	33,000	33,000
Total	$ 298,954	$ 280,606

The following table shows equity in income (loss) of unconsolidated affiliates for the year ended December 31:

	2000	1999	1998
BEF	$ 10,407	$ 8,183	$ 9,801
MBA		1,256	5,213
BRF	1,369	(336)	(91)
BRPC	(284)	16	
EPIK	3,273	1,173	748
Wilprise	497	160	
Tri-States	2,499	1,035	
Promix	5,306	630	
Belle Rose	301	(29)	
Dixie	751		
Other		1,389	
Total	$ 24,119	$ 13,477	$ 15,671

At December 31, 2000, the Company's share of accumulated earnings of unconsolidated affiliates that had not been remitted to the Company was approximately $26.7 million.

5. NOTES RECEIVABLE FROM UNCONSOLIDATED AFFILIATES

At December 31, 1999, the Company held a participation interest in the bank loan of BEF for $6.5 million. The BEF bank loan matured on May 31, 2000. With BEF's final payment, the Company's receivable relating to its participation in the BEF note was extinguished.

6. LONG-TERM DEBT

Long-term debt consisted of the following at:

	December 31, 2000	December 31, 1999
Borrowings under:		
$200 Million Bank Credit Facility (1)		$ 129,000
$350 Million Bank Credit Facility (1)		166,000
$350 Million Senior Notes (2)	$ 350,000	
$54 Million MBFC Loan (3)	54,000	
Total	404,000	295,000
Less current maturities of long-term debt		129,000
Long-term debt (4)	$ 404,000	$ 166,000

Notes to long-term debt table:

(1) Revolving credit facility closed as of December 31, 2000

(2) 8.25% fixed-rate, due March 2005

(3) 8.70% fixed-rate, due March 2010

(4) Long-term debt does not reflect the $250 Million Multi-Year Credit Facility or the $150 Million 364-Day Credit Facility. No amount was outstanding under either of these two revolving credit facilities at December 31, 2000. See below for a complete description of these new facilities

During the first quarter of 2001, the Company issued $450 Million in additional Senior Notes and filed a $500 million universal registration statement with the Securities and Exchange Commission. For a description of these subsequent events, see Note 16.

At December 31, 2000, the Company had a total of $50 million of standby letters of credit available under its $250 Million Multi-Year Credit Facility (described below) of which none were outstanding.

Enterprise Products Partners L.P. acts as guarantor of certain debt obligations of its major subsidiary, the Operating Partnership. This parent-subsidiary guaranty provision exists under the Company's $350 Million Senior Notes, $54 Million MBFC Loan, $250 Million Multi-Year Credit Facility and $150 Million 364-Day Credit Facility. In the descriptions that follow, the term "MLP" denotes Enterprise Products Partners L.P. in this guarantor role.

$200 Million Bank Credit Facility. On July 27, 1998, the Company entered into a $200 million bank credit facility that included a $50 million working capital facility and a $150 million revolving credit facility. On March 15, 2000, the Company used $169 million of the proceeds from the issuance of the $350 Million Senior Notes to retire this credit facility in accordance with its agreement with the banks.

During the period in which this bank credit facility was active, the Company elected the basis of the interest rate at the time of each borrowing. Interest rates ranged from 7.07% to 7.31% during 2000, with the weighted-average interest rate charged during 2000 being 7.28%.

$350 Million Bank Credit Facility. On July 28, 1999, the Company entered into a $350 Million Bank Credit Facility that included a $50 million working capital facility, a $300 million revolving credit facility and a sublimit of $40 million for letters of credit. On November 17, 2000, this facility was retired using funds available under the Company's new $150 Million 364-Day Credit Facility (described below) in accordance with its agreement with the banks.

During the period in which this bank credit facility was active, the Company elected the basis of the interest rate at the time of each borrowing. Interest rates ranged from 7.07% to 7.31% during 2000, with the weighted-average interest rate charged during 2000 being 7.28%.

$350 Million Senior Notes. On March 13, 2000, the Company completed a public offering of $350 million in principal amount of 8.25% fixed-rate Senior Notes due March 15, 2005 at a price to the public of 99.948% per Senior Note. The Company received proceeds, net of underwriting discounts and commissions, of approximately

$347.7 million. The proceeds were used to pay the entire $169 million outstanding principal balance on the $200 Million Bank Credit Facility and $179 million of the then $226 million outstanding principal balance on the $350 Million Bank Credit Facility.

The $350 Million Senior Notes are subject to a make-whole redemption right. The notes are an unsecured obligation and rank equally with existing and future unsecured and unsubordinated indebtedness and senior to any future subordinated indebtedness. The notes are guaranteed by the MLP through an unsecured and unsubordinated guarantee and were issued under an indenture containing certain restrictive covenants. These covenants restrict the ability of the Company, with certain exceptions, to incur debt secured by liens and engage in sale and leaseback transactions. The Company was in compliance with the restrictive covenants at December 31, 2000.

The issuance of the $350 Million Senior Notes was a takedown under the December 1999 Registration Statement; therefore, the amount of securities available was reduced to $450 million. The remaining amount available under the December 1999 Registration Statement was used to issue the $450 Million Senior Notes in January 2001 (see Note 16 "Subsequent Events" below for a brief description of the $450 Million Senior Notes).

After including the effect of interest rate swaps related to this debt instrument, interest rates for the $350 Million Senior Notes ranged from 7.88% to 8.05% during 2000, and the weighted-average interest rate at December 31, 2000 was 8.00%.

$54 Million MBFC Loan. On March 27, 2000, the Company executed a $54 million loan agreement with the MBFC which was funded with proceeds from the sale of Taxable Industrial Revenue Bonds ("Bonds") by the MBFC. The Bonds issued by the MBFC are 10-year bonds with a maturity date of March 1, 2010 and bear a fixed-rate interest coupon of 8.70%. The Company received proceeds from the sale of the Bonds, net of underwriting discounts and commissions, of approximately $53.6 million. The proceeds were used to pay the then $47 million outstanding principal balance on the $350 Million Bank Credit Facility and for working capital and other general partnership purposes. In general, the proceeds of the Bonds were used to reimburse the Company for costs incurred in acquiring and constructing the Pascagoula, Mississippi natural gas processing plant.

The Bonds were issued at par and are subject to a make-whole redemption right by the Company. The Bonds are guaranteed by the MLP through an unsecured and unsubordinated guarantee. The loan agreement contains certain covenants including maintaining appropriate levels of insurance on the Pascagoula natural gas processing facility and restrictions regarding mergers. The Company was in compliance with the restrictive covenants at December 31, 2000.

After including the effect of interest rate swaps related to this debt instrument, interest rates for the Bonds ranged from 7.26% to 7.66% during 2000, and the weighted-average interest rate at December 31, 2000 was 7.43%.

$250 Million Multi-Year Credit Facility. On November 17, 2000, the Company entered into a $250 million five-year revolving credit facility that includes a sublimit of $50 million for letters of credit. The November 17, 2005 maturity date may be extended for one year at the Company's option with the consent of the lenders, subject to the extension provisions in the agreement. The Company can increase the amount borrowed under this facility, without the consent of the lenders, up to an amount not exceeding $350 million by adding to the facility one or more new lenders and/or increasing the commitments of existing lenders, so long as the aggregate amount of the funds borrowed under this credit facility and the $150 Million 364-Day Credit Facility (described below) does not exceed $500 million. No lender will be required to increase its original commitment, unless it agrees to do so at its sole discretion. This credit facility is guaranteed by the MLP through an unsecured and unsubordinated guarantee.

Proceeds from this credit facility will be used for working capital, acquisitions and other general partnership purposes. No amount was outstanding for this credit facility at December 31, 2000.

The Company's obligations under this bank credit facility are unsecured general obligations and are non-recourse to the General Partner. Borrowings under this bank credit facility will generally bear interest at either (a) the greater of the Prime Rate or the Federal Funds Effective Rate plus one-half percent or (b) a Eurodollar rate plus an applicable margin (as defined within the facility) or (c) a competitively bid rate. The Company elects the basis for the interest rate at the time of each borrowing.

This credit agreement contains various affirmative and negative covenants applicable to the Company to, among other things, (i) incur certain additional indebtedness, (ii) grant certain liens, (iii) enter into certain merger or consolidation transactions and (iv) make certain investments. In addition, the Company may not directly or indirectly make any distribution in respect of its partnership interests, except those payments in connection with the 1,000,000 Unit Buy-Back Program (not to exceed $30 million in the aggregate) and distributions from Available Cash from Operating Surplus, both as defined within the agreement. The bank credit facility requires that the Company satisfy certain financial covenants at the end of each fiscal quarter: (i) maintain Consolidated Net Worth of $750 million (as defined in the bank credit facility) and (ii) maintain a ratio of Consolidated Indebtedness (as defined within the bank credit facility) to Consolidated EBITDA (as defined within the bank credit facility) for the previous four quarter period of at least 4.0 to 1.0. The Company was in compliance with these restrictive covenants at December 31, 2000.

$150 Million 364-Day Credit Facility. Also on November 17, 2000, the Company entered into a 364-day $150 million revolving bank credit facility which may be converted into a one-year term loan at the end of the initial 364-day period. Should this facility be converted into a one-year term loan, the maturity date would be November 16, 2002. Likewise, this maturity date may be extended for an additional one-year period at the option of the Company (with the consent of the lenders), subject to the extension provisions in the agreement; therefore, the ultimate maturity date of this credit facility could be November 16, 2003. The Company can increase the amount borrowed under this facility, without the consent of the lenders, up to an amount not exceeding $250 million by adding to the facility one or more new lenders and/or increasing the commitments of existing lenders, so long as the aggregate amount of the funds borrowed under this credit facility and the $250 Million Bank Credit Facility does not exceed $500 million. No lender will be required to increase its original commitment, unless it agrees to do so at its sole discretion. This credit facility is guaranteed by the MLP through an unsecured and unsubordinated guarantee.

Proceeds from this credit facility will be used for working capital, acquisitions and other general partnership purposes. No amount was outstanding for this credit facility at December 31, 2000. The Company used operating cash flows to repay the amount borrowed to retire the $350 Million Bank Credit Facility in November 2000. For the period in which the Company had an outstanding principal balance under this credit facility, the interest rate was 7.19%.

Limitations on certain actions by the Company and financial condition covenants of this bank credit facility are substantially consistent with those existing for the $250 Million Multi-Year Credit Facility as described above. The Company was in compliance with the restrictive covenants at December 31, 2000.

Extraordinary Item - Early Extinguishment of Debt

On July 31, 1998, the Company used $243.3 million of proceeds from the sale of Common Units and $13.3 million of borrowings from the $200 Million Bank Credit Facility to retire $256.6 million of debt that was assumed from EPCO. In connection with the repayment of the debt, the Company was required to pay a "make-whole payment" of $26.3 million to the lenders. The $26.3 million (plus $0.9 million of unamortized debt costs) is included in the consolidated statement of operations for the year ended December 31, 1998 as "Extraordinary item—early extinguishment of debt."

7. CAPITAL STRUCTURE

Second Amended and Restated Agreement of Limited Partnership of the Company. The Second Amended and Restated Agreement of Limited Partnership of the Company (the "Partnership Agreement") sets forth the calculation to be used to determine the amount and priority of cash distributions that the Common Unitholders, Subordinated Unitholders and the General Partner will receive. The Partnership Agreement also contains provisions for the allocation of net earnings and losses to the Unitholders and the General Partner. For purposes of maintaining partner capital accounts, the Partnership Agreement specifies that items of income and loss shall be allocated among the partners in accordance with their respective percentage interests. Normal allocations according to percentage interests are done only, however, after giving effect to priority earnings allocations in an amount equal to incentive cash distributions allocated 100% to the General Partner. As an incentive, the General Partner's percentage interest in quarterly distributions is increased after certain specified target levels are met. When quarterly distributions exceed $0.506 per Unit, the General Partner receives a percentage of the excess between the actual distribution rate and the target level ranging from approximately 15% to 50% depending on the target level achieved.

The Partnership Agreement generally authorizes the Company to issue an unlimited number of additional limited partner interests and other equity securities of the Company for such consideration and on such terms and conditions as shall be established by the General Partner in its sole discretion without the approval of the Unitholders. During the Subordination Period, however, the Company is limited with regards to the number of equity securities that it may issue that rank senior to Common Units (except for Common Units upon conversion of Subordinated Units, pursuant to employee benefit plans, upon conversion of the general partner interest as a result of the withdrawal of the General Partner or in connection with acquisitions or capital improvements that are accretive on a per Unit basis) or an equivalent number of securities ranking on a parity with the Common Units, without the approval of the holders of at least a Unit Majority. A Unit Majority is defined as at least a majority of the outstanding Common Units (during the Subordination Period), excluding Common Units held by the General Partner and its affiliates, and at least a majority of the outstanding Common Units (after the Subordination Period). After adjusting for the Common Units issued in connection with the TNGL acquisition, the number of Common Units available (and unreserved) to the Company for general partnership purposes during the Subordination Period is currently 27,275,000.

Subordinated Units. The 21,409,872 Subordinated Units have no voting rights until converted into Common Units at the end of the Subordination Period. The Subordination Period will generally extend until the first day of any quarter beginning after June 30, 2003 when the Conversion Tests have been satisfied. Generally, the Conversion Test will have been satisfied when the Company has paid from Operating Surplus and generated from Adjusted Operating Surplus the minimum quarterly distribution on all Units for each of the three preceding four-quarter periods. Upon expiration of the Subordination Period, all remaining Subordinated Units will convert into Common Units on a one-for-one basis and will thereafter participate pro rata with the other Common Units in distributions of Available Cash.

The Partnership Agreement stipulates that 50% of the Subordinated Units (or 10,704,936 Subordinated Units) may undergo an early conversion into Common Units should certain criteria be satisfied. Based upon these criteria, the earliest that the first 25% of the Subordinated Units (or 5,352,468 Subordinated Units) would convert into Common Units is April 1, 2002. Should the criteria continue to be satisfied through the first quarter of 2003, an additional 25% of the Subordinated Units would undergo an early conversion into Common Units on April 1, 2003. The remaining 10,704,936 Subordinated Units would convert into Common Units on July 1, 2003 should the balance of the conversion requirements be met.

Special Units. The Special Units issued to Shell do not accrue distributions and are not entitled to cash distributions until their conversion into Common Units. For financial accounting and tax purposes, the Special Units are generally not allocated any portion of net income; however, for tax purposes, the Special Units are allocated a certain amount of depreciation until their conversion into Common Units. On August 1, 2000, 1.0 million of the original issue of 14.5 million Special Units converted into Common Units. The remaining 13.5 million Special Units of the original issue will automatically convert into Common Units as follows: 5.0 million Units on August 1, 2001 and 8.5 million Units on August 1, 2002.

On June 28, 2000, Shell met certain year 2000 performance criteria for the issuance of 3.0 million non-distribution bearing, convertible Contingency Units (referred to as the "second issue" of Special Units). Per an agreement with Shell, the Company issued these Special Units on August 1, 2000. Shell has the opportunity to earn an additional 3.0 million non-distribution bearing, convertible Contingency Units (i.e., a "third issue" of Special Units) based on certain performance criteria for calendar year 2001. Specifically, Shell will earn the third issue of Special Units if at any point during calendar year 2001 (or extensions thereto due to force majeure events) gas production by Shell from its offshore Gulf of Mexico producing properties and leases is 900 million cubic feet per day for 180 not-necessarily-consecutive days or 350 billion cubic feet on a cumulative basis. If the year 2001 performance test is not met but Shell's offshore Gulf of Mexico gas production reaches 725 billion cubic feet on a cumulative basis in calendar years 2000 and 2001 (or extensions thereto due to force majeure events), Shell would still earn the third issue of Special Units. If both the second and third issues of Special Units are earned, 1.0 million of these Special Units would convert into Common Units on August 1, 2002 and 5.0 million of these Special Units would convert into Common Units on August 1, 2003. Special Units issued to Shell as part of these contingent agreements do not accrue distributions and are not entitled to cash distributions until conversion into Common Units. With regards to income and depreciation allocation from either a financial accounting or tax basis, these Special Units will be treated identically to the 14.5 million Special Units originally issued.

Under the rules of the New York Stock Exchange, the conversion feature of the Special Units into Common Units requires approval of the Company's Unitholders. With respect to the August 2000 conversion, EPC Partners II, Inc. ("EPC II"), which owns in excess of 81% of the outstanding Common Units, voted its Units in favor of conversion, which provided the necessary votes for approval.

Units Acquired by Trust. During the first quarter of 1999, the Company established a revocable grantor trust (the "Trust") to fund future liabilities of a long-term incentive plan. At December 31, 2000, the Trust had purchased a total of 267,200 Common Units (the "Trust Units") which are accounted for in a manner similar to treasury stock under the cost method of accounting. The Trust Units are considered outstanding and will receive distributions; however, they are excluded from the calculation of net income per Unit.

On May 12, 2000, the Company filed a Registration Statement with the Securities and Exchange Commission for the transfer of up to (i) 1,000,000 Common Units to fund a long-term incentive plan established by the General Partner and (ii) 1,000,000 Common Units to fund a long-term incentive plan established by Enterprise Products Company.

Unit History. The following table details the outstanding balance of each class of Units at the end of the periods indicated:

	Common Units	Subordinated Units	Special Units	Treasury Units
Balance, December 31, 1997	33,552,915	21,409,870		
Units issued to public	12,000,000			
Balance, December 31, 1998	45,552,915	21,409,870		
Special Units issued to Shell in connection with TNGL acquisition			14,500,000	
Common Units purchased by consolidated Trust				(267,200)
Balance, December 31, 1999	45,552,915	21,409,870	14,500,000	(267,200)
Additional Special Units issued to Coral Energy, LLC in connection with contingency agreement			3,000,000	
Conversion of 1.0 million Coral Energy, LLC Special Units into Common Units	1,000,000		(1,000,000)	
Units repurchased and retired in connection with buy-back program	(28,400)			
Balance, December 31, 2000	46,524,515	21,409,870	16,500,000	(267,200)

8. EARNINGS PER UNIT

Basic earnings per Unit is computed by dividing net income available to limited partner interests by the weighted-averaged number of Common and Subordinated Units outstanding during the period. Diluted earnings per Unit is computed by dividing net income available to limited partner interests by the weighted-average number of Common, Subordinated and Special Units outstanding during the period.

The following table reconciles the number of shares used in the calculation of basic earnings per Unit and diluted earnings per Unit for the three years ended December 31, 2000.

	For Year Ended December 31, 2000	1999	1998
Income before extraordinary item and minority interest	$ 222,759	$ 121,521	$ 37,355
General partner interest	(2,597)	(1,203)	(101)
Income before extraordinary item and minority interest available to Limited Partners	220,162	120,318	37,254
Extraordinary charge on early extinguishment of debt			(27,176)
Minority interest	(2,253)	(1,226)	(102)
Net income available to Limited Partners	$ 217,909	$ 119,092	$ 9,976
BASIC EARNINGS PER UNIT			
Numerator			
Income before extraordinary item and minority interest available to Limited Partners	$ 220,162	$ 120,318	$ 37,254
Extraordinary charge on early extinguishment of debt			$ (27,176)
Net income available to Limited Partners	$ 217,909	$ 119,092	$ 9,976
Denominator			
Weighted-average Common Units outstanding	45,698	45,300	38,714
Weighted-average Subordinated Units outstanding	21,410	21,410	21,410
Total	67,108	66,710	60,124
Basic Earnings per Unit			
Income before extraordinary item and minority interest available to Limited Partners	$ 3.28	$ 1.80	$ 0.62
Extraordinary charge on early extinguishment of debt			$ (0.45)
Net income available to Limited Partners	$ 3.25	$ 1.79	$ 0.17
DILUTED EARNINGS PER UNIT			
Numerator			
Income before extraordinary item and minority interest available to Limited Partners	$ 220,162	$ 120,318	$ 37,254
Extraordinary charge on early extinguishment of debt			$ (27,176)
Net income available to Limited Partners	$ 217,909	$ 119,092	$ 9,976
Denominator			
Weighted-average Common Units outstanding	45,698	45,300	38,714
Weighted-average Subordinated Units outstanding	21,410	21,410	21,410
Weighted-average Special Units outstanding	15,336	6,078	-
Total	82,444	72,788	60,124
Basic Earnings per Unit			
Income before extraordinary item and minority interest available to Limited Partners	$ 2.67	$ 1.65	$ 0.62
Extraordinary charge on early extinguishment of debt			$ (0.45)
Net income available to Limited Partners	$ 2.64	$ 1.64	$ 0.17

The weighted-average impact of the issuance of the second issue of Special Units (formerly Contingency Units, as described under the "Special Units" section in Note 7) are included in the diluted earnings per Unit calculation for fiscal 2000 (beginning August 1, 2000, the effective date of the contingent agreement between Shell and the Company). The Contingency Units relating to the third issue of Special Units to be issued upon achieving certain performance criteria in future periods have been excluded from diluted earnings per Unit because such tests have not been met at December 31, 2000.

9. DISTRIBUTIONS

The Company intends, to the extent there is sufficient available cash from Operating Surplus, as defined by the Partnership Agreement, to distribute to each holder of Common Units at least a minimum quarterly distribution of $0.45 per Common Unit. The minimum quarterly distribution is not guaranteed and is subject to adjustment as set forth in the Partnership Agreement. With respect to each quarter during the Subordination Period, the Common Unitholders will generally have the right to receive the minimum quarterly distribution, plus any arrearages thereon, and the General Partner will have the right to receive the related distribution on its interest before any distributions of available cash from Operating Surplus are made to the Subordinated Unitholders. As an incentive, the General Partner's interest in quarterly distributions is increased after certain specified target levels are met. The Company made incentive cash distributions to the General Partner of $0.4 million during 2000 and none in prior periods.

On January 17, 2000, the Company declared an increase in its quarterly cash distribution to $0.50 per Unit. This amount was subsequently raised to $0.525 per Unit on July 17, 2000 and $.550 per Unit on December 7, 2000.

The following is a summary of cash distributions to partnership interests since the first quarter of 1999:

		Cash Distributions			
		Per Common Unit	Per Subordinated Unit	Record Date	Payment Date
1999	First Quarter	$ 0.450	$ 0.450	Jan. 29, 1999	Feb. 11, 1999
	Second Quarter	$ 0.450	$ 0.070	Apr. 30, 1999	May 12, 1999
	Third Quarter	$ 0.450	$ 0.370	Jul. 30, 1999	Aug. 11, 1999
	Fourth Quarter	$ 0.450	$ 0.450	Oct. 29, 1999	Nov. 10, 1999
2000	First Quarter	$ 0.500	$ 0.500	Jan. 31, 2000	Feb. 10, 2000
	Second Quarter	$ 0.500	$ 0.500	Apr. 28, 2000	May 10, 2000
	Third Quarter	$ 0.525	$ 0.525	Jul. 31, 2000	Aug. 10, 2000
	Fourth Quarter	$ 0.525	$ 0.525	Oct. 31, 2000	Nov. 10, 2000
2001	First Quarter (through February 28, 2001)	$ 0.550	$ 0.550	Jan. 31, 2001	Feb. 9, 2001

10. RELATED PARTY TRANSACTIONS

The Company has no employees. All management, administrative and operating functions are performed by employees of EPCO pursuant to the EPCO Agreement entered into by EPCO, the General Partner and the Company in July 1998.

Under the terms of the EPCO agreement, EPCO agreed to (i) manage the business and affairs of the Company; (ii) employ the operating personnel involved in the Company's business for which EPCO is reimbursed by the Company at cost (based upon EPCO's actual salary costs and related fringe benefits); (iii) allow the Company to participate as named insureds in EPCO's current insurance program with the costs being allocated among the parties on the basis of formulas set forth in the agreement; (iv) grant an irrevocable, non-exclusive worldwide license to all of the trademarks and trade names used in its business to the Company; (v) indemnify the Company against any losses resulting from certain lawsuits; and (vi) sublease all of the equipment which it holds pursuant to operating leases relating to an isomerization unit, a deisobutanizer tower, two cogeneration units and approximately 100 railcars to the Company for $1 per year and assigned its purchase options under such leases to the Company. EPCO is liable for the lease payments associated with these assets. Operating costs and expenses (as shown on the audited Statements of Consolidated Operations) include charges for EPCO's employees who operate the Company's various facilities.

Pursuant to the EPCO Agreement, the charges for EPCO's employees who manage the business and affairs of the Company are reimbursed only under certain circumstances. SG&A charges to EPCO resulting from the hiring of additional management personnel and other costs associated with the expansion and business development activities of the Company (through the construction of new facilities or the completion of acquisitions) are reimbursed by the Company.

In lieu of reimbursement for all other SG&A costs incurred by EPCO, EPCO is entitled to receive an annual Administrative Services Fee (the "EPCO Fees", initially set at $12.0 million). The General Partner, with the approval and consent of the Audit and Conflicts Committee, may agree to increases in the EPCO Fees of up to 10% each contract year (defined as August 1 to July 31) during the 10-year term of the EPCO Agreement. Since the initial contract year ending July 31, 1999, the Audit and Conflicts Committee has approved two increases in the EPCO Fees. The annual fee was increased to $13.2 million for the second contract year and subsequently raised to $14.5 million for the third contract year.

EPCO also operates most of the plants owned by the unconsolidated affiliates and charges them for actual salary costs and related fringe benefits. In addition, EPCO charged the unconsolidated affiliates for management services provided; such charges aggregated $0.9 million for 2000, $0.8 million for 1999 and $1.7 million for 1998. Since EPCO pays the rental charges for the Retained Leases, such payments are considered a contribution by EPCO for the benefit of each partnership interest and are included as such in Partners' Equity, and a corresponding charge for the rental expense is included in the consolidated statements of operations. Rental expense, included in operating costs and expenses, for the Retained Leases was $10.6 million for both 2000 and 1999 and $11.3 million for 1998 (of which $4.0 million occurred after the public offering).

The Company also has transactions in the normal course of business with the unconsolidated affiliates and other subsidiaries and divisions of EPCO. Such transactions include the buying and selling of NGL products, loading of NGL products, transportation of NGL products by truck and plant support services.

As a result of the TNGL acquisition, Shell acquired an ownership interest in the Company and its General Partner. At December 31, 2000, Shell owned approximately 20.5% of the Company and 30% of the General Partner. Shell is a significant customer of the gas processing assets. Under the terms of the Shell Processing Agreement, the Company has the right to process substantially all of Shell's current and future natural gas production from the Gulf of Mexico. This includes natural gas production from the developments currently referred to as deepwater. Generally, the Shell Processing Agreement grants the Company the exclusive right to process any and all of Shell's Gulf of Mexico natural gas production from existing and future dedicated leases; plus the right to all title, interest, and ownership in the raw make extracted by the Company's gas processing facilities from Shell's natural gas production from such leases; with the obligation to deliver to Shell the natural gas stream after the raw make is extracted. Generally, the Company's revenues from Shell are derived from the sale of NGL and petrochemical products with its operating costs and expenses from Shell primarily due to the purchase of natural gas. The Company has an extensive and ongoing relationship with Shell as a customer, vendor and limited partner.

The following table shows the related party amounts by major income statement category for the last three years:

	For the Years Ended December 31,		
	2000	1999	1998
Revenues from consolidated operations			
Unconsolidated affiliates	$ 61,988	$ 40,352	$ 36,474
Shell	292,741	56,301	
EPCO and subsidiaries	4,750	9,148	19,531
Operating costs and expenses			
Unconsolidated affiliates	58,202	20,696	9,270
Shell	736,655	188,570	
EPCO and subsidiaries	9,492	35,046	9,997
Selling, general and administrative expenses			
Base fees payable under EPCO Agreement	13,750	12,500	5,129

11. COMMITMENTS AND CONTINGENCIES

Redelivery Commitments

From time to time, the Company stores NGL products for third parties under various processing and similar agreements. Under the terms of these agreements, the Company is generally required to redeliver to the owner its NGL products upon demand. The Company is insured for any physical loss of such NGL products due to catastrophic events. At December 31, 2000, NGL products aggregating 235 million gallons were due to be redelivered to the owners.

Lease Commitments

The Company leases certain equipment and processing facilities under noncancelable and cancelable operating leases. Minimum future rental payments on such leases with terms in excess of one year at December 31, 2000 are as follows:

2001	$ 7,228
2002	5,048
2003	4,797
2004	4,260
2005	214
Thereafter	1,225
Total minimum obligations	$ 22,772

Lease expense charged to operations (including Retained Leases) for the years ended December 31, 2000, 1999 and 1998 was approximately $18.3 million , $20.2 million and $18.5 million, respectively.

Gas Purchase Commitments

The Company has annual renewable gas purchase contracts with four suppliers. As of December 31, 2000, the Company is required to make daily purchases as follows:

- 5,000 million British Thermal Units ("MMBtu") per day through February 28, 2001,
- 13,000 MMBtu per day through March 31, 2001,
- 5,000 MMBtu per day through July 31, 2001,
- 5,000 MMBtu per day through September 30, 2001, and
- 5,000 MMBtu per day through October 31, 2001.

The cost of these natural gas purchase commitments approximate market value at the time of delivery.

Capital Expenditure Commitments

As of December 31, 2000, the Company had capital expenditure commitments totaling approximately $10.9 million, of which $0.8 million relates to the construction of projects of unconsolidated affiliates.

Litigation

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

The operations of the Company are subject to the Clean Air Act and comparable state statutes. Amendments to the Clean Air Act were adopted in 1990 and contain provisions that may result in the imposition of certain pollution control requirements with respect to air emissions from the operations of the pipelines, processing and storage facilities. For example, the Mont Belvieu processing and storage facility is located in the Houston-Galveston ozone non-attainment area, which is categorized as a "severe" area and, therefore, is subject to more restrictive regulations for the issuance of air permits for new or modified facilities. The Houston-Galveston area is among nine areas in the country in this "severe" category. One of the other consequences of this non-attainment status is the potential imposition of lower limits on the emissions of certain pollutants, particularly oxides of nitrogen which are produced through combustion, as in the gas turbines at the Mont Belvieu processing facility. Regulations imposing more strict requirements on existing facilities were issued in December, 2000. These regulations mandate 90% reductions in oxides of nitrogen emissions from point sources such as the gas turbines at the Company's Mont Belvieu processing facility. The technical practicality and economic reasonableness of requiring existing gas turbines to achieve such reductions, as well as the substantive basis for setting the 90% reduction requirements, have been challenged under state law in litigation filed in the District Court of Travis County, Texas, on January 19, 2001, by the Company as part of a coalition of major Houston-Galveston area industries. In addition to the Company, the plaintiffs in this case are the BCCA Appeal Group, Equistar Chemicals, LP, Lyondell Chemical Company, Lyondell-CITGO Refining L.P. and Reliant Energy, Incorporated; named as defendants are the Texas Natural Resource Conservation Commission and its chairman, commissioners and executive director. The suit seeks a ruling that these regulations are invalid and void and asks for a temporary injunction to stay their effectiveness pending final judgment in the case. If these regulations stand as issued, they would require substantial redesign and modification of the Mont Belvieu facilities to achieve the mandated reductions; however, the precise impact of these requirements on the Company's operations cannot be determined until this litigation is resolved.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Cash and Cash Equivalents, Accounts Receivable, Accounts Payable and *Accrued Expenses* are carried at amounts which reasonably approximate their fair value at year end due to their short-term nature.

Fixed-rate long term debt. The fair value of the Company's fixed-rate long term debt is estimated based on the quoted market prices for debt of similar terms and maturities. No variable rate long-term debt was outstanding at year end.

*Interest Rate Swaps***.** The Company's interest rate exposure results from variable-rate borrowings from commercial banks and fixed-rate borrowings pursuant to the $350 Million Senior Notes and the $54 Million MBFC Loan. The Company manages its exposure to changes in interest rates in its debt portfolio by utilizing interest rate swaps. An interest rate swap, in general, requires one party to pay a fixed-rate on the notional amount while the other party pays a floating-rate based on the notional amount.

In March 2000, after the issuance of the $350 Million Senior Notes and the execution of the $54 Million MBFC Loan, 100% of the Company's consolidated debt were fixed-rate obligations. To maintain a balance between variable-rate and fixed-rate exposure, the Company entered into interest rate swap agreements with a notional amount of $154 million by which the Company receives payments based on a fixed-rate and pays an amount based on a floating-rate. At December 31, 2000, the Company's consolidated debt portfolio interest rate exposure was 62 percent fixed and 38 percent floating, after considering the effect of the interest rate swap agreements. The notional amount does not represent exposure to credit loss. The Company monitors its positions and the credit ratings of its counterparties. Management believes the risk of incurring a credit related loss is remote, and that if incurred, such losses would be immaterial.

Cash flows related to interest rate swap agreements are classified as "Operating activities cash flows" in the Statements of Consolidated Cash Flows. The net cash differentials paid or received on interest rate swap agreements are accrued and recognized as adjustments to interest expense. The effect of these swaps (none of which are leveraged) was to decrease the Company's interest expense by $1.2 million during 2000. Following is selected information on the Company's portfolio of interest rate swaps at December 31, 2000:

Interest Rate Swap Portfolio at December 31, 2000 (1) **:**
(Dollars in millions)

Notional Amount	Period Covered	Early Termination Date (2)	Fixed / Floating Rate (3)
$ 50.0	March 2000 - March 2005	March 2001	8.25% / 7.3100%
$ 50.0	March 2000 - March 2005	March 2001 (4)	8.25% / 7.3150%
$ 54.0	March 2000 - March 2010	March 2003	8.70% / 7.6575%

Notes to Interest Rate Swap table:
(1) All swaps outstanding at December 31, 2000 were entered into for the purpose of managing a portion of financing costs associated with its fixed-rate debt.
(2) In each case, the counterparty has the option to terminate the interest rate swap on the Early Termination Date.
(3) In each case, the Company is the floating-rate payor. The floating rate was the rate in effect as of December 31, 2000.
(4) Swap was terminated by the bank effective March 15, 2001.

The $2.0 million fair value of interest rate swap agreements at December 31, 2000 is based on market rates and the early termination option being exercised. The fair value represents the estimated amount the Company would receive or pay to terminate the agreements, taking into consideration current interest rates.

Commodity-related transactions. The Company enters into swaps and other contracts to hedge the price risks associated with inventories, commitments and certain anticipated transactions. The swaps and other contracts are with established energy companies and major financial institutions. The Company believes its credit risk is minimal on these transactions, as the counterparties are required to meet stringent credit standards. There is continuous day-to-day involvement by senior management in the hedging decisions, operating under resolutions adopted by the Board of Directors of the General Partner.

At December 31, 1999, the Company had open positions covering 24.0 billion cubic feet of natural gas extending into December 2000 related to the swaps described above. The fair value of these financial instruments at December 31, 1999 was estimated at $0.5 million payable by the Company. At December 31, 2000, the Company had open commodity positions covering 28.8 billion cubic feet of natural gas and 1.2 million barrels of NGL futures, primarily propane, extending into December 2001. The fair value of these financial instruments at December 31, 2000 was estimated at $38.6 million payable by the Company. The fair value estimates at December 31, 2000 and 1999 are based on quoted market prices of comparable contracts and approximate the gain or loss that would have been realized if the contracts had been settled at the balance sheet date. To the extent that the hedged positions are effective, gains or losses on these derivative commodity instruments would be offset by a corresponding gain or loss on the hedged commodity positions, which are not included in the table below.

The following table summarizes the estimated fair values of the Company's financial instruments at December 31, 2000 and 1999:

	2000		1999	
Financial Instruments	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets:				
Cash and cash equivalents	$ 60,409	$ 60,409	$ 5,230	$ 5,230
Accounts receivable	415,618	415,618	318,423	318,423
Accounts payable and accrued expenses	551,620	551,620	383,944	383,944
Financial liabilities:				
Variable-rate debt	-	-	295,000	295,000
Fixed-rate debt	404,000	423,836	n/a	n/a
Commodity futures	725	705	n/a	n/a
Off-balance sheet instruments:				
Interest rate swaps receivable	2,030	2,030	n/a	n/a
Commodity futures payable	40,020	39,266	539	539

Recent Accounting Developments

Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133 ("SFAS 133"), Accounting for Derivative Instruments and Hedging Activities, as amended and interpreted. SFAS 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. All derivatives, whether designated in hedging relationships or not, will be required to be recorded on the balance sheet at fair value. If the derivative is designated as a fair value hedge, the changes in fair value of the derivative and the hedged item will be recognized in earnings. If the derivative is designated as a cash flow hedge, changes in the fair value of the derivative will be recorded as a component of Partners' Equity entitled Other Comprehensive Income (to the extent the hedge is effective) and will be recognized in the income statement when the hedged item affects earnings. The ineffective portion of the hedge is required to be recorded in earnings. SFAS 133 defines new requirements for designation and documentation of hedging relationships as well as ongoing effectiveness assessments in order to use hedge accounting. A derivative that does not qualify as a hedge will be recorded at fair value through earnings.

The Company expects that at January 1, 2001, it will record a $ 42.2 million loss in Other Comprehensive Income as a cumulative transition adjustment for derivatives (commodity contracts) designated in cash flow-type hedges prior to adopting SFAS 133. In addition, the Company expects to record a $2.1 million derivative asset and a corresponding increase to its long term debt relating to derivatives (interest rate swaps) designated in fair-value-type hedges prior to adopting SFAS 133. The fair value hedges will have no impact to earnings upon transition.

The Company will reclassify from Other Comprehensive Income $21.7 million as a charge to earnings during the first quarter of 2001 and $20.5 million as a charge to earnings during the remainder of 2001. The actual gain or loss amount to be recognized in earnings related to these commodity contracts over time is dependent upon the final settlement price associated with the commodity prices.

13. SUPPLEMENTAL CASH FLOWS DISCLOSURE

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

	Year Ended December 31,		
	2000	1999	1998
(Increase) decrease in:			
Accounts receivable	$ (93,716)	$ (152,363)	$ 3,699
Inventories	(21,452)	7,471	1,361
Prepaid and other current assets	2,316	(7,523)	(342)
Intangible assets	(5,226)		
Other assets	(1,527)	1,164	1,781
Increase (decrease) in:			
Accounts payable	18,723	(6,276)	(40,005)
Accrued gas payable	143,457	206,178	(19,463)
Accrued expenses	4,978	(27,788)	(120)
Other current liabilities	15,283	6,747	(10,082)
Other liabilities	8,122	296	
Net effect of changes in operating accounts	$ 70,958	$ 27,906	$ (63,171)
Cash payments for interest, net of $3,277, $153 and $180 capitalized in 2000, 1999 and 1998, respectively	$ 17,774	$ 15,780	$ 6,971

Capital expenditures for 2000 were $243.9 million compared to $21.2 million for the same period in 1999. Capital expenditures in 2000 included $99.5 million for the purchase of the Lou-Tex Propylene Pipeline and related assets and $83.7 million in construction costs for the Lou-Tex NGL Pipeline.

During 2000, the Company increased the gas processing contract by $25.2 million for non-cash purchase accounting adjustments relating to the TNGL acquisition. The offset to such adjustment was various working capital accounts.

On August 1, 1999, the Company paid $166 million in cash and issued 14.5 million non-distribution bearing, convertible Special Units to Shell in connection with the TNGL acquisition. The value of the 14.5 million Special Units was $210.4 million at time of issuance. On August 1, 2000, the Company issued an additional 3.0 million non-distribution bearing, convertible Special Units to Shell. The value of these new Special Units was $55.2 million at time of issuance. In both cases, the value of the Special Units at the time of issuance was recorded as a non-cash contribution by Shell to the Company. The General Partner made non-cash contributions to the Company relating to the TNGL acquisition of $2.1 million in 1999 and $0.6 million in 2000. See Note 7 for a discussion of the Special Units and the performance tests.

On July 1, 1999, the Company paid approximately $42 million in cash to Kinder Morgan and EPCO and assumed approximately $4 million of debt in connection with the acquisition of an additional interest in MBA.

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

14. CONCENTRATION OF CREDIT RISK

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

The Company is subject to a number of risks inherent in the industry in which it operates, primarily fluctuating gas and liquids prices and gas supply. The Company's financial condition and results of operations will depend significantly on the prices received for NGLs and the price paid for gas consumed in the NGL extraction process. These prices are subject to fluctuations in response to changes in supply, market uncertainty and a variety of additional factors that are beyond the control of the Company. In addition, the Company must continually connect new wells through third-party gathering systems which serve the gas plants in order to maintain or increase throughput levels to offset natural declines in dedicated volumes. The number of wells drilled by third parties will depend on, among other factors, the price of gas and oil, the energy policy of the federal government, and the availability of foreign oil and gas, none of which is in the Company's control.

15. SEGMENT INFORMATION

Operating segments are components of a business about which separate financial information is available that is evaluated regularly 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.

The Company has five reportable operating segments: Fractionation, Pipeline, Processing, Octane Enhancement and Other. The 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 Chief Executive Officer of the General Partner. Fractionation includes NGL fractionation, butane isomerization (converting normal butane into high purity isobutane) and polymer grade propylene fractionation services. Pipeline consists of pipeline, storage and import/export terminal services. Processing includes the natural gas processing business and its related NGL merchant activities. Octane Enhancement represents the Company's 33.33% ownership interest in a facility that produces motor gasoline additives to enhance octane (currently producing MTBE). The Other operating segment consists of fee-based marketing services and other plant support functions.

The Company evaluates segment performance on the basis of gross operating margin. Gross operating margin reported for each segment represents operating income before depreciation and amortization, lease expense obligations retained by EPCO, gains and losses on the sale of assets and general and administrative expenses. In addition, segment gross operating margin is exclusive of interest expense, interest income (from unconsolidated affiliates or others), dividend income from unconsolidated affiliates, minority interest, extraordinary charges and other income and expense transactions. The Company's equity earnings from unconsolidated affiliates are included in segment gross operating margin.

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.

Segment gross operating margin is inclusive of intersegment revenues, which are generally based on transactions made at market-related rates. These revenues have been eliminated from the consolidated totals.
Information by operating segment, together with reconciliations to the consolidated totals, is presented in the following table:

	Operating Segments					Adjustments and Eliminations	Consolidated Totals
	Fractionation	Pipelines	Processing	Octane Enhancement	Other		
Revenues from external customers							
2000	$ 396,995	$ 28,172	$ 2,620,975		$ 2,878		$ 3,049,020
1999	247,579	11,498	1,073,171		731		1,332,979
1998	213,966	18,306	506,630				738,902
Intersegment revenues							
2000	$ 177,963	$ 55,690	$ 630,155		$ 375	$ (864,183)	
1999	118,103	43,688	216,720		444	(378,955)	
1998	162,379	37,574	90		383	(200,426)	
Equity income in unconsolidated affiliates							
2000	$ 6,391	$ 7,321		$ 10,407			$ 24,119
1999	1,566	3,728		8,183			13,477
1998	5,122	748		9,801			15,671
Total revenues							
2000	$ 581,349	$ 91,183	$ 3,251,130	$ 10,407	$ 3,253	$ (864,183)	$ 3,073,139
1999	367,248	58,914	1,289,891	8,183	1,175	(378,955)	1,346,456
1998	381,467	56,628	506,720	9,801	383	(200,426)	754,573
Gross operating margin by segment							
2000	$ 129,376	$ 56,099	$ 122,240	$ 10,407	$ 2,493		$ 320,615
1999	110,424	31,195	28,485	8,183	908		179,195
1998	66,627	27,334	(652)	9,801	(3,483)		99,627
Segment property, net							
2000	$ 356,207	$ 448,920	$ 126,895		$ 8,942	$ 34,358	$ 975,322
1999	362,198	249,453	122,495		113	32,810	767,069
Investments in and Advances to Unconsolidated affiliates							
2000	$ 105,194	$ 102,083	$ 33,000	$ 58,677			$ 298,954
1999	99,110	85,492	33,000	63,004			280,606

One Fractionation third-party customer in 1998 provided more than 10% of consolidated revenues. No single third-party customer provided more than 10% of consolidated revenues in 2000 or 1999.

All consolidated revenues were earned in the United States. The operations of the Company are centered along the Texas, Louisiana and Mississippi Gulf Coast areas.

Certain reclassifications have been made to the 1999 and 1998 amounts to conform to the 2000 presentation. Gross operating margin for both the Fractionation and Pipeline segments in 1999 was increased by $4.1 million each due to a reclassification of margins for the Tebone and Venice NGL fractionation and pipeline assets from the Processing segment. Revenues from external customers for both 1998 and 1999 was adjusted to reflect (i) the reclassification of equity income in unconsolidated affiliates to a separate line item in the above table and (ii) the reclassification of certain revenue items that had previously been classified as adjustments to consolidated revenues to the segments to which they relate. The effect of the reclassification of amounts in item (ii) above was to reduce revenues from external customers for Fractionation by $30.7 million in 1999 and $54.7 million in 1998 and Pipelines by $5.1 million in 1999 and $0.3 million in 1998.

The Venice NGL fractionation and pipeline assets are part of the Company's investment in VESCO which is classified under the Processing segment. The Company views both Tebone and Venice pipeline assets as an integral part of its Louisiana Pipeline System.

A reconciliation of segment gross operating margin to consolidated income before minority interest follows:

	For the Year Ended December 31,		
	2000	1999	1998
Gross Operating Margin by segment:			
Fractionation	$ 129,376	$ 110,424	$ 66,627
Pipeline	56,099	31,195	27,334
Processing	122,240	28,485	(652)
Octane enhancement	10,407	8,183	9,801
Other	2,493	908	(3,483)
Gross Operating Margin total	320,615	179,195	99,627
Depreciation and amortization	35,621	23,664	18,579
Retained lease expense, net	10,645	10,557	12,635
Loss (gain) on sale of assets	2,270	123	(276)
Selling, general and administrative expenses	28,345	12,500	18,216
Consolidated operating income	$ 243,734	$ 132,351	$ 50,473

16. SUBSEQUENT EVENTS (UNAUDITED)

Manta Ray, Nautilus and Nemo Pipeline Systems

On January 29, 2001, the Company acquired ownership interests in three natural gas pipeline systems and related equipment located offshore Louisiana in the Gulf of Mexico from affiliates of El Paso Energy Corp. for $88.1 million in cash. These systems total approximately 362 miles of pipeline. The Company acquired a 25.67% interest in each of the Manta Ray and Nautilus pipeline systems and a 33.92% interest in the Nemo pipeline system. Affiliates of Shell own an interest in all three systems, and an affiliate of Marathon Oil Company owns an interest in the Manta Ray and Nautilus systems. The Manta Ray system comprises approximately 237 miles of pipeline with a capacity of 750 million cubic fee (“MMcf”) per day and related equipment, the Nautilus system comprises approximately 101 miles of pipeline with a capacity of 600 MMcf per day, and the Nemo system, when completed in the fourth quarter of 2001, will comprise approximately 24 miles of pipeline with a capacity of 300 MMcf per day.

Stingray Pipeline System and Related Facilities

On January 29, 2001, the Company and an affiliate of Shell acquired, through a 50/50 owned entity, the Stingray natural gas pipeline system and related facilities from an affiliate of El Paso for $50.2 million in cash. The Stingray system comprises approximately 375 miles of pipeline with a capacity of 1.2 billion cubic feet (“Bcf”) per day offshore Louisiana in the Gulf of Mexico. Shell will be responsible for the commercial and physical operations of the Stingray system.

$450 Million Senior Notes

On January 24, 2001, the Company completed a public offering of $450 million in principal amount of 7.50% fixed-rate Senior Notes due February 1, 2011 at a price to the public of 99.937% per Senior Note (the "$450 Million Senior Notes"). The Company received proceeds, net of underwriting discounts and commissions, of approximately $446.8 million. The proceeds from this offering were or will be used to acquire the Acadian and EPE natural gas pipeline systems for $339.2 million and to finance the cost to construct certain NGL pipelines and related projects and for working capital and other general partnership purposes.

February 2001 Registration Statement

On February 23, 2001, the Company filed a $500 million universal shelf registration (the "February 2001 Registration Statement") covering the issuance of an unspecified amount of equity or debt securities or a combination thereof. The Company expects to use the net proceeds from any sale of securities for future business acquisitions and other general corporate purposes, such as working capital, investments in subsidiaries, the retirement of existing debt and/or the repurchase of Common Units or other securities. The exact amounts to be used and when the net proceeds will be applied to partnership purposes will depend on a number of factors, including the Company's funding requirements and the availability of alternative funding sources. The Company routinely reviews acquisition opportunities.

17. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
For the Year Ended December 31, 1999:				
Revenues	$ 148,877	$ 177,479	$ 445,028	$ 575,072
Operating income	12,068	21,069	40,070	59,144
Income before minority interest	10,561	19,350	36,716	54,894
Minority interest	(106)	(196)	(370)	(554)
Net income	10,455	19,154	36,346	54,340
Net income per Unit, basic	$ 0.16	$ 0.28	$ 0.54	$ 0.81
Net income per Unit, diluted	$ 0.16	$ 0.28	$ 0.47	$ 0.66
For the Year Ended December 31, 2000:				
Revenues	$ 753,724	$ 604,010	$ 721,863	$ 993,542
Operating income	75,434	50,046	55,864	62,390
Income before minority interest	70,156	46,026	50,777	55,800
Minority interest	(709)	(466)	(514)	(564)
Net income	69,447	45,560	50,263	55,236
Net income per Unit, basic	$ 1.03	$ 0.68	$ 0.74	$ 0.81
Net income per Unit, diluted	$ 0.85	$ 0.56	$ 0.60	$ 0.65

As a result of the TNGL and MBA acquisitions, the Company's earnings increased significantly in the third quarter of 1999 over the second quarter of 1999. The TNGL acquisition was effective August 1, 1999 and the MBA acquisition as effective July 1, 1999.

Daily Closing Prices and Cash Distributions of Common Units

The following table sets forth, for the periods indicated, the high and low prices per Common Unit (as reported under the symbol "EPD" on the New York Stock Exchange) and the amount of quarterly cash distributions paid per Common and Subordinated Unit.

		Price Range		Cash Distributions			
		High	Low	Per Common Unit	Per Subordinated Unit	Record Date	Payment Date
1999	First Quarter	$ 18.500	$ 14.938	$ 0.450	$ 0.450	Jan. 29, 1999	Feb. 11, 1999
	Second Quarter	$ 18.625	$ 15.063	$ 0.450	$ 0.070	Apr. 30, 1999	May 12, 1999
	Third Quarter	$ 20.688	$ 17.875	$ 0.450	$ 0.370	Jul. 30, 1999	Aug. 11, 1999
	Fourth Quarter	$ 20.375	$ 17.000	$ 0.450	$ 0.450	Oct. 29, 1999	Nov. 10, 1999
2000	First Quarter	$ 20.875	$ 18.250	$ 0.500	$ 0.500	Jan. 31, 2000	Feb. 10, 2000
	Second Quarter	$ 22.750	$ 19.500	$ 0.500	$ 0.500	Apr. 28, 2000	May 10, 2000
	Third Quarter	$ 28.938	$ 22.125	$ 0.525	$ 0.525	Jul. 31, 2000	Aug. 10, 2000
	Fourth Quarter	$ 31.875	$ 23.500	$ 0.525	$ 0.525	Oct. 31, 2000	Nov. 10, 2000
2001	First Quarter (through March 19, 2001)	$ 36.800	$ 26.500	$ 0.550	$ 0.550	Jan. 31, 2001	Feb. 9, 2001

On January 17, 2000, the Company declared an increase in its quarterly cash distribution to $0.50 per Unit. This amount was subsequently raised to $0.525 per Unit on July 17, 2000 and $.550 per Unit on December 7, 2000. The increases are attributable to the growth in cash flow that the Company has achieved through the completion of new projects, improved operating results and accretive acquisitions. Although the payment of such quarterly cash distributions is not guaranteed, the Company currently expects that it will continue to pay comparable cash distributions in the future.

As of March 12, 2001, there were approximately 228 Unitholders of record which includes an estimated 8,500 beneficial owners of the Company's Common Units.

Uncertainty of Forward-Looking Statements and Information

This annual report contains various forward-looking statements and information that are based on the belief of the Company and the General Partner, as well as assumptions made by and information currently available to the Company and the General Partner. When used in this document, words such as “anticipate,” “estimate,” “project,” “expect,” “plan,” “forecast,” “intend,” “could,” “believe,” “would,” “may” and similar expressions and statements regarding the plans and objectives of the Company for future operations, are intended to identify forward-looking statements. Although the Company and the General Partner believe that the expectations reflected in such forward-looking statements are reasonable, they can give no assurance that such expectations will prove to be correct. *Such statements are subject to certain risks, uncertainties, and assumptions. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, projected, or expected.*

Among the key risk factors that may have a direct bearing on the Company’s results of operations and financial condition are: (a) competitive practices in the industries in which the Company competes, (b) fluctuations in oil, natural gas, and NGL product prices and production due to weather and other natural and market forces, (c) operational and systems risks, (d) environmental liabilities that are not covered by indemnity or insurance, (e) the impact of current and future laws and governmental regulations (including environmental regulations) affecting the NGL industry in general, and the Company’s operations in particular, (f) loss of a significant customer, and (g) failure to complete one or more new projects on time or within budget.

Employees

At December 31, 2000, EPCO employed 782 employees involved in the management and operation of assets owned and operated by the Company none of whom were members of a union. The Norco facilities are managed by the Company with the assets operated under contract by union employees of Shell. Shell's relationship with its union employees at Norco can be characterized as good and the Company believes that this good relationship will continue.

Directors and Officers of Enterprise Products GP, LLC

Directors

O.S. Andras(1)(3)
President and Chief Executive Officer, Enterprise Products GP, LLC

Richard H. Bachmann(1) (3)
Executive Vice President, Chief Legal Officer and Secretary, Enterprise Products GP, LLC

J.A. Berget(1)
Vice President and General Manager, Shell Exploration and Production Company

Dr. Ralph S. Cunningham(2)
former President and Chief Executive Officer, Citgo Petroleum Corporation

Dan L. Duncan(1)(3)
Chairman of the Board, Enterprise Products GP, LLC

Randa L. Duncan
President and Chief Executive Officer, privately-held Enterprise Products Company

J.R. Eagan
Vice President Finance and Commercial Operations, Shell Exploration and Production Company

Curtis R. Frasier(1)
Vice President, Shell N.A. Gas and Power, Shell Exploration and Production Company

Lee W. Marshall, Sr.(2)
Chief Executive Officer, Bison International, Inc.

Richard S. Snell(2)
Partner, Thompson Knight Brown Parker & Leahy, L.L.P.

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Executive Vice President, Chief Financial Officer and President and Chief Operating Officer, Natural Gas Division

William D. Ray
Executive Vice President, International

A.J. "Jim" Teague
Executive Vice President, President and Chief Operating Officer, NGL Division

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Senior Vice President, Engineering, Safety and Environmental

Michael Falco
Senior Vice President, Business Development Petrochemical Division

A. Monty Wells
Senior Vice President, Marketing and Supply

Frank A. Chapman
Vice President, Corporate Risk

W. Randall Fowler
Vice President and Treasurer

James D. Gernentz
Vice President, Operations

Theodore Helfgott
Vice President, Environmental

Terrance L. Hurlbert
Vice President, Operations

Michael J. Knesek
Vice President, Controller and Principal Accounting Officer

Earl M. Lambert, II
Vice President and Chief Information Officer

James N. McGrew
Vice President, Accounting

Rudy A. Nix
Vice President, Distribution

Daniel P. Olsen
Vice President, Pipelines and Storage

William Ordemann
Vice President, Business Development NGL Division

John L. Tomerlin
Vice President, Human Resources

Michael R. Johnson
Assistant Secretary

John E. Smith, II
Assistant Secretary

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(1) Member of Executive Committee

(2) Member of Audit Committee

(3) Executive Officer

Stock Exchange and Common Unit Trading Prices
Enterprise Products Partners L.P. Common Units trade on the New York Stock Exchange under the ticker symbol EPD. Outstanding Common Units at December 31, 2000 totaled 46,524,515. For a table of the high and low market prices of the Common Units by quarter, see page 35.

In addition to the Common Units, Enterprise had 21,409,870 Subordinated Units and 16,500,000 non-distribution bearing Convertible Special Units outstanding as of December 31, 2000. The Subordinated Units and Convertible Special Units convert to Common Units on a 1:1 basis upon certain events. For a complete description of these units, see page 30.

Cash Distributions
Enterprise has paid quarterly cash distributions to Unitholders since its public offering of Common Units in 1998. On January 17, 2001, the Company declared an increase in the quarterly distribution to $0.55 per unit from $0.525 per unit. This distribution was made to Unitholders of record as of January 31, 2001. For a summary of the cash distributions paid, see page 24.

Independent Auditors
Deloitte & Touche, LLP
Suite 2300
333 Clay Street
Houston, Texas 77002-4196

Publicly Traded Partnership Attributes
Enterprise Products Partners L.P. is a publicly traded master limited partnership, which operates in the following ways that are different from a publicly traded stock corporation.

Unitholders own limited partnership units instead of shares of common stock and receive cash distributions rather than dividends.

A partnership generally is not a taxable entity and does not pay federal income taxes. All of the income, gains, losses, deductions or credits flow through the partnership to the unitholders on a per unit basis. The unitholders are required to report their allocated share of these amounts on their income tax returns whether or not cash distributions are made by the partnership to its unitholders.

Cash distributions paid by a partnership to a unitholder are generally not taxable, unless the amount of any cash distributed is in excess of the unitholder's adjusted basis in his partnership interest.

Enterprise provides each unitholder a Schedule K-1 tax package that includes each unitholder's allocated share of reportable partnership items and other partnership information necessary to be reported on state and federal income tax returns. The K-1 provides a unitholder required tax information for his ownership interest in the partnership similar to the Form 1099DIV a stockholder of a corporation would receive.

Transfer Agent, Registrar and Cash Distribution Paying Agent
Mellon Investor Services, L.L.C.
Overpeck Center
85 Challenger Road
Ridgefield Park, NJ 07760
(800) 635-9270
http://www.mellon-investor.com

Additional Investor Information
Additional information about Enterprise Products Partners, L.P., including our SEC annual report on form 10-K, can be obtained by contacting Investor Relations by telephone at (713) 880-6724, writing to the Company's mailing address provided below or accessing the company's internet home page at http://www.epplp.com.

K-1 Information
Information concerning the company's K-1s can be obtained by calling toll free 1-800-599-9985

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Enterprise Products Partners L.P.

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