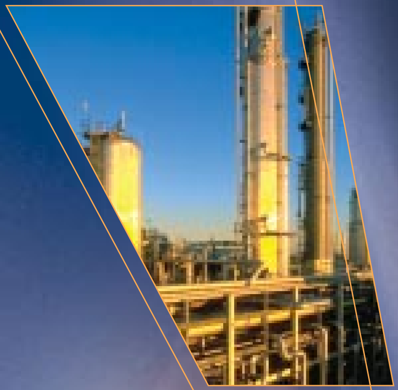
Enterprise
Products
Partners L.P.

2002 ANNUAL REPORT



FRACTIONATION

NGL PIPELINES

ORGANIC • STRATEGIC • GEOGRAPHIC • INTEGRATED • VALUE-ADDED

DISCIPLINED EXPANSION

IMPORT/EXPORT TERMINALS

NATURAL GAS PROCESSING

NATURAL GAS PIPELINES

COMPANY PROFILE

Enterprise Products Partners L.P. is the second largest publicly traded midstream energy partnership in North America with an enterprise value of over $6 billion. It provides natural gas transportation, processing and storage services, and natural gas liquids (NGLs) fractionation (separation), transportation, storage and import/export terminaling services to producers and consumers of natural gas and NGLs.

Enterprise's asset platform on the Gulf Coast, combined with its Mid-America and Seminole pipeline systems, creates the only integrated North American natural gas and NGL network complete with export services. The system links producers of natural gas and NGLs from the largest supply basins in the United States and Canada with the largest consumers of NGLs and international markets.

FINANCIAL HIGHLIGHTS

Amounts in 000s except per unit amounts

	2002	2001	2000	1999	1998
INCOME STATEMENT DATA:					
Revenues from consolidated operations	$ 3,584,783	$ 3,154,369	$ 3,049,020	$ 1,332,979	$ 738,902
Equity in income of unconsolidated affiliates	$ 35,253	$ 25,358	$ 24,119	$ 13,477	$ 15,671
Gross operating margin [1]	$ 332,627	$ 376,783	$ 320,615	$ 179,195	$ 99,627
Operating income	$ 194,585	$ 287,688	$ 243,734	$ 132,351	$ 50,473
Income before extraordinary charge and minority interest	$ 98,447	$ 244,650	$ 222,759	$ 121,521	$ 37,355
Net Income	$ 95,500	$ 242,178	$ 220,506	$ 120,295	$ 10,077
Diluted earnings per unit					
Income before extraordinary item and minority interest per unit	$ 0.50	$ 1.40	$ 1.34	$ 0.83	$ 0.31
Net Income per unit	$ 0.48	$ 1.39	$ 1.32	$ 0.82	$ 0.09
Number of units for fully diluted calculation	176,490	170,787	164,887	145,577	120,249
BALANCE SHEET DATA:					
Cash and cash equivalents	$ 22,568	$ 137,823	$ 60,409	$ 5,230	$ 24,103
Total assets	$ 4,230,272	$ 2,424,692	$ 1,951,368	$ 1,494,952	$ 741,037
Total debt	$ 2,246,463	$ 855,278	$ 403,847	$ 295,000	$ 90,000
Minority interest	$ 68,883	$ 11,716	$ 9,570	$ 8,071	$ 5,730
Partner's Equity	$ 1,200,904	$ 1,146,922	$ 935,959	$ 789,465	$ 562,536
% of net debt to total capitalization [2]	63.7%	38.2%	26.9%	26.8%	10.5%
OTHER FINANCIAL DATA:					
Operating activities cash flow	$ 329,761	$ 283,328	$ 360,870	$ 177,953	$ (9,442)
EBITDA and distributions received from unconsolidated affiliates [3][4]	$ 307,229	$ 365,446	$ 304,293	$ 153,058	$ 64,589
Distributable cash flow [3]	$ 226,114	$ 303,904	$ 292,929	$ 167,705	$ [5]
Cash distributions declared per common unit [5]	$ 1.36	$ 1.19	$ 1.05	$ 0.93	$ 0.39
Annual cash distribution rate at December 31	$ 1.38	$ 1.25	$ 1.10	$ 1.00	$ 0.90

[1] Gross operating margin represents operating income before depreciation and 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] Total debt less cash and cash equivalents divided by total debt plus combined equity/partners' equity less cash and cash equivalents.

[3] For a reconciliation of GAAP financial statements to non-GAAP financial measures, see page 95.

[4] EBITDA for 1998 excludes the extraordinary charge of $27.2 million related to the early extinguishment of debt.

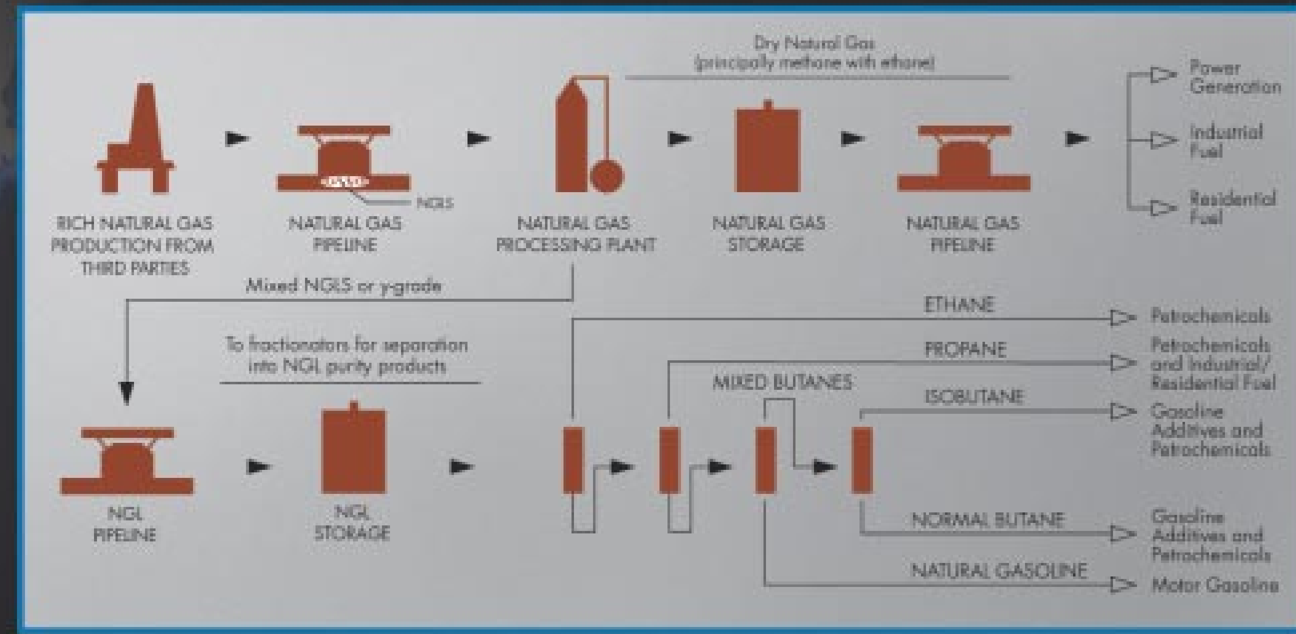
[5] The Company began distributing cash to its partnership units after its initial public offering of Common Units on July 27, 1998.

SYSTEM MAP

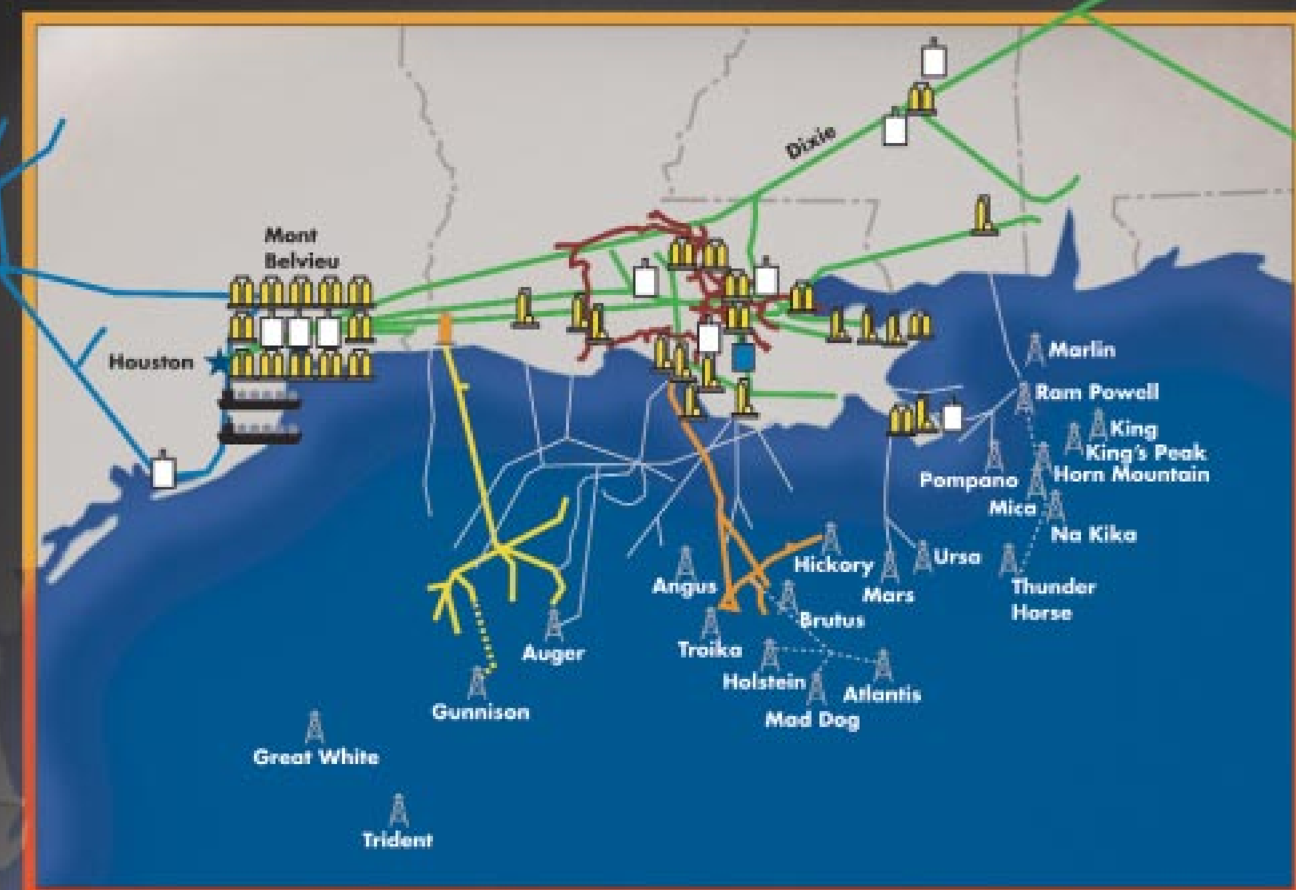
LEGEND

- Natural Gas Processing Plant
- Fractionation Plant
- NGL & Petrochemical Storage Facility
- NGL Import/Export Terminal
- Mid-America Pipeline
- Seminole Pipeline
- NGL & Petrochemical Pipelines
- Acadian, Cypress & Evangeline Natural Gas Pipelines
- Stingray and Triton Natural Gas Pipelines
- Nautilus, Manta Ray and Nemo Natural Gas Pipelines
- Third Party Pipelines
- W. Cameron Dehydration Unit
- Napoleonville Gas Storage Facility
- Third Party Deepwater Wells
- Company Headquarters
- Natural Gas/NGL Producing Basins

ENTERPRISE MIDSTREAM VALUE CHAIN



GULF COAST ENLARGEMENT



TO OUR FELLOW LIMITED PARTNERS OF ENTERPRISE PRODUCTS PARTNERS L.P.,

Overall, 2002 was an excellent year for our partnership.

- We invested approximately $1.6 billion to acquire three outstanding, fee-oriented businesses that provided immediate cash accretion to our limited partners and, we believe, will provide future cash flow growth.
- Our general partner took the landmark action to eliminate its 50% incentive distribution right to enhance the long-term growth prospects of the partnership and the limited partner units.
- The partnership posted solid financial results despite a sluggish economy and an unfortunate hedging loss in our Processing segment.
- The growth of our fee-based businesses and related cash flow supported a 10.4% increase in the cash distribution rate to limited partners.

DISCIPLINED EXPANSION – BUILDING A BUSINESS

During the year, there were many opportunities to purchase energy assets just for the sake of growth. Consistent with our objective to build a business and create long-term value for our partnership, we were very patient and disciplined in our approach to evaluating these assets. To meet our criteria, an asset must have potential for long-term organic growth; provide additional value through integration with our existing assets; and expand or strengthen our geographic or business footprint.

In the first quarter of 2002, we completed the acquisition of Diamond-Koch's propylene fractionation business and its NGL and petrochemical storage business for $369 million. These assets integrate with our large complex of facilities in Mont Belvieu, Texas. Mont Belvieu is the largest NGL market hub in North America and adjacent to the largest consuming market for NGLs in the world on the U.S. Gulf Coast.

We believe the addition of these assets makes Enterprise one of the leading providers of propylene fractionation services and NGL and petrochemical storage services in North America. Demand for propylene is forecasted to increase by approximately 5% per year through 2006. These assets should provide our partnership with a stream of reliable cash flows and opportunities for growth through increased utilization and expansion.

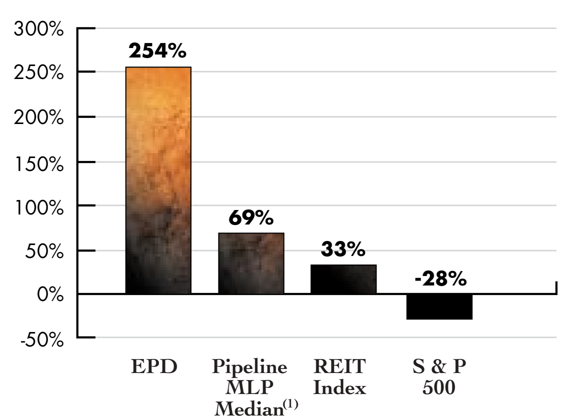
Our most significant investment was the $1.2 billion acquisition of the Mid-America Pipeline system and the Seminole Pipeline system from affiliates of The Williams Companies. These two pipeline systems constitute the premier NGL pipeline network in North America. Our ability to react quickly, which has been one of our strengths throughout the company's 35-year history, enabled us to complete this transforming transaction.

In July, we received an inquiry from Williams as to our interest in purchasing these assets. Within a period of nine days, we updated our due diligence on the pipelines, negotiated the purchase price and many related agreements, arranged for $1.2 billion in financing and funded and closed the transactions.

These pipeline systems include 8,500 miles of NGL pipelines and transport approximately 900,000 barrels per day of NGLs. Through the integration with the Mid-America and Seminole pipelines, our assets on the Gulf Coast now connect to the major natural gas and NGL supply basins in the continental United States and Canada, including the prolific deepwater Gulf of Mexico and the Rocky Mountains.

In total, we invested $1.7 billion in the growth of Enterprise during 2002, far surpassing our goal of $400 million.

BEST PERFORMING PARTNERSHIP
Total Return: January 1, 1999 - December 31, 2002



(1) Pipeline MLPs include BPL, EEP, EPD, EPN, KMP, KPP, NBP, PAA and TPP.

GP ELIMINATES 50% INCENTIVE DISTRIBUTION RIGHT

Like all publicly traded partnerships, Enterprise's general partner is motivated to grow the partnership and the cash distribution rate to limited partners through an arrangement called Incentive Distribution Rights, or IDRs. As the cash distribution rate to limited partners increases, the IDRs cause the general partner to earn a larger percentage (generally up to a maximum of 50%) of the incremental cash distributions paid by the partnership.

Enterprise's general partner is owned by management and an affiliate of Shell Oil Company, which collectively own over 159 million limited partner units, or 80% of the total limited partner units outstanding at March 31, 2003. This large ownership of limited partner units by the owners of the general partner directly aligns the economic interest of our general partner with that of our public partners.

In December, our general partner unilaterally eliminated its 50% IDR, which was applicable at an annualized cash distribution rate of $1.568 per unit, and capped its IDR at the current level of 25%. The GP received no consideration for taking this action. This step was unprecedented for a growth-oriented partnership. As we continue to grow, we believe this action will increase the intrinsic value of Enterprise's limited partner units by:

- shifting cash flow from the general partner to the limited partners, to reinvest in the growth of the partnership and to retire debt;
- lowering our cost of capital, which will make new investments more accretive in terms of cash flow available for distribution to limited partners; and
- increasing the potential and reducing the risk of sustaining the growth of our partnership.

SOLID PERFORMANCE FROM FEE-BASED ASSETS

During 2002, our fee-based businesses in the Pipeline and Fractionation segments delivered consistent results. Total gross operating margin from the Pipeline and Fractionation segments increased 60% from $215.2 million in 2001 to $343.9 million in 2002. This increase was due to acquisitions, each of which has met or exceeded our expectations, and from organic growth. Our results were somewhat offset by a decrease in demand for some of our midstream energy services due to the weak economy that reduced the demand for ethane by the petrochemical industry.

Our progress to increase the amount of gross operating margin the partnership earns from fee-based businesses was reflected in Enterprise's financial results for the fourth quarter of 2002. During this quarter, the Pipeline segment generated $86.2 million of gross operating margin, which nearly equaled the $87.3 million the Pipeline segment earned for the entire years of 1999 and 2000 combined.

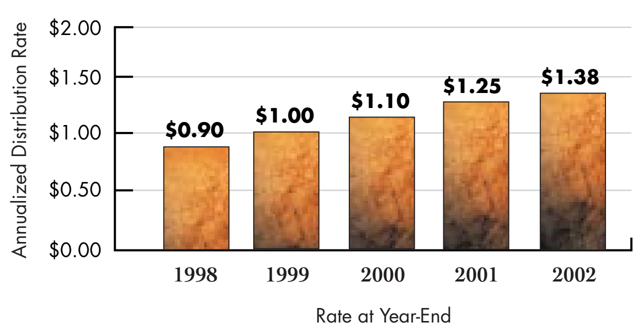
The performance of our Processing segment in 2002 did not meet our objectives. This underperformance was due to a decrease in the demand for ethane and persistently high natural gas prices relative to NGL prices which reduced natural gas processing margins and our equity NGL production. We also recognized a book loss of $51.3 million in 2002 from the utilization of natural gas financial instruments to hedge a portion of our 2002 equity NGL production. The actual cash loss associated with these hedging activities was $45.7 million.

This hedging program was successful in 2001; however, in the first quarter of 2002, the effectiveness of this strategy deteriorated with the rapid increase in natural gas prices. As a result of the continued volatility in the price of natural gas and its negative impact on this hedging program, we promptly exited and ceased the use of this strategy.

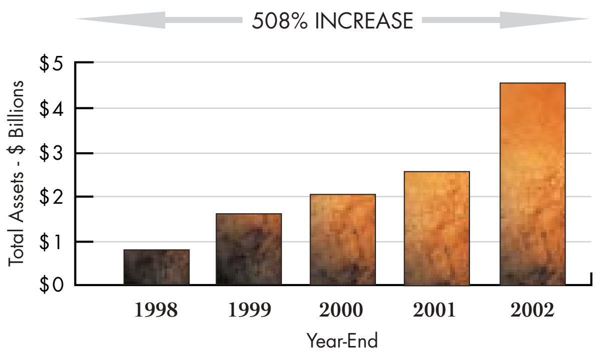
During 2002, the partnership generated $226.1 million of distributable cash flow (cash generated from operations less capital expenditures to maintain our assets) which provided 1.0 times coverage of the cash distributions paid to limited partners with respect to 2002. Excluding the hedging loss, distributable cash flow provided 1.2 times coverage of the cash distributions paid.

INCREASING CASH DISTRIBUTIONS TO PARTNERS

7 increases over last 12 quarters; 53% total increase



FOCUS ON GROWING THE PARTNERSHIP
Investing in Hard Assets…



Our primary annual financial goals are to:

- invest an average of $500 million in the growth of our partnership;
- maintain a capital structure that is consistent with solid investment-grade debt ratings;
- increase the amount of gross operating margin earned from fee-based businesses; and
- increase our cash distribution rate to limited partners by at least 10%.

INCREASE IN CASH DISTRIBUTION RATE AND TWO-FOR-ONE SPLIT

One of our primary objectives in 2002 was to increase our cash distribution rate to limited partners by at least 10%. Supported by the growth of our fee-based businesses and cash flows, we increased the distribution rate by 10.4% from an annualized rate of $1.25 per unit at the beginning of 2002 to $1.38. Over the last four years, we have increased our cash distribution rate by 53.3%, or a compound annual growth rate of 14%. In May, we also completed a two-for-one split of our limited partner units.

LOOKING AHEAD – ORGANIC GROWTH & ACQUISITIONS

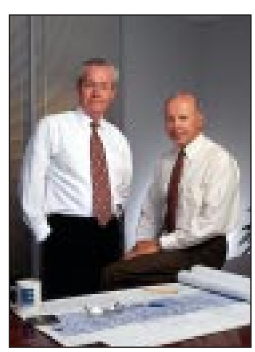
We believe our partnership has become one of the leading midstream energy service companies in North America and provides producers and consumers of natural gas and NGLs with a unique offering of value-added, integrated services. Enterprise should realize organic growth (volume growth and facility expansions) associated with the development of the deepwater Gulf of Mexico and the Rocky Mountains, as well as the U.S. economy's growing demand for petrochemicals and motor gasoline. Total natural gas production from the deepwater Gulf of Mexico and the Rockies is forecasted to increase by over 100% by 2015 and supply 47% of U.S. incremental demand for natural gas.

In addition to organic growth, our focus in the upcoming year will also be on acquisition opportunities that make sense for the long-term benefit of our partnership. We are in a unique period in our industry to acquire outstanding assets at very attractive prices. These types of acquisitions, like our purchase of the Mid-America and Seminole pipeline systems, will provide our partners with near term cash accretion, as well as additional organic growth opportunities.

COMMON INTERESTS WITH PUBLIC LIMITED PARTNERS

Our recap of 2002 would not be complete without recognizing the efforts of the partnership's 1,300 employees who made it happen. Their integrity, pride and hard work is evident in our long-term relationships with customers, the excellent condition in which our assets are maintained and one of the best safety records in the industry. Their dedication to the success of the partnership is also exemplified by their economic commitment.

In 2002, after receiving many requests since our IPO, we established a plan where our employees could purchase Enterprise's limited partner units from the market at a nominal discount with a portion of their after-tax payroll dollars. Approximately 28% of our employees are participating in this program. Together, Enterprise's management and employee team own 60% of the partnership's limited partner units. Our interest in the long-term prosperity of Enterprise Products Partners L.P. will continue to be fully aligned with those of our public partners.



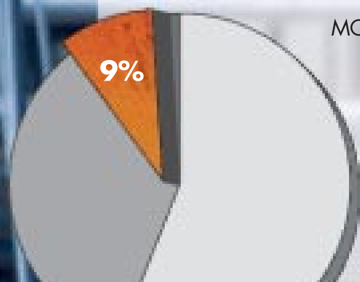
We sincerely appreciate the support and loyalty of our employees and limited partners during 2002 and as we go forward in 2003.

President and Chief Executive Officer

Chairman

NATURAL GAS PROCESSING PLANTS REMOVE THE NGLs, ENABLING THE GAS TO MEET PIPELINE AND COMMERCIAL QUALITY SPECIFICATIONS FOR TRANSPORTATION AND COMMERCIAL USE.

PROCESSING



CONTRIBUTION OF PROCESSING SEGMENT TO 2002 TOTAL GROSS OPERATING MARGIN, EXCLUDING HEDGING LOSS.

MOST NATURAL GAS PRODUCED AT THE WELLHEAD CONTAINS NATURAL GAS LIQUIDS (NGLS). NATURAL GAS PRODUCED IN ASSOCIATION WITH CRUDE OIL TYPICALLY CONTAINS HIGHER CONCENTRATIONS OF NGLS. THIS “RICH” NATURAL GAS IS GENERALLY NOT ACCEPTABLE FOR TRANSPORTATION IN THE NATION’S PIPELINE SYSTEMS OR FOR COMMERCIAL USE. NATURAL GAS PROCESSING PLANTS REMOVE THE NGLS, ENABLING THE GAS TO MEET PIPELINE AND COMMERCIAL QUALITY SPECIFICATIONS. ON AN ENERGY EQUIVALENT BASIS, NGLS USUALLY HAVE A GREATER ECONOMIC VALUE AS A RAW MATERIAL FOR PETROCHEMICALS AND MOTOR GASOLINE COMPARED TO THEIR VALUE AS A COMPONENT IN NATURAL GAS.

Demand for natural gas in North America has increased by 22% since 1990, rising from 60 billion cubic feet (Bcf) per day to approximately 73 Bcf per day in 2002. The largest contributor to this increase has been the electric generation sector, where demand for natural gas has jumped 71%, or 8.5 Bcf per day for the same time period. Because of its environmental and economic advantages, natural gas has become the preferred fuel for new power generation facilities. By 2010 and 2015, natural gas demand in North America is expected to increase to 87 Bcf per day and 98 Bcf per day, respectively. To supply this demand, the exploration and production industry is challenged to find new sources of natural gas.

The five key sources that are expected to support the growing demand for natural gas are the frontier gas supply areas of the deepwater Gulf of Mexico, the Rocky Mountains, Alaska, the Mackenzie Delta in Northwest Canada, and imports of liquefied natural gas (LNG). Gas production from Alaska and the Mackenzie Delta is not expected to be available for eight to ten years. In the case of LNG, there are currently only four LNG import terminals in the United States that will have the capacity to import 3 Bcf per day of LNG by 2005. Industry sources forecast that five new terminals, each with a capacity of 1 Bcf per day, will be needed to meet the 2010 import target of 8 Bcf per day of LNG. It takes over three years to build a new land-based terminal, once permits have been received. In addition, a new fleet of LNG tankers must be built to facilitate any increase in LNG volumes.

In the near term, the most viable sources of new natural gas supply are the deepwater Gulf of Mexico and the Rocky Mountains. The expected new production from these two regions is expected to supply 47% of the increase in demand for natural gas in the U.S. by 2015. Gas production from the deepwater Gulf of Mexico is projected to increase 153% from 3.4 Bcf per day in 2001 to 8.6 Bcf per day in 2015, while production

HIGH OPERATING STANDARDS

Natural gas processing is a critical service to enable the production of oil and gas from the deepwater Gulf of Mexico. Our employees maintain our facilities to the highest standards to avoid service disruptions.

SHELL'S BRUTUS PLATFORM

from the Rocky Mountain area is expected to increase 70% from 5.0 Bcf per day in 2001 to 8.5 Bcf per day in 2015.

The deepwater Gulf of Mexico is even more strategic to the U.S. in terms of crude oil and condensate production. In 2001, the Gulf of Mexico accounted for approximately 26% of total U.S. crude and condensate production. Currently, total oil production from the Gulf of Mexico is approximately 1.6 million barrels per day and has surpassed Alaska as the largest source of domestic production. It is forecasted that by 2010, the Gulf of Mexico will supply 45% of total U.S. oil and condensate production, primarily as new production from deepwater developments comes on stream.

Natural gas production from the deepwater Gulf of Mexico and the Rocky Mountains, thus far, has been rich in NGLs and must be processed to meet quality specifications of the interstate pipelines. Since deepwater natural gas is generally associated with the production of crude oil, it can contain NGLs in excess of 4 gallons per thousand cubic feet (Mcf) versus the more typical 1 to 1.5 gallons per Mcf for production from the continental shelf and onshore Gulf Coast.

NEPTUNE GAS PROCESSING PLANT

Enterprise entered the natural gas processing business in 1999 with the purchase of Shell Oil Company's midstream energy business on the Gulf Coast. We currently own interests in thirteen natural gas processing plants with a gross processing capacity of 11.8 Bcf per day, or a net capacity of 3.4 Bcf per day based on Enterprise's ownership interest. These plants straddle the major pipelines that transport unprocessed natural gas from the Gulf of Mexico to onshore pipelines. As part of the transaction, we entered into a twenty-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. This is a life of the lease dedication that is expected to extend the agreement well beyond twenty years. Also as part of the consideration for the purchase, affiliates of Shell received 41 million of Enterprise's limited partner units and a 30 percent interest in our general partner.

Generally, under our processing arrangements with Shell and other producers, we either take title to the NGLs removed and compensate the producer for the amount of energy extracted based on the price of natural gas, receive a percentage of the NGLs removed as a processing fee or receive a fee based on natural gas volumes processed. We market our share of the NGLs produced as a result of these processing arrangements (our equity NGL production) together with additional NGLs that we purchase. These NGLs serve as a supply source for Enterprise's downstream, fee-based pipeline, storage and fractionation businesses.

SHELL'S BRUTUS PLATFORM

Brutus is designed to serve as a hub for future subsea developments. Natural gas produced from this platform is processed at our Neptune plant.

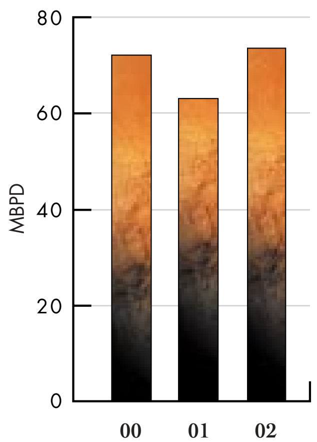
NEPTUNE GAS PROCESSING PLANT

Natural gas deliveries to Neptune are currently near the plant's capacity of 300 MMcf per day. We are expanding the plant's capacity by 350 MMcf per day to enable us to increase the amount of NGLs extracted to 50 MBPD.

Our Processing segment includes Enterprise's natural gas processing operations and its related NGL marketing activities. During 2002, gross operating margin from this segment was a loss of $18 million compared to income of $155 million for 2001. The majority of the decrease was due to a $51 million loss from our efforts to hedge the value of our future equity NGL production by using natural gas financial instruments. In 2001, this strategy accounted for $101 million of the Processing segment's gross operating margin. This program became ineffective during March 2002 due to a rapid increase in natural gas prices. We discontinued the use of this strategy and settled all positions during 2002.

Enterprise's equity-NGL production increased 16% to 73 thousand barrels per day (MBPD) in 2002 compared to 63 MBPD in 2001. The increase was primarily due to improved gas processing economics resulting from lower average natural gas prices for 2002 compared to 2001.

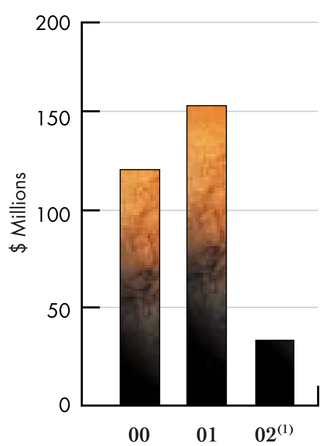
In November 2001, Enterprise and our joint venture partners, Shell Gas Transmission and Marathon Oil Company, executed agreements to provide a comprehensive package of transportation, processing and exchange services to BP for its natural gas production from the Southern Green Canyon area of the central Gulf of Mexico. These agreements include a life of lease dedication from BP for its share of gas reserves in the Holstein, Mad Dog and Atlantis developments. BP has stated that Atlantis is the third largest discovery in the deepwater Gulf of Mexico. Gas from these deepwater developments will be transported on our Manta Ray and Nautilus natural gas pipelines to our Neptune plant for processing.



EQUITY NGL PRODUCTION

Natural gas deliveries to Neptune are currently near the plant's capacity of 300 million cubic feet (MMcf) per day. Given current production levels and expected growth from Southern Green Canyon and future deepwater developments in the central Gulf, we are expanding Neptune by adding another 350 MMcf per day of capacity, which will enable us to increase the amount of NGLs extracted to 50 MBPD.

We are also expecting additional volumes at our Pascagoula processing plant as the result of plans by BP and Shell to build the Okeanos pipeline that will gather natural gas from new fields in the ultra-deepwater for delivery into the Destin natural gas pipeline. The Pascagoula facility, which we own jointly with BP, is the only processing plant on the Destin gas pipeline. This system will transport volumes from the BP/ExxonMobil billion-barrel Thunder Horse field, the Gulf's largest discovery to date, and Shell's Na Kika development. Production is expected to begin in 2003 from Na Kika and in 2005 from Thunder Horse.



PROCESSING SEGMENT
Gross Operating Margin

(1) Adjusted for non-recurring loss from commodity hedging activities of $51.3 million

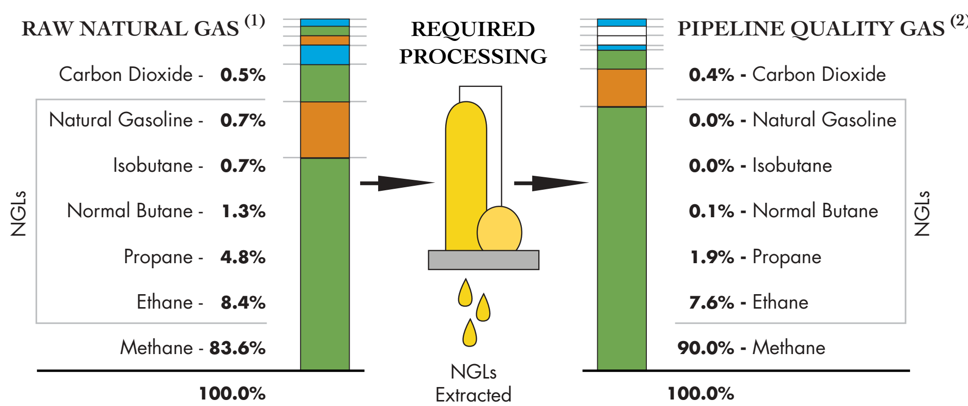
All of the NGL production from the Neptune and Pascagoula plants will flow into our NGL pipelines and fractionators where we will provide fee-based services to our customers.

NATURAL GAS PROCESSING

Facility	Ownership Interest	Gross Capacity (Bcf/d)	Offshore Pipelines Served	Connections to Onshore Markets
Yscloskey, LA	32.1%	1.85	Garden Banks, Viosca Knoll,	Tennessee, Columbia Gulf, Blue Water
Calumet, LA[1]	31.3%	1.60	**Manta Ray**, ANR, Trunkline,	ANR, Trunkline, Garden Banks
North Terrebonne, LA[1]	28.8%	1.30	**Manta Ray**, Transco,	Transco, Garden Banks
Venice, LA	13.1%	1.30	Mississippi Canyon, Texas	Tennessee, Texas Eastern, Eastern, **VESCO** Gulf South
Toca, LA	59.9%	1.10	SONAT, Viosca Knoll	SONAT
Toca-Western, LA[1]	100.0%	0.16	SONAT, Viosca Knoll	SONAT
Pascagoula, MS	40.0%	1.00	Destin, Viosca Knoll, Okeanos	Transco, Tennessee, Florida Gas, SONAT, Gulf South
Sea Robin, LA	15.5%	0.95	Garden Banks	Henry Hub
Blue Water, LA	7.4%	0.95	Blue Water, Garden Banks	Tennessee, Columbia Gulf
Iowa, LA	2.0%	0.50	Texas Eastern	Texas Eastern
Patterson II, LA	2.0%	0.60	Trunkline	Trunkline
Neptune, LA[1]	66.0%	0.30	**Manta Ray**, **Nautilus**	**Acadian Gas**, **Cypress Gas**, Texas Gas, ANR, Tennessee, Gulf South, LIG
Burns Point, LA	50.0%	0.16	Gulf South, Quivera	Gulf South
Total Gross Capacity		**11.77**		
Total Net Capacity		**3.37**		

(1) Enterprise serves as operator of the facility.

NATURAL GAS PROCESSING - AN ESSENTIAL SERVICE

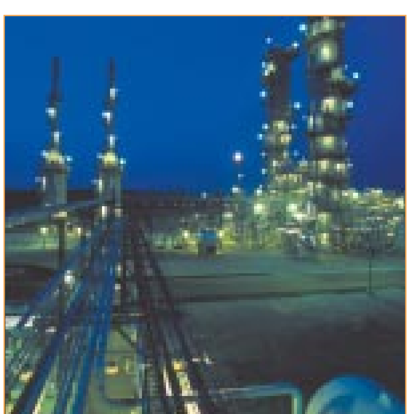


(1) Composition of unprocessed natural gas delivered to our Neptune plant
(2) Natural gas quality required by pipelines with 1.1 MMBtu per Mcf specifications

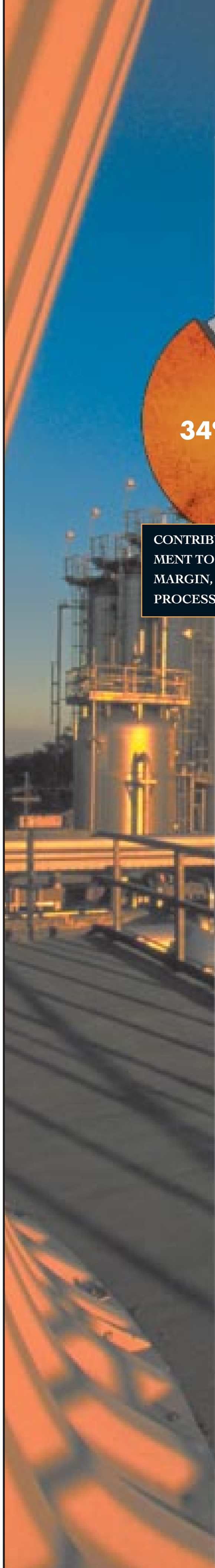
PASCAGOULA GAS PROCESSING PLANT

Enterprise and BP are partners in the Pascagoula gas processing plant located in Moss Point, Mississippi. The plant is currently being expanded by BP to be able to process 1.5 Bcf per day of natural gas. The project is expected to be completed in the third quarter of 2003.

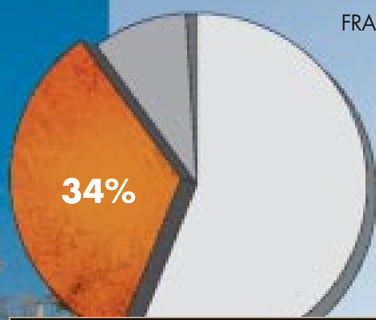
PASCAGOULA GAS PROCESSING PLANT



FRACTIONATION IS THE PROCESS OF SEPARATING MIXED NGLS AND OTHER PETROLEUM LIQUIDS INTO INDIVIDUAL COMPONENTS.



FRACTIONATION



CONTRIBUTION OF FRACTIONATION SEGMENT TO 2002 TOTAL GROSS OPERATING MARGIN, EXCLUDING HEDGING LOSS IN PROCESSING SEGMENT.

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 NEXT TOWER WHERE THE PROCESS IS REPEATED UNTIL THE MIXTURE HAS BEEN SEPARATED INTO ITS PURITY COMPONENTS.

Enterprise's Fractionation segment includes its NGL Fractionation, Butane Isomerization and Propylene Fractionation businesses. The services that are provided by these businesses are principally fee-based.

NGL FRACTIONATION

NGL fractionation plants separate mixed NGLs, called y-grade or raw make, into its purity components of 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. Recoveries of mixed NGLs by natural gas processing plants, which typically are located near the production areas, represent the most important source of volume for our NGL fractionators. Crude oil and condensate also contain NGLs which are removed during the refining process and are either fractionated by the refiners or delivered to third-party NGL fractionators such as those owned by Enterprise.

NGL purity products are used by the petrochemical and refining industries as raw materials to produce plastics, synthetic fibers and foams; to seasonally reduce the cost to produce motor gasoline and to increase octane in motor gasoline. Propane and butane are also used as an industrial and residential fuel.

Enterprise owns interests in eight NGL fractionation plants located on the U.S. Gulf Coast. These facilities have a gross processing capacity of 572 MBPD, or a net capacity of 331 MBPD based on our ownership interest. We serve as the operator of seven of these facilities. In most of these plants, we own the facility jointly with strategic partners including affiliates of Dow, ExxonMobil, BP, Duke Energy, Burlington Resources, Koch Industries and Williams.

PROPYLENE FRACTIONATION

Enterprise is a leading provider of propylene fractionation services. This chemical-grade fractionator near Baton Rouge, LA is jointly owned with ExxonMobil.

NGL FRACTIONATION ASSETS

Facility	Ownership Interest	Capacity (MBPD) Gross	Net
Mont Belvieu, TX	75.0%	210	158
Norco, LA	100.0%	70	70
Baton Rouge, LA	32.2%	60	19
Promix, LA	33.3%	145	48
Tebone, LA	33.7%	30	10
Venice, LA	13.1%	36	5
Petal, MS	100.0%	7	7
Toca-Western, LA	100.0%	14	14
Total Capacity		**572**	**331**

Enterprise serves as operator of all facilities listed above.

Our plants are located near the largest consumers of NGL products, the petrochemical and refining industries in Louisiana and Texas. Propane and butane production from our Mont Belvieu fractionator also serves global consumers through our export terminal on the Houston Ship Channel.

During 2002, Enterprise increased its NGL fractionation capacity by 40.5 MBPD and secured additional volumes for our facilities through long-term fractionation agreements. We increased our ownership interest in our Mont Belvieu fractionator to 75.0% with the purchase of ChevronTexaco's 12.5% ownership interest. In conjunction with this transaction, ChevronTexaco entered into a long-term agreement to fractionate up to 15 MBPD of mixed NGLs at the facility.

We also purchased the Toca-Western NGL fractionator from Western Gas Resources. This facility, which is located near New Orleans, Louisiana, has the capacity to fractionate 14.2 MBPD of NGLs. By integrating this facility into our value chain, we believe we can increase the value of natural gas and NGL production for our producing customers in the central Gulf of Mexico.

PROMIX NGL FRACTIONATOR

We secured another new source of volume growth through long-term agreements to provide midstream energy services to Venice Energy Services Company (VESCO). Under the terms of the agreements, any mixed NGLs that are not fractionated at VESCO are committed to Enterprise. We will use our integrated value chain to transport, fractionate, store and deliver the NGL products to major petrochemical and refining customers on the Louisiana and Texas Gulf Coast. As a result of this agreement, we believe our NGL fractionation volumes will increase by over 12 MBPD by 2004.

Net NGL fractionation volumes for 2002 were 235 MBPD compared to 204 MBPD in 2001. This 15% increase was primarily due to additional volumes as a result of our acquisition of the Toca-Western facility and the additional ownership interest purchased from ChevronTexaco.

PROMIX NGL FRACTIONATOR

Separates mixed NGLs gathered from 18 natural gas processing plants in Louisiana, Mississippi and Alabama. Our joint owners in this facility are Dow Chemical and Koch Industries.

BUTANE ISOMERIZATION ASSETS

Facility	Economic Interest	Capacity (MBPD)
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**

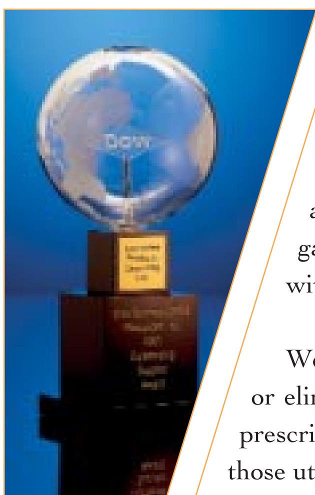
[1]Enterprise leases the economic interest that it does not own.

BUTANE ISOMERIZATION

Normal butane and isobutane are NGLs that are extracted from natural gas and produced as a by-product in crude oil refining. Typically, the supply of normal butane exceeds demand, while the demand for isobutane is greater than the supply. Enterprise's butane isomerization business provides services to balance the supply and demand of these products by converting normal butane into isobutane, including high purity grade. We have three butane isomerization plants at our Mont Belvieu complex with a combined production capacity of 116 MBPD of isobutane.

Dow recognized Enterprise's propylene fractionation business with its Outstanding Supplier Award.

CUSTOMER RECOGNITION



Isobutane is used primarily 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 been 1.5 times the growth rate of U.S. gross domestic product. Isobutane is also used to produce additives for motor gasoline that increase octane and lower vapor pressure, 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.

Isomerization volumes during 2002 increased to 84 MBPD versus 80 MBPD in 2001 as a result of increased demand for high purity isobutane for the production of motor gasoline additives. The majority of these volumes are associated with long-term agreements with a weighted average life of approximately five years.

We believe the demand for our isomerization services will increase if Congress phases out or eliminates the current requirement for oxygenates, such as MTBE, in motor gasoline as prescribed by the Clean Air Act. Alternatives that result in the phase out of MTBE, including those utilizing ethanol, would require a new source of low vapor pressure, high octane additives for motor gasoline to replace the substantial reduction of octane levels that would occur with the removal of MTBE. Alkylate, of which isobutane is a major component, is one of the probable octane enhancing substitutes.

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 more than 6% since 1993. Although final statistics are not currently available, demand was expected to increase approximately 5.5% in 2002 and to grow from 4% to 6% per year through 2006.

At these growth rates, approximately 20 MBPD of new propylene production capacity is required every year. The two primary sources of high purity propylene are from ethylene steam crackers as a by-product of ethylene production and from fractionators that separate propane/propylene mixes produced as a by-product of crude oil refining. Projected growth in ethylene steam cracking capacity will not meet the expected demand for propylene. We believe propylene demand growth will be met primarily by fractionating refinery-sourced propane/propylene mixes.

PROPYLENE FRACTIONATION ASSETS

Facility	Ownership Interest	Capacity (MBPD) Gross	Net
Polymer-grade I, Mont Belvieu, TX[1]	100.0%	17	17
Polymer-grade II, Mont Belvieu, TX	100.0%	14	14
Polymer-grade III, Mont Belvieu, TX	66.7%	41	27
Chemical-grade, Baton Rouge, LA	30.0%	23	7
Total Capacity		**95**	**65**

Enterprise serves as operator of all of these facilities.

(1) Enterprise owns 54.6% of this facility and leases the remainder.

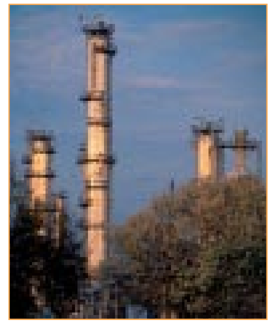
Enterprise has been in the propylene fractionation business since 1978. We have ownership interests in four propylene fractionation plants that are connected to an extensive network of pipeline and storage facilities, providing our customers with operational flexibility. Three of these plants are located in Mont Belvieu and have a combined net capacity to produce 58 MBPD of high purity, or polymer-grade propylene. Polymer-grade propylene is at least 99.5% pure propylene that is produced by fractionating chemical-grade propylene, which is approximately 92% pure propylene, or refinery-grade propylene, which is a propane/propylene mix that is 50% to 75% pure propylene. The primary impurities in chemical and refinery-grade propylene are propane and butanes.

Enterprise also operates and owns a 30% interest in a chemical-grade propylene fractionator in a joint project with ExxonMobil Chemical. This facility is located near Baton Rouge, Louisiana and has a gross capacity to produce 23 MBPD of chemical-grade propylene.

In 2002, propylene fractionation volumes increased 81% to 55 MBPD from 31 MBPD in 2001. This increase was primarily due to the acquisition of Diamond-Koch's propylene fractionation business in February 2002.

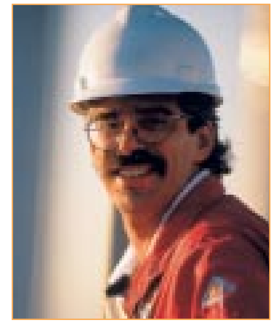
BATON ROUGE NGL FRACTIONATOR

Our joint venture partners in this facility are ExxonMobil, BP and Williams.



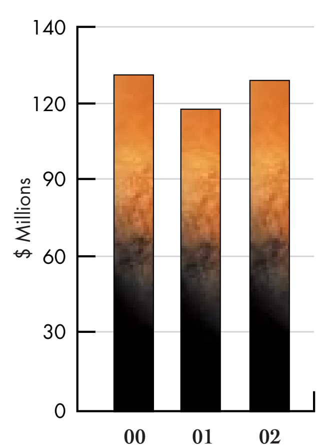
FOCUS ON SAFETY

The Gas Processors' Association awarded Enterprise with 1st Place in Division I for its 2002 safety achievements.

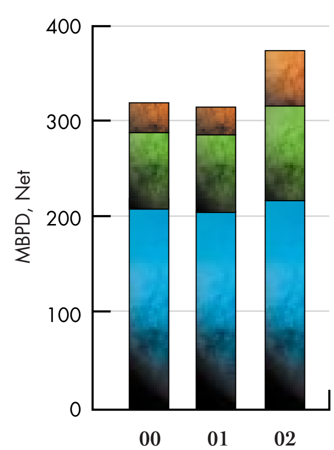


MONT BELVIEU COMPLEX

Our Mont Belvieu facility includes eight plants and 91 million barrels of storage capacity adjacent to the largest consuming region of NGLs on the Texas Gulf Coast.



FRACTIONATION SEGMENT
Gross Operating Margin

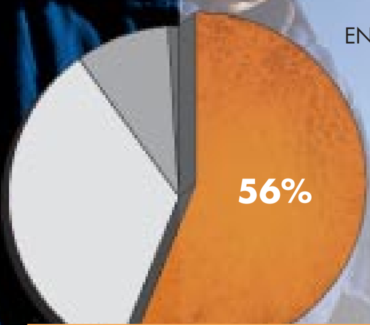


FRACTIONATION VOLUMES

ENTERPRISE'S ASSETS LINK WITH THE PARTNERSHIP'S OTHER FACILITIES TO FORM THE ONLY FULLY INTEGRATED NATURAL GAS AND NGL TRANSPORTATION, FRACTIONATION, PROCESSING, STORAGE AND IMPORT/EXPORT NETWORK IN NORTH AMERICA.

PIPELINE

ENTERPRISE'S PIPELINE SEGMENT INCLUDES OUR OWNERSHIP INTERESTS IN APPROXIMATELY 14,000 MILES OF NGL AND NATURAL GAS PIPELINES, 119 MILLION BARRELS OF NGL STORAGE CAPACITY, 3 BCF OF NATURAL GAS STORAGE CAPACITY AND IMPORT/EXPORT TERMINALS. THESE ASSETS LINK WITH OUR OTHER FACILITIES TO FORM THE ONLY FULLY INTEGRATED NATURAL GAS AND NGL TRANSPORTATION, FRACTIONATION, PROCESSING, STORAGE AND IMPORT/EXPORT NETWORK IN NORTH AMERICA.



CONTRIBUTION OF PIPELINE SEGMENT TO 2002 TOTAL GROSS OPERATING MARGIN, EXCLUDING HEDGING LOSS IN PROCESSING SEGMENT.

Our Pipeline segment has been a major source of growth for our partnership. Since our initial public offering in 1998, we have invested over $2.0 billion in pipeline, storage and export terminaling assets. The fee-based cash flows associated with our Pipeline segment, together with those from our Fractionation segment, are the primary support for our quarterly cash distributions to limited partners. In our goal to increase the cash distribution rate to partners, the Pipeline segment has been and will continue to be an important component in the organic and future growth plans for our partnership.

The $1.2 billion acquisition of the Mid-America and Seminole pipeline systems in 2002 was a transforming event for our partnership. This acquisition significantly increased the amount of gross operating margin the partnership earns from fee-based businesses. Since this acquisition was completed, the Pipeline and Fractionation segments have accounted for approximately 93% of the partnership's total gross operating margin. This purchase also strengthened our business position in the NGL industry and extended the geographic reach of our platform of assets beyond the Gulf Coast. Our integrated value chain now connects with the major natural gas and NGL producing basins in the United States and, through connections with facilities owned by third parties, Canada.

With Mid-America and Seminole, our partnership provides midstream energy services to the two fastest growing natural gas basins in the United States – the deepwater Gulf of Mexico and the Rocky Mountains. Enterprise now also has physical linkage between the largest NGL market hubs in the United States at Mont Belvieu, Texas; Conway, Kansas and the Mississippi River industrial corridor in Louisiana. Through connections with our existing facilities in Mont Belvieu and the Houston Ship Channel, we can provide NGL producers on the Mid-America and Seminole pipelines with integrated access to large consumers on the Gulf Coast and internationally.

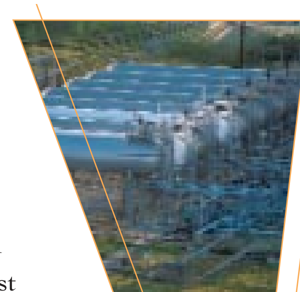
Acquisitions in our Pipeline segment and internal growth were responsible for a 122% increase in gross operating margin in 2002. Gross operating margin was $215

NGL PIPELINES

Enterprise's NGL pipelines traverse twenty states and link the major supply and consuming regions.

NGL IMPORT/EXPORT TERMINAL

SEMINOLE PIPELINE



MONT BELVIEU STORAGE

million in 2002 compared to $97 million in 2001. Our acquisition of the Mid-America and Seminole NGL pipelines, effective August 2002, accounted for $81 million of the increase while the gross operating margin from our storage business at Mont Belvieu increased by $18 million, as the result of the purchase of Diamond-Koch's storage business in January 2002. Acadian Gas accounted for approximately $10.5 million of the increase, primarily due to our ownership of the pipeline for the full year in 2002 versus nine months in 2001.

Pipeline segment volumes increased by 106% to 1,669 MBPD from 809 MBPD in 2001 on an energy equivalent basis. The acquisition of the Mid-America and Seminole NGL pipelines accounted for 843 MBPD of the increase.

NGL PIPELINES AND STORAGE

Enterprise's 12,000-mile network of NGL pipelines provides our producing and consuming customers with access to multiple markets and diversification of supply. These pipelines traverse twenty states and link the major supply and consuming regions. Our storage assets, which include 56 underground storage caverns located in seven states with a net storage capacity of approximately 119 million barrels, complement our pipeline assets and provide our customers additional value-added services.

Our largest NGL pipeline assets are the Mid-America and Seminole pipeline systems. The Mid-America pipeline system consists of three segments. The 2,548-mile Rocky Mountain segment transports mixed NGLs produced from over 20 natural gas processing plants in Wyoming, Utah, Colorado and New Mexico to the Seminole pipeline in West Texas. The 2,740-mile Conway North segment links the large NGL market hub in Conway, Kansas with petrochemical and refining customers and propane markets in the upper Midwest. The 1,938-mile Conway South segment connects the Conway hub with refineries in Kansas and transports mixed NGLs from Conway and processing plants in the Mid-Continent to the Seminole pipeline in West Texas. During the last three years, the transportation volume on the Mid-America system has averaged 640 MBPD. Enterprise owns a 98% interest in the Mid-America pipeline system.

The Seminole pipeline system is a 1,281-mile pipeline that transports mixed NGLs and NGL products received from the Mid-America pipeline in West Texas and from pipelines and processing plants in the Permian Basin to the large NGL markets at Mont Belvieu and on the Texas Gulf Coast. The average transportation volume on the Seminole system for the last three years was 245 MBPD. Enterprise owns an effective 78.4% ownership interest in the Seminole pipeline system.

NGL IMPORT/EXPORT TERMINAL

Enterprise's import and export terminals on the Houston Ship Channel have the highest commercial loading and unloading rates for propane and butane in the U.S.

SEMINOLE PIPELINE

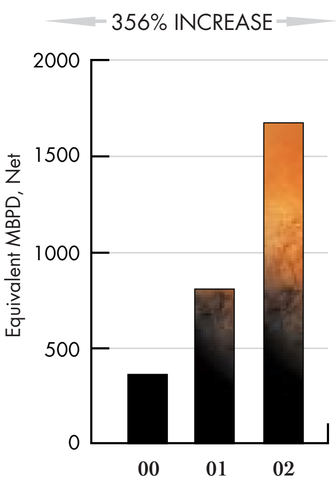
Seminole is an important link in delivering 250 MBPD of NGLs produced from the Rockies, Mid-Continent and Canada to Mont Belvieu.

MONT BELVIEU STORAGE

Enterprise has 91 million barrels of NGL and petrochemical storage capacity in underground salt dome caverns in Mont Belvieu, Texas, which provides operational flexibility for our customers.

Our Lou-Tex NGL pipeline is another important pipeline that provides value-added services to producers and consumers of NGLs on the U.S. Gulf Coast. This 206-mile pipeline is the only pipeline that effectively links NGL supplies and markets in Louisiana with the largest NGL marketplace in Mont Belvieu. With storage on both the east and west ends of the system, this bi-directional pipeline can transport mixed NGLs, ethane, propane, normal butane, isobutane, natural gasoline or refinery-grade propylene in batch mode.

Prior to the development of the Lou-Tex NGL pipeline, NGL producers in Louisiana could access only 20% of the petrochemical industry's capacity to produce ethylene in the United States. Ethylene producers are the single largest consumer of NGLs. Through utilization of the Lou-Tex NGL pipeline, NGL producers in Louisiana now can reach over 92% of the ethylene production capacity in the United States. This connectivity to multiple markets allows producers to maximize the value of their NGL production.



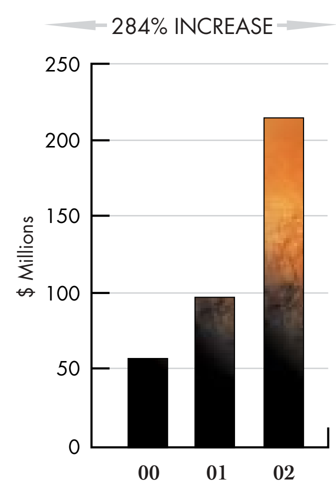
PIPELINE SEGMENT
Volumes

We recently expanded the capacity of the Lou-Tex NGL pipeline by 40%, from 50 MBPD to 70 MBPD for a nominal cost of $2 million, approximately 2% of the pipeline's original cost. The capacity can be expanded to 100 MBPD for an additional investment of $10 million.

We believe our NGL pipelines, storage facilities and import/export terminals have excellent organic growth opportunities. Expected increases in NGL production from deepwater Gulf of Mexico developments off Louisiana and from the Rocky Mountains, coupled with the growing demand for NGLs by the petrochemical and motor gasoline producing industries will be the primary drivers of this growth.

NATURAL GAS PIPELINES

Enterprise entered the natural gas pipeline business in 2001 with the acquisitions of Acadian Gas and ownership interests in five pipelines in the Gulf of Mexico. These assets integrate with and complement our Gulf Coast NGL business. We believe these pipelines have attractive organic growth prospects from the long-term increase in natural gas demand for industrial and power generation uses and the projected increase in natural gas produced from new deepwater Gulf of Mexico discoveries.



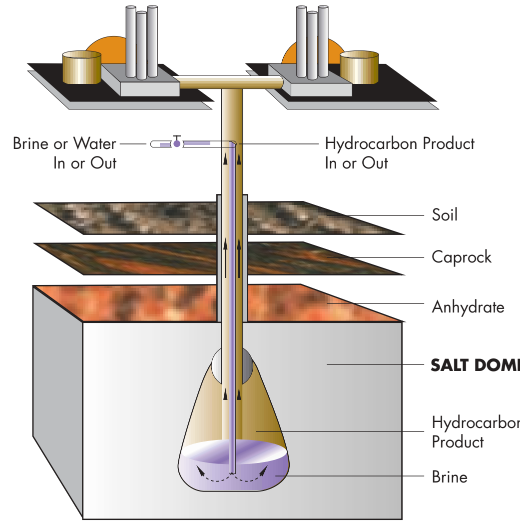
PIPELINE SEGMENT
Gross Operating Margin

Acadian Gas is a 1,042-mile network of Louisiana intrastate pipelines with over 1.0 Bcf per day of aggregate capacity. The system links natural gas supplies from the Gulf of Mexico and onshore production to industrial, electric and local gas distribution customers located in the Baton Rouge-New Orleans-Mississippi River corridor. The Acadian system interconnects with twelve interstate pipelines, four intrastate pipelines and the large natural gas market hubs at the Henry Hub and Neptune Hub.

The Acadian system has connections to 120 end-use customers in Louisiana and has been consistently recognized in customer satisfaction surveys. In 2002, Acadian Gas was ranked number one in overall performance in the Short Haul Pipeline Index of the sixth edition of Mastio & Company's Natural Gas Transportation Customer Satisfaction Study.

The five Gulf of Mexico pipelines in which we own equity interests transport natural gas production from developments in the deepwater and continental shelf areas of the Gulf of Mexico to our onshore midstream assets. These assets are well positioned to benefit from increases in production from the deepwater developments in the central and western Gulf.

The Nautilus, Manta Ray and Nemo pipelines are links in one of our natural gas/NGL value chains. These pipelines form a contiguous system that transports gas production from the deepwater developments in the central Gulf to three of our onshore processing plants for ultimate delivery to interstate and intrastate pipelines. NGLs extracted at our processing plants supply our downstream pipelines and fractionators. Shell and Marathon, our joint owners in the Manta Ray and Nautilus pipelines, have dedicated their current and future production from leasehold interests in 1,000 square miles of the central Gulf of Mexico to these pipelines.



NGL STORAGE CAVERN

The unique features and location of Mont Belvieu's salt dome have made it the market hub of the NGL industry.

The Stingray and Triton natural gas pipelines are located in the western Gulf. Stingray has the potential to be the first step in our development of another natural gas/NGL value chain to serve the western Gulf. The Triton gas gathering system delivers production into Stingray. In September 2002, we executed a long-term agreement with Kerr McGee to construct and install a 41-mile pipeline to transport natural gas production from Kerr McGee's Gunnison deepwater development. The new pipeline, which is expected to be completed by November 2003, will have a capacity of 275 MMcf per day, sufficient to accommodate production from Gunnison as well as future deepwater developments in the area. Stingray and Triton are both jointly owned by Shell and Enterprise.

LOU-TEX NGL PIPELINE

The capacity of the Lou-Tex NGL pipeline was increased by 40% to 70 MBPD from 50 MBPD for a nominal cost of $2 million. The system operated at full capacity for a majority of 2002.

NATURAL GAS PIPELINES

Facility	Ownership Interest	Length in Miles
Cypress	100.0%	577
Acadian	100.0%	438
Stingray	50.0%	379
VESCO[1]	13.1%	260
Manta Ray	25.7%	235
Nautilus	25.7%	101
Evangeline	49.5%	27
Nemo	33.9%	24
Total Natural Gas Pipelines		**2,041**

(1) The VESCO gas gathering pipelines are an integral part of the natural gas processing activities of VESCO. Accordingly, these pipelines are accounted for under our cost-method investment in VESCO, which is part of our Processing segment.

NGL AND PETROCHEMICAL PIPELINES

	Ownership Interest	Length in Miles
Mid-America Pipeline System	98.0%	7,226
Dixie	19.9%	1,301
Seminole Pipeline System	78.4%	1,281
Louisiana Pipeline System	100.0%	536
Promix[1]	33.3%	410
Lou-Tex Propylene	100.0%	291
Lou-Tex NGL	100.0%	206
HSC	100.0%	175
Tri-States	33.3%	169
Chunchula	100.0%	117
Lake Charles/Bayport	50.0%	87
Belle Rose	41.7%	48
Wilprise	37.4%	30
Sabine Propylene	100.0%	21
La Porte[2]	50.0%	17
Total NGL and Petrochemical Pipelines		**11,915**

(1) The Promix NGL pipelines are an integral component of the NGL fractionation activities of Promix, the assets and equity earnings of which are accounted for as part of our Fractionation segment.

(2) The La Porte pipeline is an integral component of the propylene fractionation activities of Splitter III, which is accounted for under our Fractionation segment. Our investment in and equity earnings from La Porte are reported under the Fractionation segment.