ENTERPRISE PRODUCTS PARTNERS L P
Form 424B3
February 27, 2006

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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the attached prospectus are not an offer to sell these securities, and we are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-123150

SUBJECT TO COMPLETION, DATED FEBRUARY 27, 2006

PRELIMINARY PROSPECTUS SUPPLEMENT
(To Prospectus Dated March 23, 2005)

15,000,000 Common Units
Representing Limited Partner Interests

We are offering 15,000,000 common units representing limited partner interests in Enterprise Products Partners L.P.

Our common units are listed on the New York Stock Exchange under the symbol EPD. The last reported sales price of our common units on the New York Stock Exchange on February 23, 2006 was $25.04 per common unit.

Investing in our common units involves a high degree of risk. See Risk Factors beginning on page S-12 of this prospectus supplement.

	Per Common Unit	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

We have granted the underwriters a 30-day option to purchase up to an additional 2,250,000 common units at the public offering price, less underwriting discounts and commissions, if the underwriters sell more than 15,000,000 common units in this offering.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the common units to investors on or about , 2006.

Lehman Brothers **Morgan Stanley**

Citigroup
UBS Investment Bank
Merrill Lynch & Co.
Wachovia Securities
A.G. Edwards
Raymond James
RBC Capital Markets
Sanders Morris Harris Inc.
Banc of America Securities LLC
Credit Suisse
Deutsche Bank Securities
Natexis Bleichroeder Inc.

Oppenheimer & Co.

, 2006

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About This Prospectus Supplement

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of our common units. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering of common units. If the information varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. We have not authorized anyone to provide you with additional or different information. We are not making an offer to sell these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of these documents or that any information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since these dates.

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SUMMARY

This summary highlights information from this prospectus supplement and the accompanying prospectus to help you understand our business and the common units. It does not contain all of the information that is important to you. You should read carefully the entire prospectus supplement, the accompanying prospectus, the documents incorporated by reference and the other documents to which we refer for a more complete understanding of this offering. You should read Risk Factors beginning on page S-12 of this prospectus supplement for more information about important risks that you should consider before making a decision to purchase common units in this offering.

The information presented in this prospectus supplement assumes that the underwriters do not exercise their option to purchase additional common units, unless otherwise indicated. Our, we, us and Enterprise as used in this prospectus supplement and the accompanying prospectus refer to Enterprise Products Partners L.P. and its wholly owned subsidiaries.

ENTERPRISE PRODUCTS PARTNERS L.P.

We are a North American midstream energy company that provides a wide range of services to producers and consumers of natural gas, natural gas liquids, or NGLs, and crude oil, and are an industry leader in the development of pipeline and other midstream infrastructure in the continental United States and Gulf of Mexico. Our midstream asset network links producers of natural gas, NGLs and crude oil from some of the largest supply basins in the United States, Canada and the Gulf of Mexico with domestic consumers and international markets. We operate an integrated midstream asset network within the United States that includes natural gas gathering, processing, transportation and storage; NGL fractionation (or separation), transportation, storage and import and export terminaling; crude oil transportation; and offshore production platform services. NGL products (ethane, propane, normal butane, isobutane and natural gasoline) are used as raw materials by the petrochemical industry, as feedstocks by refiners in the production of motor gasoline and as fuel by industrial and residential users.

For the year ended December 31, 2005, we had revenues of $12.3 billion, operating income of $663 million and net income of $420 million.

Our Business Segments

We have four reportable business segments: (i) NGL Pipelines & Services; (ii) Onshore Natural Gas Pipelines & Services; (iii) Offshore Pipelines & Services; and (iv) Petrochemical Services. Our business segments are generally organized and managed along our asset base according to the type of services rendered (or technology employed) and products produced and/or sold.

NGL Pipelines & Services. Our NGL Pipelines & Services business segment includes our (i) natural gas processing business and related NGL marketing activities, (ii) NGL pipelines aggregating approximately 12,810 miles and related storage facilities including our Mid-America Pipeline, Seminole Pipeline and Dixie Pipeline systems and (iii) NGL fractionation facilities located in Texas and Louisiana. This segment also includes our import and export terminal operations.

Onshore Natural Gas Pipelines & Services. Our Onshore Natural Gas Pipelines & Services business segment includes approximately 17,200 miles of onshore natural gas pipeline systems that provide for the gathering and transmission of natural gas in Alabama, Colorado, Louisiana, Mississippi, New Mexico and Texas. In addition, we own two salt dome natural gas storage facilities located in Mississippi and lease natural gas storage facilities located in Texas and Louisiana.

Offshore Pipelines & Services. Our Offshore Pipelines & Services business segment includes (i) approximately 1,190 miles of offshore natural gas pipelines strategically located to serve production areas including some of the most active drilling and development regions in the Gulf of Mexico, (ii) approximately 870 miles of offshore Gulf of Mexico crude oil pipeline systems and (iii) seven multi-purpose offshore hub platforms located in the Gulf of Mexico.

Petrochemical Services. Our Petrochemical Services business segment includes four propylene fractionation facilities, an isomerization complex and an octane additive production facility. This segment also includes approximately 690 miles of petrochemical pipeline systems.

Our Strategy

Our business strategy is to:

- capitalize on expected increases in natural gas, NGL and crude oil production resulting from development activities in the Rocky Mountain region and Gulf of Mexico;

- maintain a balanced and diversified portfolio of midstream energy assets and expand this asset base through growth capital projects and accretive acquisitions of complementary midstream energy assets;

- share capital costs and risks through joint ventures or alliances with strategic partners that will provide the raw materials for these projects or purchase the projects end products; and

- increase fee-based cash flows by investing in pipelines and other fee-based businesses and de-emphasize commodity-based activities.

Competitive Strengths

We believe we have the following competitive strengths:

Large-Scale, Integrated Network of Diversified Assets in Strategic Locations. We operate an integrated natural gas and NGL transportation, fractionation, processing, storage and import/export network within the United States. Our operations are strategically located to serve the major supply basins for NGL-rich natural gas, the major NGL storage hubs in North America and international markets. We believe that our location in these markets provides better access to natural gas, NGL and petrochemical supply volumes, anticipated demand growth and business expansion opportunities.

Cash-Flow Stability Through Fee-Based Businesses and Balanced Asset Mix. Our cash flow is derived primarily from fee-based businesses which are not directly affected by volatility in energy commodity prices. As a result of our merger with GulfTerra Energy Partners, L.P., or GulfTerra, we have a more diversified asset portfolio that provides operating income from a broad range of sources. Prior to the merger, GulfTerra s historical operations generally benefited from strong or average hydrocarbon prices, while our historical operations generally benefited from stable or lower hydrocarbon prices. Following the merger, this relationship results in a natural hedge to natural gas prices that has provided greater cash flow stability.

Relationships with Major Oil, Natural Gas and Petrochemical Companies. We have long-term relationships with many of our suppliers and customers, and we believe that we will continue to benefit from these relationships. We jointly own facilities with many of our customers who either provide raw materials to, or consume the end products from, our facilities. These joint venture partners include major oil, natural gas and petrochemical companies, including BP, Burlington Resources, ChevronTexaco, Dow Chemical, Duke Energy Field Services, El Paso Corporation, ExxonMobil, Marathon and Shell.

Strategic Platform for Continued Expansion. We have strong business positions across our midstream energy asset base in key producing and consuming regions in North America. In addition, we have a significant portfolio of organic growth opportunities to construct new facilities or expand existing assets. These projects include the recently announced Jonah Expansion, Piceance Basin Gas Processing and Wyoming Gas Processing projects in the Rocky Mountain region and the Independence Hub offshore platform and related Independence Trail pipeline in the Gulf of Mexico.

Lower Cost of Capital. We believe that our general partner s maximum incentive distribution level of 25% (as compared to 50% for many publicly traded master limited partnerships) combined with our investment grade credit ratings from Moody s Investors Service and Fitch Ratings provides us with a lower cost of capital than many of our competitors, enabling us to compete more effectively in acquiring assets and expanding our asset base.

Experienced Operator and Management Team. We have historically operated our largest natural gas processing and fractionation facilities and most of our pipelines. As the leading provider of NGL related services, we have established a reputation in the industry as a reliable and cost-effective operator. The officers of our general partner average more than 26 years of industry experience. Following this offering, Dan L. Duncan, our co-founder and the Chairman of the board of directors of our general partner, and his affiliates, including EPCO, Inc., or EPCO, and Enterprise GP Holdings L.P., or Enterprise GP Holdings, collectively will own or control an approximate 34.9% limited partner interest in us.

Recent Developments

Growth Capital Projects

Jonah Expansion. In February 2006, we and TEPPCO Partners, L.P., or TEPPCO, an affiliate of EPCO, entered into a letter of intent related to the formation of a joint venture to expand TEPPCO s Jonah Gas Gathering System, or the Jonah system, located in the Green River Basin in southwestern Wyoming. The proposed expansion of the Jonah system would increase the natural gas gathering and transportation capacity of the Jonah system from 1.5 Bcf/d to 2.0 Bcf/d.

The letter of intent stipulates that we will be responsible for all activities related to the construction of the expansion of the Jonah system, including advancing all expenditures necessary to plan, engineer and construct the expansion project. We estimate that total funds needed for this project will be approximately $200 million and that the expansion assets will be placed in service in late 2006.

The amounts we advance to complete the expansion of the Jonah system will constitute a subscription for an equity interest in the proposed joint venture. TEPPCO has the option to return to us up to 100% of the amounts we advance (i.e., the subscription amounts). If TEPPCO returns any portion of the subscription to us, the relative interests of us and TEPPCO in the new joint venture would be adjusted accordingly. The proposed joint venture arrangement will terminate without liability to either party if TEPPCO returns 100% of the advances we make in connection with the expansion project, including carrying costs and expenses.

The general partner of TEPPCO and 2,500,000 common units of TEPPCO are owned by an affiliate of Mr. Duncan, Chairman of the board of directors of our general partner.

Piceance Basin Gas Processing Project. In January 2006, we announced the execution of a minimum 15-year natural gas processing agreement with an affiliate of the EnCana Corporation, or EnCana. Under that agreement, we will have the right to process up to 1.3 Bcf/d of EnCana s natural gas production from the Piceance Basin area of western Colorado. To accommodate this production, we have begun construction of the Meeker natural gas processing facility in Rio Blanco County, Colorado. In addition, we will construct a 50-mile NGL pipeline that will connect our Meeker facility with our Mid-America Pipeline System. Phase I, which includes construction of the plant and pipeline, will provide us with 750 MMcf/d of natural gas processing capacity and the ability to recover up to 35 MBPD of NGLs. Phase II, which includes the expansion of the plant, will expand natural gas processing capacity at the facility to 1.3 Bcf/d and increase NGL extraction rates to up to 70 MBPD. We expect Phase I and Phase II to be operational by mid-2007 and late-2008, respectively. Phase I is expected to cost $284 million.

Wyoming Gas Processing Projects. In January 2006, we announced our intent to purchase from TEPPCO the Pioneer natural gas processing plant located in Opal, Wyoming and the rights to process natural gas originating from the Jonah and Pinedale fields in the Greater Green River Basin in Wyoming. Upon execution of definitive agreements, the receipt of all necessary regulatory approval and approvals from the boards of directors of TEPPCO and our general partner, we would purchase the Pioneer plant for $36 million and commence construction to increase its processing capacity from 275 MMcf/d to 550 MMcf/d at an additional expected cost of $21 million. We anticipate this expansion will be completed in mid-2006.

We have also announced our intent to build a new gas processing plant with a capacity of 650 MMcf/d adjacent to the Pioneer plant. We expect to place the new facility in service during 2007. The Pioneer expansion and the new natural gas processing plant will serve growing natural gas production in the Jonah and Pinedale fields. The cost of this new processing facility is expected to be $228 million.

Natural Gas Storage Expansion. In December 2005, we completed the conversion of an existing brine well located at our Petal, Mississippi storage facility to a 2.4 Bcf natural gas storage cavern at a cost of $15 million. Due to strong demand for natural gas storage, we have commenced the development of an additional storage cavern at the Petal facility that is expected to add 5 Bcf of storage capacity. This cavern is expected to cost $75 million and be placed in service during the first quarter of 2008.

Expansion of Mont Belvieu NGL and Petrochemical Storage Services. In November 2005, we announced an expansion of our NGL and petrochemical storage services at our complex in Mont Belvieu, Texas to improve our ability to receive and deliver NGLs and petrochemicals. The Mont Belvieu expansion projects include the drilling of two new brine production wells and the construction of two above-ground brine storage pits. The increased brine storage capability will further enable us to enhance product storage services and movement to transportation and distribution pipelines that serve the Gulf Coast region, as well as our import and export facilities on the Houston Ship Channel. As a result of these projects, we will also more than double our above-ground brine storage capabilities to 19 MMBbls and will increase our capacity to produce brine. These projects are expected to be placed in service in 2006 and 2007 and are expected to cost $77 million.

Change in Board of Directors

On February 13, 2006, Dr. Ralph S. Cunningham, Michael A. Creel, Richard H. Bachmann, W. Randall Fowler and Stephen L. Baum were elected as directors of our general partner, Enterprise Products GP, LLC, or Enterprise Products GP. In addition, on February 13, 2006, O.S. Andras, W. Matt Ralls and Richard S. Snell resigned from the board of directors of our general partner. Following such resignations, Mr. Andras and Mr. Ralls, together with Mr. Bachmann, Mr. Fowler and Robert G. Phillips, were elected directors of the general partner of Enterprise GP Holdings, which owns a 100% membership interest in our general partner. Mr. Snell was appointed a director of the general partner of TEPPCO on January 6, 2006. Mr. Bachmann, Mr. Creel and Mr. Fowler were also elected to the board of directors of the general partner of TEPPCO on February 13, 2006. Please read Management for more information about the current directors and executive officers of our general partner.

As a result of the foregoing, a majority of the directors of Enterprise Products GP will no longer be independent directors. The New York Stock Exchange does not require a listed limited partnership like us to have a majority of independent directors on the board of directors of our general partner. The limited liability company agreement of Enterprise Products GP has been amended to provide that certain matters, such as a merger, consolidation or combination by us, any amendment to our partnership agreement related to delegation of powers, change in purpose and business and separateness and other credit related matters, must be approved by a majority of the independent directors.

Increase in Quarterly Cash Distribution Rate

On January 17, 2006, our general partner increased our quarterly cash distribution to $0.4375 per common unit, or $1.75 per common unit on an annualized basis, with respect to the fourth quarter of 2005. This distribution was paid on February 9, 2006 and represented a 9.4% increase over the $0.40 per unit quarterly distribution paid with respect to the fourth quarter of 2004.

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The following chart depicts our organizational structure and ownership after giving effect to this offering.

The table below shows the ownership of our common units as of February 22, 2006 and after giving effect to this offering.

	Current ownership		**Ownership after the offering**	
	Units	**Percentage interest**	**Units**	**Percentage interest**
Public common units	216,746,816	54.4%	231,746,816	56.0%
EPCO common units(1)	130,699,495	32.8%	130,699,495	31.6%
Enterprise GP Holdings common units	13,454,498	3.4%	13,454,498	3.3%
Shell common units	29,407,549	7.4%	29,407,549	7.1%
General partner interest		2.0%		2.0%
Total	390,308,358	100.0%	405,308,358	100.0%

(1) Includes common units in us beneficially owned by Dan Duncan, related family trusts and other EPCO affiliates (excluding Enterprise GP Holdings).

Information regarding our management is set forth under Management in this prospectus supplement. Our partnership s principal offices are located at 2727 North Loop West, Houston, Texas 77008, and our telephone number is (713) 880-6500.

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The Offering

Common units offered	15,000,000 common units; or 17,250,000 common units if the underwriters exercise their option to purchase up to an additional 2,250,000 common units in full.
Common units outstanding after this offering	405,308,358 common units or 407,558,358 common units if the underwriters exercise their option to purchase up to an additional 2,250,000 common units in full.
Use of proceeds	We expect to use the net proceeds from this offering, including our general partner s proportionate capital contribution, to temporarily reduce borrowings outstanding under our multi-year revolving credit facility and for general partnership purposes. Affiliates of certain of the underwriters are lenders under our multi-year revolving credit facility and, accordingly, will receive a portion of the proceeds of this offering. Please read Use of Proceeds.
Cash distributions	Under our partnership agreement, we must distribute all of our cash on hand as of the end of each quarter, less reserves established by our general partner. We refer to this cash as available cash, and we define its meaning in our partnership agreement. On February 9, 2006, we paid a quarterly cash distribution with respect to the fourth quarter of 2005 of $0.4375 per common unit, or $1.75 per unit on an annualized basis, which represents a 9.4% increase over the same period one year ago. When quarterly cash distributions exceed $0.253 per unit in any quarter, our general partner receives a higher percentage of the cash distributed in excess of that amount, in increasing percentages up to 25% if the quarterly cash distributions exceed $0.3085 per unit. For a description of our cash distribution policy, please read Cash Distribution Policy in the accompanying prospectus.
Estimated ratio of taxable income to distributions	We estimate that if you own the common units you purchase in this offering through December 31, 2008, you will be allocated, on a cumulative basis, an amount of federal taxable income for the taxable years 2006 through 2008 that will be less than 10% of the cash distributed with respect to that period. Please read Material Tax Consequences in this prospectus supplement for the basis of this estimate.
New York Stock Exchange symbol	EPD
Risk factors	Investing in our common units involves certain risks. You should carefully consider the risk factors discussed under the heading Risk Factors beginning on page S-12 of this prospectus supplement and other information contained or incorporated by reference in this prospectus supplement before deciding to invest in our common units.

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Summary Historical Financial and Operating Data

The following tables set forth, for the periods and at the dates indicated, summary historical financial and operating data for Enterprise. The summary historical income statement and balance sheet data for the three years in the period ended December 31, 2005 are derived from and should be read in conjunction with the audited financial statements of Enterprise that are incorporated by reference into this prospectus supplement.

The non-generally accepted accounting principle, or non-GAAP, financial measures of gross operating margin and earnings before interest, income taxes, depreciation and amortization, which we refer to as EBITDA, are presented in our summary historical financial data. In supplemental sections titled Non-GAAP Financial Measures and Non-GAAP Reconciliations, we have provided the necessary explanations and reconciliations for the non-GAAP financial measures presented in this prospectus supplement.

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Summary Historical Financial and Operating Data

	Consolidated Historical		
	For year ended December 31,		
Income statement data:	**2003**	**2004**	**2005**
			(dollars in millions, except per unit amounts
Revenues	$ 5,346.4	$ 8,321.2	$ 12,257.0
Costs and expenses:			
Operating costs and expenses	5,046.8	7,904.3	11,546.2
General and administrative	37.5	46.7	62.3
Total costs and expenses	5,084.3	7,951.0	11,608.5
Equity in income (loss) of unconsolidated affiliates	(14.0)	52.8	14.5
Operating income	248.1	423.0	663.0
Other income (expense):			
Interest expense	(140.8)	(155.7)	(230.6)
Other, net	6.4	2.1	5.4
Total other income (expense)	(134.4)	(153.6)	(225.2)
Income before provision for income taxes, minority interest and changes in accounting principles	113.7	269.4	437.8
Provision for income taxes	(5.3)	(3.8)	(8.3)
Income before minority interest and changes in accounting principles	108.4	265.6	429.5
Minority interest	(3.9)	(8.1)	(5.8)
Income before changes in accounting principles	104.5	257.5	423.7
Cumulative effect of changes in accounting principles		10.8	(4.2)
Net income	$ 104.5	$ 268.3	$ 419.5
Basic earnings per unit (net of general partner interest):			
Net income per unit	$ 0.42	$ 0.87	$ 0.91
Diluted earnings per unit (net of general partner interest):			
Net income per unit	$ 0.41	$ 0.87	$ 0.91
Distributions to limited partners:			
Per common unit	$ 1.47	$ 1.54	$ 1.70

Balance sheet data:			
Total assets	$ 4,802.8	$ 11,315.5	$ 12,591.0
Total debt	2,139.5	4,281.2	4,833.8
Total partners equity	1,705.9	5,328.8	5,679.3
Other financial data:			
Cash provided by operating activities	$ 424.7	$ 391.5	$ 631.7
Cash flows used in investing activities	662.1	941.4	1,130.4
Cash provided by financing activities	254.0	544.0	516.2
Distributions received from unconsolidated affiliates	31.9	68.0	56.1
Gross operating margin	410.4	655.2	1,136.3
EBITDA	366.4	623.2	1,079.0

	Consolidated Historical		
	For year ended December 31,		
Selected volumetric operating data by segment:	**2003**	**2004**	**2005**
NGL Pipelines & Services, net:			
NGL transportation volumes in thousand barrels per day (MBbls/d)	1,275	1,411	1,478
NGL fractionation volumes (MBbls/d)	227	307	292
Equity NGL production (MBbls/d)	43	95	85
Fee-based natural gas processing in million cubic feet per day (MMcf/d)	194	1,692	1,767
Onshore Natural Gas Pipelines & Services, net:			
Natural gas transportation volumes in billion British thermal units per day (BBtus/d)	600	5,638	5,916
Offshore Pipelines & Services, net:			
Natural gas transportation volumes (BBtus/d)	433	2,081	1,780
Crude oil transportation volumes (MBbls/d)		138	127
Platform gas processing in thousands of decatherms per day (Mdth/d)		306	252
Platform oil processing (MBbls/d)		14	7
Petrochemical Services, net:			
Butane isomerization volumes (MBbls/d)	77	76	81
Propylene fractionation volumes (MBbls/d)	57	57	55
Octane additive production volumes (MBbls/d)	4	10	6
Petrochemical transportation volumes (MBbls/d)	68	71	64

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Non-GAAP Financial Measures

We include in this prospectus supplement the non-GAAP financial measures of gross operating margin and EBITDA and provide reconciliations of these non-GAAP financial measures to their most directly comparable financial measure or measures calculated and presented in accordance with GAAP.

Gross Operating Margin

We define gross operating margin as operating income before: (1) depreciation and amortization expense; (2) operating lease expenses for which we do not have the cash payment obligation; (3) gains and losses on the sale of assets; and (4) selling, general and administrative expenses. We view gross operating margin as an important performance measure of the core profitability of our operations. This measure forms the basis of our internal financial reporting and is used by our senior management in deciding how to allocate capital resources among business segments. We believe that investors benefit from having access to the same financial measures that our management uses. The GAAP measure most directly comparable to gross operating margin is operating income.

EBITDA

EBITDA is defined as net income (income from continuing operations with regards to pro forma information) plus interest expense, provision for income taxes and depreciation and amortization expense. EBITDA is used as a supplemental financial measure by our management and by external users of financial statements such as investors, commercial banks, research analysts and ratings agencies, to assess:

- the financial performance of our assets without regard to financing methods, capital structures or historical costs basis;
- the ability of our assets to generate cash sufficient to pay interest cost and support our indebtedness;
- our operating performance and return on capital as compared to those of other companies in the midstream energy sector, without regard to financing and capital structure; and
- the viability of projects and the overall rates of return on alternative investment opportunities.

EBITDA should not be considered an alternative to net income or income from continuing operations, operating income, cash flow from operating activities or any other measure of financial performance presented in accordance with GAAP. This non-GAAP financial measure is not intended to represent GAAP-based cash flows. We have reconciled our historical EBITDA amounts to our consolidated net income and historical EBITDA amounts further to operating activities cash flows.

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Non-GAAP Reconciliations

The following table presents a reconciliation of our non-GAAP financial measure of gross operating margin to the GAAP financial measure of operating income and a reconciliation of the non-GAAP financial measure of EBITDA to the GAAP financial measures of net income and of operating activities cash flows, on a historical basis for each of the periods indicated:

	Consolidated Historical		
	For year ended December 31,		
	2003	2004	2005
	(dollars in millions		
Reconciliation of Non-GAAP Gross operating margin to GAAP Operating income			
Operating income	$ 248.1	$ 423.0	$ 663.0
Adjustments to reconcile Operating income to Gross operating margin:			
Depreciation and amortization in operating costs and expenses	115.7	193.7	413.4
Operating lease expense paid by EPCO, net in operating costs and expenses	9.1	7.7	2.1
Gain on sale of assets in operating costs and expenses		(15.9)	(4.5)
General and administrative costs	37.5	46.7	62.3
Total Gross Operating Margin	$ 410.4	$ 655.2	$ 1,136.3
Reconciliation of Non-GAAP EBITDA to GAAP Net income or Income from continuing operations and GAAP Cash provided by operating activities			
Net income	$ 104.5	$ 268.3	$ 419.5
Adjustments to derive EBITDA:			
Interest expense	140.8	155.7	230.6
Provision for income taxes	5.3	3.8	8.3
Depreciation and amortization (excluding amortization component in interest expenses)	115.8	195.4	420.6
EBITDA	366.4	623.2	1,079.0
Interest expense	(140.8)	(155.7)	(230.6)
Amortization in interest expense	12.6	3.5	0.1
Provision for income taxes	(5.3)	(3.8)	(8.3)
Provision for impairment charge	1.2	4.1	
Equity in loss (income) of unconsolidated affiliates	14.0	(52.8)	(14.5)
Distributions from unconsolidated affiliates	31.9	68.0	56.1
Gain on sale of assets		(15.9)	(4.5)
Operating lease expense paid by EPCO (excluding minority interest portion)	9.0	7.7	2.1
Other expenses paid by EPCO	0.4		
Minority interest	3.9	8.1	5.8

Deferred income tax expense	10.5	9.6	8.6
Changes in fair market value of financial instruments			0.1
Cumulative effect of changes in accounting principles		(10.8)	4.2
Net effect of changes in operating accounts	120.9	(93.7)	(266.4)
Cash provided by operating activities	$ 424.7	$ 391.5	$ 631.7

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RISK FACTORS

An investment in our common units involves certain risks. If any of these risks were to occur, our business, results of operations, cash flows and financial condition could be materially adversely affected. In that case, the trading price of our common units could decline, and you could lose part or all of your investment.

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

Risks Related to Our Business

Changes in the prices of hydrocarbon products may materially adversely affect our results of operations, cash flows and financial condition.

We operate predominantly in the midstream energy sector which includes gathering, transporting, processing, fractionating and storing natural gas, NGLs and crude oil. As such, our results of operations, cash flows and financial condition may be materially adversely affected by changes in the prices of these hydrocarbon products and by changes in the relative price levels among these hydrocarbon products. Generally, the prices of natural gas, NGLs, crude oil and other hydrocarbon products are subject to fluctuations in response to changes in supply, demand, market uncertainty and a variety of additional factors that are impossible to control. These factors include:

- the level of domestic production;
- the availability of imported oil and natural gas;
- actions taken by foreign oil and natural gas producing nations;
- the availability of transportation systems with adequate capacity;
- the availability of competitive fuels;
- fluctuating and seasonal demand for oil, natural gas and NGLs; and
- conservation and the extent of governmental regulation of production and the overall economic environment.

We are exposed to natural gas and NGL commodity price risk under certain of our natural gas processing and gathering and NGL fractionation contracts that provide for our fees to be calculated based on a regional natural gas or NGL price index or to be paid in-kind by taking title to natural gas or NGLs. A decrease in natural gas and NGL prices can result in lower margins from these contracts, which may materially adversely affect our results of operations, cash flows and financial position.

A decline in the volume of natural gas, NGLs and crude oil delivered to our facilities could adversely affect our results of operations, cash flows and financial condition.

Our profitability could be materially impacted by a decline in the volume of natural gas, NGLs and crude oil transported, gathered or processed at our facilities. A material decrease in natural gas or crude oil production or crude oil refining, as a result of depressed commodity prices, a decrease in exploration and development activities or otherwise, could result in a decline in the volume of natural gas, NGLs and crude oil handled by our facilities.

The crude oil, natural gas and NGLs available to our facilities will be derived from reserves produced from existing wells, which reserves naturally decline over time. To offset this natural decline, our facilities will need access to additional reserves. Additionally, some of our facilities will be dependent on reserves that are expected to be produced from newly discovered properties that are currently being developed.

Exploration and development of new oil and natural gas reserves is capital intensive, particularly offshore in the Gulf of Mexico. Many economic and business factors are beyond our control and can

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adversely affect the decision by producers to explore for and develop new reserves. These factors could include relatively low oil and natural gas prices, cost and availability of equipment and labor, regulatory changes, capital budget limitations, the lack of available capital or the probability of success in finding hydrocarbons. For example, a sustained decline in the price of natural gas and crude oil could result in a decrease in natural gas and crude oil exploration and development activities in the regions where our facilities are located. This could result in a decrease in volumes to our offshore platforms, natural gas processing plants, natural gas, crude oil and NGL pipelines, and NGL fractionators, which would have a material adverse affect on our results of operations, cash flows and financial position. Additional reserves, if discovered, may not be developed in the near future or at all.

A decrease in demand for NGL products by the petrochemical, refining or heating industries could materially adversely affect our results of operations, cash flows and financial position.

A decrease in demand for NGL products by the petrochemical, refining or heating industries, whether because of general economic conditions, reduced demand by consumers for the end products made with NGL products, increased competition from petroleum-based products due to pricing differences, adverse weather conditions, government regulations affecting prices and production levels of natural gas or the content of motor gasoline or other reasons, could materially adversely affect our results of operations, cash flows and financial position. For example:

Ethane. If natural gas prices increase significantly in relation to ethane prices, it may be more profitable for natural gas producers to leave the ethane in the natural gas stream to be burned as fuel than to extract the ethane from the mixed NGL stream for sale.

Propane. The demand for propane as a heating fuel is significantly affected by weather conditions. Unusually warm winters could cause the demand for propane to decline significantly and could cause a significant decline in the volumes of propane that we transport.

Isobutane. A reduction in demand for motor gasoline additives may reduce demand for isobutane. During periods in which the difference in market prices between isobutane and normal butane is low or inventory values are high relative to current prices for normal butane or isobutane, our operating margin from selling isobutane could be reduced.

Propylene. A downturn in the domestic or international economy could cause reduced demand for propylene, which could cause a reduction in the volumes of propylene that we produce and expose our investment in inventories of propane/propylene mix to pricing risk due to requirements for short-term price discounts in the spot or short-term propylene markets.

We face competition from third parties in our midstream businesses.

Even if reserves exist in the areas accessed by our facilities and are ultimately produced, we may not be chosen by the producers in these areas to gather, transport, process, fractionate, store or otherwise handle the hydrocarbons that are produced. We compete with others, including producers of oil and natural gas, for any such production on the basis of many factors, including:

- geographic proximity to the production;
- costs of connection;
- available capacity;
- rates; and
- access to markets.

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Our future debt level may limit our future financial and operating flexibility.

As of December 31, 2005, we had approximately $4.8 billion of consolidated debt outstanding. The amount of our future debt could have significant effects on our operations, including, among other things:

- a significant portion of our cash flow could be dedicated to the payment of principal and interest on our future debt and may not be available for other purposes, including the payment of distributions on our common units and capital expenditures;

- credit rating agencies may view our debt level negatively;

- covenants contained in our existing debt arrangements will require us to continue to meet financial tests that may adversely affect our flexibility in planning for and reacting to changes in our business;

- our ability to obtain additional financing for working capital, capital expenditures, acquisitions and general partnership purposes may be limited;

- we may be at a competitive disadvantage relative to similar companies that have less debt; and

- we may be more vulnerable to adverse economic and industry conditions as a result of our significant debt level.

Our public debt indentures currently do not limit the amount of future indebtedness that we can create, incur, assume or guarantee. Although our multi-year revolving credit facility restricts our ability to incur additional debt above certain levels, any debt we may incur in compliance with these restrictions may still be substantial. For information regarding our multi-year revolving credit facility, please read Note 14 of the Notes to Consolidated Financial Statements included under Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2005.

Our Multi-Year Revolving Credit Facility and each of our indentures for our public debt contain conventional financial covenants and other restrictions. For example, we are prohibited from making distributions to our partners if such distributions would cause an event of default or otherwise violate a covenant under our multi-year revolving credit facility. A breach of any of these restrictions by us could permit our lenders or noteholders, as applicable, to declare all amounts outstanding under these debt agreements to be immediately due and payable and, in the case of our multi-year revolving credit facility, to terminate all commitments to extend further credit. For additional information regarding our multi-year revolving credit facility, please read Note 14 of the Notes to Consolidated Financial Statements included under Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2005.

Our ability to access capital markets to raise capital on favorable terms will be affected by our debt level, the amount of our debt maturing in the next several years and current maturities, and by prevailing market conditions. Moreover, if the rating agencies were to downgrade our credit ratings, then we could experience an increase in our borrowing costs, difficulty assessing capital markets or a reduction in the market price of our common units. Such a development could adversely affect our ability to obtain financing for working capital, capital expenditures or acquisitions or to refinance existing indebtedness. If we are unable to access the capital markets on favorable terms in the future, we might be forced to seek extensions for some of our short-term securities or to refinance some of our debt obligations through bank credit, as opposed to long-term public debt securities or equity securities. The price and terms upon which we might receive such extensions or additional bank credit, if at all, could be more onerous than those contained in existing debt agreements. Any such arrangements could, in turn, increase the risk that our leverage may adversely affect our future financial and operating flexibility and thereby impact our ability to pay cash distributions at expected rates.

We may not be able to fully execute our growth strategy if we encounter illiquid capital markets or increased competition for investment opportunities.

Our strategy contemplates growth through the development and acquisition of a wide range of midstream and other energy infrastructure assets while maintaining a strong balance sheet. This strategy includes constructing and acquiring additional assets and businesses to enhance our ability to compete effectively and diversifying our asset portfolio, thereby providing more stable cash flow. We regularly consider and enter into discussions regarding, and are currently contemplating and/or pursuing, potential joint ventures, stand alone projects or other transactions that we believe will present opportunities to realize synergies, expand our role in the energy infrastructure business and increase our market position.

We will require substantial new capital to finance the future development and acquisition of assets and businesses. Any limitations on our access to capital will impair our ability to execute this strategy. If the cost of such capital becomes too expensive, our ability to develop or acquire accretive assets will be limited. We may not be able to raise the necessary funds on satisfactory terms, if at all. The primary factors that influence our initial cost of equity include market conditions, fees we pay to underwriters and other offering costs, which include amounts we pay for legal and accounting services. The primary factors influencing our cost of borrowing include interest rates, credit spreads, covenants, underwriting or loan origination fees and similar charges we pay to lenders.

In addition, we are experiencing increased competition for the types of assets and businesses we have historically purchased or acquired. Increased competition for a limited pool of assets could result in our losing to other bidders more often or acquiring assets at less attractive prices. Either occurrence would limit our ability to fully execute our growth strategy. Our inability to execute our growth strategy may materially adversely affect our ability to maintain or pay higher distributions in the future.

Our growth strategy may adversely affect our results of operations if we do not successfully integrate the businesses that we acquire or if we substantially increase our indebtedness and contingent liabilities to make acquisitions.

Our growth strategy includes making accretive acquisitions. As a result, from time to time, we will evaluate and acquire assets and businesses that we believe complement our existing operations. We may be unable to integrate successfully businesses we acquire in the future. We may incur substantial expenses or encounter delays or other problems in connection with our growth strategy that could negatively impact our results of operations, cash flows and financial condition. Moreover, acquisitions and business expansions involve numerous risks, including:

- difficulties in the assimilation of the operations, technologies, services and products of the acquired companies or business segments;
- establishing the internal controls and procedures that we are required to maintain under the Sarbanes-Oxley Act of 2002;
- managing relationships with new joint venture partners with whom we have not previously partnered;
- inefficiencies and complexities that can arise because of unfamiliarity with new assets and the businesses associated with them, including with their markets; and
- diversion of the attention of management and other personnel from day-to-day business to the development or acquisition of new businesses and other business opportunities.

If consummated, any acquisition or investment would also likely result in the incurrence of indebtedness and contingent liabilities and an increase in interest expense and depreciation, depletion and amortization expenses. As a result, our capitalization and results of operations may change significantly following an acquisition. A substantial increase in our indebtedness and contingent liabilities could have a material adverse effect on our results of operations, cash flows and financial condition. In addition, any

anticipated benefits of a material acquisition, such as expected cost savings, may not be fully realized, if at all.

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Our operating cash flows from our capital projects may not be immediate.

We are engaged in several construction projects involving existing and new facilities for which significant capital has been or will be expended, and our operating cash flow from a particular project may not increase until a period of time after its completion. For instance, if we build a new pipeline or platform or expand an existing facility, the design, construction, development and installation may occur over an extended period of time, and we may not receive any material increase in operating cash flow from that project until a period of time after it is placed in service. If we experience any unanticipated or extended delays in generating operating cash flow from these projects, we may be required to reduce or reprioritize our capital budget, sell non-core assets, access the capital markets or decrease or limit distributions to unitholders in order to meet our capital requirements.

Our actual construction, development and acquisition costs could exceed forecasted amounts.

We will have significant expenditures for the development and construction of energy infrastructure assets, including some construction and development projects with significant technological challenges. We may not be able to complete our projects at the costs estimated at the time of each project s initiation.

Substantially all of the common units in us that are owned by EPCO and its affiliates are pledged as security under EPCO s credit facility. Additionally, all of the member interests in our general partner and all of the common units in us that are owned by Enterprise GP Holdings are pledged under its credit facility. Upon an event of default under either of these credit facilities, a change in ownership or control of us could ultimately result.

An affiliate of EPCO has pledged substantially all of its common units in us as security under its credit facility. EPCO s credit facility contains customary and other events of default relating to defaults of EPCO and certain of its subsidiaries, including certain defaults by us and other affiliates of EPCO. An event of default, followed by a foreclosure on EPCO s pledged collateral, could ultimately result in a change in ownership of us. In addition, the 100% membership interest in our general partner and the 13,454,498 of our common units that are owned by Enterprise GP Holdings are pledged under Enterprise GP Holdings credit facility. Enterprise GP Holdings credit facility contains customary and other events of default. Upon an event of default, the lenders under Enterprise GP Holdings credit facility could foreclose on Enterprise GP Holdings assets, which could ultimately result in a change in control of our general partner and a change in the ownership of our units held by Enterprise GP Holdings.

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The credit and risk profile of our general partner and its owners could adversely affect our credit ratings and profile.

The credit and business risk profiles of the general partner or owners of a general partner may be factors in credit evaluations of a master limited partnership. This is because the general partner can exercise significant influence over the business activities of the partnership, including its cash distribution and acquisition strategy and business risk profile. Another factor that may be considered is the financial condition of the general partner and its owners, including the degree of their financial leverage and their dependence on cash flow from the partnership to service their indebtedness.

Entities controlling the owner of our general partner have significant indebtedness outstanding and are dependent principally on the cash distributions from their general partner and limited partner equity interests in us to service such indebtedness. Any distributions by us to such entities will be made only after satisfying our then current obligations to our creditors. Although we have taken certain steps in our organizational structure, financial reporting and contractual relationships to reflect the separateness of us and Enterprise Products GP from the entities that control Enterprise Products GP, our credit ratings and business risk profile could be adversely affected if the ratings and risk profiles of the entities that control our general partner were viewed as substantially lower or more risky than ours.

The interruption of distributions to us from our subsidiaries and joint ventures may affect our ability to satisfy our obligations and to make distributions to our partners.

We are a holding company with no business operations. Our only significant assets are the equity interests we own in our subsidiaries and joint ventures. As a result, we depend upon the earnings and cash flow of our subsidiaries and joint ventures and the distribution of that cash to us in order to meet our obligations and to allow us to make distributions to our partners.

In addition, the charter documents governing our joint ventures typically vest in the joint venture management committee sole discretion regarding the occurrence and amount of distributions. Some of the joint ventures in which we participate have separate credit agreements that contain various restrictive covenants. Among other things, those covenants may limit or restrict the joint venture s ability to make distributions to us under certain circumstances. Accordingly, our joint ventures may be unable to make distributions to us at current levels if at all.

We may be unable to cause our joint ventures to take or not to take certain actions unless some or all of our joint venture participants agree.

We participate in several joint ventures. Due to the nature of some of these arrangements, each participant in these joint ventures has made substantial investments in the joint venture and, accordingly, has required that the relevant charter documents contain certain features designed to provide each participant with the opportunity to participate in the management of the joint venture and to protect its investment, as well as any other assets which may be substantially dependent on or otherwise affected by the activities of that joint venture. These participation and protective features customarily include a corporate governance structure that requires at least a majority-in-interest vote to authorize many basic activities and requires a greater voting interest (up to 100%) to authorize more significant activities. Examples of these more significant activities are large expenditures or contractual commitments, the construction or acquisition of assets, borrowing money or otherwise raising capital, transactions with affiliates of a joint venture participant, litigation and transactions not in the ordinary course of business, among others. Thus, without the concurrence of joint venture participants with enough voting interests, we may be unable to cause any of our joint ventures to take or not to take certain actions, even though those actions may be in the best interest of us or the particular joint venture.

Moreover, any joint venture owner may sell, transfer or otherwise modify its ownership interest in a joint venture, whether in a transaction involving third parties or the other joint venture owners. Any such transaction could result in us being required to partner with different or additional parties.

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A natural disaster, catastrophe or other event could result in severe personal injury, property damage and environmental damage, which could curtail our operations and otherwise materially adversely affect our cash flow and, accordingly, affect the market price of our common units.

Some of our operations involve risks of personal injury, property damage and environmental damage, which could curtail our operations and otherwise materially adversely affect our cash flow. For example, natural gas facilities operate at high pressures, sometimes in excess of 1,100 pounds per square inch. We also operate oil and natural gas facilities located underwater in the Gulf of Mexico, which can involve complexities, such as extreme water pressure. Virtually all of our operations are exposed to potential natural disasters, including hurricanes, tornadoes, storms, floods and/or earthquakes.

If one or more facilities that are owned by us or that deliver oil, natural gas or other products to us are damaged by severe weather or any other disaster, accident, catastrophe or event, our operations could be significantly interrupted. Similar interruptions could result from damage to production or other facilities that supply our facilities or other stoppages arising from factors beyond our control. These interruptions might involve significant damage to people, property or the environment, and repairs might take from a week or less for a minor incident to six months or more for a major interruption. Additionally, some of the storage contracts that we are a party to obligate us to indemnify our customers for any damage or injury occurring during the period in which the customers natural gas is in our possession. Any event that interrupts the revenues generated by our operations, or which causes us to make significant expenditures not covered by insurance, could reduce our cash available for paying distributions and, accordingly, adversely affect the market price of our common units.

We believe that EPCO maintains adequate insurance coverage on behalf of us, although insurance will not cover many types of interruptions that might occur. As a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially, and in some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. As a result, EPCO may not be able to renew existing insurance policies on behalf of us or procure other desirable insurance on commercially reasonable terms, if at all. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our financial position and results of operations. In addition, the proceeds of any such insurance may not be paid in a timely manner and may be insufficient if such an event were to occur.

An impairment of goodwill and intangible assets could reduce our earnings.

At December 31, 2005, our balance sheet reflected $494 million of goodwill and $913.6 million of intangible assets. Goodwill is recorded when the purchase price of a business exceeds the fair market value of the tangible and separately measurable intangible net assets. Generally accepted accounting principles in the United States (otherwise known as GAAP) require us to test goodwill for impairment on an annual basis or when events or circumstances occur indicating that goodwill might be impaired. Long-lived assets such as intangible assets with finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If we determine that any of our goodwill or intangible assets were impaired, we would be required to take an immediate charge to earnings with a correlative effect on partners equity and balance sheet leverage as measured by debt to total capitalization.

Increases in interest rates could materially adversely affect our business, results of operations, cash flows and financial condition.

In addition to our exposure to commodity prices, we have significant exposure to increases in interest rates. As of December 31, 2005, we had approximately $4.8 billion of consolidated debt, of which approximately $3.3 billion was at fixed interest rates and approximately $1.5 billion was at variable interest rates, after giving effect to existing interest swap arrangements. From time to time, we may enter into additional interest rate swap arrangements, which could increase our exposure to variable interest rates. As a result, our results of operations, cash flows and financial condition, could be materially adversely affected by significant increases in interest rates.

An increase in interest rates may also cause a corresponding decline in demand for equity investments, in general, and in particular for yield-based equity investments such as our common units. Any such reduction in demand for our common units resulting from other more attractive investment opportunities may cause the trading price of our common units to decline.

The use of derivative financial instruments could result in material financial losses by us.

We historically have sought to limit a portion of the adverse effects resulting from changes in oil and natural gas commodity prices and interest rates by using financial derivative instruments and other hedging mechanisms from time to time. To the extent that we hedge our commodity price and interest rate exposures, we will forego the benefits we would otherwise experience if commodity prices or interest rates were to change in our favor. In addition, even though monitored by management, hedging activities can result in losses. Such losses could occur under various circumstances, including if a counterparty does not perform its obligations under the hedge arrangement, the hedge is imperfect, or hedging policies and procedures are not followed.

Our pipeline integrity program may impose significant costs and liabilities on us.

The U.S. Department of Transportation issued final rules (effective March 2001 with respect to hazardous liquid pipelines and February 2004 with respect to natural gas pipelines) requiring pipeline operators to develop integrity management programs to comprehensively evaluate their pipelines, and take measures to protect pipeline segments located in what the rules refer to as high consequence areas. The final rule resulted from the enactment of the Pipeline Safety Improvement Act of 2002. At this time, we cannot predict the ultimate costs of compliance with this rule because those costs will depend on the number and extent of any repairs found to be necessary as a result of the pipeline integrity testing that is required by the rule. We will continue our pipeline integrity testing programs to assess and maintain the integrity of our pipelines. The results of these tests could cause us to incur significant and unanticipated capital and operating expenditures for repairs or upgrades deemed necessary to ensure the continued safe and reliable operation of our pipelines.

Environmental costs and liabilities and changing environmental regulation could materially affect our results of operations, cash flows and financial condition.

Our operations are subject to extensive federal, state and local regulatory requirements relating to environmental affairs, health and safety, waste management and chemical and petroleum products. Governmental authorities have the power to enforce compliance with applicable regulations and permits and to subject violators to civil and criminal penalties, including substantial fines, injunctions or both. Third parties may also have the right to pursue legal actions to enforce compliance.

We will make expenditures in connection with environmental matters as part of normal capital expenditure programs. However, future environmental law developments, such as stricter laws, regulations, permits or enforcement policies, could significantly increase some costs of our operations, including the handling, manufacture, use, emission or disposal of substances and wastes.

Federal, state or local regulatory measures could materially adversely affect our business, results of operations, cash flows and financial condition.

The Federal Energy Regulatory Commission, or FERC, regulates our interstate natural gas pipelines and interstate natural gas storage facilities under the Natural Gas Act, and interstate NGL and petrochemical pipelines under the Interstate Commerce Act. The Surface Transportation Board regulates our interstate propylene pipelines. State regulatory agencies regulate our intrastate natural gas and NGL pipelines, intrastate storage facilities and gathering lines.

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Under the Natural Gas Act, the FERC has authority to regulate natural gas companies that provide natural gas pipeline transportation services in interstate commerce. Its authority to regulate those services is comprehensive and includes the rates charged for the services, terms and condition of service and certification and construction of new facilities. The FERC requires that our services are provided on a non-discriminatory basis so that all shippers have open access to our pipelines and storage. Pursuant to the FERC s jurisdiction over interstate gas pipeline rates, existing pipeline rates may be challenged by customer complaint or by the FERC Staff and proposed rate increases may be challenged by protest.

We have interests in natural gas pipeline facilities offshore from Texas and Louisiana. These facilities are subject to regulation by the FERC and other federal agencies, including the Department of Interior, under the Outer Continental Shelf Lands Act, and by the Department of Transportation s Office of Pipeline Safety under the Natural Gas Pipeline Safety Act.

Our intrastate NGL and natural gas pipelines are subject to regulation in many states, including Alabama, Colorado, Louisiana, Mississippi, New Mexico and Texas, and our intrastate natural gas pipelines are subject to regulation by the FERC pursuant to Section 311 of the Natural Gas Policy Act. We also have natural gas underground storage facilities in Louisiana, Mississippi and Texas. Although state regulation is typically less onerous than at the FERC, proposed and existing rates subject to state regulation and the provision of services on a non-discriminatory basis are also subject to challenge by protest and complaint, respectively.

For a general overview of federal, state and local regulation applicable to our assets, please read the regulation and environmental information included under Item 1 of our Annual Report on Form 10-K for the year ended December 31, 2005. This regulatory oversight can affect certain aspects of our business and the market for our products and could materially adversely affect our cash flows.

Terrorist attacks aimed at our facilities could adversely affect our business, results of operations, cash flows and financial condition.

Since the September 11, 2001 terrorist attacks on the United States, the United States government has issued warnings that energy assets, including our nation s pipeline infrastructure, may be the future target of terrorist organizations. Any terrorist attack on our facilities or pipelines or those of our customers could have a material adverse effect on our business.

We depend on the leadership and involvement of Dan L. Duncan for the success of our and our subsidiaries businesses.

We depend on the leadership, involvement and services of Dan L. Duncan, the founder of EPCO and the Chairman of our general partner. Mr. Duncan has been integral to our success and the success of EPCO due in part to his ability to identify and develop business opportunities, make strategic decisions and attract and retain key personnel. The loss of his leadership and involvement or the services of any members of our senior management team could have a material adverse effect on our business, results of operations, cash flows and financial condition.

Some of our executive officers and directors face potential conflicts of interest in managing our business.

Certain of our executive officers and directors are also officers and/or directors of EPCO, the general partner of Enterprise GP Holdings, the general partner of TEPPCO and other affiliates of EPCO. These relationships may create conflicts of interest regarding corporate opportunities and other matters. The resolution of any such conflicts may not always be in our or our unitholders best interests. In addition, these overlapping executive officers and directors allocate their time among EPCO, Enterprise GP Holdings, TEPPCO and other affiliates of EPCO. These officers and directors face potential conflicts regarding the allocation of their time, which may adversely affect our business, results of operations and financial condition. Please read Management for more detailed information on which of our officers and directors serve as officers and/or directors of EPCO, Enterprise GP Holdings, TEPPCO and other affiliates of EPCO.

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Risks Related to Our Common Units as a Result of Our Partnership Structure

We may issue additional securities without the approval of our common unitholders.

Subject to NYSE rules, we may issue an unlimited number of limited partner interests of any type (to parties other than our affiliates) without the approval of our unitholders. Our partnership agreement does not give our common unitholders the right to approve the issuance of equity securities, including equity securities ranking senior to our common units. The issuance of additional common units or other equity securities of equal or senior rank will have the following effects:

- the proportionate ownership interest of a common unit will decrease;
- the amount of cash available for distributions on each unit may decrease;
- the ratio of taxable income to distributions may increase;
- the relative voting strength of each previously outstanding unit may be diminished; and
- the market price of our common units may decline.

We may not have sufficient cash from operations to pay distributions at the current level following establishment of cash reserves and payments of fees and expenses, including payments to Enterprise Products GP.

Because distributions on our common units are dependent on the amount of cash we generate, distributions may fluctuate based on our performance. We cannot guarantee that we will continue to pay distributions at the current level each quarter. The actual amount of cash that is available to be distributed each quarter will depend upon numerous factors, some of which are beyond our control and the control of Enterprise Products GP. These factors include but are not limited to the following:

- the level of our operating costs;
- the level of competition in our business segments;
- prevailing economic conditions;
- the level of capital expenditures we make;
- the restrictions contained in our debt agreements and our debt service requirements;
- fluctuations in our working capital needs;
- the cost of acquisitions, if any; and
- the amount, if any, of cash reserves established by Enterprise Products GP in its sole discretion.

In addition, you should be aware that our ability to pay the minimum quarterly distribution each quarter depends primarily on our cash flow, including cash flow from financial reserves and working capital borrowings, not solely on profitability, which is affected by non-cash items. As a result, we may make cash distributions during periods when we record losses and we may not make distributions during periods when we record net income.

We do not have the same flexibility as other types of organizations to accumulate cash and equity to protect against illiquidity in the future.

Unlike a corporation, our partnership agreement requires us to make quarterly distributions to our unitholders of all available cash reduced by any amounts of reserves for commitments and contingencies, including capital and operating costs and debt service requirements. The value of our units and other limited partner interests may decrease in direct correlation with decreases in the amount we distribute per unit. Accordingly, if we experience a liquidity problem in the future, we may not be able to issue more equity to recapitalize.

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Cost reimbursements and fees due to Enterprise Products GP may be substantial and will reduce our cash available for distribution to holders of our units.

Prior to making any distribution on our units, we will reimburse Enterprise Products GP and its affiliates, including officers and directors of Enterprise Products GP, for expenses they incur on our behalf. The reimbursement of expenses could adversely affect our ability to pay cash distributions to holders of our units. Enterprise Products GP has sole discretion to determine the amount of these expenses. In addition, Enterprise Products GP and its affiliates may provide other services to us for which we will be charged fees as determined by Enterprise Products GP.

Enterprise Products GP and its affiliates have limited fiduciary responsibilities to, and conflicts of interest with respect to, our partnership, which may permit it to favor its own interests to your detriment.

The directors and officers of Enterprise Products GP and its affiliates have duties to manage Enterprise Products GP in a manner that is beneficial to its members. At the same time, Enterprise Products GP has duties to manage our partnership in a manner that is beneficial to us. Therefore, Enterprise Products GP s duties to us may conflict with the duties of its officers and directors to its members. Such conflicts may include, among others, the following:

- neither our partnership agreement nor any other agreement requires Enterprise Products GP or EPCO to pursue a business strategy that favors us;

- decisions of Enterprise Products GP regarding the amount and timing of asset purchases and sales, cash expenditures, borrowings, issuances of additional units and reserves in any quarter may affect the level of cash available to pay quarterly distributions to unitholders and Enterprise Products GP;

- under our partnership agreement, Enterprise Products GP determines which costs incurred by it and its affiliates are reimbursable by us;

- Enterprise Products GP is allowed to resolve any conflicts of interest involving us and Enterprise Products GP and its affiliates;

- Enterprise Products GP is allowed to take into account the interests of parties other than us, such as EPCO, in resolving conflicts of interest, which has the effect of limiting its fiduciary duty to unitholders;

- any resolution of a conflict of interest by Enterprise Products GP not made in bad faith and that is fair and reasonable to us shall be binding on the partners and shall not be a breach of our partnership agreement;

- affiliates of Enterprise Products GP, including TEPPCO, may compete with us in certain circumstances;

- Enterprise Products GP has limited its liability and reduced its fiduciary duties, and has also restricted the remedies available to our unitholders for actions that might, without the limitations, constitute breaches of fiduciary duty. As a result of purchasing our units, you are deemed to consent to some actions and conflicts of interest that might otherwise constitute a breach of fiduciary or other duties under applicable law;

- we do not have any employees and we rely solely on employees of EPCO and its affiliates;

- in some instances, Enterprise Products GP may cause us to borrow funds in order to permit the payment of distributions, even if the purpose or effect of the borrowing is to make incentive distributions;

- our partnership agreement does not restrict Enterprise Products GP from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with any of these entities on our behalf;

- Enterprise Products GP intends to limit its liability regarding our contractual and other obligations and, in some circumstances, may be entitled to be indemnified by us;

- Enterprise Products GP controls the enforcement of obligations owed to us by our general partner and its affiliates; and

- Enterprise Products GP decides whether to retain separate counsel, accountants or others to perform services for us.

We have significant business relationships with entities controlled by Dan L. Duncan, including EPCO and TEPPCO. For detailed information on these relationships and related transactions with these entities during 2005, please read Item 13 of our Annual Report on Form 10-K for the year ended December 31, 2005.

Even if unitholders are dissatisfied, they cannot easily remove Enterprise Products GP.

Unlike the holders of common stock in a corporation, unitholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management s decisions regarding our business. Unitholders did not elect Enterprise Products GP or its directors and will have no right to elect our general partner or its directors on an annual or other continuing basis.

Furthermore, if unitholders are dissatisfied with the performance of our general partner, they currently have no practical ability to remove Enterprise Products GP or the officers or directors of Enterprise Products GP. Enterprise Products GP may not be removed except upon the vote of the holders of at least 60% of our outstanding units voting together as a single class. Because affiliates of Enterprise Products GP will own approximately 35.6% of our outstanding common units after this offering, the removal of Enterprise Products GP as our general partner is not practicable without the consent of Enterprise Products GP and its affiliates.

Unitholders voting rights are further restricted by a provision in our partnership agreement stating that any units held by a person that owns 20% or more of any class of our units then outstanding, other than our general partner and its affiliates, cannot be voted on any matter. In addition, our partnership agreement contains provisions limiting the ability of unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting our unitholders ability to influence the manner or direction of our management.

As a result of these provisions, the trading price of our common units may be lower than other forms of equity ownership because of the absence or reduction of a takeover premium in the trading price.

Enterprise Products GP has a limited call right that may require common unitholders to sell their units at an undesirable time or price.

If at any time Enterprise Products GP and its affiliates own 85% or more of the common units then outstanding, Enterprise Products GP will have the right, but not the obligation, which it may assign to any of its affiliates or to us, to acquire all, but not less than all, of the remaining common units held by unaffiliated persons at a price not less than the then current market price. As a result, common unitholders may be required to sell their common units at an undesirable time or price and may therefore not receive any return on their investment. They may also incur a tax liability upon a sale of their units.

Our common unitholders may not have limited liability if a court finds that limited partner actions constitute control of our business.

Under Delaware law, common unitholders could be held liable for our obligations to the same extent as a general partner if a court determined that the right of limited partners to remove our general partner or to take other action under our partnership agreement constituted participation in the control of our business.

Under Delaware law, our general partner generally has unlimited liability for our obligations, such as our debts and environmental liabilities, except for those of our contractual obligations that are expressly made without recourse to our general partner.

In addition, Section 17-607 of the Delaware Revised Uniform Limited Partnership Act provides that, under some circumstances, a limited partner may be liable to us for the amount of a distribution for a period of three years from the date of the distribution.

A large number of our outstanding common units may be sold in the market, which may depress the market price of our common units.

Shell owns 29,407,549 of our common units, representing approximately 7.5% of our outstanding common units at February 22, 2006, and has publicly announced its intention to reduce its holdings of our common units on an orderly schedule over a period of years, taking into account market conditions. All of the common units held by Shell are registered for resale under our effective registration statement on Form S-3.

Sales of a substantial number of our common units in the public market could cause the market price of our common units to decline. As of February 22, 2006, we had 390,308,358 common units outstanding. Sales of a substantial number of these common units in the trading markets, whether in a single transaction or series of transactions, or the possibility that these sales may occur, could reduce the market price of our outstanding common units. In addition, these sales, or the possibility that these sales may occur, could make it more difficult for us to sell our common units in the future.

Tax Risks to Common Unitholders

If we were to become subject to entity level taxation for federal or state tax purposes, then our cash available for distribution to our common unitholders would be substantially reduced.

The anticipated after-tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for federal income tax purposes. We have not requested, and do not plan to request, a ruling from the Internal Revenue Service (IRS) on this matter.

If we were treated as a corporation for federal income tax purposes, we would pay federal income tax on our taxable income at the corporate tax rate, which is currently a maximum of 35%, and we likely would pay state taxes as well. Distributions to our unitholders would generally be taxed again as corporate distributions, and no income, gains, losses or deductions would flow though to our unitholders. Because a tax would be imposed upon us as a corporation, the cash available for distributions to our common unitholders would be substantially reduced. Therefore, treatment of us as a corporation would result in a material reduction in the after-tax return to our common unitholders, likely causing a substantial reduction in the value of our common units.

Current law may change, causing us to be treated as a corporation for federal income tax purposes or otherwise subjecting us to entity level taxation. For example, because of widespread state budget deficits, several states are evaluating ways to subject partnerships to entity level taxation through the imposition of state income, franchise or other forms of taxation. If any state were to impose a tax upon us as an entity, the cash available for distribution to our common unitholders would be reduced.

A successful IRS contest of the federal income tax positions we take may adversely impact the market for our common units, and the costs of any contests will be borne by our unitholders and our general partner.

The IRS may adopt positions that differ from the positions we take, even positions taken with advice of counsel. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions we take. A court may not agree with some or all of the positions we take. Any contest with the IRS may materially and adversely impact the market for our common units and the price at which our common units trade. In addition, the costs of any contest with the IRS, principally legal, accounting and related fees, will be borne indirectly by our unitholders and our general partner.

Even if our common unitholders do not receive any cash distributions from us, they will be required to pay taxes on their share of our taxable income.

Common unitholders will be required to pay federal income taxes and, in some cases, state and local income taxes on their share of our taxable income even if they do not receive any cash distributions from us. Our common unitholders may not receive cash distributions from us equal to their share of our taxable income or even equal to the actual tax liability which results from their share of our taxable income.

Tax gain or loss on the disposition of our common units could be different than expected.

If a common unitholder sells its common units, the unitholder will recognize a gain or loss equal to the difference between the amount realized and the unitholder s tax basis in those common units. Prior distributions to a unitholder in excess of the total net taxable income a unitholder is allocated for a common unit, which decreased the unitholder s tax basis in that common unit, will, in effect, become taxable income to the unitholder if the common unit is sold at a price greater than the unitholder s tax basis in that common unit, even if the price the unitholder receives is less than the unitholder s original cost. A substantial portion of the amount realized, whether or not representing gain, may be ordinary income to a unitholder.

Tax-exempt entities, regulated investment companies and foreign persons face unique tax issues from owning common units that may result in adverse tax consequences to them.

Investments in common units by tax-exempt entities, such as individual retirement accounts (known as IRAs), regulated investment companies (known as mutual funds), and foreign persons raises issues unique to them. For example, virtually all of our income allocated to unitholders who are organizations exempt from federal income tax, including individual retirement accounts and other retirement plans, will be unrelated business taxable income and will be taxable to them. Recent legislation treats net income derived from the ownership of certain publicly traded partnerships (including us) as qualifying income to a regulated investment company. Distributions to non-U.S. persons will be reduced by withholding taxes at the highest applicable effective tax rate, and non-U.S. persons will be required to file United States federal income tax returns and pay tax on their share of our taxable income.

We will treat each purchaser of our common units as having the same tax benefits without regard to the units purchased. The IRS may challenge this treatment, which could adversely affect the value of our common units.

Because we cannot match transferors and transferees of common units, we adopt depreciation and amortization positions that may not conform with all aspects of applicable Treasury regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to a common unitholder. It also could affect the timing of these tax benefits or the amount of gain from a sale of common units and could have a negative impact on the value of our common units or result in audit adjustments to the common unitholder s tax returns.

Our common unitholders will likely be subject to state and local taxes and return filing requirements in states where they do not live as a result of an investment in our common units.

In addition to federal income taxes, our common unitholders will likely be subject to other taxes, including state and local income taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we do business or own property. Our common unitholders will likely be required to file state and local income tax returns and pay state and local income taxes in some or all of these various jurisdictions. Further, they may by subject to penalties for failure to comply with those requirements. We may own property or conduct business in other states or foreign countries in the future. It is the responsibility of the common unitholder to file all United States federal, state and local tax returns.

The sale or exchange of 50% or more of our capital and profits interests during any twelve-month period will result in the termination of our partnership for federal income tax purposes.

We will be considered to have terminated for federal income tax purposes if there is a sale or exchange of 50% or more of the total interests in our capital and profits within a twelve-month period. Our termination would, among other things, result in the closing of our taxable year for all unitholders and could result in a deferral of depreciation deductions allowable in computing our taxable income.

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USE OF PROCEEDS

We expect to receive net proceeds, based on an assumed offering price of $25.04 per common unit, of approximately $367.5 million from the sale of 15,000,000 common units in this offering (including the net capital contribution of $7.3 million from our general partner to maintain its 2% general partner interest), after deducting underwriting discounts, commissions and estimated offering expenses payable by us. If the underwriters exercise their option to purchase additional common units in full, we will receive net proceeds of approximately $422.7 million, including a proportionate net capital contribution of $8.5 million from our general partner. We will use the net proceeds of this offering, including any exercise of the underwriters option to purchase additional common units, to temporarily reduce borrowings outstanding under our multi-year revolving credit facility and for general partnership purposes.

In general, our indebtedness under the multi-year revolving credit facility was incurred for working capital purposes, capital expenditures and business combinations. Amounts repaid under our multi-year revolving credit facility may be reborrowed from time to time for acquisitions, capital expenditures and other general partnership purposes. As of February 23, 2006, we had $365 million of borrowings outstanding under our multi-year revolving credit facility that bears interest at a variable rate, which is currently approximately 5.1% per annum. Our multi-year revolving credit facility matures in October 2010. Affiliates of certain of the underwriters or their affiliates are lenders under our multi-year revolving credit facility and, accordingly, will receive a portion of the proceeds of this offering.

A $1.00 increase (decrease) in the assumed public offering price per common unit would increase (decrease) the net proceeds to us from this offering by $14.7 million, assuming the number of common units offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts, commissions and estimated offering expenses payable by us. The foregoing increase (decrease) includes the net capital contribution from our general partner to maintain its 2% general partner interest, which net capital contribution will increase (decrease) by $0.3 million for each $1.00 increase (decrease) in the assumed public offering price per common unit and based on the other assumptions noted above. For a further description of the effect of the use of proceeds on our capitalization, please read Capitalization.

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PRICE RANGE OF COMMON UNITS AND DISTRIBUTIONS

On February 22, 2006, we had 390,308,358 common units outstanding, beneficially held by approximately 155,000 holders. Our common units are traded on the New York Stock Exchange under the symbol EPD.

The following table sets forth, for the periods indicated, the high and low sales price ranges for our common units, as reported on the New York Stock Exchange Composite Transaction Tape, and the amount, record date and payment date of the quarterly cash distributions paid per common unit. The last reported sales price of our common units on the New York Stock Exchange on February 23, 2006 was $25.04 per common unit.

	Price ranges		Cash distribution history		
	High	**Low**	**Per unit**	**Record date**	**Payment date**
2004					
1st Quarter	$ 24.72	$ 21.75	$ 0.3725	April 30, 2004	May 12, 2004
2nd Quarter	23.84	20.00	0.3725	July 30, 2004	August 6, 2004
3rd Quarter	23.70	20.19	0.3950	October 29, 2004	November 5, 2004
4th Quarter	25.99	22.73	0.4000	January 31, 2005	February 14, 2005
2005					
1st Quarter	$ 28.35	$ 23.15	$ 0.4100	April 29, 2005	May 10, 2005
2nd Quarter	27.09	24.77	0.4200	July 29, 2005	August 10, 2005
3rd Quarter	27.66	23.50	0.4300	October 31, 2005	November 8, 2005
4th Quarter	26.02	23.38	0.4375	January 31, 2006	February 9, 2006
2006					
1st Quarter(1)	$ 26.00	$ 24.25	$ (2)		

(1) Through February 23, 2006.

(2) The distribution with respect to the 1st quarter of 2006 has neither been declared nor paid.

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CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2005:

on a consolidated historical basis;

on an as adjusted basis to give effect to (i) the sale of 15,000,000 common units in this offering at an assumed offering price of $25.04 per common unit, (ii) our general partner s proportionate net capital contribution of $7.3 million and (iii) the application of all of the net proceeds of $367.5 million (before exercise of the underwriters option to purchase additional common units) to temporarily reduce debt under our multi-year revolving credit facility as described under Use of Proceeds.