

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

For the quarterly period ended September 30, 2000

OR

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

For the transition period from _____ to _____

Commission file number: 1-14323

Enterprise Products Partners L.P.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

76-0568219
(I.R.S. Employer
Identification No.)

2727 North Loop West
Houston, Texas
77008-1037

(Address of principal executive offices) (Zip code)

(713) 880-6500

(Registrant's telephone number including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

The registrant had 46,535,715 Common Units outstanding as of November 13, 2000.

Enterprise Products Partners L.P. and Subsidiaries

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PART 1. FINANCIAL INFORMATION.
Item 1. CONSOLIDATED FINANCIAL STATEMENTS.
Enterprise Products Partners L.P.
Consolidated Balance Sheets
(Dollar amounts in thousands)

ASSETS	September 30, 2000 (Unaudited)	December 31, 1999
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Current Assets		
Cash and cash equivalents	\$ 41,443	\$ 5,230
Accounts receivable - trade, net of allowance for doubtful accounts of \$12,053 at September 30, 2000 and \$15,871 at December 31, 1999	302,766	262,348
Accounts receivable - affiliates	37,050	56,075
Inventories	138,039	39,907
Current maturities of participation in notes receivable from unconsolidated affiliates	-	6,519
Prepaid and other current assets	13,162	14,459
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Total current assets	532,460	384,538
Property, Plant and Equipment, Net	941,836	767,069
Investments in and Advances to Unconsolidated Affiliates	280,206	280,606
Intangible assets, net of accumulated amortization of \$4,186 at September 30, 2000 and \$1,345 at December 31, 1999	88,577	61,619
Other Assets	4,457	1,120
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Total	\$ 1,847,536	\$ 1,494,952
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LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities		
Current maturities of long-term debt	\$ 50,000	\$ 129,000
Accounts payable - trade	107,356	69,294
Accounts payable - affiliate	34,035	64,780
Accrued gas payables	278,651	233,360
Accrued expenses	11,496	16,510
Other current liabilities	30,925	18,176
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Total current liabilities	512,463	531,120
Long-Term Debt	404,000	166,000
Other Long-Term liabilities	7,094	296
Minority Interest	9,353	8,071
Commitments and Contingencies		
Partners' Equity		
Common Units (45,552,915 Units outstanding at December 31, 1999 and 46,535,715 Units outstanding at September 30, 2000)	463,239	428,707
Subordinated Units (21,409,870 Units outstanding at December 31, 1999 and September 30, 2000)	154,205	131,688
Special Units (14,500,000 Units outstanding at December 31, 1999 and 16,500,000 Units outstanding at September 30, 2000)	292,715	225,855
Treasury Units acquired by Trust, at cost (267,200 Units outstanding at December 31, 1999 and September 30, 2000)	(4,727)	(4,727)
General Partner		
	9,194	7,942
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Total Partners' Equity	914,626	789,465
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Total	\$ 1,847,536	\$ 1,494,952
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See Notes to Unaudited Consolidated Financial Statements

Enterprise Products Partners L.P.
Statements of Consolidated Operations
(Unaudited)
(Amounts in thousands, except per Unit amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
REVENUES				
Revenues from consolidated operations	\$ 717,113	\$ 441,880	\$ 2,056,307	\$ 763,793
Equity income in unconsolidated affiliates	4,750	3,148	23,290	7,591
Total	721,863	445,028	2,079,597	771,384
COST AND EXPENSES				
Operating costs and expenses	659,021	401,758	1,878,233	688,977
Selling, general and administrative	6,978	3,200	20,020	9,200
Total	665,999	404,958	1,898,253	698,177
OPERATING INCOME	55,864	40,070	181,344	73,207
OTHER INCOME (EXPENSE)				
Interest expense	(7,486)	(4,515)	(23,330)	(8,907)
Interest income (expense) from unconsolidated affiliates	(88)	407	182	1,096
Dividend income from unconsolidated affiliates	2,241	-	6,236	-
Interest income - other	317	682	3,023	1,114
Other, net	(71)	72	(496)	117
Other income (expense)	(5,087)	(3,354)	(14,385)	(6,580)
INCOME BEFORE MINORITY INTEREST	50,777	36,716	166,959	66,627
MINORITY INTEREST	(514)	(370)	(1,689)	(672)
NET INCOME	\$ 50,263	\$ 36,346	\$ 165,270	\$ 65,955
ALLOCATION OF NET INCOME TO:				
Limited partners	\$ 49,566	\$ 35,983	\$ 163,423	\$ 65,295
General partner	\$ 697	\$ 363	\$ 1,847	\$ 660
BASIC EARNINGS PER UNIT				
Income before minority interest	\$ 0.75	\$ 0.54	\$ 2.47	\$ 0.99
Net income per Common and Subordinated unit	\$ 0.74	\$ 0.54	\$ 2.44	\$ 0.98
DILUTED EARNINGS PER UNIT				
Income before minority interest	\$ 0.60	\$ 0.48	\$ 2.02	\$ 0.94
Net income per Common, Subordinated and Special unit	\$ 0.60	\$ 0.47	\$ 2.00	\$ 0.93

See Notes to Unaudited Consolidated Financial Statements

Enterprise Products Partners L.P.
 Statements of Consolidated Cash Flows
 (Dollars in Thousands)

	Nine Months Ended September 30,	
	2000	1999
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OPERATING ACTIVITIES		
Net income	\$ 165,270	\$ 65,955
Adjustments to reconcile net income to cash flows provided by (used for) operating activities:		
Depreciation and amortization	27,952	17,280
Equity in income of unconsolidated affiliates	(23,290)	(7,591)
Distributions received from unconsolidated affiliates	25,997	4,607
Leases paid by EPCO	7,904	7,918
Minority interest	1,689	672
Loss on sale of assets	2,276	122
Net effect of changes in operating accounts	(29,942)	(34,246)
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Operating activities cash flows	177,856	54,717
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INVESTING ACTIVITIES		
Capital expenditures	(200,157)	(10,603)
Proceeds from sale of assets	85	8
Business acquisitions, net of cash acquired		(208,095)
Collection of notes receivable from unconsolidated affiliates	6,519	16,719
Investments in and advances to unconsolidated affiliates	(2,307)	(58,460)
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Investing activities cash flows	(195,860)	(260,431)
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FINANCING ACTIVITIES		
Long-term debt borrowings	514,000	350,000
Long-term debt repayments	(355,000)	(59,923)
Cash dividends paid to partners	(103,347)	(81,321)
Cash dividends paid to minority interest by Operating Partnership	(1,055)	(830)
Units acquired by consolidated trust	-	(4,727)
Unit repurchases	(465)	-
Cash contributions from EPCO to minority interest	84	59
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Financing activities cash flows	54,217	203,258
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NET CHANGE IN CASH AND CASH EQUIVALENTS	36,213	(2,456)
CASH AND CASH EQUIVALENTS, JANUARY 1	5,230	24,103
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CASH AND CASH EQUIVALENTS, SEPTEMBER 30	\$ 41,443	\$ 21,647
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See Notes to Unaudited Consolidated Financial Statements

Enterprise Products Partners L.P.
Notes to Consolidated Financial Statements
(Unaudited)

1. GENERAL

In the opinion of Enterprise Products Partners L.P. (the "Company"), the accompanying unaudited consolidated financial statements include all adjustments consisting of normal recurring accruals necessary for a fair presentation of the Company's consolidated financial position as of September 30, 2000, consolidated results of operations for the three and nine month periods ended September 30, 2000 and 1999 and consolidated cash flows for the nine month periods ended September 30, 2000 and 1999. Although the Company believes the disclosures in these financial statements are adequate to make the information presented not misleading, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. These unaudited financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K (File No. 1-14323) for the year ended December 31, 1999.

The results of operations for the three and nine month periods ended September 30, 2000 are not necessarily indicative of the results to be expected for the full year.

Certain reclassifications have been made to prior years' financial statements to conform to the presentation of the current period financial statements.

Dollar amounts presented in the tabulations within the notes to the consolidated financial statements are stated in thousands of dollars, unless otherwise indicated.

2. INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED AFFILIATES

At September 30, 2000, the Company's unconsolidated affiliates accounted for by the equity method included the following:

Belvieu Environmental Fuels ("BEF") - a 33.33% economic interest in a Methyl Tertiary Butyl Ether ("MTBE") production facility located in southeast Texas.

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

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

EPIK Terminalling L.P. and EPIK Gas Liquids, LLC (collectively, "EPIK") - a 50% aggregate economic interest in a refrigerated NGL marine terminal loading facility located in southeast Texas.

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

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

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

K/D/S Promix LLC ("Promix") - a 33.33% economic interest in a NGL fractionation facility and related storage facilities located in south Louisiana. The Company's investment includes excess cost over the underlying equity in the net assets of Promix of \$7.5 million at September 30, 2000 which is being amortized using the straight-line method over a period of 20 years. For the three and nine months ended September 30, 2000, the Company recorded amortization expense associated with this excess cost of \$0.1 million and \$0.3 million, respectively, which is reflected in the equity earnings from Promix. For the third quarter of 1999, such amortization was \$0.2 million.

The Company's investments in and advances to unconsolidated affiliates also includes Venice Energy Services Company, LLC ("VESCO") and Dixie Pipeline Company ("Dixie"). The VESCO investment consists of a 13.1% economic interest in a LLC owning a natural gas processing plant, fractionation facilities, storage, and gas gathering pipelines in Louisiana. At September 30, 2000, the Dixie investment consisted of an 11.5% interest in a corporation owning a 1,301-mile propane pipeline and associated facilities extending from Mont Belvieu, Texas to North Carolina. On October 6, 2000, the Company purchased an additional 8.4% economic interest in Dixie from Conoco Pipe Line Company for \$19.4 million (see Note 11). The Company's ownership interest in Dixie now stands at 19.9%. Through September 30, 2000, these investments were accounted for using the cost method.

During the third quarter of 1999, the Company acquired the remaining interest in Mont Belvieu Associates, 51%, ("MBA") and Entell NGL Services, LLC, 50%, ("Entell"). Accordingly, after the acquisition of the remaining interests, MBA terminated and Entell became a wholly owned subsidiary of the Company and is included as a consolidated entity from that point forward.

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

	September 30, 2000	December 31, 1999

Accounted for on equity basis:		
BEF	\$ 61,989	\$ 63,004
Promix	49,981	50,496
BRF	29,673	36,789
Tri-States	27,697	28,887
EPIK	17,662	15,258
Belle Rose	11,655	12,064
BRPC	19,344	11,825
Wilprise	9,160	9,283
Accounted for on cost basis:		
VESCO	33,000	33,000
Dixie	20,045	20,000

Total	\$ 280,206	\$ 280,606
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The following table shows equity in income (loss) of unconsolidated affiliates for the three and nine month periods ended September 30, 2000 and 1999:

	For Three Months Ended September 30,		For Nine Months Ended September 30,	
	2000	1999	2000	1999
BEF	\$ 2,190	\$ 2,519	\$ 13,002	\$ 4,756
MBA	-	72	-	1,256
BRF	434	(258)	1,171	(544)
BRPC	134	4	115	4
EPIK	(124)	59	1,846	236
Wilprise	135	(130)	297	(130)
Tri-States	694	472	2,215	472
Promix	1,170	(93)	4,378	(93)
Belle Rose	117	245	266	245
Other	-	258	-	1,389
Total	\$ 4,750	\$ 3,148	\$ 23,290	\$ 7,591

The following table presents summarized income statement information for the unconsolidated subsidiaries accounted for by the equity method:

	For the Three Months ended September 30, 2000			For the Nine Months ended September 30, 2000		
	Revenues	Operating Income	Net Income	Revenues	Operating Income	Net Income
BEF	\$ 77,330	\$ 6,201	\$ 6,570	\$ 214,761	\$ 38,575	\$ 39,007
EPIK	1,856	(290)	(249)	14,789	3,561	3,699
BRF	4,775	1,282	1,347	13,989	3,504	3,631
BRPC	2,333	398	477	2,333	211	383
Wilprise	727	398	406	2,149	867	891
Tri-States	3,430	2,059	2,088	10,677	6,530	6,650
Promix	12,242	3,959	4,019	36,968	14,057	14,274
Belle Rose	536	279	279	1,802	645	645
Total	\$ 103,229	\$ 14,286	\$ 14,937	\$ 297,468	\$ 67,950	\$ 69,180

	For the Three Months ended September 30, 1999			For the Nine Months ended September 30, 1999		
	Revenues	Operating Income	Net Income	Revenues	Operating Income	Net Income
BEF	\$ 47,885	\$ 7,067	\$ 7,556	\$ 128,516	\$ 19,476	\$ 14,269
EPIK	2,520	253	264	5,954	733	751
BRF	2,317	(512)	(827)	2,317	(579)	(1,741)
BRPC	-	-	13	-	-	13
Wilprise	291	(399)	(390)	291	(399)	(390)
Tri-States	4,611	1,377	1,417	4,611	1,377	1,417
Promix	7,990	1,715	354	7,990	1,715	354
Belle Rose	639	566	566	1,138	551	590
MBA	-	-	147	12,329	2,731	2,563
Other	910	516	516	4,842	2,778	2,778
Total	\$ 67,163	\$ 10,583	\$ 9,616	\$ 167,988	\$ 28,383	\$ 20,604

BEF

BEF is a partnership that owns the MTBE production facility located within the Company's Mont Belvieu complex. The production of MTBE is driven by oxygenated fuels programs enacted under the federal Clean Air Act Amendments of 1990 and other legislation. Any changes to these programs that enable localities to elect not to participate in these programs, lessen the requirements for oxygenates or favor the use of non-isobutane based oxygenated fuels reduce the demand for MTBE and could have an adverse effect on the Company's results of operations.

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

In light of these developments, the Company is formulating a contingency plan for use of the BEF facility if MTBE were banned or significantly curtailed. Management is exploring a possible conversion of the BEF facility from MTBE production to alkylate production. At present the forecasted cost of this conversion would be in the \$20 million to \$25 million range, with the Company's share being \$6.7 million to \$8.3 million.

3. ACQUISITIONS

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

In addition to the Special Units, Shell may be granted 6.0 million non-distribution bearing, convertible Contingency Units provided that certain performance criteria are met in calendar years 2000 and 2001 (see Note 5). Under terms of the agreement with Shell, the Company will issue 3.0 million Contingency Units in 2000 and an additional 3.0 million Contingency Units in 2001 provided the performance tests are successfully completed. On June 28, 2000, Shell met the performance criteria outlined for calendar year 2000 and in accordance with its contingent Unit agreement with Shell, the Company issued the 3.0 million Contingency Units (deemed "Special Units" once they are issued) on August 1, 2000.

The value of these new Special Units is \$55.2 million using present value techniques. In August 2000, the TNGL acquisition purchase price and the value of the Shell Processing Agreement were increased by the \$55.2 million value of the Units. If the remainder of the Contingency Units are issued in 2001 (or at such later date as agreed to by the parties), the purchase price and value of the Shell Processing Agreement will be adjusted accordingly. The value of the Shell Processing Agreement (classified as an Intangible Asset on the balance sheet) was \$80.2 million at September 30, 2000 and \$54.0 million at December 31, 1999. The value has been adjusted for the new Special Units issued to Shell (as noted previously), finalization of purchase accounting adjustments and related amortization.

Effective July 1, 1999, the Company acquired Kinder Morgan Operating LP "A"'s 25% indirect ownership interest and Enterprise Products Company's ("EPCO") 0.5% indirect ownership interest in a 210,000 barrel per day NGL fractionation facility located in Mont Belvieu, Texas for approximately \$42 million in cash and the assumption of approximately \$4 million in debt.

Both acquisitions were accounted for using the purchase method of accounting, and accordingly, the purchase price of each has been allocated to the assets purchased and liabilities assumed based on their estimated fair value at the effective date of each transaction.

Pro Forma effect of Acquisitions

The following table presents unaudited pro forma information for the three and nine month periods ended September 30, 1999 as if the acquisition of TNGL from Shell and the Mont Belvieu NGL fractionation facility from Kinder Morgan and EPCO had been made as of January 1, 1999:

	Three Months Ended	Nine Months Ended
----- September 30, 1999 -----		
Revenues	\$ 506,944	\$ 1,151,444
Net income	\$ 40,586	\$ 80,698
Allocation of net income to		
Limited partners	\$ 40,180	\$ 79,891
General Partner	\$ 406	\$ 807
Units used in earning per Unit calculations		
Basic	66,696	66,715
Diluted	81,196	81,215
Income per Unit before minority interest		
Basic	\$ 0.61	\$ 1.21
Diluted	\$ 0.50	\$ 0.99
Net income per Unit		
Basic	\$ 0.60	\$ 1.20
Diluted	\$ 0.49	\$ 0.98

Diluted earnings per Unit do not include the pro rata effect of the 3.0 million Contingency Units issued on August 1, 2000.

4. LONG-TERM DEBT

General. Long-term debt at September 30, 2000 was comprised of \$350 million in 5-year public Senior Notes (the "\$350 Million Senior Notes") issued by Enterprise Products Operating L.P. (the "Operating Partnership"), a 10-year \$54 million loan agreement with the Mississippi Business Finance Corporation ("MBFC") and the "\$54 Million MBFC Loan") and \$50 million outstanding under the \$350 Million Bank Credit Facility. The issuance of the \$350 Million Senior Notes represented a partial takedown of the \$800 million universal shelf registration (the "Registration Statement") that was filed with the Securities and Exchange Commission in December 1999. The proceeds from the \$350 Million Senior Notes and the \$54 Million MBFC Loan were used to extinguish all outstanding balances owed under the \$200 Million Bank Credit Facility and the \$350 Million Bank Credit Facility at the time of the offerings.

The following table summarizes long-term debt at:

	September 30, 2000	December 31, 1999
Borrowings under:		
\$200 Million Bank Credit Facility		\$ 129,000
\$350 Million Bank Credit Facility	\$ 50,000	166,000
\$350 Million Senior Notes	350,000	
\$54 Million MBFC Loan	54,000	
Total	454,000	295,000
Less current maturities of long-term debt	50,000	129,000
Long-term debt	\$ 404,000	\$ 166,000

At September 30, 2000, the Operating Partnership had a total of \$40 million of standby letters of credit available of which approximately \$13.3 million were outstanding under letter of credit agreements with the banks.

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

\$350 Million Bank Credit Facility. In July 1999, the Operating Partnership entered into a \$350 Million Bank Credit Facility that includes a \$50 million working capital facility and a \$300 million revolving credit facility. The \$300 million revolving credit facility includes a sublimit of \$40 million for letters of credit. Borrowings under the \$350 Million Bank Credit Facility will bear interest at either the bank's prime rate or the Eurodollar rate plus the applicable margin as defined in the facility. The Operating Partnership elects the basis for the interest rate at the time of each borrowing.

This facility is scheduled to expire in July 2001 and all amounts borrowed thereunder shall be due and payable at that time. There must be no amount outstanding under the working capital facility for at least 15 consecutive days during each fiscal year. In March 2000, the Operating Partnership used \$179 million of the proceeds from the issuance of the \$350 Million Senior Notes and \$47 million from the \$54 Million MBFC Loan to payoff the outstanding balance on this credit facility. Due to borrowings in the third quarter for investment and working capital purposes, \$50 million was outstanding under this facility at September 30, 2000.

The credit agreement relating to this facility contains a prohibition on distributions to or purchases of Units if any event of default is continuing. In addition, the bank credit facility contains various affirmative and negative covenants applicable to the ability of the Operating Partnership to, among other things, (i) incur certain additional indebtedness, (ii) grant certain liens, (iii) sell assets in excess of certain limitations, (iv) make investments, (v) engage in transactions with affiliates and (vi) enter into a merger, consolidation, or sale of assets. The credit agreement generally prohibits redemptions of Units except for those transactions related to the 1,000,000 Unit Buy-back Program announced in July 2000. In August 2000, the lenders and Company executed a waiver allowing for this program. The bank credit facility requires that the Operating Partnership satisfy the following financial covenants at the end of each fiscal quarter: (i) maintain Consolidated Tangible Net Worth (as defined in the bank credit facility) of at least \$250.0 million, (ii) maintain a ratio of EBITDA (as defined in the bank credit facility) to Consolidated Interest Expense (as defined in the bank credit facility) for the previous 12-month period of at least 3.5 to 1.0 and (iii) maintain a ratio of Total Indebtedness (as defined in the bank credit facility) to EBITDA of no more than 3.0 to 1.0. The Operating Partnership was in compliance with the restrictive covenants at September 30, 2000.

\$350 Million Senior Notes. On March 13, 2000, the Operating Partnership completed a public offering of \$350 million in principal amount of 8.25% fixed-rate Senior Notes due March 15, 2005 at a price to the public of 99.948% per Senior Note. The Operating Partnership received proceeds, net of underwriting discounts and commissions, of approximately \$347.7 million. The proceeds were used to pay the entire \$169 million outstanding principal balance

on the \$200 Million Bank Credit Facility and \$179 million of the \$226 million outstanding principal balance on the \$350 Million Bank Credit Facility.

The \$350 Million Senior Notes are subject to a make-whole redemption right by the Operating Partnership. The notes are an unsecured obligation of the Operating Partnership and rank equally with its existing and future unsecured and unsubordinated indebtedness and senior to any future subordinated indebtedness. The notes are guaranteed by the Company through an unsecured and unsubordinated guarantee and were issued under an indenture containing certain restrictive covenants. These covenants restrict the ability of the Company and the Operating Partnership, with certain exceptions, to incur debt secured by liens and engage in sale and leaseback transactions. The Company and Operating Partnership were in compliance with the restrictive covenants at September 30, 2000.

Settlement was completed on March 15, 2000. The issuance of the \$350 Million Senior Notes was a takedown under the Company's \$800 million Registration Statement; therefore, the amount of securities available under the Registration Statement have been reduced to \$450 million.

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

The Bonds were issued at par and are subject to a make-whole redemption right by the Operating Partnership. The Bonds are guaranteed by the Company through an unsecured and unsubordinated guarantee. The loan agreement contains certain covenants including maintaining appropriate levels of insurance on the Pascagoula natural gas processing facility and restrictions regarding mergers. The Company was in compliance with the restrictive covenants at September 30, 2000.

5. CAPITAL STRUCTURE AND EARNINGS PER UNIT

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

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

Common Units (during the Subordination Period), excluding Common Units held by the General Partner and its affiliates, and at least a majority of the outstanding Common Units (after the Subordination Period).

In April 2000, the Company mailed a Proxy Statement to its public Unitholders asking them to consider and vote for a proposal to amend the Partnership Agreement to increase the number of additional Common Units that may be issued during the Subordination Period without the approval of a Unit Majority from 22,775,000 Common Units to 47,775,000 Common Units. The primary purpose of the requested increase was to improve the future financial flexibility of the Company since 20,500,000 Common Units of the 22,775,000 Common Units available to the partnership during the Subordination Period were reserved for issuance in connection with the TNGL acquisition. At a special meeting of the Unitholders and General Partner held on June 9, 2000, this proposal was approved by 90.7% of the public Unitholders. The amendment increases the number of Common Units available (and unreserved) to the Company for general partnership purposes during the Subordination Period from 2,275,000 to 27,275,000.

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

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

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

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

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

Units Acquired by Trust. During the first quarter of 1999, the Company established a revocable grantor trust (the "Trust") to fund future liabilities of a long-term incentive plan. At September 30, 2000, the Trust had purchased a total of 267,200 Common Units (the "Trust Units") which are accounted for in a manner similar to treasury stock under the cost method of accounting. The Trust Units are considered outstanding and will receive distributions; however, they are excluded from the calculation of net income per Unit.

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

Earnings per Unit. The Company has no dilutive securities that would require adjustment to net income for the computation of diluted earnings per Unit. The following is a reconciliation of the number of units used in the computation of basic and diluted earnings per Unit for all periods presented.

	For Three Months Ended		For Nine Months Ended	
	At September 30,		At September 30,	
	2000	1999	2000	1999
Weighted average number of Common and Subordinated Units outstanding	67,356	66,696	66,917	66,715
Weighted average number of Special Units to be converted to Common Units	15,826	9,614	14,945	3,240
Units used to compute diluted earnings per Unit	83,182	76,310	81,862	69,955

The second tranche of Special Units (formerly Contingency Units, as described above) are included in diluted earnings per Unit calculation beginning August 1, 2000 (the effective date of the contingent agreement between Shell and the Company). The Contingency Units relating to the third tranche of Special Units to be issued upon achieving certain performance criteria in future periods have been excluded from diluted earnings per Unit because such tests have not been met at September 30, 2000.

6. DISTRIBUTIONS

The Company intends, to the extent there is sufficient available cash from Operating Surplus, as defined by the Partnership Agreement, to distribute to each holder of Common Units at least a minimum quarterly distribution of \$0.45 per Common Unit. The minimum quarterly distribution is not guaranteed and is subject to adjustment as set forth in the Partnership Agreement. With respect to each quarter during the Subordination Period, which will generally not end before June 30, 2003, the Common Unitholders will generally have the right to receive the minimum quarterly distribution, plus any arrearages thereon, and the General Partner will have the right to receive the related distribution on its interest before any distributions of available cash from Operating Surplus are made to the Subordinated Unitholders. As an incentive, the General Partner's interest in quarterly distributions is increased after certain specified target levels are met (see Note 5 discussion regarding incentive distributions under the section titled Second Amended and Restated Agreement of Limited Partnership of the Company.) The Company made incentive cash distributions to the General Partner of \$0.2 million on August 10, 2000 and \$0.2 million on November 10, 2000 for the second and third quarter of 2000, respectively.

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

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

Cash Distributions				
	Per Common Unit	Per Subordinated Unit	Record Date	Payment Date
1999				
First Quarter	\$ 0.450	\$ 0.450	January 29, 1999	February 11, 1999
Second Quarter	\$ 0.450	\$ 0.070	April 30, 1999	May 12, 1999
Third Quarter	\$ 0.450	\$ 0.370	July 30, 1999	August 11, 1999
Fourth Quarter	\$ 0.450	\$ 0.450	October 29, 1999	November 10, 1999
2000				
First Quarter	\$ 0.500	\$ 0.500	January 31, 2000	February 10, 2000
Second Quarter	\$ 0.500	\$ 0.500	April 28, 2000	May 10, 2000
Third Quarter	\$ 0.525	\$ 0.525	July 31, 2000	August 10, 2000
Fourth Quarter (through November 13, 2000)	\$ 0.525	\$ 0.525	October 31, 2000	November 10, 2000

7. SUPPLEMENTAL CASH FLOW DISCLOSURE

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

	Nine Months Ended September 30,	
	2000	1999
(Increase) decrease in:		
Accounts receivable	\$ (15,409)	\$ (48,448)
Inventories	(66,270)	(64,992)
Prepaid and other current assets	1,297	(4,647)
Intangible assets	(4,805)	-
Other assets	(5,419)	(1,757)
Increase (decrease) in:		
Accounts payable	7,109	43,944
Accrued gas payable	47,517	61,474
Accrued expenses	(6,314)	1,236
Other current liabilities	12,749	(21,595)
Other liabilities	(397)	539
Net effect of changes in operating accounts	\$ (29,942)	\$ (34,246)

Capital expenditures for the first nine months of 2000 were \$200.2 million compared to \$10.6 million for the same period in 1999. Capital expenditures in 2000 included \$99.6 million for the purchase of the Lou-Tex Propylene Pipeline and related assets, \$71.5 million in construction costs for the Lou-Tex NGL Pipeline and \$4.1 million in construction costs for the Neptune gas processing facility.

The purchase of the Lou-Tex Propylene Pipeline and related assets from Concha Chemical Pipeline Company, an affiliate of Shell, was completed on February 25, 2000. The effective date of the transaction was March 1, 2000. The Lou-Tex Propylene Pipeline is a 263-mile, 10" pipeline that transports chemical grade propylene from Sorrento, Louisiana to Mont Belvieu, Texas. Also acquired in this transaction was 27.5 miles of 6" ethane pipeline between Sorrento and Norco, Louisiana, and a 0.5 million barrel storage cavern at Sorrento, Louisiana.

8. RECENTLY ISSUED ACCOUNTING STANDARDS

In December 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") No. 101 "Revenue Recognition in Financial Statements." SAB 101 summarizes certain of the staff's views in applying generally accepted accounting principles to revenue recognition in financial statements. On June 26, 2000, the SEC issued an amendment to SAB 101 effectively delaying its implementation until the fourth quarter of fiscal years beginning after December 15, 1999. The Company believes that the adoption of SAB 101 will not have a material effect on its results of operations.

In June 1999, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 137, "Accounting for Derivative Instruments and Hedging Activities-Deferral of the Effective Date of FASB Statement No. 133-an amendment of FASB Statement No. 133" which effectively delays the application of SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" for one year, to fiscal years beginning after June 15, 2000. In June 2000, the FASB issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an amendment of FASB Statement No. 133" which amends and supercedes various sections of SFAS No. 133. Management is currently studying SFAS No. 133 and its amendments for their possible impact on the consolidated financial statements when they are adopted in January 2001.

9. FINANCIAL INSTRUMENTS

The Company enters into swaps and other contracts to hedge the price risks associated with inventories, commitments and certain anticipated transactions. The Company does not currently hold or issue financial instruments for trading purposes. The swaps and other contracts are with established energy companies and major financial institutions. The Company believes its credit risk is minimal on these transactions, as the counterparties are required to meet stringent credit standards. There is continuous day-to-day involvement by senior management in the hedging decisions, operating under resolutions adopted by the board of directors of the General Partner.

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

In March 2000, after the issuance of the \$350 Million Senior Notes and the execution of the \$54 Million MBFC Loan, 100% of the Operating Partnership's consolidated debt were fixed-rate obligations. To maintain a balance between variable-rate and fixed-rate exposure, the Operating Partnership entered into interest rate swap agreements with a notional amount of \$154 million by which the Operating Partnership receives payments based on a fixed-rate and pays an amount based on a floating-rate. At September 30, 2000, the Operating Partnership's consolidated debt portfolio interest rate exposure was 55 percent fixed and 45 percent floating, after considering the effect of the interest rate swap agreements. The notional amount does not represent exposure to credit loss. The Operating Partnership monitors its positions and the credit ratings of its counterparties. Management believes the risk of incurring a credit related loss is remote, and that if incurred, such losses would be immaterial.

The effect of these swaps (none of which are leveraged) was to decrease the Company's interest expense by \$0.4 million and \$0.9 million for the three and nine months ended September 30, 2000, respectively. Following is selected information on the Company's portfolio of interest rate swaps at September 30, 2000:

Interest Rate Swap Portfolio at September 30, 2000 (1) :
(Dollars in millions)

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

Notes:

- (1) All swaps outstanding at September 30, 2000 were entered into for the purpose of managing the Operating Partnership's exposure to fluctuations in market interest rates.
- (2) In each case, the counterparty has the option to terminate the interest rate swap on the Early Termination Date
- (3) In each case, the Operating Partnership is the floating-rate payor. The floating rate was the rate in effect as of September 30, 2000.

10. SEGMENT INFORMATION

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

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

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

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

Segment gross operating margin is inclusive of intersegment revenues. These revenues have been eliminated from the consolidated totals.

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

	Operating Segments				Adjustments		Consolidated Totals
	Fractionation	Pipelines	Processing	Octane Enhancement	Other	and Eliminations	
Revenues from external customers							
Three months ended September 30, 2000	\$ 120,227	\$ (1,864)	\$ 605,875	\$ 2,191	\$ 793	\$ (5,359)	\$ 721,863
Three months ended September 30, 1999	56,278	6,059	387,218	2,519	-	(7,046)	445,028
Nine months ended September 30, 2000	322,793	25,998	1,730,976	13,003	2,059	(15,232)	2,079,597
Nine months ended September 30, 1999	174,427	14,160	610,729	4,756	-	(32,688)	771,384
Intersegment revenues							
Three months ended September 30, 2000	46,538	12,083	165,761	-	93	(224,475)	-
Three months ended September 30, 1999	49,353	9,815	62,299	-	123	(121,590)	-
Nine months ended September 30, 2000	129,266	40,108	447,646	-	282	(617,302)	-
Nine months ended September 30, 1999	86,713	27,126	62,336	-	327	(176,502)	-
Total revenues							
Three months ended September 30, 2000	166,765	10,219	771,636	2,191	886	(229,834)	721,863
Three months ended September 30, 1999	105,631	15,874	449,517	2,519	123	(128,636)	445,028
Nine months ended September 30, 2000	452,059	66,106	2,178,622	13,003	2,341	(632,534)	2,079,597
Nine months ended September 30, 1999	261,140	41,286	673,065	4,756	327	(209,190)	771,384
Gross operating margin by segment							
Three months ended September 30, 2000	32,510	10,292	29,083	2,190	429	-	74,504
Three months ended September 30, 1999	36,142	6,985	7,110	2,519	170	-	52,926
Nine months ended September 30, 2000	96,432	39,120	87,123	13,002	1,854	-	237,531
Nine months ended September 30, 1999	78,955	15,836	6,677	4,756	651	-	106,875
Property, plant and equipment							
At September 30, 2000	358,802	356,307	127,001	-	1,062	98,664	941,836
At December 31, 1999	362,198	249,453	122,495	-	113	32,810	767,069
Investments in and advances to unconsolidated affiliates							
At September 30, 2000	98,998	86,219	33,000	61,989	-	-	280,206
At December 31, 1999	99,110	85,492	33,000	63,004	-	-	280,606

Pipeline revenues for the three months ended September 30, 2000 include the impact of a \$9.8 million intercompany elimination between revenues and operating costs and expenses (attributable to the second quarter of 2000). Since the decrease in revenues is offset by an equal decrease in operating costs and expenses, there was no impact on gross operating margin as a result of the reclassification.

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

	For Three Months Ended September 30,		For Nine Months Ended September 30,	
	2000	1999	2000	1999
Total segment gross operating margin	\$ 74,504	\$ 52,926	\$ 237,531	\$ 106,875
Depreciation and amortization	(9,029)	(7,012)	(25,907)	(16,368)
Retained lease expense, net	(2,660)	(2,645)	(7,984)	(7,978)
Loss on sale of assets	27	1	(2,276)	(122)
Selling, general and administrative	(6,978)	(3,200)	(20,020)	(9,200)
Consolidated operating income	55,864	40,070	181,344	73,207
Interest expense	(7,486)	(4,515)	(23,330)	(8,907)
Interest income (expense) from unconsolidated affiliates	(88)	407	182	1,096
Dividend income from unconsolidated affiliates	2,241	-	6,236	-
Interest income - other	317	682	3,023	1,114
Other, net	(71)	72	(496)	117
Consolidated income before minority interest	\$ 50,777	\$ 36,716	\$ 166,959	\$ 66,627

11. SUBSEQUENT EVENTS

On September 25, 2000, the Company announced that its Operating Partnership has executed a definitive agreement to purchase Acadian Gas, LLC ("Acadian") from Coral Energy, LLC, an affiliate of Shell Oil Company, for \$226 million in cash, inclusive of working capital. The acquisition of Acadian integrates natural gas pipeline systems in South Louisiana with the Company's Gulf Coast natural gas processing and NGL fractionation, pipeline and storage system. Acadian's assets are comprised of the 438-mile Acadian, 577-mile Cypress and 27-mile Evangeline natural gas pipeline systems, which together have over one billion cubic feet ("Bcf") per day of capacity. These natural gas pipeline systems are wholly-owned by Acadian, with the exception of the Evangeline system in which Acadian holds an approximate 49.5% economic interest. The system includes a leased natural gas storage facility at Napoleonville, Louisiana with 3.4 Bcf of capacity. Completion of this transaction is subject to certain conditions, including regulatory approvals. The purchase is expected to be completed in the fourth quarter of 2000.

On October 6, 2000, the Company announced that a subsidiary had purchased an additional 3,521 shares of common stock of Dixie from Conoco Pipe Line Company for approximately \$19.4 million. The purchase brings the Company's economic interest in Dixie to 19.9%.

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

For the Interim Periods ended September 30, 2000 and 1999

The following discussion and analysis should be read in conjunction with the unaudited consolidated financial statements and notes thereto of Enterprise Products Partners L.P. (the "Company") included elsewhere herein. All references herein to "Shell", unless the context indicates otherwise, shall refer collectively to Shell Oil Company, its subsidiaries and affiliates.

Uncertainty of Forward-Looking Statements and Information

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

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

In addition, the Company's expectations regarding its future capital expenditures as described in "Liquidity and Capital Resources" are only its forecasts regarding these matters. In addition to the factors described in the previous paragraph, these forecasts may be substantially different from actual results, which are affected by the following major factors: (a) the accuracy of the Company's estimates regarding its spending requirements, (b) the occurrence of any unanticipated acquisition opportunities, (c) the need to replace any unanticipated losses in capital assets, (d) changes in the strategic direction of the Company and (e) unanticipated legal, regulatory and contractual impediments with regards to its construction projects.

Company Overview

The Company is a leading integrated North American provider of natural gas processing and natural gas liquids ("NGL" or "NGLs") fractionation, transportation and storage services to producers of NGLs and consumers of NGL products. The Company is a publicly traded master limited partnership (NYSE, symbol "EPD") that conducts substantially all of its business through Enterprise Products Operating L.P. (the "Operating Partnership"), the Operating Partnership's subsidiaries, and a number of joint ventures with industry partners. The Company was formed in April 1998 to acquire, own, and operate all of the NGL processing and distribution assets of Enterprise Products Company ("EPCO"). The general partner of the Company, Enterprise Products GP, LLC (the "General Partner"), a majority-owned subsidiary of EPCO, holds a 1.0% general partner interest in the Company and a 1.0101% general partner interest in the Operating Partnership.

The principal executive office of the Company is located at 2727 North Loop West, Houston, Texas, 77008-1038, and the telephone number of that office is 713-880-6500. References to, or descriptions of, assets and operations of the Company in this document include the assets and operations of the Operating Partnership and its subsidiaries.

The Company (i) processes natural gas into a merchantable and transportable form of energy that meets industry quality specifications by removing NGLs and impurities; (ii) fractionates for a processing fee mixed NGLs produced as by-products of oil and natural gas production into their component products: ethane, propane, isobutane, normal butane and natural gasoline; (iii) converts normal butane to isobutane through the process of isomerization; (iv) produces MTBE from isobutane and methanol; and (v) transports NGL products to end users by pipeline and railcar. The Company also separates high purity propylene from refinery-sourced propane/propylene mix and transports high purity propylene to plastics manufacturers by pipeline. Products processed by the Company generally are used as feedstocks in petrochemical manufacturing, in the production of motor gasoline and as fuel for residential and commercial heating.

The Company's NGL operations are concentrated in the Texas, Louisiana, and Mississippi Gulf Coast area. A large portion is concentrated in Mont Belvieu, Texas, which is the hub of the domestic NGL industry and is adjacent to the largest concentration of refineries and petrochemical plants in the United States. The facilities the Company operates at Mont Belvieu include: (a) one of the largest NGL fractionation facilities in the United States with an average gross production capacity of 210 thousand barrels per day ("MBPD"); (b) the largest butane isomerization complex in the United States with an average isobutane production capacity of 116 MBPD; (c) a MTBE production facility with an average gross production capacity of 15 MBPD; and (d) two propylene fractionation units with an average combined production capacity of 31 MBPD. The Company owns all of the assets at its Mont Belvieu facility except for the NGL fractionation facility, in which it owns an effective 62.5% economic interest; one of the propylene fractionation units, in which it owns a 54.6% interest and controls the remaining interest through a long-term lease; the MTBE production facility, in which it owns a 33.33% interest; and one of its three isomerization units and one deisobutanizer which are held under long-term leases with purchase options.

The Company's operations in Louisiana and Mississippi include varying interests in eleven natural gas processing plants with a combined capacity of 11.0 billion cubic feet per day ("Bcfd") and net capacity of 3.1 Bcfd, five NGL fractionation facilities with a combined gross capacity of 341 MBPD and net capacity of 151 MBPD and a propylene fractionation facility with a gross capacity of 22.5 MBPD and net capacity of 6.8 MBPD. In addition, the Company owns and operates a NGL fractionation facility in Petal, Mississippi with an average production capacity of 7 MBPD.

The Company owns, operates or has an interest in approximately 65.0 million barrels of gross storage capacity (44.3 million barrels of net capacity) in Texas, Louisiana and Mississippi that are an integral part of its processing operations. The Company also leases and operates one of only two commercial NGL import/export terminals on the Gulf Coast. In addition, the Company has operating and non-operating ownership interests in over 2,900 miles of NGL pipelines along the Gulf Coast (including the 206-mile Lou-Tex NGL Pipeline currently under construction and expected in service during the fourth quarter of 2000).

The Company's operating margins are derived from services provided to its tolling customers and from merchant activities. In the Company's toll processing operations, it does not take title to the product and is simply paid a fee based on volumes processed, transported, stored or handled. The Company's profitability from toll processing operations depends primarily on the volumes of natural gas, NGLs and refinery-sourced propane/propylene mix processed and transported and the level of associated fees charged to its customers. In the Company's isomerization merchant activities and to a certain extent its propylene fractionation business, it takes title to feedstock products and sells processed end products. The Company's profitability from these merchant activities is dependent on the prices of feedstocks and end products, which may vary on a seasonal basis. In the Company's propylene fractionation business and isomerization business, the Company generally attempts to match the timing and price of its feedstock purchases with those of the sales of end products so as to reduce exposure to fluctuations in commodity prices. The Company's operating margins from its natural gas processing business are generally derived from the margins earned on the sale of purity NGL products extracted from natural gas streams. To the extent it takes title to the NGLs removed from the natural gas stream and reimburses the producer for the reduction in the British thermal unit ("Btu") content and/or the natural gas used as fuel (the "PTR" or "shrinkage"), the Company's margins are affected by the prices of NGLs and natural gas. Management uses financial instruments to reduce its exposure to the change in the prices of NGLs and natural gas.

The Company will continue to analyze potential acquisitions, joint ventures or similar transactions with businesses that operate in complementary markets and geographic regions. In recent years, major oil and gas companies have sold non-strategic assets including assets in the midstream natural gas industry in which the Company operates. Management believes that this trend will continue, and the Company expects independent oil and natural gas companies to consider similar options. In the last two years, the Company has announced several acquisitions, the largest of which are Tejas Natural Gas Liquids, LLC ("TNGL") (completed in the third quarter of 1999) and Acadian Gas, LLC ("Acadian") (announced in September 2000 and pending completion). See "Recent Acquisitions" under the "Results of Operations of the Company" section below for further details on these and other acquisition transactions.

Business Environment

The domestic and international economies continue to be strong, creating firm demand for the products and services of the U. S. NGL industry. Each of the Company's business segments have benefited from steady domestic and international demand for NGLs, petroleum liquids and MTBE.

During the first nine months of 2000, the Company's natural gas processing business was running at optimal levels due to a strong NGL price environment and robust demand for natural gas processing services by producers such as Shell, the Company's largest natural gas processing customer. The strong NGL price environment has supported full NGL recovery at the Company's gas processing plants. Recent increases in natural gas prices may moderate maximum recovery levels for some NGL products (primarily ethane) during the fourth quarter of 2000. An increase in natural gas production that is high in NGL content, which will be available for processing as producers respond to the high natural gas price environment, is expected to offset to some degree the potential decline in product recovery levels.

The Company's NGL production in 2000 has significantly increased over 1999 levels as a result of steady to growing levels of natural gas production available for processing, higher NGL content natural gas and new processing facilities, such as the Company's Neptune plant. Neptune was brought on-line in February 2000 and is now producing in excess of 16 MBPD. For the three and nine months ended September 30, 2000, equity NGL production at the Company's gas processing facilities averaged 73 MBPD and 72 MBPD, respectively, as compared to 65 MBPD during the third quarter of 1999. Management believes that the Company's equity NGL production volumes will continue to increase during 2001. This increase will result from gas production coming on-line from several new Gulf of Mexico gas fields to which the Company holds gas processing rights, the most significant of which is Shell's deepwater Brutus development (with expected equity NGL production of 10 MBPD by the end of 2001).

The highly competitive environment in which the Company's Mont Belvieu NGL fractionators operate has continued to suppress NGL fractionation fees at these facilities. The Company has and is continuing to aggressively acquire new and reacquire previous NGL fractionation customers, along with offering competitively-priced bundled service packages involving transportation, fractionation and other services. These service packages allow the Company to take full advantage of its presence throughout the entire Gulf Coast NGL value chain. As a result of these efforts, throughput at the Mont Belvieu NGL fractionation facility has increased significantly in 2000. For the three and nine months ended September 30, 2000, throughput averaged 174 MBPD and 169 MBPD, respectively, as compared to 149 MBPD and 155 MBPD during the same periods in 1999. Throughput levels at the Company's Louisiana NGL fractionation facilities have also increased due to additional production from gas processing facilities. With the completion of the Lou-Tex NGL Pipeline in the fourth quarter of 2000, the Company will be positioned to fully utilize its Mont Belvieu NGL fractionation facilities to process NGL's from Louisiana starting in the first quarter of 2001.

The demand for the Company's commercial isomerization services depends on requirements for isobutane in excess of naturally occurring isobutane that is produced from NGL fractionation and refinery operations. The market for these services has been firm in 2000 due to the continued need for isobutane for alkylation, propylene oxide, and as a feedstock for MTBE. Management expects that this market will remain steady throughout the remainder of 2000.

During the third quarter of 2000, the rapid price increase for propylene experienced during the first half of 2000 began to reverse. During the first half, propylene prices were driven by the dramatic increases in crude oil and NGL prices. These factors contributed to similar increases in the cost for ethylene and propylene from steam crackers and for refinery grade propylene produced by refineries. In addition, the price spike in motor gasoline created a very competitive market for refinery grade propylene used in the production of alkylate which is blended to motor gasoline. With the perceived stabilization and potential softening in crude oil prices, propylene buyers have been successful in achieving price reductions by reducing purchases and consuming inventory. Contract prices for polymer grade propylene increased from approximately 19.5 cents per pound at the beginning of 2000 to 27.5 cents per pound by the end of June. By the end of September, the contract price had slipped to 24 cents per pound. Management anticipates that prices will continue to soften throughout the remainder of this year with the price leveling out to that seen in the beginning of 2000. The Company is exposed to these price decreases only to the extent that it sells product pursuant to long-term agreements with market-based pricing or spot market transactions.

Favorable domestic economic conditions have led to an increase in demand for the Company's pipeline transportation services as NGL feedstocks and products are being consumed at record levels throughout the Gulf Coast region. Pipeline throughput has also increased as a result of strategic acquisitions made by the Company, such as the purchase of the Lou-Tex Propylene Pipeline in the first quarter of 2000. The Company expects pipeline throughput to continue to increase as new projects such as the Lou-Tex NGL Pipeline become operational. The Company anticipates using the Lou-Tex NGL Pipeline to transport NGL products and mixed propane/propylene streams between the Louisiana and Texas markets to take advantage of product value differentials between the two regions in addition to transporting production from Louisiana gas processing facilities to Mont Belvieu for fractionation.

During the second quarter of 2000, Belvieu Environmental Fuels' ("BEF") MTBE operations benefited from tight international supplies as Middle East MTBE volumes were diverted to European countries instead of the United States. The spot price increased to near record levels in the second quarter of 2000 when the lower imports were met with the increased seasonal demands from domestic gasoline producers. During the second quarter of 2000, MTBE prices reached near record levels averaging \$1.32 per gallon (\$1.58 during the month of June). As refiners decreased demand and imports returned to the domestic market, MTBE market prices began to decline in the third quarter to approximately \$1.11 per gallon by the end of September. The Company's operating results from its Octane Enhancement segment are impacted by changes in market prices since BEF's contract with Sunoco, Inc. R&M ("Sun"), which is contracted to purchase 100% of BEF's MTBE production, is based on a market-related negotiated price. As a result, management believes that gross operating margin in this segment will be affected by seasonal variations in the demand for motor gasoline which is normally greater in the April to September period (i.e., the summer driving season) than the October to March period. Management expects fourth quarter of 2000 gross operating margin from Octane Enhancement will be less than the results posted for the third quarter of 2000.

The following table illustrates selected average quarterly prices for natural gas, crude oil, selected NGL products and polymer grade propylene since the first quarter of 1999:

	Natural Gas, \$/MMBtu (a)	Crude Oil, \$/barrel (b)	Ethane, \$/gallon (c)	Propane, \$/gallon (c)	Normal Butane, \$/gallon (c)	Isobutane, \$/gallon (c)	Polymer Grade Propylene, \$/pound (c)
Fiscal 1999:							
First quarter	\$1.70	\$13.05	\$0.20	\$0.24	\$0.29	\$0.31	\$0.12
Second quarter	\$2.12	\$17.66	\$0.27	\$0.31	\$0.37	\$0.38	\$0.13
Third quarter	\$2.56	\$21.74	\$0.34	\$0.42	\$0.49	\$0.49	\$0.16
Fourth quarter	\$2.52	\$24.54	\$0.30	\$0.41	\$0.52	\$0.52	\$0.19
Fiscal 2000:							
First quarter	\$2.49	\$28.84	\$0.38	\$0.54	\$0.64	\$0.64	\$0.21
Second quarter	\$3.41	\$28.79	\$0.36	\$0.52	\$0.60	\$0.68	\$0.26
Third quarter	\$4.22	\$31.61	\$0.40	\$0.60	\$0.68	\$0.67	\$0.26

Notes:

- (a) Natural gas, NGL and polymer grade propylene prices represent an average of index prices
- (b) Crude Oil price is representative of West Texas Intermediate

Results of Operation of the Company

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

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

The Company's gross operating margin by segment (in thousands of dollars) along with a reconciliation to consolidated operating income for the three and nine month periods ended September 30, 2000 and 1999 were as follows:

	For Three Months Ended September 30,		For Nine Months Ended September 30,	
	2000	1999	2000	1999
Gross Operating Margin by segment:				
Fractionation	\$ 32,510	\$ 36,142	\$ 96,432	\$ 78,955
Pipeline	10,292	6,985	39,120	15,836
Processing	29,083	7,110	87,123	6,677
Octane enhancement	2,190	2,519	13,002	4,756
Other	429	170	1,854	651
Gross Operating margin total	74,504	52,926	237,531	106,875
Depreciation and amortization	9,029	7,012	25,907	16,368
Retained lease expense, net	2,660	2,645	7,984	7,978
Loss (gain) on sale of assets	(27)	(1)	2,276	122
Selling, general and administrative expenses	6,978	3,200	20,020	9,200
Consolidated operating income	\$ 55,864	\$ 40,070	\$ 181,344	\$ 73,207

The Company's significant plant production and other volumetric data (in thousands of barrels per day on an equity basis) for the three and nine month periods ended September 30, 2000 and 1999 were as follows:

	For Three Months Ended September 30,		For Nine Months Ended September 30,	
	2000	1999	2000	1999
Plant production and operating data:				
NGL Production	73	65	72	65
NGL Fractionation	214	201	215	178
Isomerization	84	77	77	73
Propylene Fractionation	34	26	31	27
MTBE	6	4	5	4
Major Pipelines	278	264	323	230

In order to more accurately compare operating rates between the 2000 and 1999 periods, the 1999 volumes associated with the assets acquired from TNGI have been adjusted to reflect the period in which the Company owned them.

Recent Acquisitions

1999 Acquisitions. The Company completed two acquisitions during the third quarter of 1999. Effective August 1, 1999, the Company acquired TNGI from Shell, in exchange for 14.5 million non-distribution bearing, convertible special partnership Units of the Company and \$166 million in cash. The Company also agreed to issue up to 6.0 million additional non-distribution bearing special partnership Units to Shell in the future if the volumes of natural gas that the Company processes for Shell reach agreed upon levels in 2000 and 2001. The first 3.0 million of these additional special partnership Units were issued on August 1, 2000.

The businesses acquired from Shell include natural gas processing and NGL fractionation, transportation and storage in Louisiana and Mississippi and its NGL supply and merchant business. The assets acquired include varying interests in eleven natural gas processing plants, four NGL fractionation facilities, four NGL storage facilities, operator and non-operator ownership interests in approximately 1,500 miles of NGL pipelines, and a 20-year natural gas processing agreement with Shell. The Company accounted for this acquisition

using the purchase method. The value of the 20-year natural gas processing agreement (classified as an Intangible Asset on the balance sheet) was \$80.2 million at September 30, 2000 and \$54.0 million at December 31, 1999. The value has been adjusted for the 3.0 million additional special partnership Units issued to Shell on August 1, 2000, finalization of purchase accounting adjustments and related amortization.

Effective July 1, 1999, a subsidiary of the Operating Partnership acquired an additional 25% interest in the Mont Belvieu NGL fractionation facility from Kinder Morgan Operating LP "A" ("Kinder Morgan") for a purchase price of approximately \$41.2 million in cash and the assumption of \$4 million in debt. An additional 0.5% interest in the same facility was purchased from EPCO for a cash purchase price of \$0.9 million. This acquisition (referred to as the "MBA acquisition") increased the Company's effective economic interest in the Mont Belvieu NGL fractionation facility from 37.0% to 62.5%. As a result of this acquisition, the results of operations after July 1, 1999 were consolidated rather than included in equity income from unconsolidated affiliates.

The results of operations for the three and nine month periods ended September 30, 1999 include two month's impact of the businesses acquired from TNGL and three month's impact of the additional ownership interest acquired as a result of the MBA transaction. See the section below labeled "Pro Forma impact of Acquisitions" for selected financial data reflecting these transactions as if they had occurred on January 1, 1999.

2000 Acquisitions. On September 25, 2000, the Company announced that its Operating Partnership has executed a definitive agreement to purchase Acadian Gas, LLC ("Acadian") from Coral Energy, LLC, an affiliate of Shell Oil Company, for \$226 million in cash, inclusive of working capital. The acquisition of Acadian integrates natural gas pipeline systems in South Louisiana with the Company's Gulf Coast natural gas processing and NGL fractionation, pipeline and storage system. Acadian's assets are comprised of the 438-mile Acadian, 577-mile Cypress and 27-mile Evangeline natural gas pipeline systems, which together have over one billion cubic feet ("Bcf") per day of capacity. These natural gas pipeline systems are wholly-owned by Acadian with the exception of the Evangeline system in which Acadian holds an approximate 49.5% economic interest. The system includes a leased natural gas storage facility at Napoleonville, Louisiana with 3.4 Bcf of capacity. Completion of this transaction is subject to certain conditions, including regulatory approvals. The purchase is expected to be completed in the fourth quarter of 2000.

Three Months Ended September 30, 2000 compared with Three Months Ended September 30, 1999

Revenues, Costs and Expenses and Operating Income. The Company's revenues increased 62% to \$721.9 million in 2000 compared to \$445.0 million in 1999. The Company's operating costs and expenses increased by 64% to \$659.0 million in 2000 versus \$401.8 million in 1999. Operating income increased 39% to \$55.9 million in 2000 from \$40.1 million in 1999. The principal factors behind the increase in operating income were (a) the improvement in NGL product prices in 2000 versus 1999 and (b) the additional margins associated with the businesses acquired in the TNGL acquisition. The 1999 period includes two months of margins associated with the TNGL operations whereas the 2000 period includes three months.

Fractionation. For the third quarter of 2000, gross operating margin for the Fractionation segment was \$32.5 million compared to \$36.1 million in 1999. NGL fractionation margin increased \$3.3 million in 2000 compared to 1999 primarily due to additional margins from the fractionators acquired from TNGL (i.e., Norco, Promix, Venice and Tebone). As noted earlier, the third quarter of 1999 includes only two months of margin from these fractionators whereas the third quarter of 2000 includes three months. On a net basis, NGL fractionation volumes increased from 201 MBPD in 1999 to 214 MBPD in 2000 reflecting the Company's successful campaign to increase its customer base at its Mont Belvieu facilities. Gross operating margin from the isomerization business decreased a net \$6.3 million during the third quarter of 2000 primarily due to the reclassification of margins from NGL merchant activities that, beginning with the implementation of the current segment reporting structure which was adopted effective with the beginning of the fourth quarter of 1999, are now reported in the Processing segment. Isomerization volumes increased from 77 MBPD in 1999 to 84 MBPD in 2000 due to increased demand for the Company's services. Gross operating margin from the Company's propylene fractionation business decreased slightly primarily due to higher energy and maintenance costs. Propylene fractionation volumes increased from 26 MBPD in 1999 to 34 MBPD in 2000 due to the startup of the BRPC facilities in July 2000.

Pipeline. The Company's gross operating margin from the Pipeline segment was \$10.3 million in the third quarter of 2000 compared to \$7.0 million during the same period in 1999. Overall volumes increased to 278 MBPD in 2000 versus 264 MBPD in 1999. The \$3.3 million increase from quarter to quarter is generally attributable to the addition of margins from the pipeline and storage assets acquired from TNGI. As noted earlier, the 1999 period includes only two months of margin from these assets whereas the 2000 period reflects three months of operations.

Processing. The Company's gross operating margin for Processing was \$29.1 million in 2000 compared to \$7.1 million in 1999. Due to the TNGI acquisition, the 1999 margin includes only two months of gas processing operations whereas the third quarter of 2000 includes three months. This segment benefited from the strong NGL pricing environment in 2000 versus 1999 and a rise in equity NGL production from 65 MBPD in 1999 to 73 MBPD in 2000.

Octane Enhancement. The Company's gross operating margin for Octane Enhancement decreased to \$2.2 million in 2000 from \$2.5 million in 1999. The decrease is the result of lower margins on spot MTBE sales in the third quarter of 2000 versus the margins on contract-based MTBE sales in the third quarter of 1999. Equity MTBE production increased to 6 MBPD in 2000 from 4 MBPD in 1999.

Other. The Company's gross operating margin for the Other segment was \$0.4 million in 2000 compared to \$0.2 million in 1999. The increase is primarily due to fee-based marketing services added in the fourth quarter of 1999.

Selling, general and administrative expenses ("SG&A"). SG&A expenses increased to \$7.0 million in the third quarter of 2000 from \$3.2 million during the same period in 1999. The higher costs result from an increase in the administrative services fee charged by EPCO to \$1.6 million per month beginning in January 2000 versus the approximately \$1.1 million per month charged in the third quarter of 1999. The remainder of the increase is attributable to the additional staff and resources deemed necessary to support the Company's ongoing expansion activities resulting from acquisitions and other business development.

Interest expense. The Company's interest expense increased to \$7.5 million in the third quarter of 2000 from \$4.5 million in the third quarter of 1999. The increase is primarily attributable to a rise in average debt levels to \$437 million in the third quarter of 2000 from \$255 million in the third quarter of 1999. Debt levels have increased over the last year due to acquisitions and various capital expenditures.

Nine Months Ended September 30, 2000 compared with Nine Months Ended September 30, 1999

Revenues, Costs and Expenses and Operating Income. The Company's revenues increased 170% to \$2,079.6 million in 2000 compared to \$771.4 million in 1999. The Company's operating costs and expenses increased by 173% to \$1,878.2 million in 2000 versus \$689.0 million in 1999. Operating income increased 148% to \$181.3 million in 2000 from \$73.2 million in 1999. The principal factors behind the increase in operating income were (a) the improvement in NGL product prices in 2000 versus 1999 and (b) the additional margins associated with the businesses acquired in the TNGI acquisition. The 1999 period includes two months of margins associated with the TNGI operations whereas the 2000 period includes nine months.

Fractionation. The Company's gross operating margin for the Fractionation segment increased to \$96.4 million in 2000 from \$79.0 million in 1999. For the first nine months of 2000, NGL fractionation margin increased \$29.4 million over 1999 as a result of the additional margins from the four NGL fractionators acquired from TNGI. As noted previously, the 1999 period includes only two months of margin from these fractionators whereas the 2000 period includes nine months. In addition, equity income from BRF reflects three quarters of operations in 2000 versus one quarter in 1999. BRF commenced operations in the third quarter of 1999. Net NGL fractionation volumes increased from 178 MBPD in 1999 to 215 MBPD in 2000 primarily due to the Company's acquisition of new and previous customers at its Mont Belvieu NGL fractionator in 2000 and the increased ownership of the Mont Belvieu NGL fractionator as a result of the MBA acquisition. For the first nine months of 2000, gross operating margin from the isomerization business decreased \$10.0 million compared to 1999 primarily due to a reclassification of margins from NGL merchant activities that, beginning with the implementation of the current

segment reporting structure which was adopted effective with the fourth quarter of 1999, are now reported in the Processing segment. Isomerization volumes increased from 73 MBPD in 1999 to 77 MBPD in 2000 due to strong demand for the Company's services. Gross operating margin from propylene fractionation for the first nine months of 2000 decreased slightly compared to 1999 primarily due to higher energy and maintenance costs. Net equity volumes at these facilities improved to 31 MBPD in 2000 versus 27 MBPD in 1999 due to the startup of the BRPC propylene concentrator in July 2000.

Pipeline. The Company's gross operating margin for the Pipeline segment was \$39.2 million in 2000 compared to \$15.8 million in 1999. Overall volumes increased to 323 MBPD in 2000 from 230 MBPD in 1999. Generally, the \$23.4 million increase in margin is attributable to the additional volumes and margins contributed by the pipeline and storage assets acquired from TNGI, higher margins from the Houston Ship Channel Distribution System and EPIK due to an increase in export volumes plus the margins from the Lou-Tex Propylene Pipeline that was purchased in March 2000.

The growth in export volumes is attributable to EPIK's new chiller unit that began operations in the fourth quarter of 1999. On February 25, 2000, the purchase of the Lou-Tex Propylene Pipeline and related assets from Concha Chemical Pipeline Company, an affiliate of Shell, was completed at a cost of approximately \$100 million. The effective date of the transaction was March 1, 2000. The Lou-Tex Propylene Pipeline is a 263-mile, 10" pipeline that transports up to 50 MBPD of chemical grade propylene from Sorrento, Louisiana to Mont Belvieu, Texas. Also acquired in this transaction was a 27.5-mile 6" ethane pipeline between Sorrento and Norco, Louisiana and a 0.5 million barrel storage cavern at Sorrento, Louisiana.

Processing. The Company's gross operating margin for Processing was \$87.1 million in 2000 compared to \$6.7 million in 1999. Due to the TNGI acquisition, the 1999 margin includes only two months of gas processing operations whereas the 2000 period includes nine months. This segment benefited from the strong NGL pricing environment in 2000 versus 1999 and a rise in equity NGL production from 65 MBPD in 1999 to 72 MBPD in 2000.

Octane Enhancement. The Company's gross operating margin for Octane Enhancement increased to \$13.0 million in 2000 from \$4.8 million in 1999. This segment consists entirely of the Company's equity earnings and 33.33% investment in BEF, a joint venture facility that currently produces MTBE. The 1999 results included the impact of a \$4.5 million non-cash write-off of the unamortized balance of deferred start-up costs. The Company's share of this non-cash charge was \$1.5 million. The 2000 results reflect the impact of higher than normal MTBE market prices during the second quarter and early third quarter and lower debt service costs. BEF made its final note payment in May 2000 and now owns the MTBE facility debt-free. MTBE production, on an equity basis, was 4 MBPD in 1999 and 5 MBPD in 2000.

Other. The Company's gross operating margin for the Other segment was \$1.9 million in 2000 compared to \$0.7 million in 1999. The increase is primarily due to fee-based marketing services added in the fourth quarter of 1999.

Selling, general and administrative expenses. SG&A expenses increased to \$20.0 million in 2000 from \$9.2 million during 1999. The higher costs result from an increase in the administrative services fee charged by EPCO to \$1.6 million per month beginning in January 2000 versus the approximately \$1.0 million per month charged in 1999. The remainder of the increase is attributable to the additional staff and resources deemed necessary to support the Company's ongoing expansion activities resulting from acquisitions and other business development.

Interest expense. The Company's interest expense increased to \$23.3 million in 2000 from \$8.9 million in 1999. The increase is primarily attributable to a rise in average debt levels to \$395 million in 2000 from \$170 million in 1999. Debt levels have increased over the last year due to acquisitions and various capital expenditures.

Loss on sale of assets. During the second quarter of 2000, the Company recognized a one-time \$2.3 million non-cash charge on the sale of its Longview Terminal to Huntsman Corporation. The Longview Terminal was part of the Pipelines segment and was used to unload polymer grade propylene from NGL tank trucks.

Pro Forma impact of Acquisitions

As noted above under 1999 Acquisitions, the Company acquired TNGI and MBA in the third quarter of 1999. As a result of these acquisitions, revenues, operating costs and expenses, interest expense, and other amounts shown on the Statements of Consolidated Operations for the three and nine months ended September 30, 2000 have increased significantly over the amounts shown for the three and nine months ended September 30, 1999. The following table presents certain unaudited pro forma information as if the TNGI and MBA acquisition had been made as of January 1, 1999:

	Three Months Ended	Nine Months Ended
----- September 30, 1999 -----		
Revenues	\$ 506,944	\$ 1,151,444
Net income	\$ 40,586	\$ 80,698
Allocation of net income to		
Limited partners	\$ 40,180	\$ 79,891
General Partner	\$ 406	\$ 807
Units used in earning per Unit calculations		
Basic	66,696	66,715
Diluted	81,196	81,215
Income per Unit before minority interest		
Basic	\$ 0.61	\$ 1.21
Diluted	\$ 0.50	\$ 0.99
Net income per Unit		
Basic	\$ 0.60	\$ 1.20
Diluted	\$ 0.49	\$ 0.98

The unaudited pro forma information does not include the impact of the pending Acadian acquisition. As noted above, completion of this transaction is still subject to certain conditions, including regulatory approvals.

Liquidity and Capital Resources

General. The Company's primary cash requirements, in addition to normal operating expenses, are for capital expenditures (both maintenance and expansion-related), business acquisitions, distributions to the partners and debt service. The Company expects to fund its short-term needs for such items as maintenance capital expenditures and quarterly distributions to the partners from operating cash flows. Capital expenditures for long-term needs resulting from future expansion projects and business acquisitions are expected to be funded by a variety of sources including (either separately or in combination) cash flows from operating activities, borrowings under bank credit facilities and the issuance of additional Common Units and public debt. The Company's debt service requirements are expected to be funded by operating cash flows or refinancing arrangements.

As noted above, certain of the Company's liquidity and capital resource requirements are met using borrowings under bank credit facilities and/or the issuance of additional Common Units or public debt (separately or in combination). As of September 30, 2000, availability under the Operating Partnership's \$350 Million Bank Credit Facility was \$300.0 million plus \$26.7 million for letters of credit. The Company is in the process of refinancing this

credit facility with a \$400 million long-term revolving bank credit facility (increasing to \$500 million under certain conditions). The refinancing effort is expected to be completed in the fourth quarter of 2000.

In addition to the existing and potential bank credit facilities, approximately \$450 million of shelf availability remains outstanding under the Company's \$800 million December 1999 universal shelf registration statement (the "Registration Statement") which may be used for general partnership purposes. \$350 million of shelf availability was used in March 2000 with the issuance of the \$350 Million Senior Notes. For a broader discussion of the Company's outstanding debt and changes therein since December 31, 1999, see the section below labeled "Long-term Debt". In June 2000, the Company received approval from its Unitholders to increase by 25,000,000 the number of Common Units available (and unreserved) to the Company for general partnership purposes during the Subordination Period. This increase has improved the future financial flexibility of the Company in any potential business acquisition (see "Amendment to Partnership Agreement" below for further details).

If deemed necessary, management believes that additional financing arrangements can be obtained at reasonable terms. Management believes that the maintenance of its investment grade credit ratings of its Operating Partnership (currently, Baa3 by Moody's Investor Service and BBB by Standard and Poors) combined with a continued ready access to debt and equity capital at reasonable rates and sufficient trade credit to operate its businesses efficiently are a solid foundation to providing the Company with ample resources to meet its long and short-term liquidity and capital resource requirements.

Operating, Investing and Financing Cash Flows for Nine Months Ended September 30, 2000 and 1999

Cash flows from operating activities were a \$177.9 million inflow in 2000 compared to a \$54.7 million inflow in 1999. Cash flows from operating activities primarily reflect the effects of net income, depreciation and amortization, extraordinary items, equity income and distributions from unconsolidated affiliates and changes in working capital. Net income increased significantly in 2000 over 1999 due to reasons mentioned previously under "Results of Operations of the Company." Depreciation and amortization expense increased a combined \$10.7 million in 2000 over 1999 primarily the result of additional capital expenditures and acquisitions. Of the \$10.7 million increase, \$3.4 million is attributable to increases in amortization expense associated with the 20-year Shell natural gas processing agreement, excess cost related to past acquisitions and loan origination and bond issue costs. The Company received \$26.0 million in distributions from its equity method investments in 2000 compared to \$4.6 million in 1999. Of the \$21.4 million increase in distributions, \$7.5 million was from BEF and \$5.3 million from EPIK. Distributions from BEF improved period to period due to the strong MTBE prices and margins during the second quarter of 2000. EPIK's distributions increased as a result of higher export activity during the first six months of 2000. In addition, the first nine months of 2000 included \$5.5 million in cash receipts from Promix which was acquired as a result of the TNGI acquisition. The net effect of changes in operating accounts from year to year is generally the result of timing of NGL sales and purchases near the end of the period.

Cash used for investing activities was \$195.9 million in 2000 compared to \$260.4 million in 1999. Cash outflows included capital expenditures of \$200.2 million in 2000 versus \$10.6 million in 1999. Capital expenditures in 2000 include \$99.6 million for the purchase of the Lou-Tex Propylene Pipeline and related assets, \$71.5 million in construction costs for the Lou-Tex NGL Pipeline and \$4.1 million in construction costs for the Neptune gas processing facility. In addition, capital expenditures include maintenance capital project costs of \$2.3 million in 2000 and \$1.7 million in 1999. The 1999 period reflects \$208.1 million in net cash payments resulting from the TNGI and MBA acquisitions. Investing cash outflows in 2000 include \$2.3 million in advances to and investments in unconsolidated affiliates compared to \$58.5 million in 1999. The \$56.2 million decrease is primarily due to the completion of the BRF facility and the Tri-States and Wilprise pipeline systems in 1999. The first nine months of 1999 included \$35.3 million in investments in and advances to these companies. Lastly, the Company received \$6.5 million in payments from its participation in the BEF note that was purchased during 1998 with the proceeds from the Company's IPO. BEF made its final note payment in May 2000. With BEF's final payment, the Company's receivable relating to its participation in the BEF note was extinguished.

On March 8, 2000, the Company's offer of February 23, 2000 to buy the remaining 88.5% ownership interests in Dixie from the other seven owners expired, with no interest being purchased. On October 6, 2000, the Company announced that a subsidiary had purchased an additional 3,521 shares of common

stock of Dixie from Conoco Pipe Line Company for approximately \$19.4 million. The purchase brings the Company's economic interest in Dixie to approximately 19.9%.

Cash inflows from financing activities were \$54.2 million in 2000 compared to \$203.3 million in 1999. Cash flows from financing activities are primarily affected by repayments of debt, borrowings under debt agreements and distributions to partners. The first nine months of 2000 include proceeds from the \$350 Million Senior Notes and the \$54 Million MBFC Loan and the associated repayments on the \$200 Million Bank Credit Facility and \$350 Million Bank Credit Facility. For a complete discussion of the \$350 Million Senior Notes and the \$54 Million MBFC Loan and the use of proceeds thereof, see the section labeled "Long-term Debt" below. Financing activities in 1999 include the borrowings associated with the TNGI and MBA acquisitions and outflows of \$4.7 million related to the purchase of Common Units by a consolidated trust. Distributions to partners and the minority interest increased to \$104.4 million in 2000 from \$82.2 million in 1999 primarily due to an increase in the quarterly distribution rate (see Note 6 in the Notes to the Consolidated Financial Statements for a history of the quarterly distribution rates since the first quarter of 1999).

In July 2000, the Company announced a 1,000,000 Unit buy-back program of its publicly-owned Common Units to be executed over a two-year period. Management's intent is to opportunistically acquire Common Units during periods of temporary market weakness at price levels that would be accretive to the Company's remaining Unitholders. The repurchase program will be balanced with plans to grow the Company through investments in internally developed projects and acquisitions, while maintaining an investment grade debt rating. The redemption program will be funded by increased cash distributions from the Operating Partnership from operating cash flows and borrowings under its bank credit facilities. During the third quarter of 2000, 17,200 Common Units were repurchased by the buy-back program at a cost of approximately \$0.5 million.

Dividends received from unconsolidated affiliates. The Company received \$2.2 million in cash distributions from its cost method investments in Dixie (\$0.4 million) and VESCO (\$1.8 million) during the third quarter of 2000. For the nine months ended September 30, 2000, cash distributions were \$1.1 million from Dixie and \$5.1 million from VESCO. Cash distributions received from the Company's cost method investments are recorded as "Dividend income from unconsolidated affiliates" in the Statements of Consolidated Operations. Both Dixie and VESCO were acquired in August 1999 as part of the TNGI acquisition.

Future Capital Expenditures

The Company estimates that its share of currently approved capital expenditures in the projects of its unconsolidated affiliates will be approximately \$1.7 million during the remainder of 2000 (including \$0.7 million for the BRPC propylene fractionator) and \$0.1 million in 2001. In addition, the Company forecasts that \$48.2 million will be spent during the fourth quarter of 2000 on currently approved capital projects that will be recorded as property, plant and equipment. For 2001 and beyond, this amount is projected to be \$41.8 million. Of the cumulative \$90.0 million forecast to be spent on property, plant and equipment, the most significant projects and their remaining expenditures are as follows:

- \$ 18.8 million for the Garyville, Louisiana to Norco, Louisiana butane pipelines;
- \$ 12.9 million for the Port Arthur, Texas to Lake Charles, Louisiana propylene pipeline system;
- \$ 12.5 million for the Venice, Louisiana to Grande Isle, Louisiana pipeline;
- \$ 8.2 million for the Lou-Tex NGL Pipeline; and
- \$ 4.6 million for the Norco fractionator ethane liquefaction facility.

As of September 30, 2000, the Company had \$13.7 million in outstanding purchase commitments attributable to its capital projects. Of this amount, \$4.5 million is related to the construction of the Lou-Tex NGL Pipeline and \$0.6 million is associated with capital projects which will be recorded as additional investments in unconsolidated affiliates.

Long-term Debt

Long-term debt at September 30, 2000 was comprised of \$350 million in 5-year public Senior Notes (the "\$350 Million Senior Notes") issued by Enterprise Products Operating L.P. (the "Operating Partnership"), a 10-year \$54 million loan agreement with the Mississippi Business Finance Corporation ("MBFC" and the "\$54 Million MBFC Loan") and \$50 million outstanding under the \$350

Million Bank Credit Facility. The issuance of the \$350 Million Senior Notes represented a partial takedown of the \$800 million Registration Statement that was filed with the Securities and Exchange Commission in December 1999. The proceeds from the \$350 Million Senior Notes and the \$54 Million MBFC Loan were used to extinguish all outstanding balances owed under the \$200 Million Bank Credit Facility and the \$350 Million Bank Credit Facility at the time of the offerings.

The following table summarizes long-term debt at:

	September 30, 2000	December 31, 1999
Borrowings under:		
\$200 Million Bank Credit Facility		\$ 129,000
\$350 Million Bank Credit Facility	\$ 50,000	166,000
\$350 Million Senior Notes	350,000	
\$54 Million MBFC Loan	54,000	

Total	454,000	295,000
Less current maturities of long-term debt	50,000	129,000

Long-term debt	\$ 404,000	\$ 166,000
	=====	

At September 30, 2000, the Operating Partnership had a total of \$40 million of standby letters of credit available of which approximately \$13.3 million were outstanding under letter of credit agreements with the banks.

Bank Credit Facilities

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

\$350 Million Bank Credit Facility. In July 1999, the Operating Partnership entered into a \$350 Million Bank Credit Facility that includes a \$50 million working capital facility and a \$300 million revolving credit facility. The \$300 million revolving credit facility includes a sublimit of \$40 million for letters of credit. Borrowings under the \$350 Million Bank Credit Facility will bear interest at either the bank's prime rate or the Eurodollar rate plus the applicable margin as defined in the facility. The Operating Partnership elects the basis for the interest rate at the time of each borrowing.

This facility is scheduled to expire in July 2001 and all amounts borrowed thereunder shall be due and payable at that time. There must be no amount outstanding under the working capital facility for at least 15 consecutive days during each fiscal year. In March 2000, the Operating Partnership used \$179 million of the proceeds from the issuance of the \$350 Million Senior Notes and \$47 million from the \$54 Million MBFC Loan to payoff the outstanding balance on this credit facility. Due to borrowings in the third quarter for investment and working capital purposes, \$50 million was outstanding under this facility at September 30, 2000.

The credit agreement relating to this facility contains a prohibition on distributions to or purchases of Units if any event of default is continuing. In addition, the bank credit facility contains various affirmative and negative covenants applicable to the ability of the Operating Partnership to, among other things, (i) incur certain additional indebtedness, (ii) grant certain liens, (iii) sell assets in excess of certain limitations, (iv) make investments, (v) engage in transactions with affiliates and (vi) enter into a merger, consolidation, or sale of assets. The credit agreement generally prohibits redemptions of Units except for those transactions related to the 1,000,000 Unit Buy-back Program announced in July 2000. In August 2000, the lenders and Company executed a waiver allowing for this program. The bank credit facility requires that the Operating Partnership satisfy the following financial covenants at the end of each fiscal quarter: (i) maintain Consolidated Tangible Net Worth (as defined in the bank credit facility) of at least \$250.0 million, (ii) maintain a ratio of EBITDA (as defined in the bank credit facility) to Consolidated Interest Expense (as defined in the bank credit facility) for the previous 12-month period of at least 3.5 to 1.0 and (iii) maintain a ratio of Total

Indebtedness (as defined in the bank credit facility) to EBITDA of no more than 3.0 to 1.0. The Operating Partnership was in compliance with the restrictive covenants at September 30, 2000.

As noted above, the Company is pursuing a refinancing arrangement with a group of banks to terminate this facility and replace it with a new \$400 Million Bank Credit Facility (increasing to \$500 million under certain conditions). The completion of this refinancing project is subject to continuing negotiations between the parties involved and is expected to be finalized during the fourth quarter of 2000.

Senior Notes and MBFC Loan

\$350 Million Senior Notes. On March 13, 2000, the Operating Partnership completed a public offering of \$350 million in principal amount of 8.25% fixed-rate Senior Notes due March 15, 2005 at a price to the public of 99.948% per Senior Note. In the offering, the Operating Partnership received proceeds, net of underwriting discounts and commissions, of approximately \$347.7 million. The proceeds were used to pay (a) the entire \$169 million outstanding principal balance on the \$200 Million Bank Credit Facility and (b) \$179 million of the \$226 million then outstanding principal balance on the \$350 Million Bank Credit Facility.

The notes are subject to a make-whole redemption right by the Operating Partnership. They are an unsecured obligation of the Operating Partnership and rank equally with its existing and future unsecured and unsubordinated indebtedness and senior to any future subordinated indebtedness. The notes are guaranteed by the Company through an unsecured and unsubordinated guarantee and were issued under an indenture containing certain restrictive covenants. These covenants restrict the ability of the Company and the Operating Partnership, with certain exceptions, to incur debt secured by liens and engage in sale and leaseback transactions. The Company and Operating Partnership were in compliance with these restrictive covenants at September 30, 2000.

Settlement was completed on March 15, 2000. The offering of the \$350 Million Senior Notes was a takedown under the Company's \$800 million Registration Statement; therefore, the amount of securities available under the Registration Statement is reduced to \$450 million.

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

The Revenue Bonds were issued at par and are subject to a make-whole redemption right by the Operating Partnership. The Revenue Bonds are guaranteed by the Company through an unsecured and unsubordinated guarantee. The loan agreement contains certain covenants including maintaining appropriate levels of insurance on the Pascagoula natural gas processing facility and restrictions regarding mergers. The Company was in compliance with these restrictive covenants at September 30, 2000.

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

In March 2000, after the issuance of the \$350 Million Senior Notes and the execution of the \$54 Million MBFC Loan, 100% of the Operating Partnership's consolidated debt were fixed-rate obligations. To maintain a balance between variable-rate and fixed-rate exposure, the Operating Partnership entered into interest rate swap agreements with a notional amount of \$154 million by which the Operating Partnership receives payments based on a fixed-rate and pays an amount based on a floating-rate. At September 30, 2000, the Operating

Partnership's consolidated debt portfolio interest rate exposure was 55 percent fixed and 45 percent floating, after considering the effect of the interest rate swap agreements. The notional amount does not represent exposure to credit loss. The Operating Partnership monitors its positions and the credit ratings of its counterparties. Management believes the risk of incurring a credit related loss is remote, and that if incurred, such losses would be immaterial.

The effect of these swaps (none of which are leveraged) was to decrease the Company's interest expense by \$0.4 million and \$0.9 million for the three and nine months ended September 30, 2000, respectively. For further information regarding the interest rate swaps, see Note 9 of the unaudited Notes to the Consolidated Financial Statements.

Amendment to Partnership Agreement

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

In April 2000, the Company mailed a Proxy Statement to its public Unitholders asking them to consider and vote for a proposal to amend the Partnership Agreement to increase the number of additional Common Units that may be issued during the Subordination Period without the approval of a Unit Majority from 22,775,000 Common Units to 47,775,000 Common Units. The primary purpose of the requested increase was to improve the future financial flexibility of the Company since 20,500,000 Common Units of the 22,775,000 Common Units available to the partnership during the Subordination Period were reserved for issuance in connection with the TNGI acquisition. At a special meeting of the Unitholders and General Partner held on June 9, 2000, this proposal was approved by 90.7% of the public Unitholders. The amendment increases the number of Common Units available (and unreserved) to the Company for general partnership purposes during the Subordination Period from 2,275,000 to 27,275,000.

MTBE Facility

The Company owns a 33.33% economic interest in the BEF partnership that owns the MTBE production facility located within the Company's Mont Belvieu complex. The production of MTBE is driven by oxygenated fuels programs enacted under the federal Clean Air Act Amendments of 1990 and other legislation. Any changes to these programs that enable localities to opt out of these programs, lessen the requirements for oxygenates or favor the use of non-isobutane based oxygenated fuels reduce the demand for MTBE and could have an adverse effect on the Company's results of operations.

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

In light of these developments, the Company is formulating a contingency plan for use of the BEF facility if MTBE were banned or significantly curtailed. Management is exploring a possible conversion of the BEF facility from MTBE production to alkylate production. At present the forecast cost of this conversion would be in the \$20 million to \$25 million range, with the Company's share being \$6.7 million to \$8.3 million. Management anticipates that if MTBE is banned alkylate demand will rise as producers use it to replace MTBE as an octane enhancer. Alkylate production would be expected to generate spot market margins comparable to those of MTBE. Greater alkylate

production would be expected to increase isobutane consumption nationwide and result in improved isomerization margins for the Company.

Sun, the MTBE facility's major customer and one of the partners of BEF, has entered into a contract with BEF to take all of the MTBE production through September 2004.

Year 2000 Readiness Disclosure

The Company's efforts at preparing its computer systems for the Year 2000 were successful and no significant problems were encountered. The Year 2000 Readiness team reported that all systems functioned properly as the date changed from December 31, 1999 to January 1, 2000. The Company is also pleased to note that no problems were reported to it by its customers or vendors as a result of the Year 2000 issue. The Company continues to be vigilant in monitoring its systems for any potential Year 2000 problems that may arise in the short-term. There is no assurance that residual Year 2000 issues will not arise in the future which could have a material adverse effect on the operations of the Company.

Accounting Standards

In December 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") No. 101 "Revenue Recognition in Financial Statements." SAB 101 summarizes certain of the staff's views in applying generally accepted accounting principles to revenue recognition in financial statements. On June 26, 2000, the SEC issued an amendment to SAB 101 effectively delaying its implementation until the fourth quarter of fiscal years beginning after December 15, 1999. The Company believes that the adoption of SAB 101 will not have a material effect on its results of operations.

In June 1999, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 137, "Accounting for Derivative Instruments and Hedging Activities-Deferral of the Effective Date of FASB Statement No. 133-an amendment of FASB Statement No. 133" which effectively delays the application of SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" for one year, to fiscal years beginning after June 15, 2000. In June 2000, the FASB issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an amendment of FASB Statement No. 133" which amends and supercedes various sections of SFAS No. 133.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company is exposed to financial market risks, including changes in interest rates with respect to a portion of its debt obligations and changes in commodity prices. The Company may use derivative financial instruments (i.e., futures, forwards, swaps, options, and other financial instruments with similar characteristics) to mitigate these risks. The Company does not use derivative financial instruments for speculative (or trading) purposes.

The Company adopted a commercial policy to manage exposures to the risks generated by the NGL businesses acquired in the TNGI acquisition. The objective of the policy is to assist the Company in achieving its profitability goals while maintaining a portfolio of conservative risk, defined as remaining within the position limits established by the Board of Directors of the General Partner. The Company will enter into risk management transactions to manage price risk, basis risk, physical risk or other risks related to energy commodities on both a short-term (less than 30 days) and long-term basis, not to exceed 18 months. The General Partner has established a Risk Committee (the "Committee") that will oversee overall strategies associated with physical and financial risks. The Committee will approve specific commercial policies of the Company subject to this policy, including authorized products, instruments and markets. The Committee is also charged with establishing specific guidelines and procedures for implementing the policy and ensuring compliance with the policy.

Interest rate risk

Variable-rate Debt. At September 30, 2000 and December 31, 1999, the Company had no derivative instruments in place to cover any potential interest rate risk on its variable-rate debt obligations. Variable interest rate debt obligations do expose the Company to possible increases in interest expense and decreases in earnings if interest rates were to rise. The Company's long-term debt associated with the \$350 Million Bank Credit Facility is at variable interest rates. At September 30, 2000, \$50 million was outstanding under this credit facility.

If the weighted average base interest rates selected on the variable-rate long-term debt during 1999 were to have been 10% higher than the weighted average of the actual base interest rates selected, assuming no changes in weighted average variable debt levels, interest expense would have increased by approximately \$1.4 million with a corresponding decrease in earnings before minority interest. If the same calculation were performed on the variable-rate long-term debt outstanding during 2000, interest expense would have increased by approximately \$0.5 million with a corresponding decrease in earnings before minority interest.

Fixed-rate Debt. In March 2000, the Operating Partnership entered into interest rate swaps whereby the fixed-rate of interest on a portion of the \$350 Million Senior Notes and the \$54 Million MBFC Loan was effectively swapped for floating-rates tied to the six month London Interbank Offering Rate ("LIBOR"). Interest rate swaps are used to manage the Company's exposure to changes in interest rates and to lower overall costs of financing. An interest rate swap, in general, requires one party to pay a fixed-rate on the notional amount while the other party pays a floating-rate based on the notional amount.

After the issuance of the \$350 Million Senior Notes and the execution of the \$54 Million MBFC Loan in March 2000, 100% of the Operating Partnership's consolidated debt were fixed-rate obligations. To maintain a balance between variable-rate and fixed-rate exposure, the Operating Partnership entered into interest rate swap agreements with a notional amount of \$154 million by which the Operating Partnership receives payments based on a fixed-rate and pays an amount based on a floating-rate. At September 30, 2000, the Operating Partnership's consolidated debt portfolio interest rate exposure was 55 percent fixed and 45 percent floating, after considering the effect of the interest rate swap agreements. The notional amount does not represent exposure to credit loss. The Operating Partnership monitors its positions and the credit ratings of its counterparties. Management believes the risk of incurring a credit related loss is remote, and that if incurred, such losses would be immaterial.

The effect of these swaps (none of which are leveraged) was to decrease the Company's interest expense by \$0.4 million and \$0.9 million for the three and nine months ended September 30, 2000, respectively. Following is selected information on the Company's portfolio of interest rate swaps at June 30, 2000:

Interest Rate Swap Portfolio at September 30, 2000 (1) :
(Dollars in millions)

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

- Notes:
- (1) All swaps outstanding at September 30, 2000 were entered into for the purpose of managing the Operating Partnership's exposure to fluctuations in market interest rates.
 - (2) In each case, the counterparty has the option to terminate the interest rate swap on the Early Termination Date
 - (3) In each case, the Operating Partnership is the floating-rate payor. The floating rate was the rate in effect as of September 30, 2000.

If the six month LIBOR rates on the notional amounts of fixed-rate long-term debt at September 30, 2000 were to have been 10% higher than the six month LIBOR rates actually used in the swap agreements, assuming no changes in weighted average fixed-rate debt levels, interest expense for the three and nine

months ended September 30, 2000 would have increased by approximately \$0.3 million and \$0.5 million, respectively, with a corresponding decrease in earnings before minority interest.

Other. At September 30, 2000 and December 31, 1999, the Company had \$41.4 million and \$5.2 million invested in cash and cash equivalents, respectively. All cash equivalent investments other than cash are highly liquid, have original maturities of less than three months, and are considered to have insignificant interest rate risk.

Commodity price risk

The Company is exposed to commodity price risk through its NGL businesses acquired in the TNGI acquisition. In order to effectively manage this risk, the Company may enter into swaps, forwards, commodity futures, options and other derivative commodity instruments with similar characteristics that are permitted by contract or business custom to be settled in cash or with another financial instrument. The purpose of these risk management activities is to hedge exposure to price risks associated with natural gas, NGL inventories, commitments and certain anticipated transactions. The table below presents the hypothetical changes in fair values arising from immediate selected potential changes in the quoted market prices of derivative commodity instruments outstanding at December 31, 1999 and September 30, 2000. Gain or loss on these derivative commodity instruments would be offset by a corresponding gain or loss on the hedged commodity positions, which are not included in the table. The fair value of the commodity futures at December 31, 1999 and September 30, 2000 was estimated at \$0.5 million payable and \$ 3.5 million receivable, respectively, based on quoted market prices of comparable contracts and approximate the gain or loss that would have been realized if the contracts had been settled at the balance sheet date. The change in fair value of the commodity futures since December 31, 1999 is primarily due to an increase in volumes hedged, change in composition of commodities hedged and higher natural gas prices. The change in fair value between September 30, 2000 and November 1, 2000 is due to the change in the composition of commodities hedged and settlement of November 2000 natural gas future contracts.

(Millions of Dollars)	No Change		10% Increase		10% Decrease	
	Fair Value	Fair Value	Increase (Decrease)	Fair Value	Increase (Decrease)	
Impact of changes in quoted Market prices on:						
Commodity futures						
At December 31, 1999	\$ (0.5)	\$ 1.2	\$ 1.7	\$ (2.2)	\$ (1.7)	
At September 30, 2000	\$ 3.5	\$ 4.0	\$ (0.5)	\$ 3.1	\$ (0.4)	
At November 1, 2000	\$ 2.2	\$ 4.2	\$ 2.0	\$.2	\$ (2.0)	

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders.

In April 2000, the Company mailed a Proxy Statement to its public Unitholders asking them to consider and vote for a proposal to amend the Partnership Agreement. For a discussion of these matters and the voting results, see Item 4 of the Company's Form 10-Q for the period ended June 30, 2000.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

*1.1 Underwriting Agreement dated March 10, 2000, among Enterprise Products Partners L.P., Enterprise Products Operating L.P., Chase Securities Inc., Lehman Brothers Inc., Banc One Capital Markets, Inc., FleetBoston Robertson Stephens Inc., First Union Securities, Inc., Scotia Capital (USA) Inc. and SG Cowen Securities Corp. (Exhibit 1.1 on Form 8-K filed March 10, 2000).

- *3.1 Form of Amended and Restated Agreement of Limited Partnership of Enterprise Products Partners L.P. (Exhibit 3.1 to Registration Statement on Form S-1, File No. 333-52537, filed on May 13, 1998).
- *3.2 Form of Amended and Restated Agreement of Limited Partnership of Enterprise Products Operating L.P. (Exhibit 3.2 to Registration Statement on Form S-1/A, File No. 333-52537, filed on July 21, 1998).
- *3.3 LLC Agreement of Enterprise Products GP (Exhibit 3.3 to Registration Statement on Form S-1/A, File No. 333-52537, filed on July 21, 1998).
- *3.4 Second Amended and Restated Agreement of Limited Partnership of Enterprise Products Partners L.P. dated September 17, 1999. (The Company incorporates by reference the above document included in the Schedule 13D filed September 27, 1999 by Tejas Energy LLC ; filed as Exhibit 99.7 on Form 8-K dated October 4, 1999).
- *3.5 First Amended and Restated Limited Liability Company Agreement of Enterprise Products GP, LLC dated September 17, 1999. (Exhibit 99.8 on Form 8-K/A-1 filed October 27, 1999).
- 3.6 Amendment No. 1 to Second Amended and Restated Agreement of Limited Partnership of Enterprise Products Partners L.P. dated June 9, 2000.
- *4.1 Form of Common Unit certificate (Exhibit 4.1 to Registration Statement on Form S-1/A, File No. 333-52537, filed on July 21, 1998).
- *4.2 \$200 million Credit Agreement among Enterprise Products Operating L.P., the Several Banks from Time to Time Parties Hereto, Den Norske Bank ASA, and Bank of Tokyo-Mitsubishi, Ltd., Houston Agency as Co-Arrangers, The Bank of Nova Scotia, as Co-Arranger and as Documentation Agent and The Chase Manhattan Bank as Co-Arranger and as Agent dated as of July 27, 1998 as Amended and Restated as of September 30, 1998. (Exhibit 4.2 on Form 10-K for year ended December 31, 1998, filed March 17, 1999).
- *4.3 First Amendment to \$200 million Credit Agreement dated July 28, 1999 among Enterprise Products Operating L.P. and the several banks thereto. (Exhibit 99.9 on Form 8-K/A-1 filed October 27, 1999).
- *4.4 \$350 million Credit Agreement among Enterprise Products Operating L.P., BankBoston, N.A., Societe Generale, Southwest Agency and First Union National Bank, as Co-Arrangers, The Chase Manhattan Bank, as Co-Arranger and as Administrative Agent, The First National Bank of Chicago, as Co-Arranger and as Documentation Agent, The Bank of Nova Scotia, as Co-Arranger and Syndication Agent, and the Several Banks from Time to Time parties hereto with First Union Capital Markets acting as Managing Agent and Chase Securities Inc. acting as Lead Arranger and Book Manager dated July 28, 1999 (Exhibit 99.10 on Form 8-K/A-1 filed October 27, 1999).
- *4.5 Unitholder Rights Agreement among Tejas Energy LLC, Tejas Midstream Enterprises, LLC, Enterprise Products Partners L.P., Enterprise Products Operating L.P., Enterprise Products Company, Enterprise Products GP, LLC and EPC Partners II, Inc. dated September 17, 1999. (The Company incorporates by reference the above document included in the Schedule 13D filed September 27, 1999 by Tejas Energy LLC; filed as Exhibit 99.5 on Form 8-K dated October 4, 1999).
- *4.6 Form of Indenture dated as of March 15, 2000, among Enterprise Products Operating L.P., as Issuer, Enterprise Products Partners L.P., as Guarantor, and First Union National Bank, as Trustee. (Exhibit 4.1 on Form 8-K filed March 10, 2000).
- *4.7 Form of Global Note representing all 8.25% Senior Notes Due 2005. (Exhibit 4.2 on Form 8-K filed March 10, 2000).

- *4.8 Second Amendment, dated as of January 24, 2000, to \$200 Million Credit Agreement dated as of July 27, 1998, as Amended and Restated as of September 30, 1998, among Enterprise Products Operating L.P. and the several banks thereto. (Exhibit 4.3 on Form 8-K filed March 10, 2000).
- *4.9 First Amendment, dated as of January 24, 2000, to \$350 Million Credit Agreement among Enterprise Products Operating L.P., BankBoston, N.A., Societe Generale, Southwest Agency and First Union National Bank, as Co-Arrangers, The Chase Manhattan Bank, as Co-Arranger and as Administrative Agent, BankOne N.A., as Co- Arranger and as Documentation Agent, The Bank of Nova Scotia, as Co-Arranger and as Syndication Agent, and the several Banks from time to time parties thereto, with First Union Capital Markets acting as Managing Agent and Chase Securities Inc. acting as Lead Arranger and Manager dated as of July 28, 1999. (Exhibit 4.4 on Form 8-K filed March 10, 2000).
- *4.10 Second Amendment, dated as of March 7, 2000, to \$350 Million Credit Agreement among Enterprise Products Operating L.P., BankBoston, N.A., Societe Generale, Southwest Agency and First Union National Bank, as Co-Arrangers, The Chase Manhattan Bank, as Co-Arranger and as Administrative Agent, BankOne N.A., as Co- Arranger and as Documentation Agent, The Bank of Nova Scotia, as Co-Arranger and as Syndication Agent, and the several Banks from time to time parties thereto, with First Union Capital Markets acting as Managing Agent and Chase Securities Inc. acting as Lead Arranger and Manager dated as of July 28, 1999. (Exhibit 4.5 on Form 8-K filed March 10, 2000).
- *4.11 Guaranty Agreement, dated as of March 7, 2000, by Enterprise Products Partners L.P. in favor of The Chase Manhattan Bank, as Administrative Agent, with respect to the \$350 Million Credit Agreement referred to in Exhibits 4.4 and 4.5. (Exhibit 4.6 on Form 8-K filed March 10, 2000).
- 4.12 Waiver Agreement, dated as of August 25, 2000, regarding Section 6.5 of the \$350 Million Credit Agreement among Enterprise Products Operating L.P., BankBoston, N.A., Societe Generale, Southwest Agency and First Union National Bank, as Co-Arrangers, The Chase Manhattan Bank, as Co-Arranger and as Administrative Agent, BankOne N.A., as Co- Arranger and as Documentation Agent, The Bank of Nova Scotia, as Co-Arranger and as Syndication Agent, and the several Banks from time to time parties thereto, with First Union Capital Markets acting as Managing Agent and Chase Securities Inc. acting as Lead Arranger and Manager dated as of July 28, 1999.
- *10.1 Articles of Merger of Enterprise Products Company, HSC Pipeline Partnership, L.P., Chunchula Pipeline Company, LLC, Propylene Pipeline Partnership, L.P., Cajun Pipeline Company, LLC and Enterprise Products Texas Operating L.P. dated June 1, 1998 (Exhibit 10.1 to Registration Statement on Form S-1/A, File No: 333-52537, filed on July 8, 1998).
- *10.2 Form of EPCO Agreement between Enterprise Products Partners L.P., Enterprise Products Operating L.P., Enterprise Products GP, LLC and Enterprise Products Company (Exhibit 10.2 to Registration Statement on Form S-1/A, File No. 333-52537, filed on July 21, 1998).
- *10.3 Transportation Contract between Enterprise Products Operating L.P. and Enterprise Transportation Company dated June 1, 1998 (Exhibit 10.3 to Registration Statement on Form S-1/A, File No. 333-52537, filed on July 8, 1998).
- *10.4 Venture Participation Agreement between Sun Company, Inc. (R&M), Liquid Energy Corporation and Enterprise Products Company dated May 1, 1992 (Exhibit 10.4 to Registration Statement on Form S-1, File No. 333-52537, filed on May 13, 1998).
- *10.5 Partnership Agreement between Sun BEF, Inc., Liquid Energy Fuels Corporation and Enterprise Products Company dated May 1, 1992 (Exhibit 10.5 to Registration Statement on Form S-1, File No. 333-52537, filed on May 13, 1998).
- *10.6 Amended and Restated MTBE Off-Take Agreement between Belvieu Environmental Fuels and Sun Company, Inc. (R&M) dated August 16, 1995 (Exhibit 10.6 to Registration Statement on Form S-1, File No. 333-52537, filed on May 13, 1998).

- *10.7 Articles of Partnership of Mont Belvieu Associates dated July 17, 1985 (Exhibit 10.7 to Registration Statement on Form S-1, File No. 333-52537, filed on May 13, 1998).
- *10.8 First Amendment to Articles of Partnership of Mont Belvieu Associates dated July 15, 1996 (Exhibit 10.8 to Registration Statement on Form S-1, File No. 333-52537, filed on May 13, 1998).
- *10.9 Propylene Facility and Pipeline Agreement between Enterprise Petrochemical Company and Hercules Incorporated dated December 13, 1978 (Exhibit 10.9 to Registration Statement on Form S-1, File No. 333-52537, dated May 13, 1998).
- *10.10 Restated Operating Agreement for the Mont Belvieu Fractionation Facilities Chambers County, Texas between Enterprise Products Company, Texaco Producing Inc., El Paso Hydrocarbons Company and Champlin Petroleum Company dated July 17, 1985 (Exhibit 10.10 to Registration Statement on Form S-1/A, File No. 333-52537, filed on July 8, 1998).
- *10.11 Ratification and Joinder Agreement relating to Mont Belvieu Associates Facilities between Enterprise Products Company, Texaco Producing Inc., El Paso Hydrocarbons Company, Champlin Petroleum Company and Mont Belvieu Associates dated July 17, 1985 (Exhibit 10.11 to Registration Statement on Form S-1/A, File No. 333-52537, filed on July 8, 1998).
- *10.12 Amendment to Propylene Facility and Pipeline Sales Agreement between HIMONT U.S.A., Inc. and Enterprise Products Company dated January 1, 1993 (Exhibit 10.12 to Registration Statement on Form S-1/A, File No. 333-52537, filed on July 8, 1998).
- *10.13 Amendment to Propylene Facility and Pipeline Agreement between HIMONT U.S.A., Inc. and Enterprise Products Company dated January 1, 1995 (Exhibit 10.13 to Registration Statement on Form S-1/A, File No. 333-52537, filed on July 8, 1998).
- *10.14 Fourth Amendment to Conveyance of Gas Processing Rights between Tejas Natural Gas Liquids, LLC and Shell Oil Company, Shell Exploration & Production Company, Shell Offshore Inc., Shell Deepwater Development Inc., Shell Land & Energy Company and Shell Frontier Oil & Gas Inc. dated August 1, 1999. (Exhibit 10.14 to Form 10-Q filed on November 15, 1999).
- *10.15 Purchase and Sale Agreement by and between Coral Energy, LLC and Enterprise Products Operating L.P. dated as of September 22, 2000 (Exhibit 10.1 to Form 8-K filed on September 26, 2000).
- *12.1 Computation of ratio of earnings to fixed charges for the year ended December 31, 1999. (Exhibit 12.1 on Form 8-K filed March 10, 2000).
- *25.1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 on Form T-1 of First Union National Bank. (Exhibit 25.1 on Form 8-K filed March 10, 2000).
- *99.1 Contribution Agreement between Tejas Energy LLC, Tejas Midstream Enterprises, LLC, Enterprise Products Partners L.P., Enterprise Products Operating L.P., Enterprise Products Company, Enterprise Products GP, LLC and EPC Partners II, Inc. dated September 17, 1999. (The Company incorporates by reference the above document included in the Schedule 13D filed September 27, 1999 by Tejas Energy LLC; filed as Exhibit 99.4 on Form 8-K dated October 4, 1999).
- *99.2 Registration Rights Agreement between Tejas Energy LLC and Enterprise Products Partners L.P. dated September 17, 1999. (The Company incorporates by reference the above document included in the Schedule 13D filed September 27, 1999 by Tejas Energy LLC ; filed as Exhibit 99.6 on Form 8-K dated October 4, 1999).
- 27.1 Financial Data Schedule

* Asterisk indicates exhibits incorporated by reference as indicated; all other exhibits are filed herewith

(b) Reports on Form 8-K

On September 25, 2000, the Company filed a Form 8-K announcing that its Operating Partnership has executed a definitive agreement to purchase Acadian Gas, LLC ("Acadian") from Coral Energy, LLC, an affiliate of Shell Oil Company, for \$226 million in cash, inclusive of working capital. The acquisition of Acadian integrates natural gas pipeline systems in South Louisiana with the Company's Gulf Coast natural gas processing and NGL fractionation, pipeline and storage system. Acadian's assets are comprised of the 438-mile Acadian, 577-mile Cypress and 27-mile Evangeline natural gas pipeline systems, which together have over one billion cubic feet ("Bcf") per day of capacity. These natural gas pipeline systems are wholly-owned by Acadian with the exception of the Evangeline system in which Acadian holds an approximate 49.5% economic interest. The system includes a leased natural gas storage facility at Napoleonville, Louisiana with 3.4 Bcf of capacity. Completion of this transaction is subject to certain conditions, including regulatory approvals. The purchase is expected to be completed in the fourth quarter of 2000.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Enterprise Products Partners L.P.
(A Delaware Limited Partnership)

By: Enterprise Products GP, LLC
as General Partner

/s/ Michael J. Knesek

Vice President, Controller
and Principal Accounting Officer

Date: November 13, 2000

ENTERPRISE PRODUCTS OPERATING L.P.

August 15, 2000

The Chase Manhattan Bank
270 Park Avenue, Floor 21
New York, New York 10017

Attn: Mr. Steve Wood

Re: Requested Waiver - Enterprise Products Operating L.P. ("Company") Credit Agreement dated as of July 28, 1999, as amended ("Credit Agreement")

Dear Steve:

This letter ("Waiver Letter") is to seek a waiver from The Chase Manhattan Bank, as Administrative Agent ("Agent") under the Credit Agreement, and the Required Banks thereunder as set forth herein. All capitalized terms used herein as definitions, but not defined herein, are defined in the Credit Agreement.

As has been disclosed to you, Enterprise Products Partners L.P. ("LP") intends to initiate a buy-back program (the "Program") whereby LP, over a two-year time period, would buy back up to 1,000,000 publically held Units, as set forth in our letter of August 14, 2000 to Bill Manias at Chase Securities Inc. on this subject. Under Section 7.5 of the Credit Agreement, the Company would be prohibited from making Restricted Payments consisting of up-stream dividends to LP to fund the Program, and the LP would be prohibited from conducting the Program under Section 8.1(n)(c) of the Credit Agreement.

By signing below, the Agent and the Required Banks hereby evidence their consent to a one-time waiver (i) under said Section 7.5 in order for the Company to make Restricted Payments consisting of up-stream dividends to LP necessary to fund the Program and (ii) under said Section 8.1(n)(c) in order for the LP to conduct the Program, which dividends and Program would be permitted as long as no Default or Event of Default has occurred and is continuing under the Credit Agreement either before or occasioned by any such Restricted Payment. In addition, the waiver evidenced by this letter is a one-time event and is permitted only through August 25, 2002. Henceforth, the Company shall not be in Default under the Credit Agreement, including without limitation Sections 7.5 and 8.1(n)(c) of the Credit Agreement, solely by reason of any Restricted Payment consisting of up-stream dividends to LP prior to August 26, 2002 made consistent with this Waiver Letter or by the LP's conducting the Program consistent with this Waiver Letter.

Kindly indicate the aforementioned consent to waiver by signing and returning a copy of this letter to the attention to the undersigned.

Sincerely,

ENTERPRISE PRODUCTS OPERATING L.P.

By: Enterprise Products GP, LLC, General Partner

By: /s/ Richard H. Bachmann

Name: Richard H. Bachmann
Title: Executive Vice President &
Chief Legal Officer

Agreed to and Accepted as of the 25th day of August, 2000.

BANKS AND AGENTS:

THE CHASE MANHATTAN BANK, as
Administrative Agent and as a Bank

By: /s/ Steven Wood

Name: Steven Wood
Title: Vice President

BANK ONE, NA (formerly known as The First
National Bank of Chicago), as Documentation
Agent and as a Bank

By: /s/ Dianne L. Russell

Name: Dianne L. Russell
Title: Vice President

THE BANK OF NOVA SCOTIA, as Syndication
Agent and as a Bank

By: /s/ F.C.H. Ashby

Name: F.C.H. Ashby
Title: Sr. Mgr. Loan Operations

FIRST UNION NATIONAL BANK

By: /s/ Russell Clingman

Name: Russell Clingman
Title: Vice President

SOCIETE GENERALE, SOUTHWEST AGENCY

By: /s/ Paul E. Cornell

Name: Paul E. Cornell
Title: Managing Director

FLEET NATIONAL BANK.

By: /s/ Christopher Holmgren

Name: Christopher Holmgren
Title: Director

THE FUJI BANK, LIMITED, NEW YORK BRANCH

By: /s/ Nate Ellis

Name: Nate Ellis
Title: Senior Vice President & Manager

BANK OF TOKYO-MITSUBISHI, LTD.,
HOUSTON AGENCY

By: /s/ Michael G. Meis

Name: Michael G. Meiss
Title: Vice President

TORONTO DOMINION (TEXAS), INC.

By: /s/ Alva J. Jones

Name: Alva J. Jones
Title: Vice President

CREDIT AGRICOLE INDOSUEZ

By: /s/ Patrick Cocquerel

Name: Patrick Cocquerel
Title: FVP, Managing Director

By: /s/ Douglas A. Whiddon

Name: Douglas A. Whiddon
Title: Senior Relationship Manager

DG BANK DEUTSCHE GENOSSEN
SCHAFTBANK AG, CAYMAN ISLAND BRANCH

By: /s/ Craig Anderson

Name: Craig Anderson
Title: Vice President

By: /s/ Lynne McCarthy

Name: Lynne McCarthy
Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ illegible signature

Name:
Title:

FORTIS CAPITAL CORP.

By: /s/ Darrell W. Holley

Name: Darrell W. Holley
Title: Managing Director

HIBERNIA NATIONAL BANK

By: /s/ Trudy W. Nelson

Name: Trudy W. Nelson
Title: Vice President

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM
 COMBINED FINANCIAL STATEMENTS AND IS UALIFIED IN ITS ENTIRETY BY
 REFERENCE TO SUCH FINANCIAL STATEMENTS

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