ENTERPRISE PRODUCTS PARTNERS L P
Form 424B5
January 07, 2009

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-145709

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to be Registered	Offering Price Per Unit	Aggregate Offering Price	Registration Fee
Units representing limited partner interests	11,040,000	$22.20	$245,088,000	$9,632(1)

(1) In accordance with Rule 457(r), a registration fee of $9,632 was payable in connection with the securities offered by means of this prospectus supplement and the accompanying base prospectus included in the registration statement filed on August 27, 2007. The registrant had already paid the amount of $162,867 with respect to $1,383,750,000 aggregate initial offering price of securities that were previously registered pursuant to a registration statement on Form S-3 (Registration Nos. 333-123150 and 333-123150-01) filed by Enterprise Products Partners L.P. and Enterprise Products Operating L.P. on March 4, 2005 and were not sold there under. On August 27, 2007, in connection with an offering of $800,000,000 aggregate principal amount of senior notes, a portion of the unutilized registration fee was applied to the $24,650 registration fee payable. On April 2, 2008, in connection with an offering of $1,100,000,000 aggregate principal amount of senior notes, a portion of the unutilized registration fee was applied to the $43,250 registration fee payable. On December 4, 2008, in connection with an offering of $500,000,000 aggregate principal amount of senior notes, a portion of the unutilized registration fee was applied to the $19,650 registration fee payable. Pursuant to Rule 457(p), a portion of the current unutilized registration fee of $75,317 was applied to the registration fee payable in connection with this offering.

PROSPECTUS SUPPLEMENT
(To Prospectus Dated August 27, 2007)

9,600,000 Common Units

Enterprise Products Partners L.P.

$22.20 per common unit

We are selling 9,600,000 common units representing limited partner interests in Enterprise Products Partners L.P. Our common units are listed on the New York Stock Exchange under the symbol EPD. The last reported sales price of our common units on the New York Stock Exchange on January 6, 2009 was $22.69 per common unit.

Investing in our common units involves risk. See Risk Factors beginning on page S-11 of this prospectus supplement and on page 2 of the accompanying prospectus.

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

	Per Common Unit	Total
Public Offering Price	$ 22.20	$ 213,120,000
Underwriting Discount	$ 0.87	$ 8,352,000
Proceeds to Enterprise Products Partners L.P. (before expenses)	$ 21.33	$ 204,768,000

We have granted the underwriters a 30-day option to purchase up to 1,440,000 additional common units to cover over-allotments.

The underwriters expect to deliver the common units on or about January 12, 2009.

Joint Book-Running Managers

Citi

Barclays Capital

Morgan Stanley

UBS Investment Bank

Wachovia Securities

Co-Managers

Raymond James

RBC Capital Markets

Sanders Morris Harris

J.P.Morgan

January 7, 2009

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

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

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SUMMARY

This summary highlights information from this prospectus supplement and the accompanying prospectus to help you understand our business and the common units. It does not contain all of the information that is important to you. You should read carefully the entire prospectus supplement, the accompanying prospectus, the documents incorporated by reference and the other documents to which we refer for a more complete understanding of this offering and our business. You should read Risk Factors beginning on page S-11 of this prospectus supplement and page 2 of the accompanying prospectus for more information about important risks that you should consider before making a decision to purchase common units in this offering.

The information presented in this prospectus supplement assumes that the underwriters do not exercise their option to purchase additional common units, unless otherwise indicated. Our, we, us and Enterprise as used in this prospectus supplement and the accompanying prospectus refer to Enterprise Products Partners L.P., its wholly owned subsidiaries and its investments in unconsolidated affiliates, including Duncan Energy Partners L.P. (NYSE: DEP) (Duncan Energy Partners), a publicly traded, consolidated subsidiary of Enterprise. References to EPO are intended to mean the consolidated business and operations of our primary operating subsidiary, Enterprise Products Operating LLC (successor to Enterprise Products Operating L.P.).

Enterprise Products Partners L.P.

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

For the year ended December 31, 2007 and nine months ended September 30, 2008, we had consolidated revenues of $17.0 billion and $18.3 billion, operating income of $883.0 million and $1,060.1 million and net income of $533.7 million and $726.0 million, respectively.

Our Business Segments

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

NGL Pipelines & Services. Our NGL Pipelines & Services business segment includes our (i) natural gas processing business and related NGL marketing activities, (ii) NGL pipelines aggregating approximately 13,758 miles and related storage facilities, including our Mid-America Pipeline System, (iii) NGL and related product storage facilities, and (iv) NGL fractionation facilities located in Texas and Louisiana. This segment also includes our import and export terminal operations.

Onshore Natural Gas Pipelines & Services. Our Onshore Natural Gas Pipelines & Services business segment includes approximately 17,758 miles of onshore natural gas pipeline systems that provide for the gathering and transmission of natural gas in Alabama, Colorado, Louisiana, Mississippi, New Mexico, Texas and Wyoming. In addition, we own two salt dome natural gas storage facilities located in Mississippi and lease natural gas storage facilities located in Texas and Louisiana. This segment also includes our natural gas marketing activities.

Offshore Pipelines & Services. Our Offshore Pipelines & Services business segment includes (i) approximately 1,555 miles of offshore natural gas pipelines strategically located to serve production areas including some of the most active drilling and development regions in the Gulf of Mexico, (ii) approximately 914 miles of offshore Gulf of Mexico crude oil pipeline systems, and (iii) six multi-purpose offshore hub platforms located in the Gulf of Mexico with crude oil or natural gas processing capabilities.

Petrochemical Services. Our Petrochemical Services business segment includes five propylene fractionation facilities, an isomerization complex and an octane additive production facility. This segment also includes approximately 683 miles of petrochemical pipeline systems.

We provide the foregoing services directly and through our subsidiaries and unconsolidated affiliates.

Our Strategy

Our business strategies are to:

- capitalize on expected increases in natural gas, NGL and crude oil production resulting from development activities in the Rocky Mountain region and U.S. Gulf Coast regions, including the Gulf of Mexico;
- capitalize on expected demand growth for natural gas, NGLs, crude oil and refined products;
- maintain a diversified portfolio of midstream energy assets and expand this asset base through growth capital projects and accretive acquisitions of complementary midstream energy assets;
- share capital costs and risks through joint ventures or alliances with strategic partners, including those that will provide the raw materials for these growth projects or purchase the projects end products; and
- increase fee-based cash flows by investing in pipelines and other fee-based businesses.

Competitive Strengths

We believe we have the following competitive strengths:

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

Fee-Based Businesses and Diversified Asset Mix. The majority of our cash flow is derived from fee-based businesses that are not directly affected by volatility in energy commodity prices. We have a diversified asset portfolio that provides operating income from a broad range of geographic areas and lines of business.

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

Shell.

Strategic Platform for Continued Expansion. We have strong business positions across our midstream energy asset base in key producing and consuming regions in North America. In addition, we have approximately $2.0 billion of growth capital projects that are expected to begin commercial operations in 2009. A significant amount of the capital associated with these projects has already been funded. These growth projects include the expansion of our Texas Intrastate natural gas pipeline system in the prolific Barnett

Shale region, our Meeker natural gas processing plant, the Exxon central treating facility in the Piceance basin of Colorado, and the Shenzi crude oil pipeline in the Gulf of Mexico.

Large, Investment Grade Partnership with Demonstrated Access to Capital. We are one of the largest publicly traded energy partnerships in the United States with over $18 billion in total assets. Our senior unsecured debt is rated investment grade by Moody s Investors Service (Baa3), Standard & Poor s (BBB-) and Fitch Ratings (BBB-). We have demonstrated our access to debt and equity capital during volatile periods. During the fourth quarter of 2008, we raised a total of $1.5 billion of debt and equity capital to provide the partnership with additional liquidity and financial flexibility in 2009.

Lower Cost of Equity Capital. We believe that our general partner s maximum incentive distribution level of 25% (as compared to 50% for most publicly traded master limited partnerships) provides us with a lower cost of equity capital than many of our competitors, enabling us to compete more effectively in acquiring assets and expanding our asset base.

Experienced Management Team with Significant Ownership Interest. Historically, we have operated most of our pipelines and our largest natural gas processing and fractionation facilities. As the leading provider of midstream energy services, we have established a reputation in the industry as a reliable and cost-effective operator. The officers of our general partner average more than 27 years of industry experience. Following this offering, Dan L. Duncan, our co-founder and the Chairman of our general partner, and his affiliates, including EPCO, Inc., or EPCO, and Enterprise GP Holdings L.P. (NYSE: EPE), or Enterprise GP Holdings, collectively will own or control an approximate 33.1% limited partner interest in us.

Recent Developments

In November 2008, EPO entered into two senior unsecured credit facilities that provide us with $592.6 million of incremental borrowing capacity. The facilities are comprised of a $375.0 million revolving credit facility and a 20.7 billion Japanese yen (or $217.6 million) term loan. The $375.0 million revolving credit facility matures in November 2009 while the Japanese yen facility matures in March 2009. On November 17, 2008, we borrowed all of the 20.7 billion Japanese yen (or $217.6 million) under the Japanese yen term loan, but we have not borrowed any amounts under the $375.0 million revolving credit facility. The Japanese yen term loan has a fixed funded cost of approximately 4.93%, including the cost of the foreign exchange currency swaps in effect for the funding and maturity. The interest rate and foreign exchange costs associated with the Japanese yen facility are fixed. As of January 5, 2009, we had outstanding all of the amounts initially borrowed under the Japanese yen term loan.

We issued and sold 3,585,250 common units for approximately $82.8 million through our distribution reinvestment plan in connection with the cash distribution paid on November 12, 2008. This includes $67.0 million of distributions reinvested by affiliates of EPCO, including $5.0 million reinvested by Enterprise GP Holdings, which owns our general partner. Dan Duncan, our founder and chairman of our general partner, has also informed us that affiliates of EPCO intend to purchase approximately $65 million of our common units through their participation in our dividend reinvestment program in connection with our distribution to be paid in February 2009, and Mr. Duncan has also indicated that these affiliates are willing to consider buying up to $260 million of our common units (including the expected $65 million as part of the February 2009 distribution) during 2009 if necessary to support our capital raising efforts. Although Mr. Duncan has stated this intent on behalf of these affiliates, there is no legal obligation for any such purchases to be made.

On December 8, 2008, we sold interests in three midstream energy companies to Duncan Energy Partners in a transaction valued at $730.0 million. Duncan Energy Partners acquired a 51% membership interest in Enterprise Texas Pipeline LLC; a 51% general partner interest in Enterprise Intrastate LP; and a 66% general partner interest in

Enterprise GC, LP. In aggregate, these companies own more than 8,000 miles of natural gas pipelines with 5.6 billion cubic feet per day (Bcf/d) of capacity; a leased natural gas storage facility with 4.4 Bcf/d of storage capacity; more than 1,000 miles of NGL pipelines; approximately 18 million barrels of leased NGL storage capacity; and two NGL fractionators with a combined fractionation capacity of 87 thousand barrels per day (MBPD). All of these assets are located in Texas. As consideration for the acquisition, we received $280.5 million in cash and approximately 37.3 million of Class B units of Duncan Energy Partners

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having a market value of $449.5 million. Duncan Energy Partners funded $280.5 million of the cash portion of the consideration with proceeds from a borrowing under a three-year bank term loan. The Class B units issued to us will automatically convert to common units of Duncan Energy Partners, on a one-to-one basis, on February 1, 2009. Duncan Energy Partners also received proceeds from a $500,000 offering of Duncan Energy Partners common units purchased by one of our affiliates. Together with the ownership of 5.4 million Duncan Energy Partners common units received in connection with Duncan Energy Partner s initial public offering, we now own approximately 74% of the outstanding limited partner units of Duncan Energy Partners. As a result of these issuances, we also continue to own 414,318 notional general partner units of Duncan Energy Partners, representing an approximate 0.7% general partner interest after giving effect to the new common units.

On December 8, 2008, we issued $500.0 million of senior notes due January 2014. These notes bear interest at a rate of 9.75%. Net proceeds were used to repay indebtedness under our multi-year revolving credit facility.

Our management expects to recommend to the board of directors of our general partner to approve an increase in our quarterly cash distribution rate with respect to the fourth quarter of 2008 to $0.53 per common unit (or an annualized rate of $2.12). This is a 1.0% increase from the current quarterly rate of $0.5225 per common unit (or an annualized rate of $2.09) and a 6.0% increase from the quarterly rate of $0.50 per common unit (or an annualized rate of $2.00) paid with respect to the fourth quarter of 2007. Any distribution for the fourth quarter of 2008 is subject to the approval of the board of directors of our general partner.

Organizational Structure

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

The table below shows the ownership of our common units as of December 31, 2008 and after giving effect to this offering.

	Current Ownership		Ownership after the Offering	
	Units	**Percentage Interest**	**Units**	**Percentage Interest**
Public common units	288,928,804	64.1%	298,528,804	64.9%
EPCO common units(1)	138,835,602	30.9%	138,835,602	30.1%
Enterprise GP Holdings common units	13,670,925	3.0%	13,670,925	3.0%
General partner interest(2)		2.0%		2.0%
Total	441,435,331	100.0%	451,035,331	100.0%

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

(2) Does not include our general partner s incentive distribution rights above the minimum quarterly distribution. With respect to the quarter ended September 30, 2008, our general partner received 14.2% of the cash we distributed to our partners on November 12, 2008.

Information regarding our management is set forth under Management in this prospectus supplement. Our partnership s principal offices are located at 1100 Louisiana Street, 10th Floor, Houston, Texas 77002, and our telephone number is (713) 381-6500.

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The Offering

Common units offered	9,600,000 common units; or 11,040,000 common units if the underwriters exercise their option to purchase up to an additional 1,440,000 common units in full.
Common units outstanding after this offering	451,035,331 common units or 452,475,331 common units if the underwriters exercise their option to purchase up to an additional 1,440,000 common units in full.
Use of proceeds	We expect to use the net proceeds from this offering, including our general partner s proportionate capital contribution and any exercise of the underwriters over-allotment option, to temporarily reduce borrowings outstanding under our multi-year revolving credit facility and for general partnership purposes. Affiliates of certain of the underwriters are lenders under our multi-year revolving credit facility and, accordingly, will receive a substantial portion of the proceeds of this offering. Please read Use of Proceeds.
Cash distributions	Under our partnership agreement, we must distribute all of our cash on hand as of the end of each quarter, less reserves established by our general partner. We refer to this cash as available cash, and we define its meaning in our partnership agreement. On November 12, 2008, we paid a quarterly cash distribution with respect to the third quarter of 2008 of $0.5225 per common unit, or $2.09 per unit on an annualized basis, which represents a 6.6% increase over the $0.49 per unit quarterly distribution with respect to the third quarter of 2007. When quarterly cash distributions exceed $0.253 per unit in any quarter, our general partner receives a higher percentage of the cash distributed in excess of that amount, in increasing percentages up to 25% if the quarterly cash distributions exceed $0.3085 per unit. For a description of our cash distribution policy, please read Cash Distribution Policy in the accompanying prospectus.
Estimated ratio of taxable income to distributions	We estimate that if you own the common units you purchase in this offering through December 31, 2011, you will be allocated, on a cumulative basis, an amount of federal taxable income for the taxable years 2009 through 2011 that will be less than 10% of the cash distributed with respect to that period. Please read Material Tax Consequences in this prospectus supplement for the basis of this estimate.
New York Stock Exchange symbol	EPD
Risk factors	Investing in our common units involves certain risks. You should carefully consider the risk factors discussed under the heading Risk Factors beginning on page S-11 of this prospectus supplement and on

page 2 of the accompanying prospectus and other information contained or incorporated by reference in this prospectus supplement before deciding to invest in our common units.

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Summary Historical Financial and Operating Data

The following tables set forth, for the periods and at the dates indicated, summary historical financial and operating data for Enterprise. The summary historical income statement and balance sheet data for the three years in the period ended December 31, 2007 are derived from and should be read in conjunction with the audited consolidated financial statements of Enterprise that are incorporated by reference into this prospectus supplement. The summary historical income statement and balance sheet data for the nine months ended September 30, 2007 and 2008 are derived from and should be read in conjunction with the unaudited consolidated financial statements of Enterprise that are incorporated by reference into this prospectus supplement.

The summary historical financial data includes the financial measures of gross operating margin and EBITDA, which means earnings before interest, income taxes, depreciation and amortization. The financial measures of gross operating margin and EBITDA are not calculated in accordance with generally accepted accounting principles in the United States of America, or GAAP. Explanations of and reconciliations for these non-GAAP financial measures are included under Non-GAAP Financial Measures and Non-GAAP Reconciliations.

	Consolidated Historical				
	For the Year Ended December 31,			For the Nine Months Ended September 30,	
	2005	2006	2007	2007	2008
				(Unaudited)	
	(Dollars in millions, except per unit amounts)				
Income statement data:					
Revenues	$ 12,257.0	$ 13,991.0	$ 16,950.1	$ 11,647.7	$ 18,322.1
Costs and expenses:					
Operating costs and expenses	11,546.2	13,089.1	16,009.1	10,981.6	17,243.1
General and administrative	62.3	63.4	87.7	66.7	66.9
Total costs and expenses	11,608.5	13,152.5	16,096.8	11,048.3	17,310.0
Equity in earnings of unconsolidated affiliates	14.5	21.6	29.7	13.9	48.0
Operating income	663.0	860.1	883.0	613.3	1,060.1
Other income (expense):					
Interest expense	(230.6)	(238.0)	(311.8)	(219.7)	(290.4)
Interest income	5.2	7.6	8.6	6.7	4.7
Other, net	0.2	0.4	(0.3)	(0.3)	(1.9)
Total other expense	(225.2)	(230.0)	(303.5)	(213.3)	(287.6)
Income before provision for income taxes, minority interest and the cumulative effect of changes in accounting principles	437.8	630.1	579.5	400.0	772.5
Provision for income taxes	(8.3)	(21.3)	(15.2)	(9.0)	(17.2)

Income before minority interest and the cumulative effect of changes in accounting principles		429.5		608.8		564.3		391.0		755.3
Minority interest		(5.8)		(9.1)		(30.6)		(19.2)		(29.3)
Income before the cumulative effect of changes in accounting principles		423.7		599.7		533.7		371.8		726.0
Cumulative effect of changes in accounting principles		(4.2)		1.5						
Net income	$	419.5	$	601.2	$	533.7	$	371.8	$	726.0
Basic and diluted earnings per unit:										
Earnings per unit	$	0.91	$	1.22	$	0.96	$	0.66	$	1.42

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	Consolidated Historical				
	For the Year Ended December 31,			For the Nine Months Ended September 30,	
	2005	2006	2007	2007	2008
				(Unaudited)	
	(Dollars in millions, except per unit amounts)				
Distributions to limited partners:					
Per common unit (declared with respect to period)	$ 1.6975	$ 1.8250	$ 1.9475	$ 1.4475	$ 1.5450
Balance sheet data (as of end of period):					
Total assets	$ 12,591.0	$ 13,989.7	$ 16,608.0	$ 16,006.0	$ 18,149.2
Total long-term debt	4,833.8	5,295.6	6,906.1	6,772.0	8,458.2
Total partners equity	5,679.3	6,480.2	6,131.6	6,224.9	6,018.7
Other financial data:					
Net cash flows provided by operating activities	$ 631.7	$ 1,175.1	$ 1,590.9	$ 937.8	$ 973.0
Cash used in investing activities	1,130.4	1,689.3	2,553.6	2,039.5	1,709.2
Cash provided by financing activities	516.2	495.0	979.4	1,122.6	751.8
Distributions received from unconsolidated affiliates	56.1	43.0	73.6	52.3	69.9
Gross operating margin	1,136.3	1,362.5	1,492.1	1,061.6	1,535.5
EBITDA	1,079.0	1,307.9	1,384.8	982.2	1,450.3
Selected volumetric operating data by segment:					
NGL Pipelines & Services, net:					
NGL transportation volumes (MBPD)	1,478	1,577	1,666	1,626	1,788
NGL fractionation volumes (MBPD)	292	312	394	379	424
Equity NGL production (MBPD)	68	63	88	67	108
Fee-based natural gas processing (MMcf/d)	1,767	2,218	2,565	2,358	2,469
Onshore Natural Gas Pipelines & Services, net:					
Natural gas transportation volumes (BBtus/d)	5,916	6,012	6,632	6,576	7,309
Offshore Pipelines & Services, net:					
Natural gas transportation volumes (BBtus/d)	1,780	1,520	1,641	1,407	1,449
Crude oil transportation volumes (MBPD)	127	153	163	164	190
Platform natural gas processing (MMcf/d)	252	159	494	265	588
Platform oil processing (MBPD)	7	15	24	24	19
Petrochemical Services, net:					
Butane isomerization volumes (MBPD)	81	81	90	93	85
Propylene fractionation volumes (MBPD)	55	56	68	69	59

Octane additive production volumes (MBPD)	6	9	9	9	9
Petrochemical transportation volumes (MBPD)	64	97	105	104	110

On February 5, 2007, a consolidated subsidiary of ours, Duncan Energy Partners, completed an initial public offering of its common units. Duncan Energy Partners owns equity interests in certain of our midstream energy businesses. For financial reporting purposes, we consolidate the financial statements of Duncan Energy Partners with those of our own and reflect its operations in our business segments. We control Duncan Energy Partners through our ownership of its general partner. Public ownership of Duncan Energy Partners net assets and earnings are presented as a component of minority interest in our consolidated financial data. The borrowings of Duncan Energy Partners ($200.0 million at December 31, 2007 and $212.0 million at September 30, 2008) are presented as part of our consolidated debt; however, we do not have any obligation for the payment of interest or repayment of borrowings incurred by Duncan Energy Partners. The results of operations for Enterprise for the year ended December 31, 2007 and nine months ended September 30, 2008 include minority interest expense ($13.9 million and $11.9 million, respectively) associated with the non-affiliated public owners of Duncan Energy Partners.

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Non-GAAP Financial Measures

Set forth below are reconciliations of the non-GAAP financial measures of gross operating margin and EBITDA to their most directly comparable financial measure or measures calculated and presented in accordance with GAAP.

Gross Operating Margin

We define gross operating margin as operating income before: (i) depreciation, amortization and accretion expense; (ii) operating lease expenses for which we do not have a cash payment obligation; (iii) gains and losses from asset sales and related transactions; and (iv) general and administrative costs. Gross operating margin is exclusive of other income and expense transactions, provision for income taxes, minority interest, extraordinary charges and the cumulative effect of change in accounting principle. We view gross operating margin as an important performance measure of the core profitability of our operations. This measure forms the basis of our internal financial reporting and is used by our senior management in deciding how to allocate capital resources among business segments. We believe that investors benefit from having access to the same financial measures that our management uses. The GAAP measure most directly comparable to gross operating margin is operating income.

EBITDA

EBITDA is defined as net income before interest expense, provision for income taxes and depreciation, amortization and accretion expense. EBITDA is used as a supplemental financial measure by our management and by external users of financial statements such as investors, commercial banks, research analysts and ratings agencies, to assess:

- the financial performance of our assets without regard to financing methods, capital structures or their historical cost basis;
- the ability of our assets to generate cash sufficient to pay interest costs and support our indebtedness; and
- the viability of projects and the overall rates of return on alternative investment opportunities.

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

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Non-GAAP Reconciliations

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

	Consolidated Historical				
	For the Year Ended December 31,			For the Nine Months Ended September 30,	
	2005	2006	2007	2007	2008
				(Unaudited)	
	(Dollars in millions)				
Reconciliation of Non-GAAP Gross operating margin to GAAP Operating income :					
Operating income	$ 663.0	$ 860.1	$ 883.0	$ 613.3	$ 1,060.1
Adjustments to reconcile Operating income to Gross operating margin:					
Depreciation, amortization and accretion in operating costs and expenses	413.4	440.3	513.9	374.5	408.6
Operating lease expense paid by EPCO in operating costs and expenses	2.1	2.1	2.1	1.6	1.6
Loss (gain) from asset sales and related transactions in operating costs and expenses	(4.5)	(3.4)	5.4	5.5	(1.7)
General and administrative costs	62.3	63.4	87.7	66.7	66.9
Gross operating margin	$ 1,136.3	$ 1,362.5	$ 1,492.1	$ 1,061.6	$ 1,535.5
Reconciliation of Non-GAAP EBITDA to GAAP Net income and GAAP Net cash flows provided by operating activities :					
Net income	$ 419.5	$ 601.2	$ 533.7	$ 371.8	$ 726.0
Adjustments to derive EBITDA:					
Interest expense	230.6	238.0	311.8	219.7	290.4
Provision for income taxes	8.3	21.3	15.2	9.0	17.2
Depreciation, amortization and accretion in costs and expenses	420.6	447.4	524.1	381.7	416.7
EBITDA	1,079.0	1,307.9	1,384.8	982.2	1,450.3
Interest expense	(230.6)	(238.0)	(311.8)	(219.7)	(290.4)
Provision for income taxes	(8.3)	(21.3)	(15.2)	(9.0)	(17.2)
Cumulative effect of changes in accounting principles	4.2	(1.5)			
Equity in earnings of unconsolidated affiliates	(14.5)	(21.6)	(29.7)	(13.9)	(48.0)
Amortization in interest expense	0.1	0.8	(0.3)	0.4	(3.2)

Deferred income tax expense	8.6	14.5	8.3	5.5	5.5
Provision for non-cash asset impairment charge		0.1			
Distributions received from unconsolidated affiliates	56.1	43.0	73.6	52.3	69.9
Operating lease expense paid by EPCO	2.1	2.1	2.1	1.6	1.6
Minority interest	5.8	9.1	30.6	19.2	29.3
Loss (gain) from asset sales and related transactions	(4.5)	(3.4)	5.4	5.5	(1.7)
Changes in fair market value of financial instruments	0.1		1.0	3.5	5.4
Effect of pension settlement recognition			0.6		(0.1)
Loss on the early extinguishment of debt			0.2		
Net effect of changes in operating accounts	(266.4)	83.4	441.3	110.2	(228.4)
Net cash flows provided by operating activities	$ 631.7	$ 1,175.1	$ 1,590.9	$ 937.8	$ 973.0

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RISK FACTORS

An investment in our common units involves certain risks. You should carefully consider the supplemental risks described below in addition to the risks described under Risk Factors in the accompanying prospectus and in our annual report on Form 10-K for the year ended December 31, 2007, and our subsequent quarterly reports on Form 10-Q, which are incorporated by reference herein, as well as the other information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. If any of these risks were to materialize, our business, results of operations, cash flows and financial condition could be materially adversely affected. In that case, the trading price of our common units could decline, and you could lose part or all of your investment.

Risks Related to Our Business

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

As of September 30, 2008, we had approximately $7.2 billion of consolidated total senior long-term debt outstanding and approximately $1.3 billion of junior subordinated debt. This amount includes approximately $212.0 million outstanding under Duncan Energy Partners credit facility. The amount of our future debt could have significant effects on our operations, including, among other things:

- a substantial portion of our cash flow, including that of Duncan Energy Partners, could be dedicated to the payment of principal and interest on our future debt and may not be available for other purposes, including the payment of distributions on our common units and capital expenditures;
- credit rating agencies may view our debt level negatively;
- covenants contained in our existing and future credit and debt arrangements will require us to continue to meet financial tests that may adversely affect our flexibility in planning for and reacting to changes in our business, including possible acquisition opportunities;
- our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on favorable terms;
- we may be at a competitive disadvantage relative to similar companies that have less debt; and
- we may be more vulnerable to adverse economic and industry conditions as a result of our significant debt level.

Our public debt indentures currently do not limit the amount of future indebtedness that we can create, incur, assume or guarantee. Although our credit agreements restrict our ability to incur additional debt above certain levels, any debt we may incur in compliance with these restrictions may still be substantial.

Our credit agreements and each of our indentures for our public debt contain conventional financial covenants and other restrictions. For example, we are prohibited from making distributions to our partners if such distributions would cause an event of default or otherwise violate a covenant under our credit agreements. A breach of any of these restrictions by us could permit our lenders or noteholders, as applicable, to declare all amounts outstanding under these debt agreements to be immediately due and payable and, in the case of our credit agreements, to terminate all commitments to extend further credit.

Our ability to access capital markets to raise capital on favorable terms could be affected by our debt level, the amount of our debt maturing in the next several years and current maturities, and by prevailing market conditions. Moreover, if the rating agencies were to downgrade our credit ratings, then we could experience an increase in our borrowing costs, difficulty assessing capital markets or a reduction in the market price of our common units. Such a development could adversely affect our ability to obtain financing for working capital, capital expenditures or acquisitions or to refinance existing indebtedness. If we are unable to access the capital markets on favorable terms in the future, we might be forced to seek extensions for some of our short-term securities or to refinance some of our debt obligations through bank credit, as opposed to long-term public debt securities or equity securities. The price and terms upon which we might receive such extensions or additional

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bank credit, if at all, could be more onerous than those contained in existing debt agreements. Any such arrangements could, in turn, increase the risk that our leverage may adversely affect our future financial and operating flexibility and thereby impact our ability to pay cash distributions at expected levels.

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

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

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

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

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

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

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

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

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

As of December 31, 2008, we also owned 5,393,100 common units and 37,333,887 Class B units of Duncan Energy Partners, representing approximately 74% of its outstanding limited partner units, and owned minority equity interests in subsidiaries of Duncan Energy Partners that held total assets of approximately $4.5 billion as of September 30, 2008. With respect to three subsidiaries of Duncan Energy Partners acquired from us on December 8, 2008 that held approximately $3.4 billion of total assets as of September 30, 2008, Duncan Energy Partners has effective priority rights to specified quarterly distribution amounts ahead of distributions on our minority equity interests.

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

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

At September 30, 2008, our balance sheet reflected approximately $617.0 million of goodwill and approximately $866.3 million of intangible assets. Goodwill is recorded when the purchase price of a business exceeds the fair market value of the tangible and separately measurable intangible net assets. GAAP requires us to test goodwill for impairment on an annual basis or when events or circumstances occur indicating that goodwill might be impaired. Long-lived assets such as intangible assets with finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If we determine that any of our goodwill or intangible assets were impaired, we would be required to take an immediate charge to earnings with a correlative effect on partners equity and balance sheet leverage as measured by debt to total capitalization.

Tax Risks to Common Unitholders

Our tax treatment depends on our status as a partnership for federal income tax purposes, as well as our not being subject to entity level taxation by any state. If the IRS were to treat us as a corporation or if we were to become subject to a material amount of entity level taxation for state tax purposes, then our cash available for distribution to our common unitholders would be substantially reduced.

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

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

Current law may change, causing us to be treated as a corporation for federal income tax purposes or otherwise subjecting us to entity level federal taxation. In addition, several states are evaluating ways to subject partnerships to entity level taxation through the imposition of state income, franchise or other forms of taxation. For example, we are now subject to a new entity level tax on the portion of our income generated in Texas since 2007. Specifically, the Texas margin tax is imposed at a maximum effective rate of 0.7% of our gross income apportioned to Texas. Imposition of such tax on us by Texas, or any other state, will reduce the cash available for distribution to our common unitholders.

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

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

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

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

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

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

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

Investments in common units by tax-exempt entities, such as individual retirement accounts (known as IRAs) and foreign persons raises issues unique to them. For example, virtually all of our income allocated to unitholders who are organizations exempt from federal income tax, including individual retirement accounts and other retirement plans, will be unrelated business taxable income and will be taxable to them. Distributions to non-U.S. persons will be reduced by withholding taxes at the highest applicable effective tax rate, and non-U.S. persons will be required to file United States federal income tax returns and pay tax on their share of our taxable income.

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

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

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

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

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

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

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USE OF PROCEEDS

We will receive net proceeds of approximately $208.6 million from the sale of 9,600,000 common units in this offering (including a net capital contribution of $4.2 million from our general partner to maintain its 2% general partner interest), after deducting underwriting discounts, commissions and estimated offering expenses payable by us. If the underwriters exercise their over-allotment option in full, we will receive total net proceeds of approximately $240.0 million, including a proportionate net capital contribution of $4.8 million from our general partner. We will use the net proceeds of this offering, including any exercise of the underwriters over-allotment option to temporarily reduce borrowings outstanding under our multi-year revolving credit facility and for general partnership purposes.

In general, our indebtedness under the multi-year revolving credit facility was incurred for working capital purposes, capital expenditures and business combinations. Amounts repaid under our multi-year revolving credit facility may be reborrowed from time to time for acquisitions, capital expenditures and other general partnership purposes. As of January 5, 2009, we had $800.0 million of borrowings outstanding under our multi-year revolving credit facility that bears interest at a variable rate, which is currently approximately 1.0% per annum. Our multi-year revolving credit facility will mature in November 2012. Affiliates of certain of the underwriters are lenders under our multi-year revolving credit facility and, accordingly, will receive a substantial portion of the proceeds of this offering. Please read Underwriting.

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PRICE RANGE OF COMMON UNITS AND DISTRIBUTIONS

On December 31, 2008, we had 441,435,331 common units outstanding, beneficially held by approximately 981 holders. Our common units are traded on the New York Stock Exchange under the symbol EPD.

The following table sets forth, for the periods indicated, the high and low sales price ranges for our common units, as reported on the New York Stock Exchange Composite Transaction Tape, and the amount, record date and payment date of the quarterly cash distributions paid per common unit. The last reported sales price of our common units on the New York Stock Exchange on January 6, 2009 was $22.69 per common unit.

	Price Ranges		Cash Distribution History		
	High	Low	Per Unit	Record Date	Payment Date
2006					