ENTERPRISE PRODUCTS PARTNERS L P
Form 10-Q
August 09, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2012

OR

o 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.)

1100 Louisiana Street, 10th Floor
Houston, Texas 77002
(Address of Principal Executive Offices, including Zip Code)

(713) 381-6500
(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 þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes þ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer þ	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No þ

There were 884,165,626 common units and 4,520,431 Class B units (which generally vote together with the common units) of Enterprise Products Partners L.P. outstanding at July 31, 2012. Our common units trade on the New York Stock Exchange under the ticker symbol "EPD."

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PART I. FINANCIAL INFORMATION.

Item 1. Financial Statements.

ENTERPRISE PRODUCTS PARTNERS L.P.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in millions)

ASSETS	June 30, 2012	December 31, 2011
Current assets:		
Cash and cash equivalents	$14.5	$19.8
Restricted cash	--	38.5
Accounts receivable – trade, net of allowance for doubtful accounts of $13.0 at June 30, 2012 and $13.4 at December 31, 2011	3,724.9	4,501.8
Accounts receivable – related parties	2.3	43.5
Inventories	892.9	1,111.7
Prepaid and other current assets	434.8	353.4
Total current assets	5,069.4	6,068.7
Property, plant and equipment, net	23,760.6	22,191.6
Investments in unconsolidated affiliates	913.2	1,859.6
Intangible assets, net of accumulated amortization of $1,019.3 at June 30, 2012 and $990.4 at December 31, 2011	1,619.2	1,656.2
Goodwill	2,092.3	2,092.3
Other assets	212.4	256.7
Total assets	$33,667.1	$34,125.1
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of debt	$1,700.0	$500.0
Accounts payable – trade	762.6	773.0
Accounts payable – related parties	70.2	211.6
Accrued product payables	4,039.7	5,047.1
Accrued interest	289.1	288.1
Other current liabilities	756.7	612.6
Total current liabilities	7,618.3	7,432.4
Long-term debt (see Note 9)	13,346.7	14,029.4
Deferred tax liabilities	23.8	91.2
Other long-term liabilities	202.2	352.8
Commitments and contingencies (see Note 14)		
Equity: (see Note 10)		
Partners' equity:		
Limited partners:		
Common units (884,174,991 units outstanding at June 30, 2012 and 881,620,418 units outstanding at December 31, 2011)	12,566.5	12,346.3
Class B units (4,520,431 units outstanding at June 30, 2012 and December 31, 2011)	118.5	118.5
Accumulated other comprehensive loss	(318.7)	(351.4)

Total partners' equity	12,366.3	12,113.4
Noncontrolling interests	109.8	105.9
Total equity	12,476.1	12,219.3
Total liabilities and equity	$33,667.1	$34,125.1

See Notes to Unaudited Condensed Consolidated Financial Statements.

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ENTERPRISE PRODUCTS PARTNERS L.P.
UNAUDITED CONDENSED STATEMENTS OF CONSOLIDATED OPERATIONS
(Dollars in millions, except per unit amounts)

	For the Three Months Ended June 30, 2012	For the Three Months Ended June 30, 2011	For the Six Months Ended June 30, 2012	For the Six Months Ended June 30, 2011
Revenues:				
Third parties	$9,764.2	$11,072.3	$20,985.9	$21,005.9
Related parties	25.6	144.2	56.4	394.3
Total revenues (see Note 11)	9,789.8	11,216.5	21,042.3	21,400.2
Costs and expenses:				
Operating costs and expenses:				
Third parties	8,788.0	10,140.6	19,106.8	19,252.1
Related parties	221.5	392.7	369.9	818.3
Total operating costs and expenses	9,009.5	10,533.3	19,476.7	20,070.4
General and administrative costs:				
Third parties	16.7	16.3	40.3	29.2
Related parties	25.8	34.1	48.5	59.1
Total general and administrative costs	42.5	50.4	88.8	88.3
Total costs and expenses (see Note 11)	9,052.0	10,583.7	19,565.5	20,158.7
Equity in income of unconsolidated affiliates	11.3	11.1	21.2	27.3
Operating income	749.1	643.9	1,498.0	1,268.8
Other income (expense):				
Interest expense	(186.6)	(188.3)	(373.1)	(372.1)
Interest income	0.1	0.3	0.4	0.6
Other, net (see Note 2)	13.1	--	71.5	0.2
Total other expense, net	(173.4)	(188.0)	(301.2)	(371.3)
Income before income taxes	575.7	455.9	1,196.8	897.5
Benefit from (provision for) income taxes (see Note 2)	(8.5)	(7.4)	25.9	(14.5)
Net income	567.2	448.5	1,222.7	883.0
Net income attributable to noncontrolling interests (see Note 10)	(0.9)	(14.8)	(5.1)	(28.6)
Net income attributable to limited partners	$566.3	$433.7	$1,217.6	$854.4
Earnings per unit: (see Note 13)				
Basic earnings per unit	$0.66	$0.53	$1.42	$1.05
Diluted earnings per unit	$0.64	$0.51	$1.37	$1.00

See Notes to Unaudited Condensed Consolidated Financial Statements.

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ENTERPRISE PRODUCTS PARTNERS L.P.
UNAUDITED CONDENSED STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME
(Dollars in millions)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Net income	$567.2	$448.5	$1,222.7	$883.0
Other comprehensive income (loss):				
Cash flow hedges:				
Commodity derivative instruments:				
Changes in fair value of cash flow hedges	105.0	(21.7)	45.4	(173.1)
Reclassification of gains and losses to net income	14.2	74.8	36.2	143.7
Interest rate derivative instruments:				
Changes in fair value of cash flow hedges	(84.0)	(60.1)	(55.1)	(46.0)
Reclassification of gains and losses to net income	3.7	1.5	6.4	3.0
Total cash flow hedges	38.9	(5.5)	32.9	(72.4)
Change in funded status of pension and postretirement plans, net of tax	--	(0.9)	(1.2)	(0.6)
Proportionate share of other comprehensive income (loss) of unconsolidated affiliate	--	0.3	1.0	(0.7)
Change in fair value of available-for-sale equity securities	(15.8)	--	--	--
Total other comprehensive income (loss)	23.1	(6.1)	32.7	(73.7)
Comprehensive income	590.3	442.4	1,255.4	809.3
Comprehensive income attributable to noncontrolling interests	(0.9)	(14.8)	(5.1)	(28.6)
Comprehensive income attributable to limited partners	$589.4	$427.6	$1,250.3	$780.7

See Notes to Unaudited Condensed Consolidated Financial Statements.

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ENTERPRISE PRODUCTS PARTNERS L.P.
UNAUDITED CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS
(Dollars in millions)

	For the Six Months Ended June 30, 2012	2011
Operating activities:		
Net income	$1,222.7	$883.0
Reconciliation of net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	537.7	484.8
Non-cash asset impairment charges	14.5	--
Equity in income of unconsolidated affiliates	(21.2)	(27.3)
Distributions received from unconsolidated affiliates	50.5	84.8
Gains related to asset sales	(3.8)	(23.6)
Gains related to property damage insurance recoveries (see Note 16)	(27.7)	--
Gains related to sales of Energy Transfer Equity common units (see Note 7)	(68.8)	--
Deferred income tax expense (benefit)	(64.9)	2.3
Changes in fair market value of derivative instruments	(21.6)	(10.7)
Net effect of changes in operating accounts (see Note 15)	(280.3)	361.4
Other operating activities	1.2	(0.2)
Net cash flows provided by operating activities	1,338.3	1,754.5
Investing activities:		
Capital expenditures	(1,813.1)	(1,716.2)
Contributions in aid of construction costs	10.0	6.4
Decrease (increase) in restricted cash	38.5	(17.5)
Investments in unconsolidated affiliates	(125.5)	(11.8)
Proceeds from asset sales (see Note 15)	1,129.0	250.5
Proceeds from property damage insurance recoveries (see Note 16)	27.7	--
Other investing activities	(16.4)	(3.6)
Cash used in investing activities	(749.8)	(1,492.2)
Financing activities:		
Borrowings under debt agreements	2,414.6	3,791.1
Repayments of debt	(1,891.0)	(3,033.5)
Debt issuance costs	(7.5)	(12.8)
Monetization of interest rate derivative instruments (see Note 4)	(77.6)	(5.7)
Cash distributions paid to limited partners (see Note 10)	(1,068.6)	(966.5)
Cash distributions paid to noncontrolling interests (see Note 10)	(8.1)	(34.8)
Cash contributions from noncontrolling interests (see Note 10)	5.9	2.6
Net cash proceeds from issuance of common units	57.7	45.1
Other financing activities	(19.2)	(4.2)
Cash used in financing activities	(593.8)	(218.7)
Net change in cash and cash equivalents	(5.3)	43.6
Cash and cash equivalents, January 1	19.8	65.5
Cash and cash equivalents, June 30	$14.5	$109.1

See Notes to Unaudited Condensed Consolidated Financial Statements.

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UNAUDITED CONDENSED STATEMENTS OF CONSOLIDATED EQUITY
(See Note 10 for Unit History, Accumulated Other Comprehensive
Income (Loss) and Noncontrolling Interests)
(Dollars in millions)

	Partners' Equity			
	Limited Partners	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
Balance, December 31, 2011	$12,464.8	$ (351.4)	$ 105.9	$12,219.3
Net income	1,217.6	--	5.1	1,222.7
Cash distributions paid to limited partners	(1,068.6)	--	--	(1,068.6)
Cash distributions paid to noncontrolling interests	--	--	(8.1)	(8.1)
Cash contributions from noncontrolling interests	--	--	5.9	5.9
Net cash proceeds from issuance of common units	57.7	--	--	57.7
Amortization of fair value of equity-based awards	31.8	--	--	31.8
Cash flow hedges	--	32.9	--	32.9
Other	(18.3)	(0.2)	1.0	(17.5)
Balance, June 30, 2012	$12,685.0	$ (318.7)	$ 109.8	$12,476.1

	Partners' Equity			
	Limited Partners	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
Balance, December 31, 2010	$11,406.7	$ (32.5)	$ 526.6	$11,900.8
Net income	854.4	--	28.6	883.0
Cash distributions paid to limited partners	(966.5)	--	--	(966.5)
Cash distributions paid to noncontrolling interests	--	--	(34.8)	(34.8)
Cash contributions from noncontrolling interests	--	--	2.6	2.6
Net cash proceeds from issuance of common units	45.1	--	--	45.1
Amortization of fair value of equity-based awards	25.2	--	0.1	25.3
Cash flow hedges	--	(72.4)	--	(72.4)
Other	(4.5)	(1.3)	(2.0)	(7.8)
Balance, June 30, 2011	$11,360.4	$ (106.2)	$ 521.1	$11,775.3

See Notes to Unaudited Condensed Consolidated Financial Statements.

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With the exception of per unit amounts, or as noted within the context of each footnote disclosure, the dollar amounts presented in the tabular data within these footnote disclosures are stated in millions of dollars.

KEY REFERENCES USED IN THESE
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Unless the context requires otherwise, references to “we,” “us,” “our,” “Enterprise” or “Enterprise Products Partners” intended to mean the business and operations of Enterprise Products Partners L.P. and its consolidated subsidiaries. References to “EPO” mean Enterprise Products Operating LLC, which is a wholly owned subsidiary of Enterprise, and its consolidated subsidiaries, through which Enterprise Products Partners L.P. conducts its business. Enterprise is managed by its general partner, Enterprise Products Holdings LLC (“Enterprise GP”), which is a wholly owned subsidiary of Dan Duncan LLC, a Delaware limited liability company.

The membership interests of Dan Duncan LLC are owned of record by a voting trust, the current trustees (“DD LLC Trustees”) of which are: (i) Randa Duncan Williams, who is also a director of Enterprise GP; (ii) Dr. Ralph S. Cunningham, who is also a director and the Chairman of Enterprise GP; and (iii) Richard H. Bachmann, who is also a director of Enterprise GP. Each of the DD LLC Trustees also currently serves as one of the three managers of Dan Duncan LLC.

References to “EPCO” mean Enterprise Products Company and its privately held affiliates. A majority of the outstanding voting capital stock of EPCO is owned of record by a voting trust, the current trustees (“EPCO Trustees”) of which are: (i) Ms. Williams, who also serves as Chairman of EPCO; (ii) Dr. Cunningham, who also serves as a Vice Chairman of EPCO; and (iii) Mr. Bachmann, who also serves as the President and Chief Executive Officer (“CEO”) of EPCO. Each of the EPCO Trustees is also a director of EPCO.

In April 2011, we, our general partner, EPD MergerCo LLC (“Duncan MergerCo,” a Delaware limited liability company and our wholly owned subsidiary), Duncan Energy Partners L.P. (“Duncan Energy Partners”) and DEP Holdings, LLC (“DEP GP,” the general partner of Duncan Energy Partners) entered into a definitive merger agreement (the “Duncan Merger Agreement”). In September 2011, the Duncan Merger Agreement was approved by the unitholders of Duncan Energy Partners and the merger of Duncan MergerCo with and into Duncan Energy Partners and related transactions were completed, with Duncan Energy Partners surviving such merger as our wholly owned subsidiary (collectively, we refer to these transactions as the “Duncan Merger”). See Note 1 for additional information regarding the Duncan Merger.

References to “Holdings Merger” mean the merger of Enterprise GP Holdings L.P. with and into a wholly owned subsidiary of ours, with our subsidiary surviving such merger. The Holdings Merger and related transactions were completed in November 2010.

References to “TEPPCO” mean TEPPCO Partners, L.P. prior to its merger with one of our subsidiaries in October 2009.

References to “Energy Transfer Equity” mean the business and operations of Energy Transfer Equity, L.P. and its consolidated subsidiaries. We sold the remainder of our limited partner interests in Energy Transfer Equity in April 2012 (see Note 7).

Note 1. Partnership Operations, Organization and Basis of Presentation

General

We are a publicly traded Delaware limited partnership, the common units of which are listed on the New York Stock Exchange ("NYSE") under the ticker symbol "EPD." We were formed in April 1998

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

to own and operate certain natural gas liquids ("NGLs") related businesses of EPCO and are now a leading North American provider of midstream energy services to producers and consumers of natural gas, NGLs, crude oil, refined products and petrochemicals. Our midstream energy asset network links producers of natural gas, NGLs and crude oil from some of the largest supply basins in the United States ("U.S."), Canada and the Gulf of Mexico with domestic consumers and international markets. Our assets include approximately 50,700 miles of onshore and offshore pipelines; 190 million barrels ("MMBbls") of storage capacity for NGLs, crude oil, refined products and petrochemicals; and 14 billion cubic feet ("Bcf") of natural gas storage capacity.

Our integrated midstream energy operations include: natural gas gathering, treating, processing, transportation and storage; NGL transportation, fractionation, storage, and import and export terminals; crude oil and refined products transportation, storage, and terminals; offshore production platforms; petrochemical transportation and services; and a marine transportation business that operates primarily on the U.S. inland and Intracoastal Waterway systems and in the Gulf of Mexico. We currently have five active reportable business segments: (i) NGL Pipelines & Services; (ii) Onshore Natural Gas Pipelines & Services; (iii) Onshore Crude Oil Pipelines & Services; (iv) Offshore Pipelines & Services; and (v) Petrochemical & Refined Products Services. All activities included in our sixth reportable business segment, Other Investments, ceased on January 18, 2012, which was the date we discontinued using the equity method to account for our previously held investment in Energy Transfer Equity (see "Liquidation of Investment in Energy Transfer Equity" under Note 7).

We are 100% owned by our limited partners from an economic perspective. We are managed and controlled by Enterprise GP, which has a non-economic general partner interest in us. We, Enterprise GP, EPCO and Dan Duncan LLC are affiliates and under the collective common control of the DD LLC Trustees and the EPCO Trustees. We have no employees. All of our operating functions and general and administrative support services are provided by employees of EPCO pursuant to an administrative services agreement (the "ASA") or by other service providers. See Note 12 for information regarding the ASA and other related party matters.

Completion of Duncan Merger

On September 7, 2011, the Duncan Merger Agreement was approved by the unitholders of Duncan Energy Partners and the merger of Duncan MergerCo and Duncan Energy Partners and related transactions were completed, with Duncan Energy Partners surviving such merger as our wholly owned subsidiary. Each issued and outstanding common unit of Duncan Energy Partners was cancelled and converted into the right to receive common units representing limited partner interests in Enterprise based on an exchange ratio of 1.01 Enterprise common units for each Duncan Energy Partners common unit. Enterprise issued 24,277,310 of its common units (net of fractional common units cashed out) as consideration in the Duncan Merger. No Enterprise common units were issued to Enterprise or its subsidiaries as merger consideration. Since we historically consolidated Duncan Energy Partners for financial reporting purposes, the Duncan Merger did not change the basis of presentation of our historical financial statements.

Note 2. General Accounting Matters

Our results of operations for the three and six months ended June 30, 2012 are not necessarily indicative of results expected for the full year of 2012. In our opinion, the accompanying Unaudited Condensed Consolidated Financial Statements include all adjustments consisting of normal recurring accruals necessary for fair presentation. Although we believe the disclosures in these financial statements are adequate and make the information presented not misleading, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC").

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These Unaudited Condensed Consolidated Financial Statements and the Notes thereto should be read in conjunction with the Audited Consolidated Financial Statements and Notes thereto included in our annual report on Form 10-K for the year ended December 31, 2011 (the "2011 Form 10-K") filed with the SEC on February 29, 2012.

Contingencies

Certain conditions may exist as of the date our consolidated financial statements are issued, which may result in a loss to us but which will only be resolved when one or more future events occur or fail to occur. Management has regular quarterly litigation reviews, including updates from legal counsel, to assess the need for accounting recognition or disclosure of these contingencies, and such assessment inherently involves an exercise in judgment. In assessing loss contingencies related to legal proceedings that are pending against us or unasserted claims that may result in such proceedings, our management and legal counsel evaluate the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

We accrue an undiscounted liability for those contingencies where the incurrence of a loss is probable and the amount can be reasonably estimated. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum of the range is accrued. We do not record a contingent liability when the likelihood of loss is probable but the amount cannot be reasonably estimated or when it is believed to be only reasonably possible or remote.

For contingencies where an unfavorable outcome is reasonably possible and the impact would be material, we disclose the nature of the contingency and, if feasible, an estimate of the possible loss or range of loss.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed. See Note 14 for additional information regarding our contingencies.

Derivative Instruments

We use derivative instruments such as futures, swaps, options, forward contracts and other arrangements to manage price risks associated with inventories, firm commitments, interest rates, foreign currencies and certain anticipated future transactions. To qualify for hedge accounting, the hedged item must expose us to risk and the related derivative instrument must reduce that exposure and meet specific hedge documentation requirements related to designation dates, expectations for hedge effectiveness and the probability that hedged future transactions will occur as forecasted. We formally designate derivative instruments as hedges and document and assess their effectiveness at inception of the hedge and on a monthly or quarterly basis thereafter. Forecasted transactions are evaluated for the probability of occurrence and are periodically back-tested once the forecasted period has passed to determine whether similarly forecasted transactions are probable of occurring in the future.

For certain of our physical forward commodity derivative contracts, we apply the normal purchase/normal sale exception, whereby changes in the mark-to-market values of such contracts are not recognized in income. As a result, the revenues and expenses associated with such physical contract transactions are recognized during the period when volumes are physically delivered or received. Physical forward commodity contracts are evaluated for the probability of future delivery and are periodically back-tested once the forecasted period has passed to determine whether similar forward contracts are probable of physically delivering in the future.

See Note 4 for additional information regarding our derivative instruments and related interest rate and commodity hedging activities.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Estimates

Preparing our consolidated financial statements in conformity with GAAP requires us to make estimates that affect amounts presented in the financial statements. Our most significant estimates relate to (i) the useful lives and depreciation/amortization methods used for fixed and identifiable intangible assets; (ii) measurement of fair value and projections used in impairment testing of fixed and intangible assets (including goodwill); (iii) contingencies; and (iv) revenue and expense accruals.

Actual results could differ materially from our estimates. On an ongoing basis, we review our estimates based on currently available information. Any changes in the facts and circumstances underlying our estimates may require us to update such estimates, which could have a material impact on our consolidated financial statements.

Income Tax Benefit

For the six months ended June 30, 2012, we recognized a net income tax benefit of $25.9 million, which was primarily due to a $46.5 million net income tax benefit related to the conversion of certain of our subsidiaries to limited liability companies during the first quarter of 2012, partially offset by accruals for the Texas Margin Tax. The $46.5 million net income tax benefit is attributable to the difference between deferred income taxes accrued by the applicable subsidiaries through the date of conversion and any current income tax due in connection with the conversions.

Other Non-Operating Income

The following table presents the components of “Other, net” income for the periods presented:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Gain on sales of Energy Transfer Equity common units (1)	$15.5	$--	$68.8	$--
Distribution income from Energy Transfer Equity	--	--	4.1	--
Other	(2.4)	--	(1.4)	0.2
Total	$13.1	$--	$71.5	$0.2

(1) See Note 7 for information regarding our previously held investment in Energy Transfer Equity.

Recent Accounting Developments

Accounting standard setting organizations have been very active in recent years. Recently, they issued new and revised accounting guidance on a number of topics, including disclosures related to offsetting assets and liabilities. We do not believe that adoption of this new guidance will have a material impact on our consolidated financial statements.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Equity-based Awards

An allocated portion of the fair value of EPCO's equity-based awards is charged to us under the ASA. The following table summarizes the expense we recognized in connection with equity-based awards for the periods presented:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Restricted common unit awards	$15.7	$12.1	$30.5	$23.5
Unit option awards	0.3	0.8	1.0	1.7
Other (1)	0.5	0.3	1.4	(0.2)
Total compensation expense	$16.5	$13.2	$32.9	$25.0

(1) Primarily consists of unit appreciation rights ("UARs"), phantom units and similar awards.

The fair value of equity-classified awards (e.g., restricted common unit and unit option awards) is amortized to earnings over the requisite service or vesting period. Compensation expense for liability-classified awards (e.g., UARs and phantom units) is recognized over the requisite service or vesting period based on the fair value of the award remeasured at each reporting period. Liability-classified awards are settled in cash upon vesting.

At June 30, 2012, EPCO's significant long-term incentive plans applicable to us were the Enterprise Products 1998 Long-Term Incentive Plan ("1998 Plan") and the Amended and Restated 2008 Enterprise Products Long-Term Incentive Plan ("2008 Plan"). In addition, there were unvested awards outstanding under an inactive plan, the Enterprise Products 2006 TPP Long-Term Incentive Plan ("2006 Plan"). After giving effect to awards granted under the 1998 Plan and 2008 Plan through June 30, 2012, a total of 749,016 and 5,038,468 additional common units could be issued under these plans, respectively.

Restricted Common Unit Awards

Restricted common unit awards allow recipients to acquire our common units (at no cost to the recipient apart from service or other conditions) once a defined vesting period expires, subject to customary forfeiture provisions. As used in the context of EPCO's long-term incentive plans, the term "restricted common unit" represents a time-vested unit. Such awards are non-vested until the required service period expires. Restricted common unit awards issued in 2012 generally vest at a rate of 25% per year beginning one year after the grant date. Restricted common units are included in the number of common units presented on our Unaudited Condensed Consolidated Balance Sheets.

The fair value of a restricted common unit award is based on the market price per unit of the underlying security on the date of grant. Compensation expense is recognized based on the grant date fair value, net of an allowance for estimated forfeitures, over the requisite service or vesting period.

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The following table presents information regarding restricted common unit awards for the period presented:

	Number of Units	Weighted-Average Grant Date Fair Value per Unit (1)
Restricted common units at December 31, 2011	3,868,216	$34.22
Granted (2,3)	1,538,438	$51.92
Vested (3)	(1,236,352)	$34.77
Forfeited	(95,575)	$38.43
Restricted common units at June 30, 2012	4,074,727	$40.64

(1) Determined by dividing the aggregate grant date fair value of awards (before an allowance for forfeitures) by the number of awards issued.
(2) The aggregate grant date fair value of restricted common unit awards issued in 2012 was $79.9 million based on a grant date market price ranging from $51.92 to $52.26 per unit. An estimated annual forfeiture rate of 3.25% was applied to these awards.
(3) Includes awards granted to the independent directors of the board of directors of Enterprise GP as part of their annual compensation for 2012. A total of 10,038 restricted common units were issued in February 2012 to the independent directors of Enterprise GP that immediately vested upon issuance.

Typically, each recipient is also entitled to nonforfeitable cash distributions equal to the product of the number of restricted common units outstanding for the participant and the cash distribution per unit paid to limited partners. Since these restricted common units are participating securities, such distributions are included in "Cash distributions paid to limited partners" as presented on our Unaudited Condensed Statements of Consolidated Cash Flows.

The following table presents supplemental information regarding our restricted common unit awards for the periods presented:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Cash distributions paid to restricted common unit holders	$3.0	$2.7	$5.4	$4.8
Total intrinsic value of our restricted common unit awards vesting during period	30.1	20.5	62.7	35.2

For the EPCO group of companies, the unrecognized compensation cost associated with restricted common unit awards was an aggregate $90.3 million at June 30, 2012, of which our allocated share of the cost is currently estimated to be $85.7 million. We expect to recognize our share of the unrecognized compensation cost for these awards over a weighted-average period of 2.0 years.

Unit Option Awards

EPCO's long-term incentive plans provide for the issuance of non-qualified incentive options. These unit option awards are denominated in our common units. When issued, the exercise price of each unit option grant may be no less than the market price of our common units on the date of grant. In general, option grants have a vesting period of four years from the date of grant and expire at the end of the calendar year following the year of vesting (e.g., an option vesting on May 29, 2011 will expire on December 31, 2012). However, unit options only become exercisable at certain times during the calendar year following the year in which they vest (typically the months of February, May, August and November).

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The fair value of each unit option is estimated on the date of grant using a Black-Scholes option pricing model. Compensation expense recorded in connection with unit options is based on the grant date fair value of such awards, net of an allowance for estimated forfeitures, over the requisite service or vesting period. The following table presents unit option activity for the period presented:

	Number of Units	Weighted-Average Strike Price (dollars/unit)	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (1)
Unit options at December 31, 2011	3,753,420	$ 28.08	2.6	$ 11.1
Exercised	(712,280)	$ 30.76		
Forfeited	(130,000)	$ 27.12		
Unit options at June 30, 2012	2,911,140	$ 27.46	2.5	$ 14.4
Options exercisable at June 30, 2012	--		--	--

(1) Aggregate intrinsic value reflects fully vested unit options at the date indicated.

In order to fund its unit option-related obligations, EPCO may purchase common units at fair value either in the open market or directly from us. When employees exercise unit options, we reimburse EPCO for the cash difference between the strike price paid by the employee and the actual purchase price paid by EPCO for the units issued to the employee.

The following table presents supplemental information regarding our unit options during the periods presented:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Total intrinsic value of unit option awards exercised during period	$ --	$ --	$ 14.0	$ --
Cash received from EPCO in connection with the exercise of unit option awards	--	--	10.2	--
Unit option-related reimbursements to EPCO	--	--	14.0	--

For the EPCO group of companies, the unrecognized compensation cost associated with unit option awards was an aggregate $2.2 million at June 30, 2012, of which our allocated share of the cost is currently estimated to be $2.0 million. We expect to recognize our share of the unrecognized compensation cost for these awards over a weighted-average period of 1.1 years.

Unit Appreciation Rights

At December 31, 2011, there were 107,328 UARs outstanding that had been granted under the 2006 Plan. The accrued liability for UARs at December 31, 2011 was $0.5 million. All of these awards vested in May 2012. The accrued liability for UARs in May 2012 (i.e., immediately before vesting) was $1.4 million. While these awards were outstanding, they were accounted for as liability awards.

Note 4. Derivative Instruments, Hedging Activities and Fair Value Measurements

In the normal course of our business operations, we are exposed to certain risks, including changes in interest rates and commodity prices. In order to manage risks associated with certain anticipated future transactions, we use derivative instruments. Substantially all of our derivatives are used for non-trading activities.

We are required to recognize derivative instruments at fair value as either assets or liabilities on our balance sheet unless such instruments meet certain normal purchase/normal sale criteria. While all derivatives are required to be reported at fair value on the balance sheet, changes in fair value of derivative

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instruments are reported in different ways, depending on the nature and effectiveness of the hedging activities to which they relate. An effective hedge relationship is one in which the change in fair value of a derivative instrument can be expected to offset 80% to 125% of the changes in fair value of a hedged item at inception and throughout the life of the hedging relationship. Any ineffectiveness associated with a hedge relationship is recognized in earnings immediately. Ineffectiveness can be caused by, among other things, changes in the timing of forecasted transactions or a mismatch of terms between the derivative instrument and the hedged item.

A contract designated as a cash flow hedge of an anticipated transaction that is not probable of occurring is immediately recognized in earnings.

Certain of our derivative instruments do not qualify for hedge accounting treatment; therefore, they are accounted for using mark-to-market accounting.

Interest Rate Hedging Activities

We may utilize interest rate swaps, forward starting swaps and similar derivative instruments to manage our exposure to changes in interest rates charged on borrowings under certain consolidated debt agreements. The following table summarizes our portfolio of interest rate swaps at June 30, 2012:

Hedged Transaction	Number and Type of Derivatives Outstanding	Notional Amount	Period of Hedge	Rate Swap	Accounting Treatment
Senior Notes AA	10 fixed-to-floating swaps	$750.0	1/2011 to 2/2016	3.2% to 1.5%	Fair value hedge
Undesignated swaps	6 floating-to-fixed swaps	$600.0	5/2010 to 7/2014	0.5% to 2.0%	Mark-to-market

Interest expense for the three months ended June 30, 2012 and 2011 reflects a benefit of $2.2 million and an expense of $2.2 million, respectively, attributable to interest rate swaps. For the six months ended June 30, 2012 and 2011, such swaps resulted in a benefit in interest expense of $5.0 million and $7.5 million, respectively.

In February 2012, we settled 11 fixed-to-floating interest rate swaps having an aggregate notional amount of $800.0 million, resulting in gains totaling $37.7 million. As fair value hedges, the unamortized portion of these gains are a component of long-term debt (see Note 9) and are being amortized to earnings (as a decrease in interest expense) using the effective interest method over the forecasted hedged period of approximately three years.

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The following table summarizes our portfolio of forward starting swaps outstanding at June 30, 2012. Forward starting swaps hedge the expected underlying benchmark interest rates related to future issuances of debt.

Hedged Transaction	Number and Type of Derivatives Outstanding	Notional Amount	Expected Termination Date	Average Rate Locked	Accounting Treatment
Future debt offering	7 forward starting swaps	$350.0	8/2012	3.7%	Cash flow hedge
Future debt offering	16 forward starting swaps	$1,000.0	3/2013	3.7%	Cash flow hedge

In connection with the issuance of Senior Notes EE in February 2012 (see Note 9), we settled ten forward starting swaps having an aggregate notional amount of $500.0 million, resulting in cash losses totaling $115.3 million. These losses are reflected in other comprehensive income and are being amortized to earnings (as an increase in interest expense) over the forecasted hedge period of ten years using the effective interest method.

In connection with EPO's agreement to issue Senior Notes FF and Senior Notes GG in August 2012 (see Note 18), we settled seven forward starting swaps having an aggregate notional amount of $350.0 million, resulting in cash losses of $70.2 million. Accumulated other comprehensive income as of June 30, 2012 includes $63.9 million of the loss, with the remaining $6.3 million of loss attributable to the period June 30, 2012 through the settlement date of August 1, 2012. The total loss recorded in accumulated other comprehensive income will be amortized to earnings (as an increase in interest expense) over the forecasted hedged period of ten years using the effective interest method.

Although we incurred cash losses upon settlement of our forward starting swaps in February 2012 and August 2012, we benefited from the exceptionally low interest rate environment during these periods relative to the interest rates in effect at the time we entered into the swaps.

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Commodity Hedging Activities

The prices of natural gas, NGLs, crude oil, refined products and certain petrochemical products are subject to fluctuations in response to changes in supply and demand, market conditions and a variety of additional factors that are beyond our control. In order to manage such price risks, we enter into commodity derivative instruments such as physical forward contracts, futures contracts, fixed-for-float swaps, basis swaps and options contracts. The following table summarizes our commodity derivative instruments outstanding at June 30, 2012:

	Volume (1)		Accounting
Derivative Purpose	Current (2)	Long-Term (2)	Treatment
Derivatives designated as hedging instruments:			
Natural gas processing:			
Forecasted natural gas purchases for plant thermal reduction (“PTR”) (3)	15.3 Bcf	n/a	Cash flow hedge
Forecasted sales of NGLs (4)	1.6 MMBbls	n/a	Cash flow hedge
Octane enhancement:			
Forecasted purchases of NGLs	0.2 MMBbls	n/a	Cash flow hedge
Forecasted sales of octane enhancement products	2.0 MMBbls	n/a	Cash flow hedge
Natural gas marketing:			
Forecasted sales of natural gas	1.2 Bcf	n/a	Cash flow hedge
Natural gas storage inventory management activities (Bcf)	11.1 Bcf	n/a	Fair value hedge
NGL marketing:			
Forecasted purchases of NGLs and related hydrocarbon products	3.2 MMBbls	0.5 MMBbls	Cash flow hedge
Forecasted sales of NGLs and related hydrocarbon products	3.7 MMBbls	0.5 MMBbls	Cash flow hedge
Refined products marketing:			
Forecasted purchases of refined products	0.1 MMBbls	n/a	Cash flow hedge
Forecasted sales of refined products	0.5 MMBbls	n/a	Cash flow hedge
Refined products inventory management activities	0.2 MMBbls	n/a	Fair value hedge
Crude oil marketing:			
Forecasted purchases of crude oil	2.8 MMBbls	n/a	Cash flow hedge
Forecasted sales of crude oil	4.1 MMBbls	n/a	Cash flow hedge
Derivatives not designated as hedging instruments:			
Natural gas risk management activities (5,6)	241.0 Bcf	56.0 Bcf	Mark-to-market
Refined products risk management activities (6)	1.1 MMBbls	n/a	Mark-to-market
Crude oil risk management activities (6)	5.7 MMBbls	n/a	Mark-to-market

(1) Volume for derivatives designated as hedging instruments reflects the total amount of volumes hedged whereas volume for derivatives not designated as hedging instruments reflects the absolute value of derivative notional volumes.

(2) The maximum term for derivatives designated as cash flow hedges, derivatives designated as fair value hedges and derivatives not designated as hedging instruments is December 2013, March 2013 and October 2015, respectively.

(3) PTR represents the British thermal unit (“Btu”) equivalent of the NGLs extracted from natural gas by a processing plant, and includes the natural gas used as plant fuel to extract those liquids, plant flare and other shortages.

(4) Forecasted sales of NGL volumes under natural gas processing exclude 2.2 MMBbls of additional hedges executed under contracts that have been designated as normal sales agreements.
(5) Current volumes include approximately 62.5 Bcf of physical derivative instruments that are predominantly priced at an index plus a premium or minus a discount related to location differences.
(6) Reflects the use of derivative instruments to manage risks associated with transportation, processing and storage assets.

Our predominant commodity hedging strategies are: (i) hedging natural gas processing margins; (ii) hedging anticipated future contracted sales of NGLs, refined products and crude oil associated with volumes held in inventory; and (iii) hedging the fair value of natural gas in inventory. The following information summarizes these hedging strategies:

§ The objective of our natural gas processing strategy is to hedge an amount of gross margin associated with our natural gas processing activities. We achieve this objective by using physical and financial instruments to lock in the purchase prices of natural gas consumed as PTR and the

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sales prices of the related NGL products. This program consists of (i) the forward sale of a portion of our expected equity NGL production at fixed prices through December 2012, which is achieved through the use of forward physical sales contracts and commodity derivative instruments and (ii) the purchase of commodity derivative instruments having a notional amount based on the volume of natural gas expected to be consumed as PTR in the production of such equity NGL production.

§ The objective of our NGL, refined products and crude oil sales hedging program is to hedge the margins of anticipated future sales of inventory by locking in sales prices through the use of forward physical sales contracts and commodity derivative instruments.

§ The objective of our natural gas and refined products inventory hedging program is to hedge the fair value of natural gas and refined products currently held in inventory by locking in the sales price of the inventory through the use of commodity derivative instruments.

Tabular Presentation of Fair Value Amounts, and Gains and Losses on Derivative Instruments and Related Hedged Items

The following table provides a balance sheet overview of our derivative assets and liabilities at the dates indicated:

	Asset Derivatives				Liability Derivatives			
	June 30, 2012		December 31, 2011		June 30, 2012		December 31, 2011	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments								
Interest rate derivatives	Other current assets	$ 18.6	Other current assets	$ 43.7	Other current liabilities	$ 230.6	Other current liabilities	$ 163.6
Interest rate derivatives	Other assets	26.6	Other assets	44.2	Other liabilities	--	Other liabilities	127.1
Total interest rate derivatives		45.2		87.9		230.6		290.7
Commodity derivatives	Other current assets	127.4	Other current assets	20.3	Other current liabilities	74.6	Other current liabilities	30.3
Commodity derivatives	Other assets	4.8	Other assets	--	Other liabilities	2.1	Other liabilities	0.2
Total commodity derivatives (1)		132.2		20.3		76.7		30.5
Total derivatives designated as hedging instruments		$ 177.4		$ 108.2		$ 307.3		$ 321.2
Derivatives not designated as hedging instruments								
Interest rate derivatives	Other current	$ --	Other current	$ --	Other current	$ 11.0	Other current	$ 10.1

	assets		assets		liabilities		liabilities	
Interest rate derivatives	Other assets	--	Other assets	--	Other liabilities	8.6	Other liabilities	10.6
Total interest rate derivatives		--		--		19.6		20.7
Commodity derivatives	Other current assets	26.0	Other current assets	34.4	Other current liabilities	19.4	Other current liabilities	32.5
Commodity derivatives	Other assets	4.4	Other assets	12.6	Other liabilities	1.8	Other liabilities	2.0
Total commodity derivatives		30.4		47.0		21.2		34.5
Total derivatives not designated as hedging instruments		$ 30.4		$ 47.0		$ 40.8		$ 55.2

(1) Represents commodity derivative instrument transactions that have either not settled or have settled and cash has not been paid or received. Settled and unpaid or unreceived amounts are reflected in either accounts receivable or accounts payable depending on the outcome of the transaction.

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The following tables present the effect of our derivative instruments designated as fair value hedges on our Unaudited Condensed Statements of Consolidated Operations for the periods presented:

Derivatives in Fair Value Hedging Relationships	Location	Gain/(Loss) Recognized in Income on Derivative			
		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
		2012	2011	2012	2011
Interest rate derivatives	Interest expense	$4.6	$21.1	$3.1	$8.8
Commodity derivatives	Revenue	(16.4)	(1.6)	(15.7)	(1.3)
Total		$(11.8)	$19.5	$(12.6)	$7.5

Derivatives in Fair Value Hedging Relationships	Location	Gain/(Loss) Recognized in Income on Hedged Item			
		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
		2012	2011	2012	2011
Interest rate derivatives	Interest expense	$(4.5)	$(21.0)	$(3.4)	$(9.7)
Commodity derivatives	Revenue	15.9	0.2	16.3	(1.1)
Total		$11.4	$(20.8)	$12.9	$(10.8)

The following tables present the effect of our derivative instruments designated as cash flow hedges on our Unaudited Condensed Statements of Consolidated Operations and Unaudited Condensed Statements of Consolidated Comprehensive Income for the periods presented:

Derivatives in Cash Flow Hedging Relationships	Change in Value Recognized in Other Comprehensive Income/(Loss) on Derivative (Effective Portion)			
	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Interest rate derivatives	$(84.0)	$(60.1)	$(55.1)	$(46.0)
Commodity derivatives – Revenue	99.8	(19.4)	60.2	(174.8)
Commodity derivatives – Operating costs and expenses	5.2	(2.3)	(14.8)	1.7
Total	$21.0	$(81.8)	$(9.7)	$(219.1)

Derivatives in Cash Flow Hedging Relationships	Location	Gain/(Loss) Reclassified from Accumulated Other Comprehensive Income/(Loss) to Income (Effective Portion)			
		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
		2012	2011	2012	2011
Interest rate derivatives	Interest expense	$ (3.7)	$ (1.5)	$ (6.4)	$ (3.0)
Commodity derivatives	Revenue	(2.6)	(79.3)	(12.6)	(148.5)
Commodity derivatives	Operating costs and expenses	(11.6)	4.5	(23.6)	4.8
Total		$ (17.9)	$ (76.3)	$ (42.6)	$ (146.7)

Derivatives in Cash Flow Hedging Relationships	Location	Gain/(Loss) Recognized in Income on Derivative (Ineffective Portion)			
		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
		2012	2011	2012	2011
Commodity derivatives	Revenue	$ 0.9	$ 0.3	$ 0.9	$ 0.2
Commodity derivatives	Operating costs and expenses	--	--	0.3	--
Total		$ 0.9	$ 0.3	$ 1.2	$ 0.2

Over the next twelve months, we expect to reclassify $26.2 million of losses attributable to interest rate derivative instruments from accumulated other comprehensive loss to earnings as an increase in interest expense. Likewise, we expect to reclassify $57.6 million of gains attributable to commodity

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derivative instruments from accumulated other comprehensive income (loss) to earnings, $59.4 million as an increase in revenue and $1.8 million as an increase in operating costs and expenses.

The following table presents the effect of our derivative instruments not designated as hedging instruments on our Unaudited Condensed Statements of Consolidated Operations for the periods presented:

Derivatives Not Designated as Hedging Instruments	Location	Gain/(Loss) Recognized in Income on Derivative			
		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
		2012	2011	2012	2011
Interest rate derivatives	Interest expense	$ (1.1)	$ (11.9)	$ (3.3)	$ (10.5)
Commodity derivatives	Revenue	9.3	9.5	30.1	13.3
Commodity derivatives	Operating costs and expenses	--	--	(2.8)	--
Total		$ 8.2	$ (2.4)	$ 24.0	$ 2.8

Fair Value Measurements

Our fair value estimates are based on either (i) actual market data or (ii) assumptions that other market participants would use in pricing an asset or liability, including estimates of risk, in the principal market of the asset or liability at a specified measure date. Recognized valuation techniques employ inputs such as contractual prices, quoted market prices or rates, operating costs, discount factors and business growth rates. These inputs may be either readily observable, corroborated by market data or generally unobservable. In developing our estimates of fair value, we endeavor to utilize the best information available and apply market-based data to the extent possible. Accordingly, we utilize valuation techniques (such as the market approach) that maximize the use of observable inputs and minimize the use of unobservable inputs.

A three-tier hierarchy has been established that classifies fair value amounts recognized in the financial statements based on the observability of inputs used to estimate such fair values. The hierarchy considers fair value amounts based on observable inputs (Levels 1 and 2) to be more reliable and predictable than those based primarily on unobservable inputs (Level 3). At each balance sheet reporting date, we categorize our financial assets and liabilities using this hierarchy.

Recurring Fair Value Measurements

The following table sets forth, by level within the fair value hierarchy, the carrying values of our financial assets and liabilities at June 30, 2012. These assets and liabilities are measured on a recurring basis and are classified based on the lowest level of input that is significant to their respective fair value. Our assessment of the relative significance of such inputs requires judgment.

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for	Significant	Significant	Carrying

	Identical Assets and Liabilities (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Value at June 30, 2012
Financial assets:				
Interest rate derivatives	$--	$45.2	$ --	$45.2
Commodity derivatives	81.6	73.1	7.9	162.6
Total	$81.6	$118.3	$ 7.9	$207.8
Financial liabilities:				
Interest rate derivatives	$--	$250.2	$ --	$250.2
Commodity derivatives	39.1	55.8	3.0	97.9
Total	$39.1	$306.0	$ 3.0	$348.1

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The following table sets forth a reconciliation of changes in the overall fair values of our recurring Level 3 financial assets and liabilities for the periods presented:

	Location	For the Six Months Ended June 30, 2012	For the Six Months Ended June 30, 2011
Balance, January 1		$0.4	$(25.9)
Total gains (losses) included in:			
Net income (1)	Revenue	0.5	(0.5)
Other comprehensive income (loss)	Commodity derivative instruments – changes in fair value of cash flow hedges	0.5	16.2
Settlements		(0.5)	0.8
Transfers out of Level 3 (2)		--	9.8
Balance, March 31		0.9	0.4
Total gains (losses) included in:			
Net income (1)	Revenue	(1.3)	1.9
Other comprehensive income (loss)	Commodity derivative instruments – changes in fair value of cash flow hedges	6.0	--
Settlements		(0.7)	(0.2)
Balance, June 30		$4.9	$2.1

(1) There were $2.0 million and $1.9 million of unrealized losses included in these amounts for the three and six months ended June 30, 2012, respectively. There were $2.0 million and $1.8 million of unrealized gains included in these amounts for the three and six months ended June 30, 2011, respectively.
(2) Transfers out of Level 3 into Level 2 during 2011 were primarily due to the change in observability of forward NGL prices.

The following table provides quantitative information about our recurring Level 3 fair value measurements at June 30, 2012:

	Fair Value Financial Assets	Fair Value Financial Liabilities	Valuation Techniques	Unobservable Input	Range
Commodity derivatives – Propane	$4.7	$0.9	Discounted cash flow	Forward commodity price	$0.86-$0.92 /gallon
Commodity derivatives – Natural gasoline	2.7	--	Discounted cash flow	Forward commodity price	$1.83-$1.83 /gallon
Commodity derivatives – Crude oil	0.3	2.0	Discounted cash flow	Forward commodity price	$84.96-$88.71 /barrel
Commodity derivatives – Natural gas	0.2	0.1	Discounted cash flow	Forward commodity price	$3.90-$4.13 /million Btu
Total	$7.9	$3.0			

We believe certain forward commodity prices are the most significant unobservable inputs in determining our recurring Level 3 fair value measurements at June 30, 2012. In general, changes in the price of the underlying commodity increases or decreases the fair value of a commodity derivative depending on whether the derivative was purchased or sold. We generally expect changes in the fair value of our derivative instruments to be offset by corresponding changes in the fair value of our hedged exposures.

We have a risk management policy that covers our Level 3 commodity derivatives. Governance and oversight of risk management activities for these commodities are provided by our CEO with guidance and support from a risk management committee ("RMC"), which meets quarterly (or on a more frequent basis if needed). Members of executive management attend the RMC meetings, which are chaired by the head of our commodities risk control group. This group is responsible for preparing and distributing daily reports and risk analysis to members of the RMC and other appropriate members of management. These reports include mark-to-market valuations with the one-day and month-to-date changes in fair values. This group also develops and validates forward curves used to determine the fair values of our Level 3 commodity derivatives. These forward curves are based on published indexes, market quotes or are derived from other available inputs.

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Nonrecurring Fair Value Measurements

The following table presents information regarding certain long-lived asset amounts measured at fair value on a nonrecurring basis during the six months ended June 30, 2012. The estimated fair values are based on the present value of expected future cash flows (Level 3).

	Fair Value Measurements Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Carrying Value at June 30, 2012	Total Non-Cash Asset Impairment Charges for the Six Months Ended June 30, 2012
NGL Pipelines & Services					
Property, plant and equipment, net	$--	$--	$ --	$--	$8.0
Onshore Crude Oil Pipelines & Services					
Property, plant and equipment, net	--	--	--	--	6.2
Petrochemical & Refined Products Services					
Long-lived fixed assets held for sale	--	--	0.5	0.5	0.3
Total	$--	$--	$ 0.5	$0.5	$14.5

During the six months ended June 30, 2012, property, plant and equipment with no future value and a carrying amount of $14.2 million was written-off, resulting in non-cash asset impairment charges for the period. In addition, long-lived assets held for sale with a carrying value of $0.8 million were written down to their fair value of $0.5 million, resulting in non-cash asset impairment charges of $0.3 million, which were included in earnings for the period. Long-lived assets held for sale are a component of "Other assets" as presented on our Unaudited Condensed Consolidated Balance Sheets. We did not record any non-cash asset impairment charges during the six months ended June 30, 2011.

Forecast data and other assumptions supporting the fair value of long-lived assets being tested for impairment are based on the nonfinancial assets' highest and best use, which includes estimated probabilities where multiple cash flow outcomes are possible. Such probability weights are generally obtained from business management personnel having oversight responsibilities for the assets in question. Key commercial assumptions (e.g., anticipated operating margins, throughput or processing volume growth rates and timing of cash flows) that represent Level 3 unobservable inputs and test results are reviewed and certified by members of senior management.

Other Fair Value Information

The carrying amounts of cash and cash equivalents (including restricted cash balances), accounts receivable and accounts payable approximate their fair values based on their short-term nature. The estimated total fair value of our fixed-rate debt obligations was approximately $16.27 billion and $15.76 billion at June 30, 2012 and December 31, 2011, respectively. The aggregate carrying value of these debt obligations was $14.58 billion and $14.33 billion at

June 30, 2012 and December 31, 2011, respectively. These values are based on quoted market prices for such debt or debt of similar terms and maturities (Level 2), our credit standing and the credit standing of our counterparties. Changes in market rates of interest affect the fair value of our fixed-rate debt. The carrying values of our variable-rate long-term debt obligations approximate their fair values since the associated interest rates are market-based. We do not have any long-term investments in debt or equity securities recorded at fair value.

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Note 5. Inventories

Our inventory amounts by product type were as follows at the dates indicated:

Available-for-Sale Inventory by Product Type	June 30, 2012	December 31, 2011
NGLs	$553.4	$563.6
Petrochemicals and refined products	246.1	443.4
Crude oil	46.5	39.2
Natural gas	46.9	65.5
Total	$892.9	$1,111.7

In those instances where we take ownership of inventory volumes through percent-of-liquids contracts and similar arrangements (as opposed to outright purchases from third parties for cash), these volumes are valued at market-based prices during the month in which they are acquired.

Due to fluctuating commodity prices, we recognize lower of cost or market adjustments when the carrying value of our available-for-sale inventories exceeds their net realizable value. These non-cash charges are a component of cost of sales in the period they are recognized. To the extent our commodity hedging strategies address inventory-related price risks and are successful, these inventory valuation adjustments are mitigated or offset. See Note 4 for a description of our commodity hedging activities.

The following table presents our total cost of sales amounts and lower of cost or market adjustments for the periods indicated:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Cost of sales (1)	$8,195.2	$9,790.3	$17,861.0	$18,609.6
Lower of cost or market adjustments	8.0	0.5	13.9	1.7

(1) Cost of sales is a component of “Operating costs and expenses,” as presented on our Unaudited Condensed Statements of Consolidated Operations. Period-to-period fluctuations in these amounts are primarily due to changes in energy commodity prices and sales volumes associated with our marketing activities.

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Note 6. Property, Plant and Equipment

The historical costs of our property, plant and equipment and related accumulated depreciation balances were as follows at the dates indicated:

	Estimated Useful Life in Years	June 30, 2012	December 31, 2011
Plants, pipelines and facilities (1)	3-45 (6)	$24,105.7	$22,354.4
Underground and other storage facilities (2)	5-40 (7)	1,455.9	1,388.6
Platforms and facilities (3)	20-31	637.5	637.5
Transportation equipment (4)	3-10	158.4	151.5
Marine vessels (5)	15-30	660.3	615.9
Land		141.7	136.1
Construction in progress		2,275.7	2,145.6
Total		29,435.2	27,429.6
Less accumulated depreciation		5,674.6	5,238.0
Property, plant and equipment, net		$23,760.6	$22,191.6

(1) Plants and pipelines include processing plants; NGL, natural gas, crude oil and petrochemical and refined products pipelines; terminal loading and unloading facilities; office furniture and equipment; buildings; laboratory and shop equipment and related assets.
(2) Underground and other storage facilities include underground product storage caverns; above ground storage tanks; water wells and related assets.
(3) Platforms and facilities include offshore platforms and related facilities and other associated assets located in the Gulf of Mexico.
(4) Transportation equipment includes tractor-trailer tank trucks and other vehicles and similar assets used in our operations.
(5) Marine vessels include tow boats, barges and related equipment used in our marine transportation business.
(6) In general, the estimated useful lives of major assets within this category are: processing plants, 20-35 years; pipelines and related equipment, 5-45 years; terminal facilities, 10-35 years; office furniture and equipment, 3-20 years; buildings, 20-40 years; and laboratory and shop equipment, 5-35 years.
(7) In general, the estimated useful lives of assets within this category are: underground storage facilities, 5-35 years; storage tanks, 10-40 years; and water wells, 5-35 years.

The following table summarizes our depreciation expense and capitalized interest amounts for the periods presented:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Depreciation expense (1)	$222.0	$189.8	$434.0	$376.3
Capitalized interest (2)	29.5	24.8	60.1	42.0

(1) Depreciation expense is a component of “Costs and expenses” as presented on our Unaudited Condensed Statements of Consolidated Operations.
(2) We capitalize interest cost incurred on funds used to construct property, plant and equipment. The capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset’s estimated useful life as a component of depreciation expense. Capitalized interest reduces interest expense during the period it is recorded.

Asset Retirement Obligations

We record asset retirement obligations ("AROs") related to legal requirements to perform retirement activities as specified in contractual arrangements and/or governmental regulations. When an ARO is incurred, we record a liability for the ARO and capitalize an equal amount as an increase in the carrying value of the related long-lived asset. Over time, the ARO liability is accreted to its present value (through accretion expense) and the capitalized amount is depreciated over the remaining useful life of the related long-term asset. Property, plant and equipment at June 30, 2012 and December 31, 2011 includes $42.5 million and $37.7 million, respectively, of asset retirement costs capitalized as an increase in the associated long-lived asset.

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The following table summarizes changes in our ARO liability balance during the six months ended June 30, 2012:

ARO liability balance, December 31, 2011	$112.0
Liabilities incurred during period	1.1
Liabilities settled during period	(5.9)
Revisions in estimated cash flows	8.9
Accretion expense	2.7
ARO liability balance, June 30, 2012	$118.8

The following table presents our forecast of accretion expense for the periods indicated:

Remainder of 2012	2013	2014	2015	2016
$2.8	$6.0	$6.5	$6.2	$6.5

Note 7. Investments in Unconsolidated Affiliates

The following table presents our investments in unconsolidated affiliates by business segment at the dates indicated. Unless noted otherwise, we account for these investments using the equity method.

	Ownership Interest at June 30, 2012	June 30, 2012	December 31, 2011
NGL Pipelines & Services:			
Venice Energy Service Company, L.L.C.	13.1%	$31.1	$35.5
K/D/S Promix, L.L.C.	50%	40.9	40.7
Baton Rouge Fractionators LLC	32.2%	20.6	21.0
Skelly-Belvieu Pipeline Company, L.L.C.	50%	37.4	35.0
Texas Express Pipeline LLC (“Texas Express”)	35%	39.2	13.9
Texas Express Gathering LLC (“TEG”) (1)	45%	8.9	--
Front Range Pipeline LLC (“Front Range”)	33.3%	6.3	--
Onshore Natural Gas Pipelines & Services:			
Evangeline (2)	--	--	4.4
White River Hub, LLC	50%	25.5	25.7
Onshore Crude Oil Pipelines & Services:			
Seaway Crude Pipeline LLC	50%	179.2	170.7
Offshore Pipelines & Services:			
Poseidon Oil Pipeline Company, L.L.C. (“Poseidon”)	36%	50.6	55.4
Cameron Highway Oil Pipeline Company	50%	218.2	222.8
Deepwater Gateway, L.L.C.	50%	93.7	94.6
Neptune Pipeline Company, L.L.C.	25.7	48.3	51.1
Southeast Keathley Canyon Pipeline Company L.L.C.	50%	51.7	1.0
Petrochemical & Refined Products Services:			
Baton Rouge Propylene Concentrator, LLC	30%	8.9	9.5
Centennial Pipeline LLC (“Centennial”)	50%	49.4	51.8

Other (3)	Various	3.3	3.4
Other Investments:			
Energy Transfer Equity (4)	--	--	1,023.1
Total		$913.2	$1,859.6

(1) In April 2012, we, along with Enbridge Midcoast Energy, LP ("Enbridge") and WGR Asset Holding Company LLC formed a new joint venture, TEG, to design and construct two gas gathering systems to complement the Texas Express Pipeline. Enbridge will construct and operate the systems, which are expected to begin service in the second quarter of 2013.
(2) In June 2012, we acquired the remaining ownership interests in Evangeline and it became a wholly owned subsidiary of ours.
(3) Other unconsolidated affiliates include a 50% interest in a propylene pipeline extending from Mont Belvieu, Texas to La Porte, Texas and a 25% interest in a company that provides logistics communications solutions between petroleum pipelines and their customers.
(4) We ceased using the equity method to account for our investment in Energy Transfer Equity limited partner units effective January 18, 2012 and began accounting for them as available-for-sale securities. We completed the sale of the remaining Energy Transfer Equity units in April 2012 (see below).

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The following table presents our equity in income (loss) of unconsolidated affiliates by business segment for the periods presented:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
NGL Pipelines & Services	$3.8	$6.2	$9.0	$12.1
Onshore Natural Gas Pipelines & Services	1.2	1.5	2.6	2.7
Onshore Crude Oil Pipelines & Services	3.6	(1.6)	4.1	(2.1)
Offshore Pipelines & Services	4.1	6.6	11.0	14.9
Petrochemical & Refined Products Services	(1.4)	(4.3)	(7.9)	(9.3)
Other Investments (1)	--	2.7	2.4	9.0
Total	$11.3	$11.1	$21.2	$27.3

(1) With respect to the six months ended June 30, 2012, the amount presented reflects our equity in the income of Energy Transfer Equity from January 1, 2012 to January 18, 2012.

The following table presents unamortized excess cost amounts by business segment at the dates indicated:

	June 30, 2012	December 31, 2011
NGL Pipelines & Services	$24.2	$24.7
Onshore Crude Oil Pipelines & Services	18.9	19.2
Offshore Pipelines & Services	14.2	14.8
Petrochemical & Refined Products Services	2.8	2.9
Other Investments (1)	--	1,119.0
Total	$60.1	$1,180.6

(1) On January 18, 2012, we discontinued using the equity method to account for our investment in Energy Transfer Equity common units and began accounting for this investment as an available-for-sale security. As a result, we no longer recognized any excess cost amounts associated with this investment.

The following table presents our amortization of excess cost amounts by business segment for the periods presented:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
NGL Pipelines & Services	$0.3	$0.2	$0.5	$0.5
Onshore Crude Oil Pipelines & Services	0.1	0.2	0.3	0.4
Offshore Pipelines & Services	0.3	0.3	0.6	0.6
Petrochemical & Refined Products Services	--	--	0.1	--
Other Investments (1)	--	8.4	0.3	17.5
Total	$0.7	$9.1	$1.8	$19.0

(1) Reflects amortization of excess cost amounts related to our investment in Energy Transfer Equity from January 1, 2012 through January 18, 2012, which is the date we ceased using the equity method to account for this

investment.

Liquidation of Investment in Energy Transfer Equity

The Other Investments segment included our noncontrolling ownership interest in Energy Transfer Equity, which was accounted for using the equity method until January 18, 2012. We sold 4,450,000 Energy Transfer Equity common units during the second quarter of 2011 for net cash proceeds of $165.8 million and recorded a gain of $5.4 million on the sale. Since our ownership interest in Energy Transfer Equity exceeded 3% throughout calendar year 2011, we accounted for our investment in Energy Transfer Equity using the equity method and included gains on the sale of this asset in operating income. At December 31, 2011, we owned 29,303,514 common units of Energy Transfer Equity.

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On January 18, 2012, we sold 22,762,636 of these common units in a private transaction, which generated cash proceeds of approximately $825.1 million and a gain on the sale of $27.5 million. Following completion of the January 18 transaction, our ownership interest in Energy Transfer Equity was below 3%, and we discontinued using the equity method to account for this investment and began accounting for it as an investment in available-for-sale equity securities. For the period January 1, 2012 to January 18, 2012, we recorded $2.4 million of equity earnings from Energy Transfer Equity, which is reflected in our Other Investments segment.

The remaining 6,540,878 units were sold systematically through April 27, 2012 until completely liquidated. These post-January 18 sales generated total cash proceeds of approximately $270.2 million and gains of $41.3 million. The aggregate $68.8 million in gains on the 2012 sales, of which $15.5 million are attributed to sales during the second quarter of 2012, are presented as a component of "Other income." Proceeds from these sales were used for general company purposes, including funding capital expenditures.

All activities included in our sixth reportable business segment, Other Investments, ceased on January 18, 2012, which was the date we discontinued using the equity method to account for our previously held investment in Energy Transfer Equity. See Note 11 for additional information regarding our business segments.

Formation of Front Range Joint Venture

In April 2012, we, along with Anadarko Petroleum Corporation and DCP Midstream, LLC formed a new joint venture, Front Range, to design and construct a new NGL pipeline that will originate in the Denver-Julesburg Basin (the "DJ Basin") in Weld County, Colorado and extend approximately 435 miles to Skellytown in Carson County, Texas. Each party holds a one-third ownership interest in the joint venture. The Front Range Pipeline, with connections to our Mid-America Pipeline System and the Texas Express Pipeline, is expected to provide producers in the DJ Basin with access to the Gulf Coast, the largest NGL market in the U.S. Depending on shipper interest in a binding open commitment period that commenced in April 2012, initial capacity on the Front Range Pipeline is expected to be approximately 150 MBPD, which can be readily expanded to approximately 230 MBPD. We will construct and operate the pipeline, which is expected to begin service in the fourth quarter of 2013.

Summarized Income Statement Information of Unconsolidated Affiliates

The following table presents unaudited income statement information (on a 100% basis for the periods presented) of our unconsolidated affiliates, aggregated by the business segments to which they relate:

	Summarized Income Statement Information for the Three Months Ended					
	June 30, 2012			June 30, 2011		
	Revenues	Operating Income (Loss)	Net Income (Loss)	Revenues	Operating Income (Loss)	Net Income (Loss)
NGL Pipelines & Services	$71.5	$15.3	$15.2	$116.4	$30.5	$30.6
Onshore Natural Gas Pipelines & Services	2.9	1.9	1.9	54.7	2.7	2.7
Onshore Crude Oil Pipelines & Services	21.5	7.4	7.3	9.6	(2.1)	(2.1)
Offshore Pipelines & Services	39.1	12.8	12.5	43.7	17.7	17.5
Petrochemical & Refined Products Services	5.9	(0.3)	(2.4)	9.2	(5.4)	(7.6)

Other Investments	--	--	--	1,974.9	260.6	66.3

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	Summarized Income Statement Information for the Six Months Ended					
	June 30, 2012			June 30, 2011		
	Revenues	Operating Income (Loss)	Net Income (Loss)	Revenues	Operating Income	Net Income (Loss)
NGL Pipelines & Services	$182.4	$42.3	$42.2	$216.5	$53.9	$54.0
Onshore Natural Gas Pipelines & Services	5.7	3.7	3.7	90.2	5.3	5.3
Onshore Crude Oil Pipelines & Services	33.8	8.2	8.1	20.8	(1.6)	(1.6)
Offshore Pipelines & Services	80.2	31.9	30.9	90.0	36.6	36.2
Petrochemical & Refined Products Services	11.3	(9.7)	(13.8)	19.3	(12.4)	(16.8)
Other Investments	--	--	--	3,964.0	624.8	154.9

We discontinued using the equity method to account for our investment in Energy Transfer Equity common units on January 18, 2012 (see “Liquidation of Investment in Energy Transfer Equity” within this Note 7). As a result, income statement data for Energy Transfer Equity, which was presented within the Other Investments segment in the table above, is not presented for the three and six months ended June 30, 2012. For the three and six months ended June 30, 2011, net income amounts presented for Energy Transfer Equity represents net income attributable to their partners.

Other

The credit agreements of Poseidon and Centennial restrict their ability to pay cash dividends if a default or event of default (as defined in each credit agreement) has occurred and is continuing at the time such payments are scheduled to be paid. These businesses were in compliance with the terms of their credit agreements at June 30, 2012.

Note 8. Intangible Assets and Goodwill

Identifiable Intangible Assets

The following table summarizes our intangible assets by business segment at the dates indicated:

	June 30, 2012			December 31, 2011		
	Gross Value	Accum. Amort.	Carrying Value	Gross Value	Accum. Amort.	Carrying Value
NGL Pipelines & Services:						
Customer relationship intangibles	$340.8	$(138.0)	$202.8	$340.8	$(128.2)	$212.6
Contract-based intangibles	284.7	(147.1)	137.6	298.4	(169.7)	128.7
Segment total	625.5	(285.1)	340.4	639.2	(297.9)	341.3
Onshore Natural Gas Pipelines & Services:						
Customer relationship intangibles	1,163.6	(230.5)	933.1	1,163.6	(209.7)	953.9

Contract-based intangibles	468.3	(301.7)	166.6	464.8	(290.9)	173.9
Segment total	1,631.9	(532.2)	1,099.7	1,628.4	(500.6)	1,127.8
Onshore Crude Oil Pipelines & Services:						
Customer relationship intangibles	9.7	(4.4)	5.3	9.7	(4.1)	5.6
Contract-based intangibles	0.4	(0.2)	0.2	0.4	(0.2)	0.2
Segment total	10.1	(4.6)	5.5	10.1	(4.3)	5.8
Offshore Pipelines & Services:						
Customer relationship intangibles	205.8	(134.3)	71.5	205.8	(129.2)	76.6
Contract-based intangibles	1.2	(0.4)	0.8	1.2	(0.3)	0.9
Segment total	207.0	(134.7)	72.3	207.0	(129.5)	77.5
Petrochemical & Refined Products Services:						
Customer relationship intangibles	104.3	(30.9)	73.4	104.3	(28.4)	75.9
Contract-based intangibles	59.7	(31.8)	27.9	57.6	(29.7)	27.9
Segment total	164.0	(62.7)	101.3	161.9	(58.1)	103.8
Total all segments	$2,638.5	$(1,019.3)	$1,619.2	$2,646.6	$(990.4)	$1,656.2

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The following table presents the amortization expense of our intangible assets by business segment for the periods presented:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
NGL Pipelines & Services	$9.6	$10.0	$19.8	$20.4
Onshore Natural Gas Pipelines & Services	15.8	20.2	31.6	40.1
Onshore Crude Oil Pipelines & Services	0.1	0.1	0.3	0.2
Offshore Pipelines & Services	2.6	2.8	5.2	5.8
Petrochemical & Refined Products Services	3.2	4.3	6.7	8.6
Total	$31.3	$37.4	$63.6	$75.1

The following table presents our forecast of amortization expense associated with existing intangible assets for the periods indicated:

Remainder of 2012	2013	2014	2015	2016
$60.0	$111.6	$107.1	$106.6	$107.8

Goodwill

Goodwill represents the excess of the purchase price of an acquired business over the amounts assigned to assets acquired and liabilities assumed in the transaction. There have been no changes to our goodwill amounts since those reported in our 2011 Form 10-K.

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Note 9. Debt Obligations

The following table presents our consolidated debt obligations (arranged by company and maturity date) at the dates indicated:

	June 30, 2012	December 31, 2011
EPO senior debt obligations:		
Senior Notes S, 7.625% fixed-rate, due February 2012	$--	$490.5
Senior Notes P, 4.60% fixed-rate, due August 2012	500.0	500.0
Senior Notes C, 6.375% fixed-rate, due February 2013	350.0	350.0
Senior Notes T, 6.125% fixed-rate, due February 2013	182.5	182.5
Senior Notes M, 5.65% fixed-rate, due April 2013	400.0	400.0
Senior Notes U, 5.90% fixed-rate, due April 2013	237.6	237.6
Senior Notes O, 9.75% fixed-rate, due January 2014	500.0	500.0
Senior Notes G, 5.60% fixed-rate, due October 2014	650.0	650.0
Senior Notes I, 5.00% fixed-rate, due March 2015	250.0	250.0
Senior Notes X, 3.70% fixed-rate, due June 2015	400.0	400.0
Senior Notes AA, 3.20% fixed-rate, due February 2016	750.0	750.0
$3.5 Billion Multi-Year Revolving Credit Facility, variable-rate, due September 2016	427.0	150.0
Senior Notes L, 6.30% fixed-rate, due September 2017	800.0	800.0
Senior Notes V, 6.65% fixed-rate, due April 2018	349.7	349.7
Senior Notes N, 6.50% fixed-rate, due January 2019	700.0	700.0
Senior Notes Q, 5.25% fixed-rate, due January 2020	500.0	500.0
Senior Notes Y, 5.20% fixed-rate, due September 2020	1,000.0	1,000.0
Senior Notes CC, 4.05% fixed-rate, due February 2022	650.0	650.0
Senior Notes D, 6.875% fixed-rate, due March 2033	500.0	500.0
Senior Notes H, 6.65% fixed-rate, due October 2034	350.0	350.0
Senior Notes J, 5.75% fixed-rate, due March 2035	250.0	250.0
Senior Notes W, 7.55% fixed-rate, due April 2038	399.6	399.6
Senior Notes R, 6.125% fixed-rate, due October 2039	600.0	600.0
Senior Notes Z, 6.45% fixed-rate, due September 2040	600.0	600.0
Senior Notes BB, 5.95% fixed-rate, due February 2041	750.0	750.0
Senior Notes DD, 5.70% fixed-rate, due February 2042	600.0	600.0
Senior Notes EE, 4.85% fixed-rate, due August 2042	750.0	--
TEPPCO senior debt obligations:		
TEPPCO Senior Notes, 7.625% fixed-rate, due February 2012	--	9.5
TEPPCO Senior Notes, 6.125% fixed-rate, due February 2013	17.5	17.5
TEPPCO Senior Notes, 5.90% fixed-rate, due April 2013	12.4	12.4
TEPPCO Senior Notes, 6.65% fixed-rate, due April 2018	0.3	0.3
TEPPCO Senior Notes, 7.55% fixed-rate, due April 2038	0.4	0.4
Total principal amount of senior debt obligations	13,477.0	12,950.0
EPO Junior Subordinated Notes A, fixed/variable-rate, due August 2066	550.0	550.0
EPO Junior Subordinated Notes C, fixed/variable-rate, due June 2067	285.8	285.8
EPO Junior Subordinated Notes B, fixed/variable-rate, due January 2068	682.7	682.7
TEPPCO Junior Subordinated Notes, fixed/variable-rate, due June 2067	14.2	14.2

Total principal amount of senior and junior debt obligations	15,009.7	14,482.7
Other, non-principal amounts:		
Change in fair value of debt hedged in fair value hedging relationship (1)	39.7	73.8
Unamortized discounts, net of premiums	(32.6)	(30.0)
Unamortized deferred net gains related to terminated interest rate swaps (1)	29.9	2.9
Total other, non-principal amounts	37.0	46.7
Less current maturities of debt (2)	(1,700.0)	(500.0)
Total long-term debt	$13,346.7	$14,029.4

(1) See Note 4 for information regarding our interest rate hedging activities.
(2) We expect to refinance the current maturities of our debt obligations prior to their maturity.

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The following table presents contractually scheduled maturities of our consolidated debt obligations outstanding at June 30, 2012 for the next five years, and in total thereafter:

		Scheduled Maturities of Debt					
	Total	Remainder of 2012	2013	2014	2015	2016	After 2016
Revolving Credit Facility	$427.0	$--	$--	$--	$--	$427.0	$--
Senior Notes	13,050.0	500.0	1,200.0	1,150.0	650.0	750.0	8,800.0
Junior Subordinated Notes	1,532.7	--	--	--	--	--	1,532.7
Total	$15,009.7	$500.0	$1,200.0	$1,150.0	$650.0	$1,177.0	$10,332.7

Apart from that discussed below and routine fluctuations in the balance of our revolving credit facility, there have been no significant changes in the terms or amounts of our consolidated debt obligations since those reported in our 2011 Form 10-K.

Issuance of Senior Notes EE in February 2012

In February 2012, EPO issued $750.0 million in principal amount of 30-year unsecured Senior Notes EE at 99.542% of their principal amount. Senior Notes EE have a fixed interest rate of 4.85% and mature on August 15, 2042. Enterprise guarantees the notes through an unconditional guarantee on an unsecured and unsubordinated basis. Net proceeds from the issuance of Senior Notes EE were used to repay outstanding amounts on the maturity of our $490.5 million principal amount of Senior Notes S due February 2012 and our $9.5 million principal amount of TEPPCO Senior Notes due February 2012 and for general company purposes.

Senior Notes EE rank equal with EPO's existing and future unsecured and unsubordinated indebtedness. They are senior to any existing and future subordinated indebtedness of EPO. Senior Notes EE are subject to make-whole redemption rights and were issued under indentures containing certain covenants, which generally restrict EPO's ability, with certain exceptions, to incur debt secured by liens and engage in sale and leaseback transactions.

In August 2012, EPO agreed to issue $650 million in principal amount of Senior Notes FF and $1.1 billion in principal amount of Senior Notes GG. See Note 18 for information regarding this subsequent event.

Commercial Paper Program

On August 8, 2012, EPO established a commercial paper program, under which EPO may issue up to $2.0 billion of short-term commercial paper notes outstanding at any time. See Note 18 for information regarding this subsequent event.

Letters of Credit

At June 30, 2012, EPO had $77.5 million in letters of credit outstanding related to its commodity derivative instruments. These letters of credit do not reduce the amount available for borrowing under EPO's $3.5 Billion Multi-Year Revolving Credit Facility.

Parent-Subsidiary Guarantor Relationships

Enterprise Products Partners L.P. acts as guarantor of the consolidated debt obligations of EPO with the exception of the remaining debt obligations of TEPPCO. If EPO were to default on any of its guaranteed debt, Enterprise Products Partners L.P. would be responsible for full and unconditional repayment of that obligation.

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Lender Financial Covenants

We were in compliance with the financial covenants of our consolidated debt agreements at June 30, 2012.

Information Regarding Variable Interest Rates Paid

The following table presents the range of interest rates and weighted-average interest rates paid on our consolidated variable-rate debt obligation during the six months ended June 30, 2012:

	Range of Interest Rates Paid	Weighted-Average Interest Rate Paid
EPO $3.5 Billion Multi-Year Revolving Credit Facility	1.54% to 3.63%	1.61%

Note 10. Equity and Distributions

Partners' equity reflects the various classes of limited partner interests (common units, including restricted common units, and Class B units) that we have outstanding. The following table summarizes changes in the number of our units outstanding during the six months ended June 30, 2012:

	Common Units	Class B Units	Treasury Units
Number of units outstanding at December 31, 2011	881,620,418	4,520,431	--
Common units issued in connection with DRIP and EUPP	1,270,609	--	--
Common units issued in connection with equity-based awards	214,492	--	--
Restricted common unit awards issued	1,538,438	--	--
Forfeiture of restricted common unit awards	(95,575)	--	--
Acquisition of treasury units in connection with vesting of equity-based awards	(373,391)	--	373,391
Cancellation of treasury units	--	--	(373,391)
Number of units outstanding at June 30, 2012	884,174,991	4,520,431	--

During the six months ended June 30, 2012, 1,236,352 restricted common unit awards held by EPCO employees vested and converted to common units. Of this amount, 373,391 common units were sold back to us by the recipients to cover related withholding tax requirements. We cancelled such treasury units immediately upon acquisition.

We may issue additional equity or debt securities to assist us in meeting our future liquidity and capital spending requirements. We have a universal shelf registration statement (the "2010 Shelf") on file with the SEC. The 2010 Shelf allows Enterprise and EPO (on a standalone basis) to issue an unlimited amount of equity and debt securities, respectively. EPO utilized the 2010 Shelf to issue its Senior Notes EE in February 2012 (see Note 9) and will use the 2010 Shelf to issue additional senior notes in August 2012 (see Note 18).

In May 2012, we entered into an equity distribution agreement with certain broker-dealers pursuant to which we may offer and sell up to $1.0 billion of our common units in amounts, at prices and on terms to be determined by market conditions and other factors at the time of such offerings. Pursuant to this "at-the-market" program, we may sell common units under the agreement from time-to-time by means of ordinary brokers' transactions through the NYSE at market prices, in block transactions or as otherwise agreed to with the broker-dealer parties to the agreement. A registration statement covering the issuance of common units pursuant to this agreement was filed with the SEC in March 2012. There were no issuances and sales under this agreement as of June 30, 2012.

We also have registration statements on file with the SEC collectively authorizing the issuance of up to 70,000,000 of our common units in connection with a distribution reinvestment plan ("DRIP"). The DRIP provides unitholders of record and beneficial owners of our common units a voluntary means by which they can increase the number of our common units they own by reinvesting the quarterly cash

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distributions they would otherwise receive from us into the purchase of additional common units. After taking into account the number of common units issued under the DRIP through June 30, 2012, we may issue an additional 24,974,588 common units under this plan. A total of 1,198,552 common units were issued during the six months ended June 30, 2012 under our DRIP, which generated net cash proceeds of $58.0 million.

In addition to the DRIP, we have a registration statement on file with the SEC authorizing the issuance of up to 440,879 of our common units in connection with an employee unit purchase plan ("EUPP"). After taking into account the number of common units issued under the EUPP through June 30, 2012, we may issue an additional 358,791 common units under this plan. A total of 72,057 common units were issued during the six months ended June 30, 2012 under our EUPP, which generated net cash proceeds of $3.7 million.

The net cash proceeds we received from the DRIP and EUPP during the six months ended June 30, 2012 were used to temporarily reduce borrowings outstanding under EPO's revolving credit facility and for general company purposes.

Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) primarily reflects the effective portion of the gain or loss on derivative instruments designated and qualified as cash flow hedges. Gain or loss amounts related to cash flow hedges recorded in accumulated other comprehensive income (loss) are reclassified to earnings in the same period(s) in which the underlying hedged forecasted transactions affect earnings. If it becomes probable that a forecasted transaction will not occur, the related net gain or loss in accumulated other comprehensive income (loss) is immediately reclassified into earnings.

The following table presents the components of accumulated other comprehensive income (loss) as reported on our Unaudited Condensed Consolidated Balance Sheets at the dates indicated:

	June 30, 2012	December 31, 2011
Commodity derivative instruments (1)	$60.2	$(21.4)
Interest rate derivative instruments (1)	(377.7)	(329.0)
Foreign currency translation adjustment (2)	1.7	1.7
Pension and postretirement benefit plans	(2.9)	(1.7)
Other	--	(1.0)
Total accumulated other comprehensive loss	$(318.7)	$(351.4)

(1) See Note 4 for additional information regarding our derivative instruments.
(2) Relates to transactions of a Canadian subsidiary.

Noncontrolling Interests

The following table presents additional information regarding noncontrolling interests as presented on our Unaudited Condensed Consolidated Balance Sheets at the dates indicated:

	June 30, 2012	December 31, 2011

Joint venture partners (1)	$109.8	$105.9

(1) Represents third party ownership interests in joint ventures that we consolidate, including Tri-States NGL Pipeline L.L.C., Independence Hub LLC, Rio Grande Pipeline Company and Wilprise Pipeline Company LLC.

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The following table presents the components of net income attributable to noncontrolling interests as presented on our Unaudited Condensed Statements of Consolidated Operations for the periods presented:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Former owners of Duncan Energy Partners	$--	$9.4	$--	$17.3
Joint venture partners	0.9	5.4	5.1	11.3
Total	$0.9	$14.8	$5.1	$28.6

Prior to completion of the Duncan Merger (see Note 1), we accounted for the former owners' interest in Duncan Energy Partners as noncontrolling interest. Under this method of presentation, all pre-Duncan Merger revenues and expenses of Duncan Energy Partners are included in net income, and the former owners' share of the income of Duncan Energy Partners is a component of "Net income attributable to noncontrolling interests" as reflected on our Unaudited Condensed Statements of Consolidated Operations.

The following table presents cash distributions paid to and cash contributions received from noncontrolling interests as presented on our Unaudited Condensed Statements of Consolidated Cash Flows and Statements of Consolidated Equity for the periods presented:

	For the Six Months Ended June 30,	
	2012	2011
Cash distributions paid to noncontrolling interests:		
Former owners of Duncan Energy Partners	$--	$21.9
Joint venture partners	8.1	12.9
Total cash distributions paid to noncontrolling interests	$8.1	$34.8
Cash contributions from noncontrolling interests:		
Former owners of Duncan Energy Partners	$--	$1.5
Joint venture partners	5.9	1.1
Total cash contributions from noncontrolling interests	$5.9	$2.6

Cash distributions paid to the former owners of Duncan Energy Partners (prior to the Duncan Merger) represent the quarterly cash distributions paid to its unitholders. Similarly, cash contributions received from the former owners of Duncan Energy Partners (prior to the Duncan Merger) represent net cash proceeds received from the issuance of its limited partner units.

Cash Distributions

The following table presents our declared quarterly cash distribution rates with respect to the quarter indicated:

	Distribution Per Common Unit	Record Date	Payment Date
2012			

1st Quarter	$0.6275	04/30/12	05/09/12
2nd Quarter	$0.6350	07/31/12	08/08/12

A privately held affiliate of EPCO has agreed to temporarily waive the regular quarterly cash distributions it would otherwise receive from us with respect to a certain number of our common units it owns (the "Designated Units"). The temporary distribution waiver remains in effect for five years following the closing date of the Holdings Merger, which was completed in November 2010. For the remaining term of the waiver agreement, the number of Designated Units is as follows for distributions paid or to be paid, if any, during the following calendar years: 26,130,000 during 2012; 23,700,000 during 2013; 22,560,000 during 2014; and 17,690,000 during 2015.

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Note 11. Business Segments

We currently have five active reportable business segments: (i) NGL Pipelines & Services; (ii) Onshore Natural Gas Pipelines & Services; (iii) Onshore Crude Oil Pipelines & Services; (iv) Offshore Pipelines & Services; and (v) Petrochemical & Refined Products Services. Our business segments are generally organized and managed according to the type of services rendered (or technologies employed) and products produced and/or sold.

All activities included in our sixth reportable business segment, Other Investments, ceased on January 18, 2012, which was the date we discontinued using the equity method to account for our previously held investment in Energy Transfer Equity. See Note 7 for information regarding the liquidation of our investment in Energy Transfer Equity.

We evaluate segment performance based on the non-GAAP financial measure of gross operating margin. Gross operating margin (either in total or by individual segment) is 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 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 in evaluating segment results. The GAAP financial measure most directly comparable to total segment gross operating margin is operating income. Our non-GAAP financial measure of total segment gross operating margin should not be considered an alternative to GAAP operating income.

We define total segment gross operating margin as operating income before: (i) depreciation, amortization and accretion expenses; (ii) non-cash asset impairment charges; (iii) operating lease expenses for which we did not have the payment obligation; (iv) gains and losses from asset sales and related transactions; and (v) general and administrative costs. Gross operating margin by segment is calculated by subtracting segment operating costs and expenses (net of the adjustments noted above) from segment revenues, with both segment totals before the elimination of intercompany transactions. In accordance with GAAP, intercompany accounts and transactions are eliminated in the preparation of our consolidated financial statements. Gross operating margin is exclusive of other income and expense transactions, income taxes, the cumulative effect of changes in accounting principles and extraordinary charges. Gross operating margin is presented on a 100% basis before any allocation of earnings to noncontrolling interests.

We include equity in income of unconsolidated affiliates in our measurement of segment gross operating margin and operating income. Equity investments with industry partners are a significant component of our business strategy. They are a means by which we conduct our operations to align our interests with those of customers and/or suppliers. This method of operation enables us to achieve favorable economies of scale relative to the level of investment and business risk assumed. Many of these businesses perform supporting or complementary roles to our other midstream business operations.

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The following table presents our measurement of total segment gross operating margin for the periods indicated:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Revenues	$9,789.8	$11,216.5	$21,042.3	$21,400.2
Less: Operating costs and expenses	(9,009.5)	(10,533.3)	(19,476.7)	(20,070.4)
Add: Equity in income of unconsolidated affiliates	11.3	11.1	21.2	27.3
Depreciation, amortization and accretion (1)	261.3	233.3	515.9	464.1
Non-cash asset impairment charges	9.1	--	14.5	--
Operating lease expenses paid by EPCO	--	0.1	--	0.3
Gains related to asset sales (2)	(1.3)	(5.2)	(3.8)	(23.6)
Gains related to property damage insurance recoveries (see Note 16)	(27.7)	--	(27.7)	--
Total segment gross operating margin	$1,033.0	$922.5	$2,085.7	$1,797.9

(1) Amount is a component of "Depreciation, amortization and accretion" as presented on the Unaudited Condensed Statements of Consolidated Cash Flows.
(2) Amounts presented for the second quarter of 2011 and the six months ended June 30, 2011 include $5.4 million of gains related to the sale of a portion of our previously held equity method investment in Energy Transfer Equity (see Note 7).

The following table presents a reconciliation of total segment gross operating margin to operating income and further to income before income taxes for the periods indicated:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Total segment gross operating margin	$1,033.0	$922.5	$2,085.7	$1,797.9
Adjustments to reconcile total segment gross operating margin to operating income:				
Amounts included in operating costs and expenses:				
Depreciation, amortization and accretion	(261.3)	(233.3)	(515.9)	(464.1)
Non-cash asset impairment charges	(9.1)	--	(14.5)	--
Operating lease expenses paid by EPCO	--	(0.1)	--	(0.3)
Gains related to asset sales	1.3	5.2	3.8	23.6
Gains related to property damage insurance recoveries (see Note 16)	27.7	--	27.7	--
General and administrative costs	(42.5)	(50.4)	(88.8)	(88.3)
Operating income	749.1	643.9	1,498.0	1,268.8
Other expense, net	(173.4)	(188.0)	(301.2)	(371.3)
Income before income taxes	$575.7	$455.9	$1,196.8	$897.5

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Information by business segment, together with reconciliations to our consolidated financial statement totals, is presented in the following table:

	Reportable Business Segments							
	NGL Pipelines & Services	Onshore Natural Gas Pipelines & Services	Onshore Crude Oil Pipelines & Services	Offshore Pipelines & Services	Petrochemical & Refined Products Services	Other Investments	Adjustments and Eliminations	Consolidated Total
Revenues from third parties:								
Three months ended June 30, 2012	$ 3,327.9	$ 700.9	$ 4,188.7	$ 47.5	$ 1,499.2	$ --	$ --	$ 9,764.2
Three months ended June 30, 2011	3,960.1	862.5	4,281.6	61.1	1,907.0	--	--	11,072.3
Six months ended June 30, 2012	7,682.0	1,505.8	8,662.3	101.9	3,033.9	--	--	20,985.9
Six months ended June 30, 2011	8,015.5	1,734.2	7,652.2	121.7	3,482.3	--	--	21,005.9
Revenues from related parties:								
Three months ended June 30, 2012	4.6	19.5	--	1.5	--	--	--	25.6
Three months ended June 30, 2011	76.8	64.8	--	2.6	--	--	--	144.2
Six months ended June 30, 2012	5.0	48.2	--	3.2	--	--	--	56.4
Six months ended June 30, 2011	278.2	109.7	--	6.4	--	--	--	394.3
Intersegment and intrasegment revenues:								
Three months ended June 30, 2012	2,276.5	179.0	1,735.5	1.7	438.7	--	(4,631.4)	--
Three months ended June 30, 2011	3,228.2	253.9	1,477.6	0.1	445.5	--	(5,405.3)	--
Six months ended June 30, 2012	5,094.7	402.7	3,466.4	5.0	878.6	--	(9,847.4)	--

Six months ended June 30, 2011	6,702.8	524.8	2,184.7	1.8	918.6	--	(10,332.7)	--
Total revenues:								
Three months ended June 30, 2012	5,609.0	899.4	5,924.2	50.7	1,937.9	--	(4,631.4)	9,789.8
Three months ended June 30, 2011	7,265.1	1,181.2	5,759.2	63.8	2,352.5	--	(5,405.3)	11,216.5
Six months ended June 30, 2012	12,781.7	1,956.7	12,128.7	110.1	3,912.5	--	(9,847.4)	21,042.3
Six months ended June 30, 2011	14,996.5	2,368.7	9,836.9	129.9	4,400.9	--	(10,332.7)	21,400.2
Equity in income (loss) of unconsolidated affiliates:								
Three months ended June 30, 2012	3.8	1.2	3.6	4.1	(1.4)	--	--	11.3
Three months ended June 30, 2011	6.2	1.5	(1.6)	6.6	(4.3)	2.7	--	11.1
Six months ended June 30, 2012	9.0	2.6	4.1	11.0	(7.9)	2.4	--	21.2
Six months ended June 30, 2011	12.1	2.7	(2.1)	14.9	(9.3)	9.0	--	27.3
Gross operating margin:								
Three months ended June 30, 2012	565.8	175.8	95.8	38.3	157.3	--	--	1,033.0
Three months ended June 30, 2011	497.7	161.1	67.8	53.4	139.8	2.7	--	922.5
Six months ended June 30, 2012	1,220.7	382.0	135.1	90.4	255.1	2.4	--	2,085.7
Six months ended June 30, 2011	1,002.1	320.3	99.6	114.7	252.2	9.0	--	1,797.9
Segment assets:								
At June 30, 2012	8,534.7	10,419.1	1,315.5	2,001.9	3,838.4	--	2,275.7	28,385.3
At December 31, 2011	7,966.4	9,949.6	944.6	2,000.9	3,769.5	1,023.1	2,145.6	27,799.7

Property, plant and equipment, net: (see Note 6)								
At June 30, 2012	7,668.7	8,997.6	819.6	1,385.0	2,614.0	--	2,275.7	23,760.6
At December 31, 2011	7,137.8	8,495.4	456.9	1,416.4	2,539.5	--	2,145.6	22,191.6
Investments in unconsolidated affiliates: (see Note 7)								
At June 30, 2012	184.4	25.5	179.2	462.5	61.6	--	--	913.2
At December 31, 2011	146.1	30.1	170.7	424.9	64.7	1,023.1	--	1,859.6
Intangible assets, net: (see Note 8)								
At June 30, 2012	340.4	1,099.7	5.5	72.3	101.3	--	--	1,619.2
At December 31, 2011	341.3	1,127.8	5.8	77.5	103.8	--	--	1,656.2
Goodwill: (see Note 8)								
At June 30, 2012	341.2	296.3	311.2	82.1	1,061.5	--	--	2,092.3
At December 31, 2011	341.2	296.3	311.2	82.1	1,061.5	--	--	2,092.3

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The following table presents additional information regarding our consolidated revenues and costs and expenses for the periods indicated:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
NGL Pipelines & Services:				
Sales of NGLs and related products	$3,133.9	$3,832.2	$7,249.2	$7,889.9
Midstream services	198.6	204.7	437.8	403.8
Total	3,332.5	4,036.9	7,687.0	8,293.7
Onshore Natural Gas Pipelines & Services:				
Sales of natural gas	510.8	719.5	1,083.4	1,432.2
Midstream services	209.6	207.8	470.6	411.7
Total	720.4	927.3	1,554.0	1,843.9
Onshore Crude Oil Pipelines & Services:				
Sales of crude oil	4,174.0	4,257.9	8,621.6	7,606.1
Midstream services	14.7	23.7	40.7	46.1
Total	4,188.7	4,281.6	8,662.3	7,652.2
Offshore Pipelines & Services:				
Sales of natural gas	--	0.3	0.1	0.6
Sales of crude oil	--	2.5	1.4	5.8
Midstream services	49.0	60.9	103.6	121.7
Total	49.0	63.7	105.1	128.1
Petrochemical & Refined Products Services:				
Sales of petrochemicals and refined products	1,316.8	1,718.7	2,668.0	3,101.5
Midstream services	182.4	188.3	365.9	380.8
Total	1,499.2	1,907.0	3,033.9	3,482.3
Total consolidated revenues	$9,789.8	$11,216.5	$21,042.3	$21,400.2
Consolidated costs and expenses				
Operating costs and expenses:				
Cost of sales	$8,195.2	$9,790.3	$17,861.0	$18,609.6
Other operating costs and expenses (1)	572.9	514.9	1,116.8	1,020.3
Depreciation, amortization and accretion	261.3	233.3	515.9	464.1
Gains related to asset sales	(1.3)	(5.2)	(3.8)	(23.6)
Gains related to property damage insurance recoveries	(27.7)	--	(27.7)	--
Non-cash asset impairment charges	9.1	--	14.5	--
General and administrative costs	42.5	50.4	88.8	88.3
Total consolidated costs and expenses	$9,052.0	$10,583.7	$19,565.5	$20,158.7

(1) Represents cost of operating our plants, pipelines and other fixed assets, excluding non-cash depreciation, amortization and accretion charges.

Period-to-period fluctuations in our product sales revenues and related cost of sales amounts are explained in part by changes in energy commodity prices. In general, lower energy commodity prices result in a decrease in our revenues attributable to product sales; however, these lower commodity prices also decrease the associated cost of sales as purchase costs decline.

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Note 12. Related Party Transactions

The following table summarizes our related party transactions for the periods presented:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Revenues – related parties:				
Energy Transfer Equity and subsidiaries	$--	$86.7	$--	$296.9
Other unconsolidated affiliates	25.6	57.5	56.4	97.4
Total revenue – related parties	$25.6	$144.2	$56.4	$394.3
Costs and expenses – related parties:				
EPCO and affiliates	$240.1	$192.4	$406.1	$365.4
Energy Transfer Equity and subsidiaries	--	223.0	--	490.4
Other unconsolidated affiliates	7.2	11.4	12.3	21.6
Total costs and expenses – related parties	$247.3	$426.8	$418.4	$877.4

Energy Transfer Equity was a related party to us during the period in which we accounted for our investment in its limited partner units using the equity method of accounting. We ceased reporting Energy Transfer Equity as a related party in January 2012. See Note 7 for information regarding the liquidation of our investment in Energy Transfer Equity.

The following table summarizes our related party accounts receivable and accounts payable amounts at the dates indicated:

	June 30, 2012	December 31, 2011
Accounts receivable - related parties:		
Energy Transfer Equity and subsidiaries	$--	$28.4
Other unconsolidated affiliates	2.3	15.1
Total accounts receivable – related parties	$2.3	$43.5
Accounts payable - related parties:		
EPCO and affiliates	$61.8	$108.3
Energy Transfer Equity and subsidiaries	--	92.6
Other unconsolidated affiliates	8.4	10.7
Total accounts payable – related parties	$70.2	$211.6

We believe that the terms and provisions of our related party agreements are fair to us; however, such agreements and transactions may not be as favorable to us as we could have obtained from unaffiliated third parties.

Relationship with EPCO and Affiliates

We have an extensive and ongoing relationship with EPCO and its privately held affiliates (including Enterprise GP, our sole general partner), which are not a part of our consolidated group of companies.

EPCO is a privately held company controlled collectively by the EPCO Trustees. At June 30, 2012, EPCO and its privately held affiliates (including Dan Duncan LLC and two Duncan family trusts, the beneficiaries of which include the estate of Mr. Duncan) beneficially owned the following limited partner interests in us:

Number of Units	Percentage of Total Units Outstanding
338,930,881 (1)	38.1%

(1) Includes 4,520,431 Class B units.

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Dan Duncan LLC owns 100% of our general partner, Enterprise GP.

We and Enterprise GP are both separate legal entities apart from each other and apart from EPCO and its other affiliates, with assets and liabilities that are also separate from those of EPCO and its other affiliates. EPCO and its privately held affiliates depend on the cash distributions they receive from us and other investments to fund their other operations and to meet their debt obligations. During the six months ended June 30, 2012 and 2011, we paid EPCO and its privately held affiliates cash distributions of $369.6 million and $346.4 million, respectively.

We have no employees. All of our operating functions and general and administrative support services are provided by employees of EPCO pursuant to the ASA or by other service providers. The following table presents costs and expenses related to the ASA and other EPCO transactions for the periods indicated:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Operating costs and expenses	$213.6	$157.9	$356.3	$305.3
General and administrative expenses	26.5	34.5	49.8	60.1
Total costs and expenses	$240.1	$192.4	$406.1	$365.4

Note 13. Earnings Per Unit

Basic earnings per unit is computed by dividing net income or loss attributable to our limited partners by the weighted-average number of our distribution-bearing units outstanding during a period, which excludes the Designated Units (see Note 10) to the extent that such units do not participate in the distributions to be paid with respect to such period.

Diluted earnings per unit is computed by dividing net income or loss attributable to our limited partners by the sum of (i) the weighted-average number of our distribution-bearing units outstanding during a period (as used in determining basic earnings per unit), (ii) the weighted-average number of our Class B units outstanding during a period, (iii) the weighted-average number of Designated Units outstanding during a period and (iv) the number of incremental common units resulting from the assumed exercise of dilutive unit options outstanding during a period (the “incremental option units”).

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The following table presents our calculation of basic and diluted earnings per unit for the periods indicated:

	For the Three Months Ended June 30		For the Six Months Ended June 30,	
	2012	2011	2012	2011
BASIC EARNINGS PER UNIT				
Numerator:				
Net income attributable to limited partners	$566.3	$433.7	$1,217.6	$854.4
Denominator:				
Weighted-average number of:				
Distribution-bearing common units outstanding	857.9	815.1	857.3	814.5
Basic earnings per unit:				
Net income attributable to limited partners	$0.66	$0.53	$1.42	$1.05
DILUTED EARNINGS PER UNIT				
Numerator:				
Net income attributable to limited partners	$566.3	$433.7	$1,217.6	$854.4
Denominator:				
Weighted-average number of:				
Distribution-bearing common units outstanding	857.9	815.1	857.3	814.5
Class B units	4.5	4.5	4.5	4.5
Designated Units (see Note 10)	26.1	30.6	26.1	30.6
Incremental option units	1.4	1.2	1.4	1.3
Total	889.9	851.4	889.3	850.9
Diluted earnings per unit:				
Net income attributable to limited partners	$0.64	$0.51	$1.37	$1.00

Note 14. Commitments and Contingencies

As part of our normal business activities, we may be named as defendants in legal proceedings, including those arising from regulatory and environmental matters. Although we are insured against various risks to the extent we believe it is prudent, there is no assurance that the nature and amount of such insurance will be adequate, in every case, to fully indemnify us against losses arising from future legal proceedings. We will vigorously defend the partnership in litigation matters.

Management has regular quarterly litigation reviews, including updates from legal counsel, to assess the possible need for accounting recognition and disclosure of these contingencies. We accrue an undiscounted liability for those contingencies where the loss is probable and the amount can be reasonably estimated. If a range of amounts can be reasonably estimated and no amount within the range is a better estimate than any other amount, then the minimum amount in the range is accrued.

We do not record a contingent liability when the likelihood of loss is probable but the amount cannot be reasonably estimated or when the likelihood of loss is believed to be only reasonably possible or remote. For contingencies where an unfavorable outcome is reasonably possible and the impact would be material to our consolidated financial statements, we disclose the nature of the contingency and, where feasible, an estimate of the possible loss or range of loss. Based on a consideration of all relevant known facts and circumstances, we do not believe that the ultimate outcome of any currently pending litigation directed against us will have a material impact on our consolidated financial statements either individually at the claim level or in the aggregate.

At June 30, 2012 and December 31, 2011, our accruals for litigation contingencies were $16.2 million and $16.5 million, respectively, and were recorded in our Unaudited Condensed Consolidated Balance Sheets as a component of "Other current liabilities." Our accruals for litigation contingencies are recorded on an undiscounted basis. Our evaluation of litigation contingencies is based on the facts and circumstances of each case and predicting the outcome of these matters involves uncertainties. In the event

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the assumptions we use to evaluate these matters change in future periods or new information becomes available, we may be required to record additional accruals. In an effort to mitigate expenses associated with litigation, we may settle legal proceedings out of court.

Contractual Obligations

Scheduled Maturities of Long-Term Debt. With the exception of (i) routine fluctuations in the balance of our revolving credit facility, (ii) the issuance of Senior Notes EE in February 2012 and (iii) the repayment of Senior Notes S and TEPPCO Senior Notes in February 2012, there have been no significant changes in our consolidated debt obligations since those reported in our 2011 Form 10-K. See Note 9 for additional information regarding our consolidated debt obligations.

Operating Lease Obligations. Consolidated lease and rental expense was $22.7 million and $21.5 million during the three months ended June 30, 2012 and 2011, respectively. For the six months ended June 30, 2012 and 2011, consolidated lease and rental expense was $45.1 million and $42.0 million, respectively. There have been no material changes in our operating lease commitments since those reported in our 2011 Form 10-K.

Purchase Obligations. There have been no material changes in our consolidated purchase obligations since those reported in our 2011 Form 10-K.

Other Claims

As part of our normal business activities with joint venture partners and certain customers and suppliers, we occasionally make claims against such parties or have claims made against us as a result of disputes related to contractual agreements or similar arrangements. As of June 30, 2012, our contingent claims against such parties were approximately $39.1 million and claims against us were approximately $42.1 million. These matters are in various stages of assessment and the ultimate outcome of such disputes cannot be reasonably estimated at this time. With respect to claims against us, we believe that the likelihood of a material loss resulting from such claims is remote. Accordingly, no accruals for loss contingencies related to these matters have been recorded.

Note 15. Supplemental Cash Flow Information

The following table presents the net effect of changes in our operating accounts for the periods indicated:

	For the Six Months Ended June 30, 2012	2011
Decrease (increase) in:		
Accounts receivable – trade	$785.5	$(474.2)
Accounts receivable – related parties	35.7	(0.2)
Inventories	(20.8)	266.5
Prepaid and other current assets	(13.9)	(55.8)
Other assets	(53.7)	(34.2)
Increase (decrease) in:		
Accounts payable – trade	(45.7)	110.9
Accounts payable – related parties	(141.3)	49.9

Accrued product payables	(880.2)	479.0
Accrued interest	1.0	18.1
Other current liabilities	84.1	(10.4)
Other liabilities	(31.0)	11.8
Net effect of changes in operating accounts	$(280.3)	$361.4

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We incurred liabilities for construction in progress that had not been paid at June 30, 2012 and December 31, 2011 of $289.8 million and $286.9 million, respectively. Such amounts are not included under the caption “Capital expenditures” on the Unaudited Condensed Statements of Consolidated Cash Flows.

On certain of our capital projects, third parties are obligated to reimburse us for all or a portion of project expenditures. The majority of such arrangements are associated with projects related to pipeline construction and production well tie-ins. These cash receipts are presented as “Contributions in aid of construction costs” within the investing activities section of our Unaudited Condensed Statements of Consolidated Cash Flows.

Proceeds from asset sales increased $878.5 million period-to-period, primarily from the sale of 29,303,514 common units of Energy Transfer Equity during 2012. See Note 7 for information regarding the liquidation of our investment in Energy Transfer Equity.

See Note 16 for information regarding the collection of $27.7 million of nonrefundable property damage insurance proceeds during the second quarter of 2012.

See Note 10 for information regarding cash amounts attributable to noncontrolling interests.

Note 16. Insurance Matters

We participate as a named insured in EPCO’s insurance program, which provides us with property damage, business interruption and other insurance coverage, the scope and amounts of which we believe are customary and prudent for the nature and extent of our operations. While we believe EPCO maintains adequate insurance coverage on our behalf, insurance may not fully cover every type of damage, interruption or other loss that might occur. If we were to incur a significant loss for which we were not fully insured, it could have a material impact on our financial position, results of operations and cash flows. In addition, there may be timing differences between amounts we accrue related to property damage expense, amounts we are required to pay in connection with a loss and amounts we subsequently receive from insurance carriers as reimbursements. Any event that materially interrupts the revenues generated by our consolidated operations, or other losses that require us to make material expenditures not reimbursed by insurance, could reduce our ability to pay distributions to our unitholders and, accordingly, adversely affect the market price of our common units.

Involuntary conversions result from the loss of an asset because of some unforeseen event (e.g., destruction due to fire). Some of these events are insurable, thus resulting in a property damage insurance recovery. Amounts we receive from insurance carriers are net of any deductibles related to the covered event. EPCO renewed its annual insurance programs during the second quarter of 2012. Under terms of the renewed policies,EPCO’s deductibles for property damage claims now range from $5.0 million to $60.0 million depending on the nature of the loss (windstorm or non-windstorm) and the assets involved (onshore or offshore). We continue to maintain business interruption coverage for our onshore and offshore assets, except for those situations involving windstorm-related downtime for our offshore assets.

After performing a cost-benefit analysis, management elected to forego windstorm coverage for our Gulf of Mexico offshore assets. The combination of increasingly high deductibles and premiums resulted in such coverage being uneconomic to us; therefore, we chose to self-insure such operations for the current annual policy period. Although the new EPCO policies do not provide any windstorm coverage for offshore assets, producers affiliated with our Independence Hub and Marco Polo platforms provide physical damage windstorm coverage of approximately $350.0

million for each of these key offshore assets.

During the second quarter of 2012, we collected $27.7 million of nonrefundable cash proceeds from insurance carriers that we recognized as a gain. These proceeds relate to property damage claims we made in connection with the February 2011 NGL release and fire at the West Storage location of our Mont

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

Belvieu, Texas underground storage facility. As additional non-refundable insurance proceeds continue to be received, we expect to record gains equal to such proceeds.

Note 17. Condensed Consolidating Financial Information

EPO conducts substantially all of our business. Currently, we have no independent operations and no material assets outside those of EPO.

EPO has issued publicly traded debt securities. Enterprise Products Partners L.P., as the parent company of EPO, guarantees the debt obligations of EPO, with the exception of the remaining debt obligations of TEPPCO. If EPO were to default on any of its guaranteed debt, Enterprise Products Partners L.P. would be responsible for full repayment of that obligation. EPO's consolidated subsidiaries have no significant restrictions on their ability to pay distributions or make loans to Enterprise Products Partners L.P. See Note 9 for additional information regarding our consolidated debt obligations.

Enterprise Products Partners L.P.
Unaudited Condensed Consolidating Balance Sheet
June 30, 2012

	EPO and Subsidiaries						
	Subsidiary Issuer (EPO)	Other Subsidiaries (Non-guarantor)	EPO and Subsidiaries Eliminations and Adjustments	Consolidated EPO and Subsidiaries	Enterprise Products Partners L.P. (Guarantor)	Eliminations and Adjustments	Consolidated Total
ASSETS							
Current assets:							
Cash and cash equivalents and restricted cash	$ 28.1	$ 34.3	$ (47.9)	$ 14.5	$ --	$ --	$ 14.5
Accounts receivable – trade, net	1,151.8	2,579.7	(6.6)	3,724.9	--	--	3,724.9
Accounts receivable – related parties	323.6	1,566.5	(1,871.6)	18.5	(16.8)	0.6	2.3
Inventories	766.4	127.6	(1.1)	892.9	--	--	892.9
Prepaid and other current assets	181.9	267.4	(14.8)	434.5	0.3	--	434.8
Total current assets	2,451.8	4,575.5	(1,942.0)	5,085.3	(16.5)	0.6	5,069.4
Property, plant and equipment, net	1,599.2	22,170.8	(9.4)	23,760.6	--	--	23,760.6
Investments in unconsolidated affiliates	26,978.9	1,483.2	(27,548.9)	913.2	12,382.7	(12,382.7)	913.2
Intangible assets, net	155.2	1,477.1	(13.1)	1,619.2	--	--	1,619.2
Goodwill	458.9	1,633.4	--	2,092.3	--	--	2,092.3
Other assets	125.3	87.8	(0.8)	212.3	0.1	--	212.4

Total assets	$ 31,769.3	$ 31,427.8	$ (29,514.2)	$ 33,682.9	$ 12,366.3	$ (12,382.1)	$ 33,667.1
LIABILITIES AND EQUITY							
Current liabilities:							
Current maturities of debt	$ 1,670.1	$ 29.9	$ --	$ 1,700.0	$ --	$ --	$ 1,700.0
Accounts payable – trade	245.1	565.4	(47.9)	762.6	--	--	762.6
Accounts payable – related parties	1,778.4	158.0	(1,866.8)	69.6	--	0.6	70.2
Accrued product payables	1,554.7	2,496.4	(11.4)	4,039.7	--	--	4,039.7
Accrued interest	288.4	0.7	--	289.1	--	--	289.1
Other current liabilities	427.3	343.0	(13.7)	756.6	--	0.1	756.7
Total current liabilities	5,964.0	3,593.4	(1,939.8)	7,617.6	--	0.7	7,618.3
Long-term debt	13,331.8	14.9	--	13,346.7	--	--	13,346.7
Deferred tax liabilities	5.8	19.7	(0.8)	24.7	--	(0.9)	23.8
Other long-term liabilities	23.7	178.5	--	202.2	--	--	202.2
Commitments and contingencies							
Equity:							
Partners' and other owners' equity	12,444.0	27,544.1	(27,624.0)	12,364.1	12,366.3	(12,364.1)	12,366.3
Noncontrolling interests	--	77.2	50.4	127.6	--	(17.8)	109.8
Total equity	12,444.0	27,621.3	(27,573.6)	12,491.7	12,366.3	(12,381.9)	12,476.1
Total liabilities and equity	$ 31,769.3	$ 31,427.8	$ (29,514.2)	$ 33,682.9	$ 12,366.3	$ (12,382.1)	$ 33,667.1

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

Enterprise Products Partners L.P.
Unaudited Condensed Consolidating Balance Sheet
December 31, 2011

	EPO and Subsidiaries						
	Subsidiary Issuer (EPO)	Other Subsidiaries (Non-guarantor)	EPO and Subsidiaries Eliminations and Adjustments	Consolidated EPO and Subsidiaries	Enterprise Products Partners L.P. (Guarantor)	Eliminations and Adjustments	Consolidated Total
ASSETS							
Current assets:							
Cash and cash equivalents and restricted cash	$ 48.2	$ 21.3	$ (11.2)	$ 58.3	$ --	$ --	$ 58.3
Accounts receivable – trade, net	1,599.4	2,913.2	(10.8)	4,501.8	--	--	4,501.8
Accounts receivable – related parties	141.1	2,155.5	(2,252.0)	44.6	(1.1)	--	43.5
Inventories	943.6	170.5	(2.4)	1,111.7	--	--	1,111.7
Prepaid and other current assets	216.8	152.6	(16.0)	353.4	--	--	353.4
Total current assets	2,949.1	5,413.1	(2,292.4)	6,069.8	(1.1)	--	6,068.7
Property, plant and equipment, net	1,477.5	20,723.7	(9.6)	22,191.6	--	--	22,191.6
Investments in unconsolidated affiliates	27,060.0	8,266.7	(33,467.1)	1,859.6	12,114.5	(12,114.5)	1,859.6
Intangible assets, net	142.4	1,527.4	(13.6)	1,656.2	--	--	1,656.2
Goodwill	458.9	1,633.4	--	2,092.3	--	--	2,092.3
Other assets	146.4	107.5	2.8	256.7	--	--	256.7
Total assets	$ 32,234.3	$ 37,671.8	$ (35,779.9)	$ 34,126.2	$ 12,113.4	$ (12,114.5)	$ 34,125.1
LIABILITIES AND EQUITY							
Current liabilities:							
Current maturities of debt	$ 500.0	$ --	$ --	$ 500.0	$ --	$ --	$ 500.0
Accounts payable – trade	205.6	578.6	(11.2)	773.0	--	--	773.0
Accounts payable – related parties	2,407.2	71.9	(2,267.5)	211.6	--	--	211.6
Accrued product payables	2,141.0	2,912.4	(6.3)	5,047.1	--	--	5,047.1
Accrued interest	287.1	1.0	--	288.1	--	--	288.1
Other current liabilities	298.1	321.8	(7.4)	612.5	--	0.1	612.6

Total current liabilities	5,839.0	3,885.7	(2,292.4)	7,432.3	--	0.1	7,432.4
Long-term debt	13,975.1	54.3	--	14,029.4	--	--	14,029.4
Deferred tax liabilities	22.2	67.1	2.8	92.1	--	(0.9)	91.2
Other long-term liabilities	155.3	197.5	--	352.8	--	--	352.8
Commitments and contingencies							
Equity:							
Partners' and other owners' equity	12,242.7	28,799.8	(28,946.4)	12,096.1	12,113.4	(12,096.1)	12,113.4
Noncontrolling interests	--	4,667.4	(4,543.9)	123.5	--	(17.6)	105.9
Total equity	12,242.7	33,467.2	(33,490.3)	12,219.6	12,113.4	(12,113.7)	12,219.3
Total liabilities and equity	$ 32,234.3	$ 37,671.8	$ (35,779.9)	$ 34,126.2	$ 12,113.4	$ (12,114.5)	$ 34,125.1

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

Enterprise Products Partners L.P.
Unaudited Condensed Consolidating Statement of Operations
Three Months Ended June 30, 2012

	EPO and Subsidiaries						
	Subsidiary Issuer (EPO)	Other Subsidiaries (Non-guarantor)	EPO and Subsidiaries Eliminations and Adjustments	Consolidated EPO and Subsidiaries	Enterprise Products Partners L.P. (Guarantor)	Eliminations and Adjustments	Consolidated Total
Revenues	$ 6,033.6	$ 6,696.0	$ (2,939.8)	$ 9,789.8	$ --	$ --	$ 9,789.8
Costs and expenses:							
Operating costs and expenses	5,864.4	6,083.0	(2,937.9)	9,009.5	--	--	9,009.5
General and administrative costs	9.1	32.6	--	41.7	0.8	--	42.5
Total costs and expenses	5,873.5	6,115.6	(2,937.9)	9,051.2	0.8	--	9,052.0
Equity in income of unconsolidated affiliates	598.8	(51.0)	(536.5)	11.3	567.1	(567.1)	11.3
Operating income	758.9	529.4	(538.4)	749.9	566.3	(567.1)	749.1
Other income (expense):							
Interest expense	(185.7)	(0.9)	--	(186.6)	--	--	(186.6)
Other, net	--	13.2	--	13.2	--	--	13.2
Total other expense, net	(185.7)	12.3	--	(173.4)	--	--	(173.4)
Income before income taxes	573.2	541.7	(538.4)	576.5	566.3	(567.1)	575.7
Provision for income taxes	(4.6)	(3.7)	--	(8.3)	--	(0.2)	(8.5)
Net income	568.6	538.0	(538.4)	568.2	566.3	(567.3)	567.2
Net loss (income) attributable to noncontrolling interests	--	40.2	(41.7)	(1.5)	--	0.6	(0.9)
Net income attributable to entity	$ 568.6	$ 578.2	$ (580.1)	$ 566.7	$ 566.3	$ (566.7)	$ 566.3

Enterprise Products Partners L.P.
Unaudited Condensed Consolidating Statement of Operations
Three Months Ended June 30, 2011

	EPO and Subsidiaries						
	Subsidiary Issuer (EPO)	Other Subsidiaries (Non-guarantor)	EPO and Subsidiaries Eliminations	Consolidated EPO and Subsidiaries	Enterprise Products Partners	Eliminations and Adjustments	Consolidated Total

			and Adjustments		L.P. (Guarantor)		
Revenues	$ 7,959.5	$ 7,194.7	$ (3,937.7)	$ 11,216.5	$ --	$ --	$ 11,216.5
Costs and expenses:							
Operating costs and expenses	7,824.2	6,646.7	(3,937.6)	10,533.3	--	--	10,533.3
General and administrative costs	3.4	43.8	--	47.2	3.2	--	50.4
Total costs and expenses	7,827.6	6,690.5	(3,937.6)	10,580.5	3.2	--	10,583.7
Equity in income of unconsolidated affiliates	492.8	24.9	(506.6)	11.1	436.9	(436.9)	11.1
Operating income	624.7	529.1	(506.7)	647.1	433.7	(436.9)	643.9
Other income (expense):							
Interest expense	(184.0)	(6.2)	1.9	(188.3)	--	--	(188.3)
Other, net	1.9	0.3	(1.9)	0.3	--	--	0.3
Total other expense, net	(182.1)	(5.9)	--	(188.0)	--	--	(188.0)
Income before income taxes	442.6	523.2	(506.7)	459.1	433.7	(436.9)	455.9
Provision for income taxes	(5.7)	(1.6)	--	(7.3)	--	(0.1)	(7.4)
Net income	436.9	521.6	(506.7)	451.8	433.7	(437.0)	448.5
Net loss (income) attributable to noncontrolling interests	--	(7.5)	(7.5)	(15.0)	--	0.2	(14.8)
Net income attributable to entity	$ 436.9	$ 514.1	$ (514.2)	$ 436.8	$ 433.7	$ (436.8)	$ 433.7

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

Enterprise Products Partners L.P.
Unaudited Condensed Consolidating Statement of Operations
Six Months Ended June 30, 2012

	EPO and Subsidiaries						
	Subsidiary Issuer (EPO)	Other Subsidiaries (Non-guarantor)	EPO and Subsidiaries Eliminations and Adjustments	Consolidated EPO and Subsidiaries	Enterprise Products Partners L.P. (Guarantor)	Eliminations and Adjustments	Consolidated Total
Revenues	$ 13,673.4	$ 13,854.5	$ (6,485.6)	$ 21,042.3	$ --	$ --	$ 21,042.3
Costs and expenses:							
Operating costs and expenses	13,274.2	12,686.6	(6,484.1)	19,476.7	--	--	19,476.7
General and administrative costs	24.5	63.3	--	87.8	1.0	--	88.8
Total costs and expenses	13,298.7	12,749.9	(6,484.1)	19,564.5	1.0	--	19,565.5
Equity in income of unconsolidated affiliates	1,193.3	27.4	(1,199.5)	21.2	1,218.6	(1,218.6)	21.2
Operating income	1,568.0	1,132.0	(1,201.0)	1,499.0	1,217.6	(1,218.6)	1,498.0
Other income (expense):							
Interest expense	(371.3)	(1.8)	--	(373.1)	--	--	(373.1)
Other, net	0.1	71.8	--	71.9	--	--	71.9
Total other expense, net	(371.2)	70.0	--	(301.2)	--	--	(301.2)
Income before income taxes	1,196.8	1,202.0	(1,201.0)	1,197.8	1,217.6	(1,218.6)	1,196.8
Benefit from income taxes	22.4	3.7	--	26.1	--	(0.2)	25.9
Net income	1,219.2	1,205.7	(1,201.0)	1,223.9	1,217.6	(1,218.8)	1,222.7
Net loss (income) attributable to noncontrolling interests	--	(4.2)	(2.0)	(6.2)	--	1.1	(5.1)
Net income attributable to entity	$ 1,219.2	$ 1,201.5	$ (1,203.0)	$ 1,217.7	$ 1,217.6	$ (1,217.7)	$ 1,217.6

Enterprise Products Partners L.P.
Unaudited Condensed Consolidating Statement of Operations
Six Months Ended June 30, 2011

	EPO and Subsidiaries						
	Subsidiary Issuer	Other Subsidiaries	EPO and Subsidiaries	Consolidated EPO and	Enterprise Products	Eliminations and	Consolidated Total

	(EPO)	(Non-guarantor)	Eliminations and Adjustments	Subsidiaries	Partners L.P. (Guarantor)	Adjustments	
Revenues	$ 16,284.3	$ 13,273.4	$ (8,157.5)	$ 21,400.2	$ --	$ --	$ 21,400.2
Costs and expenses:							
Operating costs and expenses	16,002.4	12,225.3	(8,157.3)	20,070.4	--	--	20,070.4
General and administrative costs	4.3	77.5	--	81.8	6.5	--	88.3
Total costs and expenses	16,006.7	12,302.8	(8,157.3)	20,152.2	6.5	--	20,158.7
Equity in income of unconsolidated affiliates	950.8	56.7	(980.2)	27.3	860.9	(860.9)	27.3
Operating income	1,228.4	1,027.3	(980.4)	1,275.3	854.4	(860.9)	1,268.8
Other income (expense):							
Interest expense	(363.0)	(12.9)	3.8	(372.1)	--	--	(372.1)
Other, net	3.9	0.7	(3.8)	0.8	--	--	0.8
Total other expense, net	(359.1)	(12.2)	--	(371.3)	--	--	(371.3)
Income before income taxes	869.3	1,015.1	(980.4)	904.0	854.4	(860.9)	897.5
Provision for income taxes	(8.5)	(5.9)	--	(14.4)	--	(0.1)	(14.5)
Net income	860.8	1,009.2	(980.4)	889.6	854.4	(861.0)	883.0
Net loss (income) attributable to noncontrolling interests	--	(10.9)	(18.2)	(29.1)	--		