



Texas Eastern Products Pipeline Company, LLC

Audit and Conflicts Committee Charter

April 25, 2005

Approved by the Audit and Conflicts Committee Effective April 25, 2005

Approved by the Board of Directors Effective April 25, 2005

I. Audit and Conflicts Committee Purpose

The Audit and Conflicts Committee (the “Committee”) is established by the Board of Directors (the “Board”) of Texas Eastern Products Pipeline Company, LLC (the “Company”) for the primary purpose of assisting the Board in (i) overseeing the integrity of the financial statements of TEPPCO Partners, L.P. and its respective subsidiaries (collectively, the “Partnership”), (ii) overseeing the Partnership’s compliance with legal and regulatory requirements, (iii) overseeing the qualifications and independence of the Partnership’s independent auditor firm (the “Independent Auditor”), (iv) overseeing the performance of the Partnership’s internal audit function and Independent Auditor, and (v) overseeing the Partnership’s system of disclosure controls and system of internal controls regarding finance, accounting, legal compliance, and ethics that management and the Board have established.

The Committee will have direct access to the Independent Auditor as well as anyone in the organization deemed necessary or appropriate by the Committee in fulfilling its duties under this Charter. The Committee has the ability, but not the duty, to retain, at the Partnership’s expense, special legal, accounting, or other consultants or experts it deems necessary or appropriate in the performance of its duties and responsibilities.

While the Committee possesses the authority set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Partnership’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management of the Company and the Independent Auditor retained by the Partnership. It is also not the duty of the Committee to conduct investigations, to resolve disagreements, if any, between management of the Company and the Independent Auditor retained by the Partnership or to assure compliance by the Partnership with laws and regulations and the Company’s Code of Business Ethics (or similar policies).

The Committee's job is one of oversight. Management is responsible for the Partnership’s financial reporting process, including its system of internal controls, and for the preparation of the Partnership’s consolidated financial statements in conformity with accounting principles generally accepted in the United States. The Independent Auditor is responsible for auditing those financial statements. The Committee has no duty or responsibility to conduct auditing review or procedures. The Committee and the Board recognize that management (including the internal auditors) and the Independent Auditor have more resources and time, and more detailed knowledge and information regarding the Partnership’s accounting, auditing, internal control and financial reporting practices than the Committee does. Accordingly, the oversight role of the Committee does not provide any expert or special assurance as to the financial statements and other financial information provided by the Partnership to its unitholders and others.

In carrying out its purpose, the goal of the Committee shall be to serve as an independent and objective monitor of the Partnership’s financial reporting process and internal control systems, including the activities of the Independent Auditor and internal auditors, and to provide an open avenue of communication between the Committee, the Independent Auditor, the internal auditors, and management of the Company.

In discharging its oversight role, the Committee is empowered to (i) investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Partnership and the Company, and (ii) engage and, on behalf of the Partnership, compensate independent counsel and other advisers as it determines necessary to carry out its duties. The Company and/or the Partnership shall provide the Committee with adequate funding for its operation and the appropriate officers of the Company are hereby authorized to expend the funds necessary for the conduct of the Committee's business upon direction of the Committee or the Chairman thereof, without further authorization of the Board of Directors.

The Committee will primarily fulfill its responsibilities by carrying out the activities enumerated in Section III of this Charter. The Committee will report regularly to the Board regarding the execution of its duties and responsibilities.

II. Audit and Conflicts Committee Composition and Meetings

Experience

The Committee members shall meet the experience requirements of the New York Stock Exchange, Inc. ("NYSE"). All members of the Committee shall be "financially literate", and at least one member of the Committee shall be an "audit committee financial expert" all as defined in regulations adopted by the SEC under the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and applicable NYSE listing standards.

Independence and Number

The Committee shall be comprised of at least three (3) directors, each of whom shall be determined by the Board to be "independent" in accordance with regulations adopted by the SEC under the Sarbanes-Oxley Act and applicable NYSE listing standards. A director shall generally be considered independent if he or she has no material relationship with the Company, or the Partnership, (other than service as a director of the Company). The Board shall determine whether such a material relationship exists; provided, however, that the following shall be deemed to constitute a material relationship and shall disqualify a director from serving on the Committee.

1. Employment with the Company, the Partnership or their affiliates in an executive capacity within the last five (5) years;
2. Employment or other material relationship with a present or former auditor of the Company, the Partnership or their affiliates within the last five (5) years after the end of the affiliation or auditing relationship;
3. Part of an interlocking directorate in which an executive officer of the Company serves on the compensation committee of another company that currently employs the director;

4. Employment or other material relationship with an entity that is an adviser or consultant to the Company, the Partnership or their affiliates;
5. Employment or other material relationship with a significant customer or supplier of the Company, the Partnership or their affiliates;
6. Any personal services contract(s) with the Company, the Partnership or their affiliates;
7. Any business relationship with the Company, the Partnership or their affiliates (other than service as a director) for which the Company or the Partnership has been required to make disclosure under Regulation S-K within the last five (5) years;
8. An immediate family relationship with any person described above; or
9. Otherwise be considered an “affiliated person” of the Company or the Partnership as such term is defined under applicable SEC rules.

In addition, to be considered “independent”, no Committee member may receive any compensation, directly or indirectly, from the Company or the Partnership other than director’s fees. The fee may be received in cash or other in kind consideration ordinarily available to outside directors, as well as all of the regular benefits that other outside directors receive as Board members.

Appointment/Removal and Chairman

The members of the Committee shall be appointed by the Board at the annual meeting of the Board for terms of one (1) year, or until their successors shall be duly elected and qualified. Any member can be removed by the Board at any time for any reason. Any Committee member who ceases to be “independent” as described above shall automatically be removed from the Committee. Any vacancies in the Committee shall be filled by the Board as soon as reasonably possible. Unless a Chairman of the Committee is appointed by the Board, the members of the Committee may designate a Chairman by majority vote of the full membership of the Committee.

Meetings

1. The Committee shall meet at least quarterly, or more frequently as circumstances dictate. The Committee Chairman after consultation with management of the Company, other Committee members, internal auditors and the Independent Auditor, shall prepare and/or approve an agenda in advance of each meeting.
2. The Committee should meet at least annually, or more frequently as circumstances dictate, in separate executive sessions with management, the internal auditors, the Independent Auditor, and as a committee to discuss any matters that the Committee or each of these groups believe should be discussed privately.

3. The Committee, or at least its Chairman, should communicate with management and the Independent Auditor quarterly to review the Partnership's financial statements and significant findings based upon the auditors limited review procedures.

Limitations on Outside Service

No member of the Committee may serve on the audit committee of more than three public companies, including the Company, unless the Board of Directors has determined that such simultaneous service would not impair the ability of such member to effectively serve on the Committee.

III. Audit and Conflicts Committee Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee will:

Review Procedures

1. Review this Charter periodically, at least annually, and recommend to the Board any necessary amendments as conditions dictate.
2. Review and discuss with management the Partnership's annual financial statements, quarterly financial statements and all internal controls reports (or summaries thereof).
3. In consultation with management of the Company, the Independent Auditor and the Partnership's internal auditors, review the integrity of the Company's financial reporting processes and controls.
4. Review other relevant reports or financial information submitted by the Company to any governmental body, or the public, including management certifications as required by the Sarbanes-Oxley Act and relevant reports rendered by the Independent Auditor (or summaries thereof).
5. Recommend to the Board whether the audited annual financial statements should be included in the Annual Report on Form 10-K.
6. Review with financial management and the Independent Auditor the Annual Report on Form 10-K, each Quarterly Report on Form 10-Q and, to the extent deemed necessary or appropriate by the Committee, each Current Report on Form 8-K prior to the filing by the Partnership of each such Report, including the results of the review of such information by the Independent Auditor.
7. Review earnings news releases with management and the Independent Auditor, including review of "pro-forma" or "adjusted" non-GAAP information contained in such news releases, including the results of the review of such releases by the Independent Auditor.

8. Discuss with management financial information and, if applicable, earnings guidance provided to the public, to analysts and to rating agencies. Such discussions may be on general terms (i.e., discussion of the types of information to be disclosed and the type of presentation to be made).

9. Review the regular internal reports (or summaries thereof) to management prepared by the internal auditors and management's response.

Independent Auditor

1. Appoint, compensate, and oversee the work performed by the Independent Auditor for the purpose of preparing or issuing an audit report or related work. Review the performance of the Independent Auditor and remove the Independent Auditor if circumstances warrant. The Independent Auditor shall report directly to the Committee and the Committee shall oversee the resolution of disagreements between management and the Independent Auditor in the event that they arise.

2. Approve the fees and other significant compensation to be paid to the Independent Auditor.

3. Consider whether the Independent Auditor's performance of permissible non-audit services is compatible with the Independent Auditor's independence.

4. Review and approve prior to performance both audit and non-audit services to be provided by the Independent Auditor (other than with respect to de minimis exceptions permitted by the Sarbanes-Oxley Act). This pre-approval authority may be delegated to one or more designated members of the Committee, and the pre-approval of any non-audit services shall be reported to the Committee at its next regularly scheduled meeting. Approval of non-audit services shall be disclosed to investors in periodic reports as may be required by Section 13(a) of the Securities Exchange Act of 1934 and applicable to the Partnership.

5. Review the Independent Auditor's audit plan and discuss with the Independent Auditor, the scope, staffing, locations, reliance upon management, and internal audit and general audit approach to be used by the Independent Auditor in connection with its audit services and activities.

6. Review with the Independent Auditor any problems or difficulties encountered by the Independent Auditor in the course of performing its services with respect to the Partnership and management's response to such problems or difficulties.

7. Review the Independent Auditor's attestation and report on management's internal control report and hold timely discussions with the Independent Auditor regarding (i) all critical accounting policies and practices, (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Independent Auditor, (iii) other material written communications between the

Independent Auditor and management including, but not limited to, the management letter and schedule of unadjusted differences and (iv) an analysis of the Independent Auditor's judgment as to the quality of the Partnership's accounting principles, setting forth significant reporting issues and judgments made in connection with the preparation of the financial statements.

8. At least annually, obtain and review a report by the Independent Auditor describing (i) the firm's internal quality control procedures, (ii) any material issues raised by the most recent internal quality-control review, peer review, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues, (iii) the matters required to be communicated to Committee by the Independent Auditor in accordance with AICPA SAS 61 and (iv) to assess the Independent Auditor's independence, all relationships between the Independent Auditor and the Partnership (which shall, at a minimum be consistent with Independence Standards Board Standard Number 1).

9. Review the independence and performance of the Independent Auditor and, in connection therewith, actively engage in a dialogue with the Independent Auditor with respect to any relationships that may impact the objectivity and independence of the Independent Auditor.

10. Set clear hiring policies, compliant with governing laws or regulations, for employees or former employees of the Independent Auditor.

Financial Reporting Processes and Accounting Policies

1. In consultation with the Independent Auditor and the internal auditors, review the integrity of the Partnership's financial reporting processes (both internal and external), and the internal control structure (including disclosure controls). Meet with representatives of the Company's disclosure committee on a periodic basis to discuss any matters of concern arising from the disclosure committee's quarterly process to assist the Chief Executive Officer and Chief Financial Officer in their Sarbanes-Oxley Section 302 certifications.

2. Review with management major issues regarding accounting principles and financial statement presentations, including any significant changes in the Partnership's selection or application of accounting principles, and major issues as to the adequacy of the Partnership's internal controls and any special audit steps adopted in light of material control deficiencies.

3. Review analyses prepared by management setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.

4. Review with management the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Partnership.

5. Establish and maintain procedures for the receipt, retention, and treatment of complaints regarding accounting, and auditing matters.

6. Establish and maintain procedures for the confidential, anonymous submission by Company employees regarding questionable accounting or auditing matters.

Internal Audit

1. Review and advise on the selection and replacement of the internal auditors.
2. Review activities, organizational structure, and qualifications of the internal audit function.
3. Periodically review with the internal auditors any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the internal auditor's work.
4. Periodically review with the Independent Auditor, the budget, staffing, and responsibilities of the internal audit function.

Ethical Compliance, Legal Compliance, and Risk Management

1. Establish, review and update periodically a Code of Business Ethics (the "Business Code") for officers and employees, including Senior Financial Officers and managers and ensure that management has established a system to enforce this Business Code and the policies it incorporates.
2. Periodically review, with the Partnership's counsel or the Committee's outside counsel, legal compliance matters relating to the Partnership, including the Partnership's insider securities trading policies.
3. Periodically review, with the Partnership's counsel or the Committee's outside counsel, any legal matter that could have a significant impact on the Partnership's financial statements.
4. Discuss policies with respect to risk assessment and risk management policies contained in the Risk Management Plan. Such discussions should include the Partnership's major financial and accounting risk exposures and the steps management has undertaken to control them.

Other Audit and Conflicts Committee Responsibilities

1. Maintain minutes of meetings or other records of meetings and actions of the Committee.
2. Have Committee meeting agendas prepared with input from Committee members and Company management.
3. Report to the full Board at each Board meeting. In addition, the minutes from Committee meetings shall be distributed to each Board member.
4. Periodically perform self-assessment of the Committee's performance. Review, discuss and assess the Committee's own performance as well as the Committee roles and

responsibilities, seeking input from the Company's senior management, the Independent Auditor and the Board.

5. Periodically require each Committee member to certify that such person meets the independence requirements prescribed by law and/or NYSE rules, including that such person has received no compensation from the Company or Partnership other than director and Board committee fees.

6. Review Committee membership annually to assure that all Committee members are financially literate and that at least one of its members is an audit committee financial expert, all in accordance with applicable SEC regulations and NYSE listing standards.

7. Report regularly to the Board of Directors following each meeting, which reports shall include any issues that arise with respect to the quality or integrity of the Partnership's financial statements, the Partnership's compliance with legal or regulatory requirements, the performance and independence of the Partnership's Independent Auditor or the performance of the internal audit function and with respect to such other matters as are relevant to the Committee's discharge of its responsibilities and, in such regard, the Committee shall provide such recommendations as the Committee may deem appropriate.

8. Receive, consider, reject and pass on the fairness and reasonableness of any transaction or matter involving a conflict of interest between the Company and its affiliates on the one hand and the Partnership or its subsidiaries on the other hand, including without limitation (i) asset sales, (ii) operating or support services agreements and (iii) any other material contractual arrangements.

9. Establish procedures for determining the fairness and reasonableness of any affiliate transactions involving product exchanges or loans, without direct Committee action.

10. Evaluate the fairness and reasonableness to the Partnership and approve or reject the issuance and pricing of additional partnership interests or any other form or equity in the Partnership.

11. Perform any activities consistent with this Charter, the Partnership's organizational documents, and governing law, as the Committee or the Board deems necessary or appropriate.

Annual Self Evaluation

The Committee shall conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with the Charter of the Committee.