



Texas Eastern Products Pipeline Company, LLC

Governance Guidelines

Dated February 27, 2007

**Approved by the Audit and Conflicts Committee on February 26, 2007
Approved by the Board of Directors on February 27, 2007**

The Board of Directors of Texas Eastern Products Pipeline Company, LLC (the “Company”), the general partner of TEPPCO Partners, L.P., (the “Partnership”), believes that sound governance policies and practices provide an essential foundation to assist the Board of Directors (the “Board”) in fulfilling its responsibilities. The Board adopts the following principles of governance, which shall be reviewed periodically by the Audit, Conflicts and Governance Committee of the Board, to signal its strong commitment of good governance practices.

Board Structure

1. *Number of Directors.* Pursuant to the organizational documents of the Company the Board is to be composed of at least three but no more than 7 members, however the Board or the sole member of the Company may from time to time change its size, to the extent permitted by the Company’s constituent documents, as deemed necessary or appropriate.

2. *Selection of Board Members and Director Qualification Standards.* The Company’s objective is to select individuals with education, experience and skills necessary to assist management in the operation of the Partnership’s businesses.

3. *Independence.* At least three (3) of the directors must be non-affiliate, non-management directors who meet the “independence” requirements of the New York Stock Exchange (the “NYSE”) listing standards and the Securities and Exchange Commission (the “SEC”) rules and regulations (“Independent Directors”).

4. *Director Responsibilities.* Each director is expected to devote the necessary time and attention to fulfill the obligations of a director, and is expected to attend regularly scheduled Board and committee meetings, either in person or by telephone. As a group, directors are expected to set the appropriate policy for the Partnership. Directors are expected to discuss with the Chairman of the Board (“Chairman”) and the Chief Executive Officer (“CEO”) of the Company when they are contemplating any potential service as a board member of other for-profit organizations in an effort to avoid potential conflicts with the Partnership and to ensure that the directors will have sufficient time to devote to their responsibilities as a director of the Company.

5. *Committees of the Board.* The Board shall have an Audit, Conflicts and Governance Committee (the “ACG Committee”), and such other committees as the Board may determine from time to time.

6. *Retirement/Resignation.* Directors who are employees of the Company or its affiliates (“Affiliate Directors”) are expected to submit a letter of resignation at the time of resignation, retirement or termination from active employment with the Company and/or its affiliates, or when resigning from a top management position in the Company or an affiliate. Directors who are not employees of the Company or its affiliates (“Non-Affiliate Directors”) are expected to submit a proposed letter of resignation under any of the following circumstances: (a) when the director resigns, retires or is terminated from his or her principal business organization or other activity with which he or she was then identified except in the case of normal retirement; (b)

whenever the health or physical condition of a director would prevent him or her from satisfactorily fulfilling the responsibilities of the position; (c) whenever the Non-Affiliate Director's affiliation with another entity creates an interlocking directorate or other potential conflict with the Partnership's business; or (d) whenever a director's affiliation or position of principal employment changes after election to the Board. The Chairman will review such proposed letters of resignation and recommend to the Board whether a resignation should be accepted.

Board Functions

1. *Approval of Major Strategies and Financial Objectives.* Each year the Board will review, as appropriate, the Partnership's operating and capital expenditure budgets, as well as its long-term strategic plan, and financial goals. The Board will regularly monitor the Partnership's performance with respect to these plans and goals.

2. *Board Evaluation.* The Board will annually evaluate the effectiveness of the Board and its committees. In addition, each committee of the Board shall conduct an annual evaluation of its effectiveness. The Board will meet in executive session without any officers of the Company who are not directors, including the Secretary, being present to discuss these assessments. The purpose of these evaluations is to increase the effectiveness of the Board as a whole, each committee, and each individual Board member. The Chairman or his or her designee shall be responsible for establishing the evaluation criteria and implementing the process for such evaluation.

3. *Director Compensation.* The Board and, if requested by the Board or the Chairman, the ACG Committee shall periodically review director compensation (including additional compensation to members and chairpersons of committees) to ensure that it is reasonable and competitive with that provided to persons holding such positions with similarly situated companies.

4. *Independent Directors' Discussion.* The Independent Directors of the Board will meet separately in executive session at each regularly scheduled meeting of the Board of Directors and at such other times as they deem necessary or appropriate. The Chairman (or in the chairman's absence, chair ACG Committee) shall serve as chair of each meeting in executive session of the Independent Directors.

5. *Director Orientation and Continuing Education.* The Board will ensure that newly elected Board members are provided with a director orientation session in order to (a) become better acquainted with the way the Board functions, (b) meet with members of management, and (c) gain useful information regarding the Partnership and its operations. The Board, in consultation with the CEO, will provide for continuing education opportunities for Board members to become more knowledgeable about specific areas of importance to the Partnership's operations (including, but not limited to, accounting, finance, internal controls, risk assessment and mitigation, regulatory compliance, business strategies, and other strategic aspects of the Partnership).

Board Operations

1. *Number of Board Meetings.* The Board will meet as frequently as needed for the directors to discharge properly their responsibilities. Regular meetings of the Board are held four times per year and special meetings are held as necessary.
2. *Conduct of Meetings.* Board and Committee meetings will be conducted in a manner which ensures open communication, meaningful participation and timely resolution of issues.
3. *Agenda for Board and Committee Meetings.* The CEO will propose to the Chairman an agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda. With respect to committees of the Board, the chairperson of such committee, in consultation with committee members and appropriate members of management, will develop the committee's agenda for applicable meetings.
4. *Materials Distributed in Advance of Meetings.* It is the sense of the Board that information and data that are important to the Board's understanding of a meeting should, when practical, be distributed in writing to members of the Board in advance of the applicable meeting. Materials distributed to the Board members will be brief but thorough.
5. *Director Interaction with Senior Management.* Board members shall have complete access to the Company's senior management. Board members should exercise reasonable judgment when contacting senior management to avoid creating unnecessary distractions from the Partnership's business operations and ensure that the CEO is informed of such contacts.
6. *Access to Independent Advisors.* The Board and each committee shall have full access to independent legal, accounting, financial and other advisors, as it deems necessary or appropriate to assist the Board or such committee in the conduct of its duties.

Management Responsibilities

1. *Financial Reporting, Legal Compliance and Ethical Conduct.* The Board's governance and oversight functions do not relieve the Company's senior management of its primary responsibility for preparing financial statements which accurately and fairly present the Partnership's financial results and condition. Senior management shall maintain systems, procedures and a culture that promotes compliance with legal and regulatory requirements and the ethical conduct of the Partnership's business.
2. *Partnership Communications.* The Board believes that management speaks for the Partnership. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Partnership. However, it is expected that Board members will speak for the Partnership only with the knowledge of management and, in most instances, at the request of management. Holders of common limited partnership units may

contact Non-Affiliated Directors by sending written correspondence to the director to the following address:

Murray H. Hutchison
Director and Chairman of the Board
c/o Patricia A. Totten, Secretary
Texas Eastern Products Pipeline Company, LLC
P. O. Box 2521
Houston, TX 77252-2521

The Secretary will forward all such correspondence directly to the appropriate Board member or members.