

**CORPORATE GOVERNANCE GUIDELINES
OF
BUCKEYE GP HOLDINGS L.P.**

The business and affairs of Buckeye GP Holdings L.P. (the “Partnership”) is managed by and under the direction of the Board of Directors (“Board”) of MainLine Management LLC, its general partner (the “General Partner”), for the purpose of creating long-term value for the Partnership’s limited partners (the “Unitholders”). In that context, the Board also considers the interests of other interested parties, including Buckeye GP LLC (“Buckeye GP”), which the Partnership owns and controls, Buckeye Partners, L.P. (“Buckeye”), a publicly traded Delaware limited partnership managed by Buckeye GP, the employees of Buckeye Pipe Line Services Company and certain operating subsidiaries of Buckeye, the Partnership’s and Buckeye’s customers, suppliers and creditors and the communities in which the Partnership and Buckeye do business. The Board has adopted these Corporate Governance Guidelines pursuant to applicable law and the requirements of the New York Stock Exchange (“NYSE”), as well as an Audit Committee Charter, to provide a framework for the functioning of the Board and Audit Committee. (Unless otherwise noted, these Guidelines will refer to the Partnership and the General Partner together as the Partnership. Furthermore, references to the “Partnership Group” include the Partnership, Buckeye and Buckeye GP).

I. Board Composition and Structure

- A. Size of Board. The number of members of the Board generally should range from seven to ten members, recognizing that retirements, resignations and recruiting delays may result, periodically, in the Board consisting, for some transitional period, of a greater or lesser number of directors than the Board may have targeted.
- B. Mix of Directors: “Independent” Directors. A minimum of three directors should be independent. The Partnership is not required to have a majority of independent directors under the NYSE requirements. No director will be deemed independent unless the Board affirmatively determines that the director has no material relationship with the Partnership Group (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Partnership Group). Officers, directors and other affiliates of BGH GP Holdings, LLC (“BGH Holdings”), the owner of the General Partner, and any entity controlled by ArcLight Capital Partners, LLC and Kelso & Company, are not considered independent for this purpose. The Board has established the following additional standards to assist it in determining director independence:
 - 1. *Categorical Standards.* A director will not be deemed independent if (i) the director is, or has been within the last

three years, an employee of the Partnership Group, or an immediate family member is, or has been within the last three years, an executive officer, of the Partnership Group;

(ii) the director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Partnership Group, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

(iii) (A) the director or an immediate family member is a current partner of a firm that is the Partnership Group's internal auditor or independent public accountants; (B) the director is a current employee of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and who personally works on the Partnership Group's audit, assurance or tax compliance (but not tax planning) engagement; or (D) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Partnership Group's audit within that time;

(iv) the director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Partnership Group's present executive officers at the same time serves or served on that company's compensation committee;

(v) the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Partnership Group for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or two percent of such other company's consolidated gross revenues; or

(vi) the director serves as an executive officer of a charitable organization and, during any of the past three fiscal years, the Partnership Group made charitable contributions to the charitable organization in any single fiscal year that exceeded \$1 million or two percent, whichever is greater, of the charitable organization's consolidated gross revenues.

For the purposes of these categorical standards, the term "immediate family member" has the meaning set forth in the NYSE's corporate governance rules. Furthermore, the numerical parameters set forth in these categorical standards are intended to mirror the NYSE requirements, and the Partnership intends that these standards be changed whenever such NYSE requirements are changed or amended.

2. *Exchange Act Independence Requirements.* Additionally, Audit Committee members may not accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Partnership Group or any subsidiary or affiliate of the Partnership Group. For the purpose of this paragraph, compensatory fees do not include fees for service on the Board or a Board committee, or the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Partnership Group (provided that such compensation is not contingent in any way on continued service). In addition, Audit Committee members may not be affiliated persons of the Partnership Group or any Partnership Group subsidiary.
 3. *Board Determinations.* Notwithstanding the foregoing, the ultimate determination of whether a director would be independent shall be made by the Board, unless an independence determination is otherwise precluded by a listing or regulatory requirement.
- C. Selection of Directors. The sole member of the General Partner, BGH Holdings, in consultation with the Chairman of the Board (“Chairman”) and the Chief Executive Officer (“CEO”) of the General Partner, will appoint the directors of the General Partner, as appropriate. In addition, the Board may be asked to fill vacancies on the Board when necessary or appropriate. The Partnership is not required to have a nominating committee of independent directors under the NYSE requirements, but the Chairman and the CEO shall nevertheless solicit the opinions of the independent directors on the qualifications of director candidates. The Board should obtain the opinion of the General Counsel of the General Partner that there is no reason to believe that the candidate for membership on the Board is not independent within the meaning of applicable laws and NYSE requirements.
- D. Board Membership Criteria. The Board, on an annual basis, evaluates its size, function and needs, with the intent that the Board as a whole collectively possess a broad range of skills, expertise, industry and other knowledge, and business and other experience useful to the effective oversight of the Partnership’s business. The Partnership also seeks Board members from diverse backgrounds with a broad spectrum of experience and expertise to complement the Board’s existing strengths. All Board members must individually possess good judgment and leadership skills and enjoy a reputation for integrity. Directors should have experience in positions with a high degree of responsibility, be leaders in the companies or institutions with which they are affiliated, and be

selected based upon contributions that they can make to the Partnership. In selecting candidates for membership, the Partnership shall take into consideration the recommendations of the SEC and/or NYSE concerning the ability of directors to serve on the boards and committees of multiple public companies.

E. Retirement; Resignation.

1. *Term; Term Limits.* The Board does not believe that it should establish term limits. Term limits have the disadvantage of causing the loss of the contribution of directors who have developed, over a period of time, meaningful insight into the Partnership and its operations, and therefore can provide an important contribution to the Board as a whole.
2. *Retirement Policy.* The Board does not believe that it should establish a mandatory retirement policy. The Board in consultation with the Chairman annually evaluates the ability of each director to fulfill his or her duties.
3. *Resignation Policy.* An independent director who changes the primary job responsibilities that the director held at the time of his or her election to the Board will inform the Chairman at that time. The Chairman will, in consultation with the Board, determine whether such change in responsibilities will impair the director's ability to effectively serve on the Board, and may request such director to resign if it is determined that the ability of the director to serve is impaired. A management director will offer to resign from the Board upon the management director's resignation, removal, or retirement as an officer of the Partnership. The Chairman will, in consultation with the Board, determine whether or not to request a resignation.

F. Additional Directorships. Directors are encouraged to limit the number of other boards of directors (excluding non-profit boards of directors) on which they serve, taking into account potential meeting attendance, participation and other commitments with respect to these other boards of directors. The Audit Committee Charter specifically limits the number of public company auditing committee memberships to three, including the Partnership Group.

G. Compensation of Independent Directors. Management should report periodically to the Board as to how the Partnership's independent director compensation practices compare with those of comparable public companies. In setting independent director

compensation, the Board should be guided by the following principles: compensation should align directors' interests with the long-term interests of the Partnership's Unitholders while not calling into question their objectivity; and the structure of the compensation should be simple, transparent and easy for Unitholders to understand.

II. Board Meetings and Procedures

A. Board Meetings.

1. *Number of Meetings; Attendance and Preparation.* The Board holds a minimum of six regularly scheduled meetings per year. Directors are expected to attend all regularly scheduled meetings and to have, prior to the meetings, reviewed all written meeting materials distributed to them in advance. Attendance at regular and special meetings of the Board may be in person or by telephone.
2. *Selection of Agenda Items.* The Chairman and the CEO should establish the agenda for Board meetings; however, directors may at any time suggest that particular items be placed on the agenda.
3. *Distribution of Materials.* The Partnership will distribute written materials, including the agenda, for use at Board meetings sufficiently in advance of meetings to permit meaningful review. It is recognized, however, that under certain circumstances written materials may be unavailable to directors in advance of the meeting. On those occasions in which the subject matter is too sensitive to provide in writing, the Chairman or the CEO may elect to contact each director by telephone in advance of the meeting to discuss the subject and the principal issues the Board will need to consider.
4. *Attendance of Non-Directors.* Attendance at Board meetings is typically limited to Board members and executive officers of the Partnership. However, the Board retains the authority to invite other key personnel to attend Board meetings when deemed appropriate.
5. *Executive Sessions of Independent Directors.* The independent directors will meet in executive session at least two times a year outside of the presence of any management directors and any other members of the

Partnership Group's management who may otherwise be present. During at least one session per year, only independent directors may be present. The directors present at each executive session will select a presiding director for that session. During executive sessions, the directors may consider such matters as they deem appropriate. Following each executive session, the results of the deliberations and any recommendations should be communicated to the full Board. The Board will establish, or direct a committee of the Board to establish, a method for interested parties to communicate directly with the presiding director or with independent directors as a group.

- B. Access to Senior Management/Independent Advisors. Board members have complete and open access to executive officers of the Partnership and other senior members of management. The Chairman or CEO may invite other key employees to attend sessions prior to Board meetings if the CEO believes they can provide meaningful information to the Board. The Board, including the independent members of the Board (acting collectively), shall have the authority, in their discretion and at the Partnership's expense, to retain independent advisors.
- C. Access to Unitholders and Other Interested Parties. The Chairman and the CEO are responsible for establishing effective communications with the Partnership's Unitholders, customers, associates, communities, suppliers, creditors and business partners.
- D. Confidentiality. The Board believes that maintaining confidentiality of information distributed to and the deliberations of the Board is imperative and expects all Board members to adhere to such policy.

III. Board Duties and Responsibilities

- A. Oversight. To accomplish its mission to maximize long-term Unitholder value, the Board must:
 - 1. Create an environment that fosters the Partnership operating in a legal, ethical, and socially responsible manner;
 - 2. Select, evaluate, and offer substantive advice and counsel to the CEO;
 - 3. Review, approve, and monitor fundamental financial and business strategies and major Partnership actions;

4. Oversee the Partnership's capital structure and financial policies and practices;
 5. Assess major risks facing the Partnership and review options for their mitigation; and
 6. Provide counsel and oversight on the selection, evaluation, and development of executive officers and provide critical and candid feedback on their performance.
- B. Corporate Governance. The Board will review and, if it deems appropriate, approve changes to these Corporate Governance Guidelines.
- C. Audit Committee Charter. The Board will review and, if it deems appropriate, approve changes to the Partnership's Audit Committee Charter.
- D. Education. The Partnership will provide an educational program for new Board members that includes extensive materials and meetings with management. Additionally, the Partnership will make available to all directors continuing education programs designed to improve their ability to perform their duties.
- E. Assessing Board and Committee Performance. The Board will conduct an annual self-evaluation of its performance and an evaluation of each of the Board committees' performance to determine whether it and its committees are functioning effectively.
- F. Assessing Senior Management Performance. The Partnership is not required to have a compensation committee of independent directors under the NYSE requirements. The Board will provide counsel and oversight on the selection, evaluation and development of senior management of the Partnership and annual feedback on their performance.
- G. Assessing CEO Performance. The Board believes that the CEO's performance should be evaluated annually. The Board sets annual and long-term performance goals for the CEO and for evaluating his or her performance against such goals. The Board meets annually with the CEO to receive his recommendations concerning such goals and to evaluate his performance against the prior year's goals.
- H. Succession Planning. The Board plans for the succession to the positions of CEO and other executive officers of the Partnership. To assist the Board, the CEO periodically provides the Board with an assessment of the executive officers and their potential to

succeed him or her. The results of this assessment will be reported to and discussed with the Board.

- I. Business Conduct and Ethics; Related Party Transactions. The Board believes that, in order to maintain high standards of ethical, legal, and socially responsible conduct, the Partnership should publish and maintain appropriate codes of ethics and business conduct applicable to directors, officers and employees that collectively will address: (i) conflicts of interest, (ii) corporate opportunities, (iii) confidentiality, (iv) fair dealing, (v) protection and proper use of Partnership assets, (vi) compliance with laws, rules, and regulations, (vii) reporting of any illegal or unethical conduct without retaliation, and (viii) such other matters as the Board deems appropriate. Such codes also collectively will include standards of conduct applicable to designated persons, including the CEO and the senior financial officers of the Partnership Group, that are reasonably designed to deter wrongdoing and to promote: (i) honest and ethical conduct, (ii) full, fair, accurate, timely, and understandable disclosure in the periodic reports and other Partnership filings under the Securities Exchange Act, (iii) compliance with applicable governmental rules and regulations, (iv) the prompt internal reporting of violations of the code, and (v) accountability for adherence to the code. Any request for waiver of the requirements of our codes of conduct and ethics for executive officers and directors shall be considered by the Audit Committee and reported to the Board. Also, in furtherance of the policies contained in the codes of ethics and business conduct, the Board's policy is that transactions (other than compensation paid to directors and officers for service to us) between the Partnership and the directors and officers of the Partnership or the Partnership's Unitholders owning five percent or more of the Partnership's limited partner units (and in each case, any members of their immediate families) should be avoided. Any exception to this general policy should be resolved pursuant to the conflicts of interest resolution provisions of the Partnership's Agreement of Limited Partnership.
- J. In carrying out its functions, the Board may work through its Committees, through individual directors, through management and through outside advisors.

IV. **Audit Committee**

- A. Audit Committee; Committee Charter. The Board has the authority to establish committees, temporary or permanent, as the Board deems advisable, and to designate the chairpersons of such committees. The Board will prepare an appropriate written charter of the Audit Committee, which will be reviewed annually by the

Audit Committee and the Board. The Audit Committee shall have such responsibilities as are set forth in its charter, including sole authority to appoint, retain and terminate the Partnership's independent public accountants and to monitor the contractual relationships between the Partnership and the General Partner.

- B. Committee Agendas. The chairperson of the Audit Committee, in consultation with the appropriate members of the committee and management, will oversee the development of the committee's agenda.
- C. Board Oversight; Committee Reports. The Board is responsible for overseeing the activities of the Audit Committee (except where the committee has sole authority to act pursuant to applicable law or a listing standard) and for ensuring that the committee is fulfilling its duties and responsibilities. The Board will receive reports from the committee regarding its activities and will take such actions as it deems necessary and appropriate in response to these reports.

V. **Other Principles**

- A. Disclosure and Review of Corporate Governance Guidelines. These Corporate Governance Guidelines will be made available on the Partnership's website. The Board will review these Corporate Governance Guidelines from time to time, but not less frequently than annually.
- B. Disclosure Policy. The Board believes that it is imperative that the Partnership promote full, fair, accurate, timely, and understandable disclosure in the periodic reports and other statements and reports required to be filed by the Partnership under the securities laws.
- C. Loans. Personal loans from the Partnership to directors or executive officers are not permitted.