

PLAINS GP HOLDINGS LP
Form DEFA14A
August 03, 2016

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

Plains GP Holdings, L.P.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Edgar Filing: PLAINS GP HOLDINGS LP - Form DEFA14A

- (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) **August 2, 2016**

Plains All American Pipeline, L.P.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation)

1-14569
(Commission File Number)

76-0582150
(IRS Employer Identification No.)

333 Clay Street, Suite 1600, Houston, Texas 77002

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **713-646-4100**

(Former name or former address, if changed since last report)

Edgar Filing: PLAINS GP HOLDINGS LP - Form DEFA14A

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

 - o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

 - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

 - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 9.01. Financial Statements and Exhibits

(d) Exhibit 99.1 Press Release dated August 2, 2016

Item 2.02 and Item 7.01. Results of Operations and Financial Condition; Regulation FD Disclosure

Plains All American Pipeline, L.P. (the Partnership, PAA) today issued a press release reporting its second-quarter 2016 results. We are furnishing the press release, attached as Exhibit 99.1, pursuant to Item 2.02 and Item 7.01 of Form 8-K. Pursuant to Item 7.01, we are also providing detailed guidance of financial performance for the third and fourth quarters and full year of 2016. In accordance with General Instruction B.2. of Form 8-K, the information presented herein under Item 2.02 and Item 7.01 shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), nor shall it be deemed incorporated by reference in any filing under the Exchange Act or Securities Act of 1933, as amended, except as expressly set forth by specific reference in such a filing.

Disclosure of the Third and Fourth Quarter 2016 Guidance; Update of Full-Year 2016 Guidance

We based our guidance for the three-month period ending September 30, 2016 and three and twelve-month periods ending December 31, 2016 on assumptions and estimates that we believe are reasonable, given our assessment of historical trends (modified for changes in market conditions, including an assumption that U.S. onshore oil production continues to decline in 2016 as well as a continuation of a competitive crude oil market), business cycles and other reasonably available information. Projections covering multi-quarter periods contemplate inter-period changes in future performance resulting from new expansion projects, seasonal operational changes (such as NGL sales) and acquisition synergies. Such guidance is also based on the assumption that the simplification transaction announced on July 11, 2016 by PAA and PAGP closes during the fourth quarter of 2016, and that PAA reduces its quarterly distribution payable in November 2016 to \$0.55 per common unit. Our assumptions and future performance, however, are both subject to a wide range of business risks and uncertainties, so we can provide no assurance that assumed events or outcomes will actually take place as assumed or that actual performance will fall within the guidance ranges. Please refer to information under the caption Forward-Looking Statements included in this document. These risks and uncertainties, as well as other unforeseeable risks and uncertainties, could cause our actual results to differ materially from those in the following table. The operating and financial guidance provided in the following pages is given as of the date hereof, based on information known to us as of August 1, 2016. We undertake no obligation to publicly update or revise any forward-looking statements.

To supplement our financial information presented in accordance with GAAP, management uses additional measures known as non-GAAP financial measures in its evaluation of past performance and prospects for the future. The primary additional measures used by management are adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) and implied distributable cash flow (DCF).

Management believes that the presentation of such additional financial measures provides useful information to investors regarding our performance and results of operations because these measures, when used to supplement related GAAP financial measures, (i) provide additional information about our core operating performance and ability to fund distributions to our unitholders through cash generated by our operations and (ii) provide investors with the same financial analytical framework upon which management bases financial, operational, compensation and planning/budgeting decisions. We also present these and additional non-GAAP financial measures, including adjusted net income attributable to PAA, basic and diluted adjusted net income per common unit and adjusted segment profit, as they are measurements that investors, rating agencies and debt holders have indicated are useful in assessing us and our results of operations. These non-GAAP measures may exclude, for example, (i) charges for obligations that are expected to be settled with the issuance of equity instruments, (ii) the mark-to-market of derivative

Edgar Filing: PLAINS GP HOLDINGS LP - Form DEFA14A

instruments that are related to underlying activities in another period (or the reversal of such adjustments from a prior period), the mark-to-market related to our Preferred Distribution Rate Reset Option, gains and losses on derivatives that are related to investing activities (such as the purchase of linefill) and inventory valuation adjustments, as applicable, (iii) long-term inventory costing adjustments, (iv) items that are not indicative of our core operating results and business outlook and/or (v) other items that we believe should be excluded in understanding our core operating performance. These measures may further be adjusted to include amounts related to deficiencies associated with minimum volume commitments (MVC s) whereby we have billed the counterparties for their deficiency obligation and such amounts are recognized as deferred revenue in Accounts payable and accrued liabilities in our Condensed Consolidated Financial Statements. Such amounts are presented net of applicable amounts subsequently recognized into revenue. Furthermore, the calculation of these measures contemplates tax effects as a separate reconciling item, where applicable. We have defined all such items as Selected Items Impacting Comparability. Due to the nature of the selected items, certain selected items impacting comparability may impact certain non-GAAP financial measures, referred to as adjusted results, but not impact other non-GAAP financial measures. We consider an understanding of these selected items impacting comparability to be material to the evaluation of our operating results and prospects.

Our definition and calculation of certain non-GAAP financial measures may not be comparable to similarly-titled measures of other companies. Net income represents the most directly comparable GAAP measure to EBITDA. In Note 9, we reconcile net income to EBITDA, adjusted EBITDA and Implied DCF for the periods presented. In addition, we encourage you to visit our website at www.plainsallamerican.com (in particular the section under Financial Information entitled Non-GAAP Reconciliations within the Investor Relations tab), which presents a reconciliation of EBITDA as well as certain other commonly used non-GAAP and supplemental financial measures.

Plains All American Pipeline, L.P.

Operating and Financial Guidance

(in millions, except per unit data)

	Actual		3 Months Ending		Guidance (a)		12 Months Ending	
	6 Months	3 Months Ending	3 Months Ending	3 Months Ending	3 Months Ending	3 Months Ending	12 Months Ending	12 Months Ending
	Ended	Sep 30, 2016	Low	High	Low	High	Low	High
	Jun 30, 2016							
Segment Profit								
Net revenues (including equity earnings in unconsolidated entities)	\$	1,576	\$ 802	\$ 842	\$ 972	\$ 1,012	\$ 3,350	\$ 3,430
Field operating costs		(603)	(323)	(315)	(314)	(307)	(1,240)	(1,225)
General and administrative expenses		(140)	(70)	(68)	(68)	(65)	(278)	(273)
		833	409	459	590	640	1,832	1,932
Depreciation and amortization expense		(319)	(79)	(75)	(119)	(115)	(517)	(509)
Interest expense, net		(227)	(118)	(114)	(122)	(118)	(467)	(459)
Income tax expense		(13)	(15)	(11)	(43)	(39)	(71)	(63)
Other income / (expense), net		30					30	30
Net Income		304	197	259	306	368	807	931
Net income attributable to noncontrolling interests		(2)	(1)	(1)	(1)	(1)	(4)	(4)
Net Income Attributable to PAA	\$	302	\$ 196	\$ 258	\$ 305	\$ 367	\$ 803	\$ 927
Net income/(loss) attributable to common unitholders								
(b)	\$	(53)	\$ 67	\$ 128	\$ 270	\$ 332	\$ 285	\$ 407
Basic net income/(loss) per common unit (b)								
Weighted average common units outstanding (c)		398	399	399	652	652	462	462
Net income/(loss) per common unit	\$	(0.13)	\$ 0.17	\$ 0.32	\$ 0.41	\$ 0.51	\$ 0.62	\$ 0.88
Diluted net income/(loss) per common unit(b)								
Weighted average common units outstanding (c)		398	401	401	654	654	464	464
Net income/(loss) per common unit	\$	(0.13)	\$ 0.17	\$ 0.32	\$ 0.41	\$ 0.51	\$ 0.62	\$ 0.88
EBITDA	\$	863	\$ 409	\$ 459	\$ 590	\$ 640	\$ 1,862	\$ 1,962
Selected items impacting comparability								
Losses from derivative activities net of inventory valuation adjustments	\$	(216)	\$	\$	\$	\$	(216)	(216)
Long-term inventory costing adjustments		44					44	44
Deficiencies under minimum volume commitments, net		(34)	(36)	(36)	2	2	(68)	(68)
Equity-indexed compensation expense		(15)	(5)	(5)	(5)	(5)	(25)	(25)
Net gain/(loss) on foreign currency revaluation		2					2	2
Selected items impacting comparability of EBITDA	\$	(219)	\$ (41)	\$ (41)	\$ (3)	\$ (3)	\$ (263)	\$ (263)
Tax effect on selected items impacting comparability		30					30	30
Selected items impacting comparability of net income attributable to PAA	\$	(189)	\$ (41)	\$ (41)	\$ (3)	\$ (3)	\$ (233)	\$ (233)
Excluding selected items impacting comparability								
Adjusted segment profit								
Transportation	\$	530	\$ 283	\$ 298	\$ 286	\$ 301	\$ 1,099	\$ 1,129
Facilities		327	142	152	153	163	622	642
Supply and Logistics		224	25	50	154	179	403	453
Other income / (expense), net		1					1	1
Adjusted EBITDA	\$	1,082	\$ 450	\$ 500	\$ 593	\$ 643	\$ 2,125	\$ 2,225
Adjusted net income attributable to PAA	\$	491	\$ 237	\$ 299	\$ 308	\$ 370	\$ 1,036	\$ 1,160
Basic adjusted net income/(loss) per common unit (b)	\$	0.33	\$ 0.27	\$ 0.42	\$ 0.42	\$ 0.51	\$ 1.11	\$ 1.37
	\$	0.33	\$ 0.27	\$ 0.42	\$ 0.42	\$ 0.51	\$ 1.11	\$ 1.37

Diluted adjusted net income/(loss) per common unit

(b)(c)

(a) The assumed average foreign exchange rate is \$1.30 Canadian dollar (CAD) to \$1.00 U.S. dollar (USD) for the three-month periods ending September 30, 2016 and December 31, 2016. The rate as of July 29, 2016 was \$1.30 CAD to \$1.00 USD. We do not anticipate that fluctuations in the foreign exchange rate will have significant impact on aggregate reported financial results, but such fluctuations will result in variations between segments.

(b) For purposes of determining net income per common unit, Net Income Attributable to PAA is allocated among our Series A Preferred Unitholders, Common Unitholders and General Partner interest as prescribed by applicable authoritative accounting guidance for calculating earnings per unit including application of the two-class method for Master Limited Partnerships. Under the two-class method, we allocate Net Income Attributable to PAA based on the distributions pertaining to the current period's net income. After adjusting for the appropriate period's distributions, the remaining undistributed earnings or excess distributions over earnings, if any, are allocated to the general partner, common unitholders and participating securities, as applicable, in accordance with the contractual terms of the partnership agreement and as further prescribed under the two-class method. See Note 5 for additional information regarding our assumed capital structure for three month period ending December 31, 2016.

(c) Basic and diluted weighted average common units outstanding for the three- and twelve-month periods ending December 31, 2016 are calculated giving effect to the Simplification Transactions and assume the associated units are outstanding for the fourth quarter of 2016. See Note 5 for additional information regarding our assumed capital structure for three month period ending December 31, 2016. Furthermore, diluted weighted average common units outstanding are computed based on the weighted average number of common units outstanding plus the effect of dilutive potential units outstanding during the period, unless the effects of such units are antidilutive.

Notes and Significant Assumptions:

1. *Definitions.*

EBITDA	Earnings before interest, taxes and depreciation and amortization
Segment Profit	Net revenues (including equity earnings in unconsolidated entities, as applicable) less segment field operating costs and general and administrative expenses
DCF	Distributable cash flow
Bbls/d	Barrels per day
Mcf	Thousand cubic feet
Bcf	Billion cubic feet
LTIP	Long-term incentive plan
NGL	Natural gas liquids, including ethane and natural gasoline products as well as propane and butane, which are often referred to as liquefied petroleum gas (LPG). When used in this document NGL refers to all NGL products including LPG.
FX	Foreign currency exchange
G&A	General and administrative
General partner (GP)	As the context requires, general partner or GP refers to any or all of (i) PAA GP LLC, the owner of our 2% general partner interest, (ii) Plains AAP, L.P., the sole member of PAA GP LLC and owner of our incentive distribution rights and (iii) Plains All American GP LLC, the general partner of Plains AAP, L.P.

2. *Operating Segments.* We manage our operations through three operating segments: Transportation, Facilities and Supply and Logistics. The following is a brief explanation of the operating activities for each segment as well as key metrics.

a. *Transportation.* Our Transportation segment operations generally consist of fee-based activities associated with transporting crude oil and NGL on pipelines, gathering systems, trucks and barges. The Transportation segment generates revenue through a combination of tariffs, third-party pipeline capacity agreements and other transportation fees. Our transportation segment also includes equity earnings from our investments in the entities that own BridgeTex, Cheyenne, Eagle Ford, Frontier, Saddlehorn, White Cliffs, and Butte pipeline systems as well as Settoon Towing, in which we own interests ranging from 22% to 50%. We account for these investments under the equity method of accounting.

Pipeline volume estimates are based on historical trends, anticipated future operating performance and assumed completion of capital projects. Actual volumes will be influenced by maintenance schedules at refineries, drilling and completion activity levels, production trends, weather and other natural occurrences including hurricanes, changes in the quantity of inventory held in tanks, variations due to market structure and other external factors beyond our control. We forecast adjusted segment profit using the volume assumptions in the following table, priced at forecasted tariff rates, less estimated field operating costs and G&A expenses. Field operating costs do not include depreciation. Actual adjusted segment profit could vary materially depending on the level and mix of volumes transported or expenses incurred during the period, as well as any differences between forecasted and actual recognition of minimum volume commitments. The following table summarizes our total transportation volumes and is broken down by crude oil geographic area as well as total NGL and trucking volumes.

Edgar Filing: PLAINS GP HOLDINGS LP - Form DEFA14A

	Actual 6 Months Ended Jun 30, 2016	3 Months Ending Sep 30, 2016	Guidance 3 Months Ending Dec 31, 2016	12 Months Ending Dec 31, 2016
Average daily volumes (MBbls/d)				
Volumes from tariff activities				
Crude oil pipelines (by region):				
Permian Basin (1)	2,112	2,175	2,275	2,169
South Texas / Eagle Ford (1)	294	260	290	284
Western	193	210	205	200
Rocky Mountain (1)	434	490	500	465
Gulf Coast	597	435	430	514
Central	388	385	425	397
Canada	386	390	395	389
Crude oil pipelines	4,404	4,345	4,520	4,418
NGL pipelines	180	180	170	177
Total volumes from tariff activities	4,584	4,525	4,690	4,595
Trucking	110	105	110	109
Total Transportation segment volumes	4,694	4,630	4,800	4,704
Adjusted segment profit per barrel (\$/Bbl)	\$ 0.62	\$ 0.68(2)	\$ 0.66(2)	\$ 0.65(2)
Adjusted segment profit (excluding deficiencies under MVC s, net) per barrel (\$/Bbl)				
	\$ 0.59	\$ 0.61(2)	\$ 0.65(2)	\$ 0.61(2)

- (1) Region includes volumes (attributable to our interest) from pipelines owned by unconsolidated entities.
- (2) Represents the midpoint of guidance.

b. *Facilities.* Our Facilities segment operations generally consist of fee-based activities associated with providing storage, terminalling and throughput services for crude oil, refined products, NGL and natural gas, as well as NGL fractionation and isomerization services and natural gas and condensate processing services. The Facilities segment generates revenue through a combination of month-to-month and multi-year agreements and processing arrangements.

Revenues generated in this segment primarily include (i) fees that are generated from storage capacity agreements, (ii) terminal throughput fees that are generated when we receive crude oil, refined products or NGL from one connecting source and deliver the applicable product to another connecting carrier, (iii) loading and unloading fees at our rail terminals, (iv) fees from NGL fractionation and isomerization services, (v) fees from natural gas and condensate processing services and (vi) fees associated with natural gas park and loan activities, interruptible storage services and wheeling and balancing services. Adjusted segment profit is forecasted using the volume assumptions in the following table, priced at forecasted rates, less estimated field operating costs and G&A expenses. Field operating costs do not include depreciation.

	Actual 6 Months Ended Jun 30, 2016	3 Months Ending Sep 30, 2016	Guidance 3 Months Ending Dec 31, 2016	12 Months Ending Dec 31, 2016
Operating Data				
Crude oil, refined products and NGL terminalling and storage capacity	105	108	108	107

Edgar Filing: PLAINS GP HOLDINGS LP - Form DEFA14A

(MMBbls/Mo.)							
Rail load / unload volumes (MBbls/d)	109	85	75	94			
Natural gas storage capacity (Bcf/Mo.)	97	97	97	97			
NGL fractionation volumes (MBbls/d)	110	120	130	117			
Total Facilities segment volumes							
Avg. Capacity (MMBbls/Mo.) (1)	128	130	130	130			
Adjusted segment profit per barrel (\$/Bbl)	\$ 0.43	\$ 0.38(2)	\$ 0.41(2)	\$ 0.41(2)			
Adjusted segment profit (excluding deficiencies under MVC s, net) per barrel (\$/Bbl)	\$ 0.41	\$ 0.37(2)	\$ 0.43(2)	\$ 0.40(2)			

(1) Calculated as the sum of: (i) crude oil, refined products and NGL terminalling and storage capacity; (ii) rail load and unload volumes multiplied by the number of days in the period and divided by the number of months in the period; (iii) natural gas storage working capacity divided by 6 to account for the 6:1 mcf of natural gas to crude Btu equivalent ratio and further divided by 1,000 to convert to monthly volumes in millions; and (iv) NGL fractionation volumes multiplied by the number of days in the period and divided by the number of months in the period.

(2) Represents the midpoint of guidance.

c. *Supply and Logistics.* Our Supply and Logistics segment operations generally consist of the following merchant-related activities:

- the purchase of U.S. and Canadian crude oil at the wellhead, the bulk purchase of crude oil at pipeline, terminal and rail facilities and the purchase of cargos at their load port and various other locations in transit;
- the storage of inventory during contango market conditions and the seasonal storage of NGL and natural gas;
- the purchase of NGL from producers, refiners, processors and other marketers;
- the resale or exchange of crude oil and NGL at various points along the distribution chain to refiners or other resellers;
- the transportation of crude oil and NGL on trucks, barges, railcars, pipelines and ocean-going vessels from various delivery points, market hub locations or directly to end users such as refineries, processors and fractionation facilities; and
- the purchase and sale of natural gas.

We characterize a substantial portion of our baseline profit generated by our Supply and Logistics segment as fee equivalent. This portion of the segment profit is generated by the purchase and resale of crude oil on an index-related basis, which results in us generating a gross margin for such activities. This gross margin is reduced by the transportation, facilities and other logistical costs associated with delivering the crude oil to market and carrying costs for hedged inventory as well as any operating and G&A expenses. The level of profit associated with a portion of the other activities we conduct in the Supply and Logistics segment is influenced by overall market structure and the degree of market volatility as well as variable operating expenses. Forecasted operating results for the three-month period ending September 30, 2016 and for the twelve-month period ending December 31, 2016 reflect current market structure as well as seasonal, weather-related and other anticipated variations in crude oil, NGL and natural gas sales. Variations in weather, market structure or volatility could cause actual results to differ materially from forecasted results.

We forecast adjusted segment profit using the volume assumptions stated below, as well as estimates of unit margins, field operating costs, G&A expenses and carrying costs for hedged inventory, based on current and anticipated market conditions. Actual volumes are influenced by temporary market-driven storage and withdrawal of crude oil, maintenance schedules at refineries, actual production levels, weather, and other external factors beyond our control. Field operating costs do not include depreciation. Realized unit margins for any given lease-gathered barrel could vary significantly based on a variety of factors including location and quality differentials as well as contract structure. Accordingly, the projected adjusted segment profit per barrel can vary significantly even if aggregate volumes are in line with the forecasted levels.

	Actual 6 Months Ended Jun 30, 2016	3 Months Ending Sep 30, 2016	Guidance 3 Months Ending Dec 31, 2016	12 Months Ending Dec 31, 2016
Average daily volumes (MBbls/d)				
Crude oil lease gathering purchases	899	905	920	906
NGL sales	242	180	335	250
Waterborne cargos	6	5		4
Total Supply and Logistics segment volumes	1,147	1,090	1,255	1,160
Adjusted segment profit per barrel (\$/Bbl)	\$ 1.07	\$ 0.37(1)	\$ 1.44(1)	\$ 1.01(1)

(1) Represents the midpoint of guidance.

3. *Depreciation and Amortization.* We forecast depreciation and amortization based on our existing depreciable assets, forecasted capital expenditures and projected in-service dates. Depreciation may also vary due to gains and losses on intermittent sales of assets, asset retirement obligations, asset impairments, and acceleration of depreciation or foreign exchange rates.

4. *Capital Expenditures and Acquisitions.* Although acquisitions constitute a key element of our growth strategy, the forecasted results and associated estimates do not include any forecasts for acquisitions that we may commit to after the date hereof (guidance includes the announced Empress Acquisition from Spectra Energy, which is expected to close in early August). We forecast capital expenditures during calendar year 2016 to be approximately \$1.425 billion for expansion projects with an additional \$180 million to \$200 million for maintenance capital projects. During the first six months of 2016, we invested \$709 million and \$81 million for expansion and maintenance projects, respectively. The following are some of the more notable projects and forecasted expenditures for the year ending December 31, 2016:

	Calendar 2016 (in millions)	
Expansion Capital		
• Red River Pipeline (Cushing to Longview)	\$310	
• Fort Saskatchewan Facility Projects	190	
• Permian Basin Area Pipeline Projects	185	
• Diamond Pipeline	165	
• Saddlehorn Pipeline	125	
• Cushing Terminal Expansions	60	
• St. James Terminal Expansions	45	
• Caddo Pipeline	35	
• Cactus Pipeline	20	
• Eagle Ford JV Project	20	
• Other Projects	270	
	\$1,425	
Potential Adjustments for Timing / Scope Refinement (1)	- \$75	+ \$75
Total Projected Expansion Capital Expenditures	\$1,350	\$1,500
Maintenance Capital Expenditures	\$180	\$200

(1) Potential variation to current capital costs estimates may result from (i) changes to project design, (ii) final cost of materials and labor and (iii) timing of incurrence of costs due to uncontrollable factors such as receipt of permits, or regulatory approvals and weather.

5. *Capital Structure.* This guidance is based on our capital structure as of June 30, 2016, adjusted for estimated potential equity issuances and senior note offerings to fund our capital program. This guidance further assumes that the simplification transaction announced by PAA and PAGP on July 11, 2016 closes during the fourth quarter of 2016, and in connection with such closing PAA issues 245.5 million common units to AAP in exchange for (a) the cancellation of the incentive distribution rights in PAA that are owned by AAP and the conversion of the 2% general partner interest in PAA indirectly held by AAP into a non-economic general partner interest in PAA and (b) the assumption by PAA of AAP's outstanding third party bank debt (the AAP Debt Assumption).

6. *Interest Expense.* Debt balances, which assume the AAP Debt Assumption takes place in connection with the closing of the simplification transaction during the fourth quarter of 2016 as described in Note 5, are projected based

on estimated cash flows, estimated distribution rates, estimated capital expenditures for maintenance and expansion projects, anticipated equity proceeds from the continuous offering program, expected timing of collections and payments and forecasted levels of inventory and other working capital sources and uses. Interest rate assumptions for variable-rate debt are based on the LIBOR curve as of late July 2016.

Interest expense is net of amounts capitalized for expansion capital projects and does not include interest on borrowings for hedged inventory. We treat interest on hedged inventory borrowings as carrying costs of crude oil, NGL, and natural gas and include it in purchases and related costs.

7. *Income Taxes.* We expect our Canadian income tax expense to be approximately \$13 million and \$67 million for the three-month period ending September 30, 2016 and twelve-month period ending December 31, 2016, respectively, of which approximately \$8 million and \$74 million, respectively, is classified as a current income tax expense. For the twelve-month period ending December 31, 2016 we expect to have a deferred tax benefit of \$7 million. All or part of the annual income tax expense of \$67 million may result in a tax credit to our equity holders.

8. *Equity-Indexed Compensation Plans.* The majority of grants outstanding under our various equity-indexed compensation plans contain vesting criteria that are based on a combination of performance benchmarks and service periods. The grants will vest in various percentages, typically on the later to occur of specified vesting dates and the dates on which minimum distribution levels are reached.

Guidance assumes a market price of \$27 per unit as well as an accrual associated with awards that will vest on a certain date. A \$2 change in the unit price would change the third-quarter and full year equity-indexed compensation expense by approximately \$4 million. Therefore, actual net income could differ from our projections.

9. *Reconciliation of Net Income to EBITDA, Adjusted EBITDA, and Implied DCF.* The following table reconciles net income to EBITDA, Adjusted EBITDA, and Implied DCF for the indicated periods.

	Actual 6 Months Ended Jun 30, 2016		3 Months Ending Sep 30, 2016		Guidance 3 Months Ending Dec 31, 2016		12 Months Ending Dec 31, 2016	
			Low	High	Low	High	Low	High
	(in millions)							
Reconciliation to EBITDA, Adjusted EBITDA and Implied DCF								
Net income	\$ 304	\$ 197	\$ 259	\$ 306	\$ 368	\$ 807	\$ 931	
Interest expense, net	227	118	114	122	118	467	459	
Income tax expense	13	15	11	43	39	71	63	
Depreciation and amortization	319	79	75	119	115	517	509	
EBITDA	\$ 863	\$ 409	\$ 459	\$ 590	\$ 640	\$ 1,862	\$ 1,962	
Selected items impacting comparability of EBITDA	219	41	41	3	3	263	263	
Adjusted EBITDA	\$ 1,082	\$ 450	\$ 500	\$ 593	\$ 643	\$ 2,125	\$ 2,225	
Interest expense, net (1)	(219)	(114)	(110)	(118)	(114)	(451)	(443)	
Maintenance capital	(81)	(60)	(50)	(59)	(49)	(200)	(180)	
Current income tax expense	(40)	(10)	(6)	(28)	(24)	(78)	(70)	
Other, net	12	4	6	2	4	18	22	
Implied DCF	\$ 754	\$ 270	\$ 340	\$ 390	\$ 460	\$ 1,414	\$ 1,554	

(1) Excludes certain non-cash items impacting interest expense such as amortization of debt issuance costs and terminated interest rate swaps.

Forward-Looking Statements

All statements included in this report, other than statements of historical fact, are forward-looking statements, including, but not limited to, statements incorporating the words anticipate, believe, estimate, expect, plan, intend and forecast, as well as similar expressions and statements regarding our business strategy, plans and objectives for future operations. The absence of such words, expressions or statements, however, does not mean that the statements are not forward-looking. Any such forward-looking statements reflect our current views with respect to future events, based on what we believe to be reasonable assumptions. Certain factors could cause actual results or outcomes to differ materially from the results or outcomes anticipated in the forward-looking statements. The most important of these factors include, but are not limited to:

- declines in the volume of crude oil, refined product and NGL shipped, processed, purchased, stored, fractionated and/or gathered at or through the use of our assets, whether due to declines in production from existing oil and gas reserves, failure to develop or slowdown in the development of additional oil and gas reserves, whether from reduced cash flow to fund drilling or the inability to access capital, or other factors;
- the effects of competition;
- failure to implement or capitalize, or delays in implementing or capitalizing, on expansion projects;
- unanticipated changes in crude oil market structure, grade differentials and volatility (or lack thereof);
- environmental liabilities or events that are not covered by an indemnity, insurance or existing reserves;
- fluctuations in refinery capacity in areas supplied by our mainlines and other factors affecting demand for various grades of crude oil, refined products and natural gas and resulting changes in pricing conditions or transportation throughput requirements;
- the occurrence of a natural disaster, catastrophe, terrorist attack or other event, including attacks on our electronic and computer systems;
- maintenance of our credit rating and ability to receive open credit from our suppliers and trade counterparties;

- tightened capital markets or other factors that increase our cost of capital or limit our ability to obtain debt or equity financing on satisfactory terms to fund additional acquisitions, expansion projects, working capital requirements and the repayment or refinancing of indebtedness;
- the currency exchange rate of the Canadian dollar;
- continued creditworthiness of, and performance by, our counterparties, including financial institutions and trading companies with which we do business;
- inability to recognize current revenue attributable to deficiency payments received from customers who fail to ship or move more than minimum contracted volumes until the related credits expire or are used;
- non-utilization of our assets and facilities;
- increased costs, or lack of availability, of insurance;
- weather interference with business operations or project construction, including the impact of extreme weather events or conditions;
- the availability of, and our ability to consummate, acquisition or combination opportunities;
- the successful integration and future performance of acquired assets or businesses and the risks associated with operating in lines of business that are distinct and separate from our historical operations;
- the effectiveness of our risk management activities;

- shortages or cost increases of supplies, materials or labor;
- the impact of current and future laws, rulings, governmental regulations, accounting standards and statements and related interpretations;
- fluctuations in the debt and equity markets, including the price of our units at the time of vesting under our long-term incentive plans;
- risks related to the development and operation of our assets, including our ability to satisfy our contractual obligations to our customers;
- factors affecting demand for natural gas and natural gas storage services and rates;
- general economic, market or business conditions and the amplification of other risks caused by volatile financial markets, capital constraints and pervasive liquidity concerns; and
- other factors and uncertainties inherent in the transportation, storage, terminalling and marketing of crude oil and refined products, as well as in the storage of natural gas and the processing, transportation, fractionation, storage and marketing of natural gas liquids.

We undertake no obligation to publicly update or revise any forward-looking statements. Further information on risks and uncertainties is available in our filings with the Securities and Exchange Commission, which information is incorporated by reference herein.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PLAINS ALL AMERICAN PIPELINE, L.P.

By: PAA GP LLC, its general partner

By: PLAINS AAP, L. P., its sole member

By: PLAINS ALL AMERICAN GP LLC, its general partner

Date: August 2, 2016

By: /s/ Sharon Spurlin

Name: Sharon Spurlin

Title: *Vice President and Treasurer*

FOR IMMEDIATE RELEASE**Plains All American Pipeline, L.P. and Plains GP Holdings Report Second-Quarter 2016 Results**

(Houston August 2, 2016) Plains All American Pipeline, L.P. (NYSE: PAA) and Plains GP Holdings (NYSE: PAGP) today reported second-quarter 2016 results.

Plains All American Pipeline, L.P.**Summary Financial Information** (1) (unaudited)

(in millions, except per unit data)

	Three Months Ended			Six Months Ended		
	June 30,		%	June 30,		%
	2016	2015	Change	2016	2015	Change
Net income attributable to PAA	\$ 101	\$ 124	(19)%	\$ 302	\$ 407	(26)%
Diluted net income/(loss) per common unit	\$ (0.20)	\$ (0.06)	(233)%	\$ (0.13)	\$ 0.29	(145)%
Diluted weighted average common units outstanding	398	397	%	398	393	1%

	June 30,			June 30,		
	2016	2015	%	2016	2015	%
			Change			Change
Adjusted net income attributable to PAA	\$ 136	\$ 255	(47)%	\$ 491	\$ 624	(21)%
Diluted adjusted net income/(loss) per common unit	\$ (0.12)	\$ 0.27	(144)%	\$ 0.33	\$ 0.83	(60)%
EBITDA	\$ 415	\$ 372	12%	\$ 863	\$ 881	(2)%
Adjusted EBITDA	\$ 461	\$ 486	(5)%	\$ 1,082	\$ 1,108	(2)%
Distribution per common unit declared for the period	\$ 0.700	\$ 0.695	0.7%			

(1) PAA's reported results include the impact of items that affect comparability between reporting periods. The impact of certain of these items is excluded from adjusted results. See the section of this release entitled "Non-GAAP Financial Measures and Selected Items Impacting Comparability" and the tables attached hereto for information regarding certain selected items that PAA believes impact comparability of financial results between reporting periods, as well as for information regarding non-GAAP financial measures (such as adjusted EBITDA) and their reconciliation to the most directly comparable measures as reported in accordance with GAAP.

PAA continues to execute well during a challenging environment, said Greg Armstrong, Chairman and CEO of Plains All American. We reported second-quarter adjusted EBITDA of \$461 million, which was approximately \$21 million or 5% above the midpoint of our second-quarter guidance.

Although we remain cautious over the near term and have left our full year 2016 adjusted EBITDA guidance midpoint unchanged at \$2.175 billion, we believe PAA is well positioned to manage through near term industry challenges and to prosper over the intermediate to long term. Importantly, based on PAA's 2016 guidance and accounting for our recently announced simplification transaction and intended distribution reset, PAA's pro forma distribution coverage for the full year of 2016 is expected to be approximately 1.05 times.

more

333 Clay Street, Suite 1600 Houston, Texas 77002 713-646-4100 / 866-809-1291

Page 2

Armstrong added, PAA has \$2.9 billion of liquidity and our performance is expected to benefit from increases in minimum volume commitments on existing assets as well as numerous capital projects scheduled to come on line over the next 18 months. Additionally, PAA has a large interconnected crude midstream platform that has significant leverage to a sustained increase in U.S. crude oil production with no-to-low incremental capital investment.

The following table summarizes selected PAA financial information by segment for the second quarter and first half of 2016:

Summary of Selected Financial Data by Segment (1) (unaudited)

(in millions)

	Three Months Ended June 30, 2016			Three Months Ended June 30, 2015		
	Transportation	Facilities	Supply and Logistics	Transportation	Facilities	Supply and Logistics
Reported segment profit/(loss)	\$ 252	\$ 156	\$ (18)	\$ 186	\$ 144	\$ 41
Selected items impacting comparability of segment profit (2)	9	5	57	70	2	43
Adjusted segment profit	\$ 261	\$ 161	\$ 39	\$ 256	\$ 146	\$ 84
<i>Percentage change in reported segment profit/(loss) versus 2015 period</i>	<i>35%</i>	<i>8%</i>	<i>(144)%</i>			
<i>Percentage change in adjusted segment profit versus 2015 period</i>	<i>2%</i>	<i>10%</i>	<i>(54)%</i>			

	Six Months Ended June 30, 2016			Six Months Ended June 30, 2015		
	Transportation	Facilities	Supply and Logistics	Transportation	Facilities	Supply and Logistics
Reported segment profit	\$ 499	\$ 315	\$ 19	\$ 428	\$ 285	\$ 171
Selected items impacting comparability of segment profit (2)	31	12	205	74	5	144
Adjusted segment profit	\$ 530	\$ 327	\$ 224	\$ 502	\$ 290	\$ 315
<i>Percentage change in reported segment profit versus 2015 period</i>	<i>17%</i>	<i>11%</i>	<i>(89)%</i>			
<i>Percentage change in adjusted segment profit versus 2015 period</i>	<i>6%</i>	<i>13%</i>	<i>(29)%</i>			

Edgar Filing: PLAINS GP HOLDINGS LP - Form DEFA14A

(1) PAA's reported results include the impact of items that affect comparability between reporting periods. The impact of certain of these items is excluded from adjusted results. See the section of this release entitled "Non-GAAP Financial Measures and Selected Items Impacting Comparability" and the tables attached hereto for information regarding certain selected items that PAA believes impact comparability of financial results between reporting periods.

(2) Certain of our non-GAAP financial measures may not be impacted by each of the selected items impacting comparability.

Plains GP Holdings

PAGP's sole assets are its ownership interest in PAA's general partner and incentive distribution rights. As the control entity of PAA, PAGP consolidates PAA's results into its financial statements, which is reflected in the condensed consolidating balance sheet and income statement tables included at the end of this release. Information regarding PAGP's distributions is reflected below:

	Q2 2016		Q1 2016		Q2 2015	
Distribution per Class A share declared for the period	\$	0.231	\$	0.231	\$	0.227
Q2 2016 distribution percentage growth from prior periods					%	1.8%

more

333 Clay Street, Suite 1600 Houston, Texas 77002 713-646-4100 / 866-809-1291

Page 3

Conference Call

PAA and PAGP will hold a conference call on August 3, 2016 (see details below). Prior to this conference call, PAA will furnish a current report on Form 8-K, which will include material in this news release as well as PAA's financial and operational guidance for the third quarter and full year of 2016. A copy of the Form 8-K will be available at www.plainsallamerican.com, where PAA and PAGP routinely post important information.

The PAA and PAGP conference call will be held at 11:00 a.m. ET on Wednesday, August 3, 2016 to discuss the following items:

1. PAA's second-quarter 2016 performance;
2. The status of major expansion projects;
3. Capitalization and liquidity;
4. Financial and operating guidance for the third quarter and full year of 2016; and
5. PAA and PAGP's outlook for the future.

Conference Call Webcast Instructions

To access the Internet webcast of the conference call, please go to www.plainsallamerican.com, under the Investor Relations section of the website (Navigate to: Investor Relations / either PAA or PAGP / News & Events / Quarterly Earnings). Following the live webcast, an audio replay in MP3 format will be available on the website within two hours after the end of the call and will be accessible for a period of 365 days.

Non-GAAP Financial Measures and Selected Items Impacting Comparability

To supplement our financial information presented in accordance with GAAP, management uses additional measures known as non-GAAP financial measures in its evaluation of past performance and prospects for the future. The primary additional measures used by management are adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) and implied distributable cash flow (DCF).

Edgar Filing: PLAINS GP HOLDINGS LP - Form DEFA14A

Management believes that the presentation of such additional financial measures provides useful information to investors regarding our performance and results of operations because these measures, when used to supplement related GAAP financial measures, (i) provide additional information about our core operating performance and ability to fund distributions to our unitholders through cash generated by our operations and (ii) provide investors with the same financial analytical framework upon which management bases financial, operational, compensation and planning/budgeting decisions. We also present these and additional non-GAAP financial measures, including adjusted net income attributable to PAA, basic and diluted adjusted net income per common unit and adjusted segment profit, as they are measurements that investors, rating agencies and debt holders have indicated are useful in assessing us and our results of operations. These non-GAAP measures may exclude, for example, (i) charges for obligations that are expected to be settled with the issuance of equity instruments, (ii) the mark-to-market of derivative instruments that are related to underlying activities in another period (or the reversal of such adjustments from a prior period), the mark-to-market related to our Preferred Distribution Rate Reset Option, gains and losses on derivatives that are related to investing activities (such as the purchase of linefill) and inventory valuation adjustments, as applicable, (iii) long-term

more

333 Clay Street, Suite 1600

Houston, Texas 77002

713-646-4100 / 866-809-1291

Page 4

inventory costing adjustments, (iv) items that are not indicative of our core operating results and business outlook and/or (v) other items that we believe should be excluded in understanding our core operating performance. These measures may further be adjusted to include amounts related to deficiencies associated with minimum volume commitments whereby we have billed the counterparties for their deficiency obligation and such amounts are recognized as deferred revenue in Accounts payable and accrued liabilities in our Condensed Consolidated Financial Statements. Such amounts are presented net of applicable amounts subsequently recognized into revenue. Furthermore, the calculation of these measures contemplates tax effects as a separate reconciling item, where applicable. We have defined all such items as Selected Items Impacting Comparability. Due to the nature of the selected items, certain selected items impacting comparability may impact certain non-GAAP financial measures, referred to as adjusted results, but not impact other non-GAAP financial measures. We consider an understanding of these selected items impacting comparability to be material to the evaluation of our operating results and prospects.

Our definition and calculation of certain non-GAAP financial measures may not be comparable to similarly-titled measures of other companies. Adjusted EBITDA, Implied DCF and other non-GAAP financial measures are reconciled to the most comparable measures as reported in accordance with GAAP for the periods presented in the tables attached to this release, and should be viewed in addition to, and not in lieu of, our Condensed Consolidated Financial Statements and notes thereto. In addition, we encourage you to visit our website at www.plainsallamerican.com (in particular the section under Financial Information entitled Non-GAAP Reconciliations within the Investor Relations tab), which presents a reconciliation of EBITDA as well as certain other commonly used non-GAAP and supplemental financial measures.

Forward Looking Statements

Except for the historical information contained herein, the matters discussed in this release consist of forward-looking statements that involve certain risks and uncertainties that could cause actual results or outcomes to differ materially from results or outcomes anticipated in the forward-looking statements. These risks and uncertainties include, among other things, declines in the volume of crude oil, refined product and NGL shipped, processed, purchased, stored, fractionated and/or gathered at or through the use of our assets, whether due to declines in production from existing oil and gas reserves, failure to develop or slowdown in the development of additional oil and gas reserves, whether from reduced cash flow to fund drilling or the inability to access capital, or other factors; the effects of competition; failure to implement or capitalize, or delays in implementing or capitalizing, on expansion projects; unanticipated changes in crude oil market structure, grade differentials and volatility (or lack thereof); environmental liabilities or events that are not covered by an indemnity, insurance or existing reserves; fluctuations in refinery capacity in areas supplied by our mainlines and other factors affecting demand for various grades of crude oil, refined products and natural gas and resulting changes in pricing conditions or transportation throughput requirements; the occurrence of a natural disaster, catastrophe, terrorist attack or other event, including attacks on our electronic and computer systems; maintenance of our credit rating and ability to receive open credit from our suppliers and trade counterparties; tightened capital markets or other factors that increase our cost of capital or limit our ability to obtain debt or equity financing on satisfactory terms to fund additional acquisitions, expansion projects, working capital requirements and the repayment or refinancing of indebtedness; the currency exchange rate of the Canadian dollar; continued creditworthiness of, and performance by, our counterparties, including financial institutions and trading companies with which we do business; inability to recognize current revenue attributable to deficiency payments received from customers who fail to ship or move more than

more

333 Clay Street, Suite 1600

Houston, Texas 77002

713-646-4100 / 866-809-1291

Page 5

minimum contracted volumes until the related credits expire or are used; non-utilization of our assets and facilities; increased costs, or lack of availability, of insurance; weather interference with business operations or project construction, including the impact of extreme weather events or conditions; the availability of, and our ability to consummate, acquisition or combination opportunities; the successful integration and future performance of acquired assets or businesses and the risks associated with operating in lines of business that are distinct and separate from our historical operations; the effectiveness of our risk management activities; shortages or cost increases of supplies, materials or labor; the impact of current and future laws, rulings, governmental regulations, accounting standards and statements and related interpretations; fluctuations in the debt and equity markets, including the price of our units at the time of vesting under our long-term incentive plans; risks related to the development and operation of our assets, including our ability to satisfy our contractual obligations to our customers; factors affecting demand for natural gas and natural gas storage services and rates; general economic, market or business conditions and the amplification of other risks caused by volatile financial markets, capital constraints and pervasive liquidity concerns; and other factors and uncertainties inherent in the transportation, storage, terminalling and marketing of crude oil and refined products, as well as in the storage of natural gas and the processing, transportation, fractionation, storage and marketing of natural gas liquids as discussed in the Partnerships' filings with the Securities and Exchange Commission.

Plains All American Pipeline, L.P. is a publicly traded master limited partnership that owns and operates midstream energy infrastructure and provides logistics services for crude oil, natural gas liquids (NGL), natural gas and refined products. PAA owns an extensive network of pipeline transportation, terminalling, storage and gathering assets in key crude oil and NGL producing basins and transportation corridors and at major market hubs in the United States and Canada. On average, PAA handles over 4.6 million barrels per day of crude oil and NGL in its Transportation segment. PAA is headquartered in Houston, Texas.

Plains GP Holdings is a publicly traded entity that owns an interest in the general partner and incentive distribution rights of Plains All American Pipeline, L.P., one of the largest energy infrastructure and logistics companies in North America. PAGP is headquartered in Houston, Texas.

more

333 Clay Street, Suite 1600

Houston, Texas 77002

713-646-4100 / 866-809-1291

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

FINANCIAL SUMMARY (unaudited)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (1)

(in millions, except per unit data)

	Three Months Ended June 30,		Six Months Ended June 30,		
	2016	2015	2016	2015	
REVENUES	\$ 4,950	\$ 6,663	\$ 9,060	\$ 12,605	
COSTS AND EXPENSES					
Purchases and related costs	4,224	5,848	7,571	10,890	
Field operating costs	303	417	603	763	
General and administrative expenses	73	79	140	157	
Depreciation and amortization	204	108	319	212	
Total costs and expenses	4,804	6,452	8,633	12,022	
OPERATING INCOME	146	211	427	583	
OTHER INCOME/(EXPENSE)					
Equity earnings in unconsolidated entities	40	52	87	89	
Interest expense, net	(114)	(107)	(227)	(212)	
Other income/(expense), net	25	1	30	(3)	
INCOME BEFORE TAX	97	157	317	457	
Current income tax expense	(9)	(19)	(40)	(61)	
Deferred income tax benefit/(expense)	14	(14)	27	12	
NET INCOME	102	124	304	408	
Net income attributable to noncontrolling interests	(1)		(2)	(1)	
NET INCOME ATTRIBUTABLE TO PAA	\$ 101	\$ 124	\$ 302	\$ 407	
NET INCOME PER COMMON UNIT:					
Net income/(loss) allocated to common unitholders	Basic	\$ (81)	\$ (23)	\$ (53)	\$ 113
Basic weighted average common units outstanding		398	397	398	390
Basic net income/(loss) per common unit		\$ (0.20)	\$ (0.06)	\$ (0.13)	\$ 0.29
Net income/(loss) allocated to common unitholders	Diluted	\$ (81)	\$ (23)	\$ (53)	\$ 113
Diluted weighted average common units outstanding		398	397	398	393
Diluted net income/(loss) per common unit		\$ (0.20)	\$ (0.06)	\$ (0.13)	\$ 0.29

(1) The 2015 periods have been retroactively adjusted to reflect the reclassification of the amortization of debt issuance costs from Depreciation and amortization to Interest expense, net as a result of our adoption of revised debt issuance costs guidance issued by the FASB.

ADJUSTED RESULTS

(in millions, except per unit data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Adjusted net income attributable to PAA	\$ 136	\$ 255	\$ 491	\$ 624
Diluted adjusted net income/(loss) per common unit	\$ (0.12)	\$ 0.27	\$ 0.33	\$ 0.83
Adjusted EBITDA	\$ 461	\$ 486	\$ 1,082	\$ 1,108

more

333 Clay Street, Suite 1600

Houston, Texas 77002

713-646-4100 / 866-809-1291

Page 7

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES**FINANCIAL SUMMARY (unaudited)****CONDENSED CONSOLIDATED BALANCE SHEET DATA**

(in millions)

	June 30, 2016	December 31, 2015
ASSETS		
Current assets	\$ 3,603	\$ 2,969
Property and equipment, net	13,598	13,474
Goodwill	2,396	2,405
Investments in unconsolidated entities	2,161	2,027
Linefill and base gas	902	898
Long-term inventory	184	129
Other long-term assets, net	319	386
Total assets	\$ 23,163	\$ 22,288
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities	\$ 4,029	\$ 3,407
Senior notes, net of unamortized discounts and debt issuance costs	9,128	9,698
Other long-term debt	358	677
Other long-term liabilities and deferred credits	678	567
Total liabilities	14,193	14,349
Partners' capital excluding noncontrolling interests	8,912	7,881
Noncontrolling interests	58	58
Total partners' capital	8,970	7,939
Total liabilities and partners' capital	\$ 23,163	\$ 22,288

DEBT CAPITALIZATION RATIOS

(in millions)

	June 30, 2016	December 31, 2015
Short-term debt	\$ 1,302	\$ 999
Long-term debt	9,486	10,375
Total debt	\$ 10,788	\$ 11,374
Long-term debt	\$ 9,486	\$ 10,375
Partners' capital	8,970	7,939
Total book capitalization	\$ 18,456	\$ 18,314

Edgar Filing: PLAINS GP HOLDINGS LP - Form DEFA14A

Total book capitalization, including short-term debt	\$	19,758	\$	19,313
Long-term debt-to-total book capitalization		51%		57%
Total debt-to-total book capitalization, including short-term debt		55%		59%

more

333 Clay Street, Suite 1600

Houston, Texas 77002

713-646-4100 / 866-809-1291

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

FINANCIAL SUMMARY (unaudited)

OPERATING DATA (1)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Transportation segment (average daily volumes in thousands of barrels per day):				
Volumes from tariff activities				
Crude oil pipelines (by region):				
Permian Basin (2)	2,178	1,886	2,112	1,773
South Texas / Eagle Ford (2)	274	308	294	286
Western	211	207	193	237
Rocky Mountain (2)	431	426	434	439
Gulf Coast	613	575	597	508
Central	398	432	388	434
Canada	379	393	386	403
Crude oil pipelines	4,484	4,227	4,404	4,080
NGL pipelines	182	193	180	192
Total volumes from tariff activities	4,666	4,420	4,584	4,272
Trucking	115	109	110	115
Transportation segment total volumes	4,781	4,529	4,694	4,387
Facilities segment (average monthly volumes):				
Crude oil, refined products and NGL terminalling and storage (average monthly capacity in millions of barrels)	105	99	105	99
Rail load / unload volumes (average volumes in thousands of barrels per day)	127	233	109	220
Natural gas storage (average monthly working capacity in billions of cubic feet)	97	97	97	97
NGL fractionation (average volumes in thousands of barrels per day)	105	103	110	103
Facilities segment total volumes (average monthly volumes in millions of barrels) (3)	128	126	128	125
Supply and Logistics segment (average daily volumes in thousands of barrels per day):				
Crude oil lease gathering purchases	885	967	899	974
NGL sales	176	158	242	222
Waterborne cargos	5		6	
Supply and Logistics segment total volumes	1,066	1,125	1,147	1,196

- (1) Average volumes are calculated as total volumes for the period (attributable to our interest) divided by the number of days or months in the period.
- (2) Region includes volumes (attributable to our interest) from pipelines owned by unconsolidated entities.
- (3) Facilities segment total is calculated as the sum of: (i) crude oil, refined products and NGL terminalling and storage capacity; (ii) rail load and unload volumes multiplied by the number of days in the period and divided by the number of months in the period; (iii) natural gas storage working capacity divided by 6 to account for the 6:1 mcf of natural gas to crude Btu equivalent ratio and further divided by 1,000 to convert to monthly volumes in millions; and (iv) NGL fractionation volumes multiplied by the number of days in the period and divided by the number of months in the period.

more

333 Clay Street, Suite 1600

Houston, Texas 77002

713-646-4100 / 866-809-1291

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

FINANCIAL SUMMARY (unaudited)

COMPUTATION OF BASIC AND DILUTED NET INCOME/(LOSS) PER COMMON UNIT

(in millions, except per unit data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Basic Net Income/(Loss) per Common Unit				
Net income attributable to PAA	\$ 101	\$ 124	\$ 302	\$ 407
Distributions to Series A preferred units (1)	(33)		(55)	
Distributions to general partner (1)	(155)	(152)	(310)	(300)
Distributions to participating securities (1)	(1)	(1)	(2)	(3)
Undistributed loss allocated to general partner (1)	7	6	12	9
Net income/(loss) allocated to common unitholders in accordance with application of the two-class method for MLPs	\$ (81)	\$ (23)	\$ (53)	\$ 113
Basic weighted average common units outstanding	398	397	398	390
Basic net income/(loss) per common unit	\$ (0.20)	\$ (0.06)	\$ (0.13)	\$ 0.29
Diluted Net Income/(Loss) per Common Unit				
Net income attributable to PAA	\$ 101	\$ 124	\$ 302	\$ 407
Distributions to Series A preferred units (1)	(33)		(55)	
Distributions to general partner (1)	(155)	(152)	(310)	(300)
Distributions to participating securities (1)	(1)	(1)	(2)	(3)
Undistributed loss allocated to general partner (1)	7	6	12	9
Net income/(loss) allocated to common unitholders in accordance with application of the two-class method for MLPs	\$ (81)	\$ (23)	\$ (53)	\$ 113
Basic weighted average common units outstanding	398	397	398	390
Effect of dilutive securities: Weighted average LTIP units (2)				3
Diluted weighted average common units outstanding	398	397	398	393
Diluted net income/(loss) per common unit (3)	\$ (0.20)	\$ (0.06)	\$ (0.13)	\$ 0.29

(1) Net income/(loss) allocated to common unitholders is calculated based on the distributions pertaining to the current period's net income. After adjusting for the appropriate period's distributions, the remaining undistributed earnings or excess distributions over earnings, if any, are allocated to the general partner, common unitholders and

participating securities in accordance with the contractual terms of our partnership agreement and as further prescribed under the two-class method.

(2) Our Long-term Incentive Plan (LTIP) awards that contemplate the issuance of common units are considered dilutive unless (i) vesting occurs only upon the satisfaction of a performance condition and (ii) that performance condition has yet to be satisfied. LTIP awards that are deemed to be dilutive are reduced by a hypothetical unit repurchase based on the remaining unamortized fair value, as prescribed by the treasury stock method in guidance issued by the FASB. Such LTIP awards were excluded from the calculation of diluted net income/(loss) per common unit for the three and six months ended June 30, 2016 and the three months ended June 30, 2015 as the effect was antidilutive.

(3) The possible conversion of our Series A preferred units was excluded from the calculation of diluted net income/(loss) per common unit for the three and six months ended June 30, 2016 as the effect was antidilutive.

more

333 Clay Street, Suite 1600

Houston, Texas 77002

713-646-4100 / 866-809-1291

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

FINANCIAL SUMMARY (unaudited)

SELECTED ITEMS IMPACTING COMPARABILITY

(in millions, except per unit data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Selected Items Impacting Comparability (1):				
Losses from derivative activities net of inventory valuation adjustments (2)	\$ (93)	\$ (60)	\$ (216)	\$ (151)
Long-term inventory costing adjustments (3)	67	23	44	(15)
Deficiencies under minimum volume commitments, net (4)	(8)		(34)	
Equity-indexed compensation expense (5)	(11)	(11)	(15)	(22)
Net gain/(loss) on foreign currency revaluation (6)	(1)	(1)	2	26
Line 901 incident (7)		(65)		(65)
Selected items impacting comparability of EBITDA	\$ (46)	\$ (114)	\$ (219)	\$ (227)
Deferred income tax expense (8)		(22)		(22)
Tax effect on selected items impacting comparability	11	5	30	32
Selected items impacting comparability of net income attributable to PAA	\$ (35)	\$ (131)	\$ (189)	\$ (217)
Impact to basic net income per common unit	\$ (0.08)	\$ (0.33)	\$ (0.46)	\$ (0.55)
Impact to diluted net income per common unit	\$ (0.08)	\$ (0.33)	\$ (0.46)	\$ (0.54)

(1) Certain of our non-GAAP financial measures may not be impacted by each of the selected items impacting comparability.

(2) We use derivative instruments for risk management purposes and our related processes include specific identification of hedging instruments to an underlying hedged transaction. Although we identify an underlying transaction for each derivative instrument we enter into, there may not be an accounting hedge relationship between the instrument and the underlying transaction. In the course of evaluating our results of operations, we identify the earnings that were recognized during the period related to derivative instruments for which the identified underlying transaction does not occur in the current period and exclude the related gains and losses in determining adjusted results. In addition, we exclude gains and losses on derivatives that are related to investing activities, such as the purchase of linefill. We also exclude the impact of corresponding inventory valuation adjustments, as applicable, as well as the mark-to-market adjustment related to our Preferred Distribution Rate Reset Option.

- (3) We carry approximately 5 million barrels of crude oil and NGL inventory that is comprised of minimum working inventory requirements in third-party assets and other working inventory that is needed for our commercial operations. We consider this inventory necessary to conduct our operations and we intend to carry this inventory for the foreseeable future. Therefore, we classify this inventory as long-term on our balance sheet and do not hedge the inventory with derivative instruments (similar to linefill in our own assets). We treat the impact of changes in the average cost of the long-term inventory (that result from fluctuations in market prices) and writedowns of such inventory that result from price declines as a selected item impacting comparability.
- (4) We have certain agreements that require counterparties to deliver, transport or throughput a minimum volume over an agreed upon period. Substantially all of such agreements were entered into with counterparties to economically support the return on our capital expenditure necessary to construct the related asset. Some of these agreements include make-up rights if the minimum volume is not met. We record a receivable from the counterparty in the period that services are provided or when the transaction occurs, including amounts for deficiency obligations from counterparties associated with minimum volume commitments. If a counterparty has a make-up right associated with a deficiency, we defer the revenue attributable to the counterparty's make-up right and subsequently recognize the revenue at the earlier of when the deficiency volume is delivered or shipped, when the make-up right expires or when it is determined that the counterparty's ability to utilize the make-up right is remote. We include the impact of amounts billed to counterparties for their deficiency obligation, net of applicable amounts subsequently recognized into revenue, as a selected item impacting comparability. We believe the inclusion of the contractually committed revenues associated with that period is meaningful to investors as the related asset has been constructed, is standing ready to provide the committed service and the fixed operating costs are included in the current period results.
- (5) Our total equity-indexed compensation expense includes expense associated with awards that will or may be settled in units and awards that will or may be settled in cash. The awards that will or may be settled in units are included in our diluted net income per unit calculation when the applicable performance criteria have been met. We consider the compensation expense associated with these awards as a selected item impacting comparability as the dilutive impact of the outstanding awards is included in our diluted net income per unit calculation and the majority of the awards are expected to be settled in units. The portion of compensation expense associated with awards that are certain to be settled in cash is not considered a selected item impacting comparability.
- (6) During the periods presented, there were fluctuations in the value of CAD to USD, resulting in gains and losses that were not related to our core operating results for the period and were thus classified as a selected item impacting comparability.
- (7) Includes costs related to the Line 901 incident that occurred in May 2015, net of amounts we believe are probable of recovery from insurance.
- (8) Includes the initial cumulative effect of a change in Canadian tax legislation impacting the period.

more

333 Clay Street, Suite 1600

Houston, Texas 77002

713-646-4100 / 866-809-1291

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

FINANCIAL SUMMARY (unaudited)

SELECTED FINANCIAL DATA BY SEGMENT

(in millions)

	Three Months Ended June 30, 2016			Three Months Ended June 30, 2015		
	Transportation	Facilities	Supply and Logistics	Transportation	Facilities	Supply and Logistics
Revenues (1)	\$ 403	\$ 270	\$ 4,652	\$ 402	\$ 269	\$ 6,351
Purchases and related costs (1)	(24)	(6)	(4,566)	(29)	(7)	(6,168)
Field operating costs (1) (2)	(136)	(88)	(74)	(209)	(97)	(110)
Equity-indexed compensation expense - operations	(5)	(2)	(1)	(3)	(1)	
Segment general and administrative expenses (2) (3)	(21)	(14)	(24)	(22)	(17)	(27)
Equity-indexed compensation expense - general and administrative	(5)	(4)	(5)	(5)	(3)	(5)
Equity earnings in unconsolidated entities	40			52		
Reported segment profit/(loss)	\$ 252	\$ 156	\$ (18)	\$ 186	\$ 144	\$ 41
Selected items impacting comparability of segment profit: (Gains)/losses from derivative activities net of inventory valuation adjustments	\$	\$ (2)	\$ 121	\$	\$	\$ 60
Long-term inventory costing adjustments			(67)			(23)
Deficiencies under minimum volume commitments, net	4	4				
Equity-indexed compensation expense	5	3	3	5	2	4
Net loss on foreign currency revaluation						2
Line 901 incident				65		
Selected items impacting comparability of segment profit (4)	\$ 9	\$ 5	\$ 57	\$ 70	\$ 2	\$ 43
Adjusted segment profit	\$ 261	\$ 161	\$ 39	\$ 256	\$ 146	\$ 84
Maintenance capital	\$ 23	\$ 9	\$ 3	\$ 33	\$ 17	\$ 2

Six Months Ended

Six Months Ended

Edgar Filing: PLAINS GP HOLDINGS LP - Form DEFA14A

	June 30, 2016			June 30, 2015		
	Transportation	Facilities	Supply and Logistics	Transportation	Facilities	Supply and Logistics
Revenues (1)	\$ 787	\$ 535	\$ 8,473	\$ 803	\$ 525	\$ 11,984
Purchases and related costs (1)	(45)	(11)	(8,243)	(59)	(11)	(11,521)
Field operating costs (1) (2)	(274)	(173)	(155)	(346)	(187)	(227)
Equity-indexed compensation expense - operations	(5)	(2)	(1)	(6)	(2)	(1)
Segment general and administrative expenses (2) (3)	(44)	(30)	(48)	(43)	(33)	(54)
Equity-indexed compensation expense - general and administrative	(7)	(4)	(7)	(10)	(7)	(10)
Equity earnings in unconsolidated entities	87			89		
Reported segment profit	\$ 499	\$ 315	\$ 19	\$ 428	\$ 285	\$ 171
Selected items impacting comparability of segment profit:						
(Gains)/losses from derivative activities net of inventory valuation adjustments	\$	\$ (1)	\$ 243	\$	\$	\$ 151
Long-term inventory costing adjustments			(44)			15
Deficiencies under minimum volume commitments, net	24	10				
Equity-indexed compensation expense	7	3	5	9	5	8
Net (gain)/loss on foreign currency revaluation			1			(30)
Line 901 incident				65		
Selected items impacting comparability of segment profit (4)	\$ 31	\$ 12	\$ 205	\$ 74	\$ 5	\$ 144
Adjusted segment profit	\$ 530	\$ 327	\$ 224	\$ 502	\$ 290	\$ 315
Maintenance capital	\$ 57	\$ 18	\$ 6	\$ 66	\$ 32	\$ 4

(1) Includes intersegment amounts.

(2) Field operating costs and Segment general and administrative expenses exclude equity-indexed compensation expense, which is presented separately in the table above.

(3) Segment general and administrative expenses reflect direct costs attributable to each segment and an allocation of other expenses to the segments. The proportional allocations by segment require judgment by management and are based on the business activities that exist during each period.

(4) Certain of our non-GAAP financial measures may not be impacted by each of the selected items impacting comparability.

more

333 Clay Street, Suite 1600

Houston, Texas 77002

713-646-4100 / 866-809-1291

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

FINANCIAL SUMMARY (unaudited)

FINANCIAL DATA RECONCILIATIONS

(in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net Income to Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), Excluding Selected Items Impacting Comparability (Adjusted EBITDA) and Implied Distributable Cash Flow (DCF) Reconciliations				
Net Income	\$ 102	\$ 124	\$ 304	\$ 408
Interest expense, net	114	107	227	212
Income tax (benefit)/expense	(5)	33	13	49
Depreciation and amortization	204	108	319	212
EBITDA	\$ 415	\$ 372	\$ 863	\$ 881
Selected items impacting comparability of EBITDA (1)	46	114	219	227
Adjusted EBITDA	\$ 461	\$ 486	\$ 1,082	\$ 1,108
Interest expense, net (2)	(110)	(104)	(219)	(204)
Maintenance capital	(35)	(52)	(81)	(102)
Current income tax expense	(9)	(19)	(40)	(61)
Equity earnings in unconsolidated entities, net of distributions	8	(3)	14	13
Distributions to noncontrolling interests (3)	(1)	(1)	(2)	(2)
Implied DCF (4)	\$ 314	\$ 307	\$ 754	\$ 752

(1) Certain of our non-GAAP financial measures may not be impacted by each of the selected items impacting comparability.

(2) Excludes certain non-cash items impacting interest expense such as amortization of debt issuance costs and terminated interest rate swaps.

(3) Includes distributions that pertain to the current period's net income, which are paid in the subsequent period.

(4) Including costs recognized during the period related to the Line 901 incident that occurred during May 2015, Implied DCF would have been \$242 million and \$687 million for the three and six months ended June 30, 2015, respectively.

more

333 Clay Street, Suite 1600 Houston, Texas 77002 713-646-4100 / 866-809-1291

PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES

FINANCIAL SUMMARY (unaudited)

COMPUTATION OF ADJUSTED BASIC AND DILUTED NET INCOME/(LOSS) PER COMMON UNIT

(in millions, except per unit data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Basic Adjusted Net Income/(Loss) per Common Unit				
Net income attributable to PAA	\$ 101	\$ 124	\$ 302	\$ 407
Selected items impacting comparability of net income attributable to PAA (1)	35	131	189	217
Adjusted net income attributable to PAA	136	255	491	624
Distributions to Series A preferred units (2)	(33)		(55)	
Distributions to general partner (2)	(155)	(152)	(310)	(300)
Distributions to participating securities (2)	(1)	(1)	(2)	(3)
Undistributed loss allocated to general partner (2)	6	4	8	5
Adjusted net income/(loss) allocated to common unitholders in accordance with application of the two-class method for MLPs	\$ (47)	\$ 106	\$ 132	\$ 326
Basic weighted average common units outstanding	398	397	398	390
Basic adjusted net income/(loss) per common unit	\$ (0.12)	\$ 0.27	\$ 0.33	\$ 0.84
Diluted Adjusted Net Income/(Loss) per Common Unit				
Net income attributable to PAA	\$ 101	\$ 124	\$ 302	\$ 407
Selected items impacting comparability of net income attributable to PAA (1)	35	131	189	217
Adjusted net income attributable to PAA	136	255	491	624
Distributions to Series A preferred units (2)	(33)		(55)	
Distributions to general partner (2)	(155)	(152)	(310)	(300)
Distributions to participating securities (2)	(1)	(1)	(2)	(3)
Undistributed loss allocated to general partner (2)	6	4	8	5
Adjusted net income/(loss) allocated to common unitholders in accordance with application of the two-class method for MLPs	\$ (47)	\$ 106	\$ 132	\$ 326
Basic weighted average common units outstanding	398	397	398	390
Effect of dilutive securities: Weighted average LTIP units (3)		3	1	3
Diluted weighted average common units outstanding	398	400	399	393
Diluted adjusted net income/(loss) per common unit (4)	\$ (0.12)	\$ 0.27	\$ 0.33	\$ 0.83

-
- (1) Certain of our non-GAAP financial measures may not be impacted by each of the selected items impacting comparability.
- (2) Adjusted net income allocated to common unitholders is calculated based on the distributions pertaining to the current period's net income. After adjusting for the appropriate period's distributions, the remaining undistributed earnings or excess distributions over earnings, if any, are allocated to the general partner, common unitholders and participating securities in accordance with the contractual terms of our partnership agreement and as further prescribed under the two-class method.
- (3) Our Long-term Incentive Plan (LTIP) awards that contemplate the issuance of common units are considered dilutive unless (i) vesting occurs only upon the satisfaction of a performance condition and (ii) that performance condition has yet to be satisfied. LTIP awards that are deemed to be dilutive are reduced by a hypothetical unit repurchase based on the remaining unamortized fair value, as prescribed by the treasury stock method in guidance issued by the FASB. Such LTIP awards were excluded from the calculation of diluted net income/(loss) per common unit for the three months ended June 30, 2016 as the effect was antidilutive.
- (4) The possible conversion of our Series A preferred units was excluded from the calculation of diluted adjusted net income/(loss) per common unit for the three and six months ended June 30, 2016 as the effect was antidilutive.

more

333 Clay Street, Suite 1600

Houston, Texas 77002

713-646-4100 / 866-809-1291

PLAINS GP HOLDINGS AND SUBSIDIARIES

FINANCIAL SUMMARY (unaudited)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS (1)

(in millions, except per share data)

	Three Months Ended June 30, 2016 Consolidating Adjustments (2)			Three Months Ended June 30, 2015 Consolidating Adjustments (2)		
	PAA		PAGP	PAA		PAGP
REVENUES	\$ 4,950	\$	\$ 4,950	\$ 6,663	\$	\$ 6,663
COSTS AND EXPENSES						
Purchases and related costs	4,224		4,224	5,848		5,848
Field operating costs	303		303	417		417
General and administrative expenses	73		73	79	1	80
Depreciation and amortization	204	1	205	108		108
Total costs and expenses	4,804	1	4,805	6,452	1	6,453
OPERATING INCOME	146	(1)	145	211	(1)	210
OTHER INCOME/(EXPENSE)						
Equity earnings in unconsolidated entities	40		40	52		52
Interest expense, net	(114)	(4)	(118)	(107)	(2)	(109)
Other income/(expense), net	25		25	1		1
INCOME BEFORE TAX	97	(5)	92	157	(3)	154
Current income tax expense	(9)		(9)	(19)		(19)
Deferred income tax benefit/(expense)	14	(15)	(1)	(14)	(18)	(32)
NET INCOME	102	(20)	82	124	(21)	103
Net income attributable to noncontrolling interests	(1)	(39)	(40)		(73)	(73)
NET INCOME ATTRIBUTABLE TO PAGP	\$ 101	\$ (59)	\$ 42	\$ 124	\$ (94)	\$ 30
BASIC NET INCOME PER CLASS A SHARE						
			\$ 0.16			\$ 0.14
DILUTED NET INCOME PER CLASS A SHARE						
			\$ 0.15			\$ 0.14

BASIC WEIGHTED AVERAGE CLASS A SHARES OUTSTANDING	267	224
DILUTED WEIGHTED AVERAGE CLASS A SHARES OUTSTANDING	624	224

(1) The 2015 period has been retroactively adjusted to reflect the reclassification of the amortization of debt issuance costs from Depreciation and amortization to Interest expense, net as a result of our adoption of revised debt issuance costs guidance issued by the FASB.

(2) Represents the aggregate consolidating adjustments necessary to produce consolidated financial statements for PAGP.

more

333 Clay Street, Suite 1600 Houston, Texas 77002 713-646-4100 / 866-809-1291

PLAINS GP HOLDINGS AND SUBSIDIARIES

FINANCIAL SUMMARY (unaudited)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS (1)

(in millions, except per share data)

	Six Months Ended June 30, 2016 Consolidating Adjustments (2)			Six Months Ended June 30, 2015 Consolidating Adjustments (2)		
	PAA		PAGP	PAA		PAGP
REVENUES	\$ 9,060	\$	\$ 9,060	\$ 12,605	\$	\$ 12,605
COSTS AND EXPENSES						
Purchases and related costs	7,571		7,571	10,890		10,890
Field operating costs	603		603	763		763
General and administrative expenses	140	1	141	157	2	159
Depreciation and amortization	319	1	320	212	1	213
Total costs and expenses	8,633	2	8,635	12,022	3	12,025
OPERATING INCOME	427	(2)	425	583	(3)	580
OTHER INCOME/(EXPENSE)						
Equity earnings in unconsolidated entities	87		87	89		89
Interest expense, net	(227)	(6)	(233)	(212)	(4)	(216)
Other income/(expense), net	30		30	(3)		(3)
INCOME BEFORE TAX	317	(8)	309	457	(7)	450
Current income tax expense	(40)		(40)	(61)		(61)
Deferred income tax benefit/(expense)	27	(37)	(10)	12	(36)	(24)
NET INCOME	304	(45)	259	408	(43)	365
Net income attributable to noncontrolling interests	(2)	(179)	(181)	(1)	(303)	(304)
NET INCOME ATTRIBUTABLE TO PAGP	\$ 302	\$ (224)	\$ 78	\$ 407	\$ (346)	\$ 61
BASIC NET INCOME PER CLASS A SHARE			\$ 0.30			\$ 0.28
DILUTED NET INCOME PER CLASS A SHARE			\$ 0.29			\$ 0.27
BASIC WEIGHTED AVERAGE CLASS A SHARES			260			218

OUTSTANDING

**DILUTED WEIGHTED
AVERAGE CLASS A SHARES
OUTSTANDING**

652

606

(1) The 2015 period has been retroactively adjusted to reflect the reclassification of the amortization of debt issuance costs from Depreciation and amortization to Interest expense, net as a result of our adoption of revised debt issuance costs guidance issued by the FASB.

(2) Represents the aggregate consolidating adjustments necessary to produce consolidated financial statements for PAGP.

more

333 Clay Street, Suite 1600

Houston, Texas 77002

713-646-4100 / 866-809-1291

PLAINS GP HOLDINGS AND SUBSIDIARIES

FINANCIAL SUMMARY (unaudited)

CONDENSED CONSOLIDATING BALANCE SHEET DATA

(in millions)

	June 30, 2016			December 31, 2015		
	PAA	Consolidating Adjustments (1)	PAGP	PAA	Consolidating Adjustments (1)	PAGP
ASSETS						
Current assets	\$ 3,603	\$ 2	\$ 3,605	\$ 2,969	\$ 3	\$ 2,972
Property and equipment, net	13,598	19	13,617	13,474	19	13,493
Goodwill	2,396		2,396	2,405		2,405
Investments in unconsolidated entities	2,161		2,161	2,027		2,027
Deferred tax asset		1,893	1,893		1,835	1,835
Linefill and base gas	902		902	898		898
Long-term inventory	184		184	129		129
Other long-term assets, net	319	(2)	317	386	(3)	383
Total assets	\$ 23,163	\$ 1,912	\$ 25,075	\$ 22,288	\$ 1,854	\$ 24,142
LIABILITIES AND PARTNERS CAPITAL						
Current liabilities	\$ 4,029	\$ 2	\$ 4,031	\$ 3,407	\$ 2	\$ 3,409
Senior notes, net of unamortized discounts and debt issuance costs	9,128		9,128	9,698		9,698
Other long-term debt, net of unamortized debt issuance costs	358	591	949	677	557	1,234
Other long-term liabilities and deferred credits	678		678	567		567
Total liabilities	14,193	593	14,786	14,349	559	14,908
Partners capital excluding noncontrolling interests	8,912	(7,110)	1,802	7,881	(6,119)	1,762
Noncontrolling interests	58	8,429	8,487	58	7,414	7,472
Total partners capital	8,970	1,319	10,289	7,939	1,295	9,234
Total liabilities and partners capital	\$ 23,163	\$ 1,912	\$ 25,075	\$ 22,288	\$ 1,854	\$ 24,142

(1) Represents the aggregate consolidating adjustments necessary to produce consolidated financial statements for PAGP.

more

PLAINS GP HOLDINGS AND SUBSIDIARIES**DISTRIBUTION SUMMARY (unaudited)****Q2 2016 PAGP DISTRIBUTION SUMMARY**

(in millions, except per unit and per share data)

	Q2 2016 (1)
PAA Distribution/Common Unit	\$ 0.7000
GP Distribution/Common Unit	\$ 0.3885
Total Distribution/Common Unit	\$ 1.0885
PAA Common Units Outstanding at 7/29/16	398
Gross GP Distribution	\$ 160
Less: IDR Reduction	(5)
Net Distribution from PAA to AAP (2)	\$ 155
Less: Debt Service	(3)
Less: G&A Expense	(1)
Cash Available for Distribution by AAP	\$ 151
Distributions to AAP Partners	
Direct AAP Owners & AAP Management (59% economic interest)	\$ 89
PAGP (41% economic interest)	62
Total distributions to AAP Partners	\$ 151
Distribution to PAGP Investors	\$ 62
PAGP Class A Shares Outstanding at 7/29/16	267
PAGP Distribution/Class A Share	\$ 0.231

(1) Amounts may not recalculate due to rounding.

(2) Plains AAP, L.P. (AAP) is the general partner of PAA.

more

333 Clay Street, Suite 1600

Houston, Texas 77002

713-646-4100 / 866-809-1291

PLAINS GP HOLDINGS AND SUBSIDIARIES**FINANCIAL SUMMARY (unaudited)****COMPUTATION OF BASIC AND DILUTED NET INCOME PER CLASS A SHARE**

(in millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Basic Net Income per Class A Share				
Net income attributable to PAGP	\$ 42	\$ 30	\$ 78	\$ 61
Basic weighted average Class A shares outstanding	267	224	260	218
Basic net income per Class A share	\$ 0.16	\$ 0.14	\$ 0.30	\$ 0.28
Diluted Net Income per Class A Share				
Net income attributable to PAGP	\$ 42	\$ 30	\$ 78	\$ 61
Incremental net income allocated to PAGP resulting from assumed exchange of AAP units and AAP Management Units	52		111	105
Net income allocated to PAGP including incremental net income from assumed exchange of AAP units and AAP Management Units	\$ 94	\$ 30	\$ 189	\$ 166
Basic weighted average Class A shares outstanding	267	224	260	218
Dilutive shares resulting from assumed exchange of AAP units and AAP Management Units	357		392	388
Diluted weighted average Class A shares outstanding	624	224	652	606
Diluted net income per Class A share	\$ 0.15	\$ 0.14	\$ 0.29	\$ 0.27

Contacts:

Ryan Smith
Director, Investor Relations
(866) 809-1291

Al Swanson
Executive Vice President, CFO
(800) 564-3036

###

Additional Information and Where to Find It

The Simplification Transaction will be submitted to the shareholders of PAGP for their consideration, and PAGP will file with the SEC a proxy statement to be used by PAGP to solicit the required approval of its shareholders in connection with the Simplification Transaction. PAGP also plans to file other documents with the SEC regarding the proposed Simplification Transaction. INVESTORS AND SECURITY HOLDERS OF PAGP ARE URGED TO READ THE PROXY STATEMENT AND OTHER RELEVANT DOCUMENTS THAT WILL BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE SIMPLIFICATION TRANSACTION. Security holders may obtain free copies of the proxy statement and other documents containing important information about PAGP, once such documents are filed with the SEC, through the website maintained by the SEC at <http://www.sec.gov>. Copies of the documents filed with the SEC by PAGP will be available free of charge on PAGP's website at ir.pagp.com or by contacting PAGP's Investor Relations Department at (866) 809-1291.

Participants in the Solicitation

PAGP and the directors and executive officers of its general partner (PAGP GP), and Plains All American Pipeline, L.P. (PAA) and the directors and executive officers of the general partner of the sole member of its general partner, Plains All American GP LLC (GP LLC), may be deemed to be participants in the solicitation of proxies from PAGP's shareholders in connection with the Simplification Transaction. Information about the directors and executive officers of PAGP GP is set forth in PAGP's Annual Report on Form 10-K and information about the directors and executive officers of GP LLC is set forth in PAA's Annual Report on Form 10-K, which were each filed with the SEC on February 25, 2016, and PAGP's and PAA's subsequent Quarterly Reports on Form 10-Q. These documents can be obtained free of charge from the sources indicated above. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement that PAGP intends to file with the SEC.
