

**PLAINS**  
**ALL AMERICAN**  
**PIPELINE, L.P.**

## **GHS 100 Energy Conference**

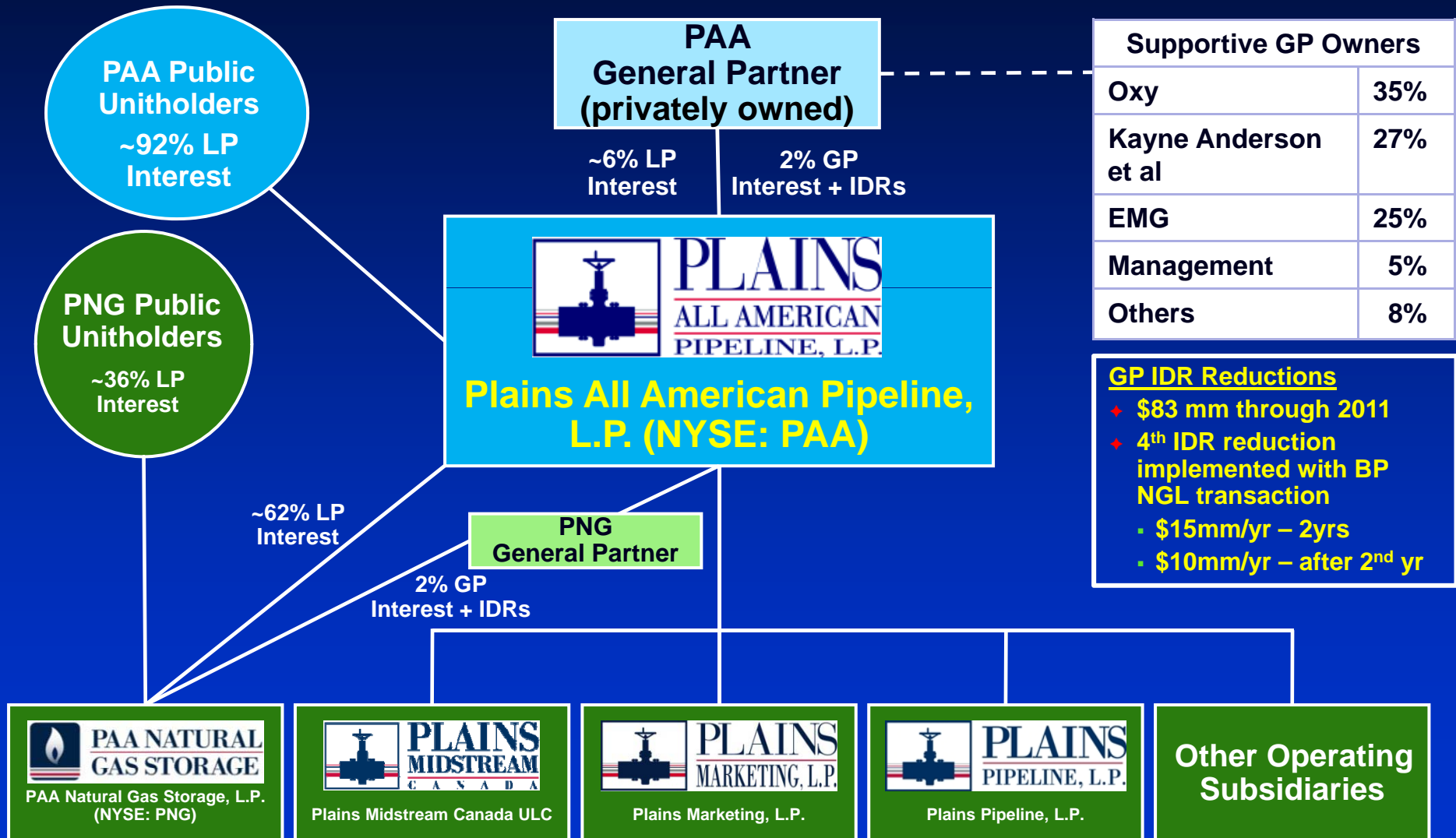
**Roy Lamoreaux**  
*Director, Investor Relations*

**San Francisco, CA**  
**June 25, 2012**

# PAA Forward-Looking Statements & Non-GAAP Financial Measures Disclosure

- ◆ This presentation contains forward-looking statements, including, in particular, statements about the plans, strategies and prospects of Plains All American Pipeline, L.P. (“PAA”). These forward-looking statements are based on PAA’s current assumptions, expectations and projections about future events.
- ◆ Although PAA believes that the expectations reflected in these forward-looking statements are reasonable, PAA can give no assurance that these expectations will prove to be correct or that synergies or other benefits anticipated in the forward-looking statements will be achieved. Important factors, some of which may be beyond PAA’s control, that could cause actual results to differ materially from management’s expectations are disclosed in PAA’s respective filings with the Securities and Exchange Commission.
- ◆ This presentation also contains non-GAAP financial measures relating to PAA. A reconciliation of these measures to the most directly comparable GAAP measures is available in the appendix to this presentation. For additional detail regarding selected items impacting comparability, please visit the Investor Relations section of PAA’s website at [www.paalp.com](http://www.paalp.com).

# Plains All American Ownership Structure



# PAA Profile

## PAA Aggregate Size/Yield

◆ Total Assets <sup>(1)</sup>	\$ 17.1 B
◆ Book Equity <sup>(1)</sup>	\$ 6.5 B
◆ Book Cap. <sup>(1)</sup>	\$ 12.3 B
◆ Enterprise Value <sup>(1)(2)</sup>	\$ 18.3 B
◆ Equity Market Cap. <sup>(1)(2)</sup>	\$ 12.5 B
◆ Fortune 500 Rank (revenues)	87
◆ Unitholders	~160,000
◆ Current Yield <sup>(2)</sup> (\$4.18 annualized)	~5.4%

## Public Guidance – Mid-point

◆ 2012 Adjusted EBITDA <sup>(3)</sup>	<b>\$1,800 MM</b>
◆ 2012 Adj. Net Income <sup>(3)</sup>	<b>\$1,121 MM</b>

## Assets <sup>(4)</sup>

Pipelines (active miles)	18,700 miles
Liquids Storage	120 MMBbls
Natural Gas Storage <sup>(5)</sup>	84 Bcf
Fractionation Facilities	260,000 Bbl/d
Natural Gas Processing	>8 Bcf
Railcars	4,200
Truck Fleet	750 Trucks
	1,250 Trailers
Barge Fleet	83 Barges
	46 Tugs
Crude, Product & NGL Volumes:	>3 MMBbl/d

1. Based on balance sheet data as of 3/31/12.

2. Based on 6/18/12 closing unit price; excludes value of GP.

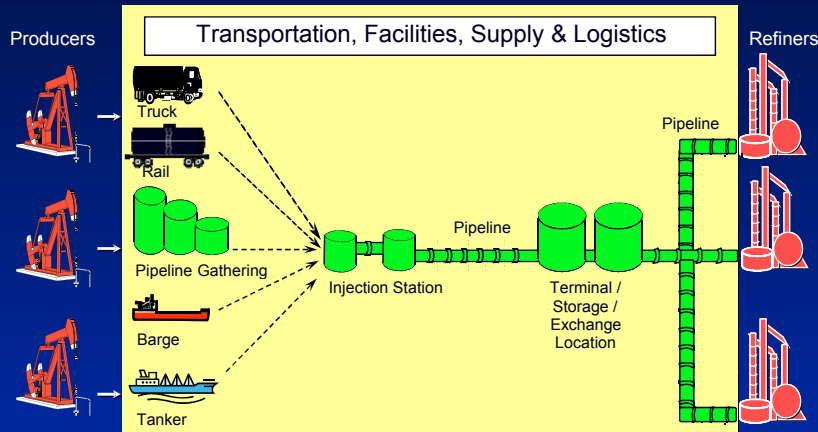
3. Adjusted EBITDA and Adjusted Net Income Attributable to Plains, which has been abbreviated as "Adj. Net Income," are the mid-point of PAA's public guidance furnished via form 8-K on 5/7/12 and exclude selected items impacting comparability.

4. Includes owned or leased assets as of 3/31/12 and BP assets acquired on 4/1/12. Processing capacity includes owned and contractual rights. Values may be approximated. Barge/Tug ownership through 50% interest in Settoon Towing.

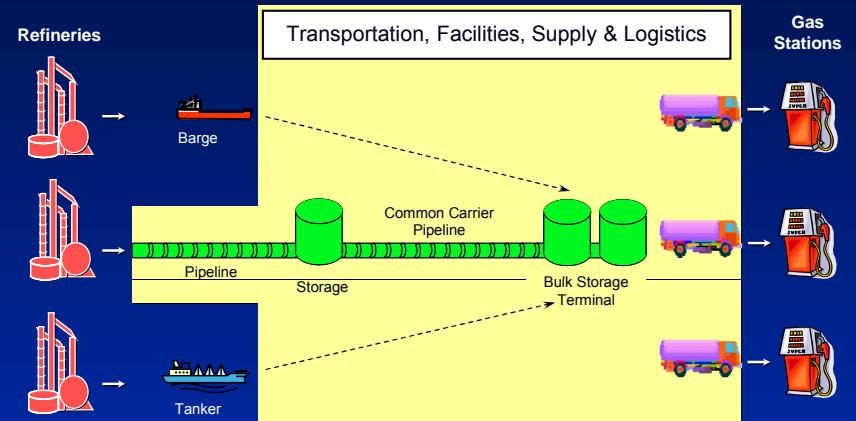
5. Average 2012 working gas capacity based on PNG guidance furnished via Form 8K on 5/7/12. Excludes leased natural gas storage capacity.

# PAA's Activities Are Conducted on Four Product Platforms

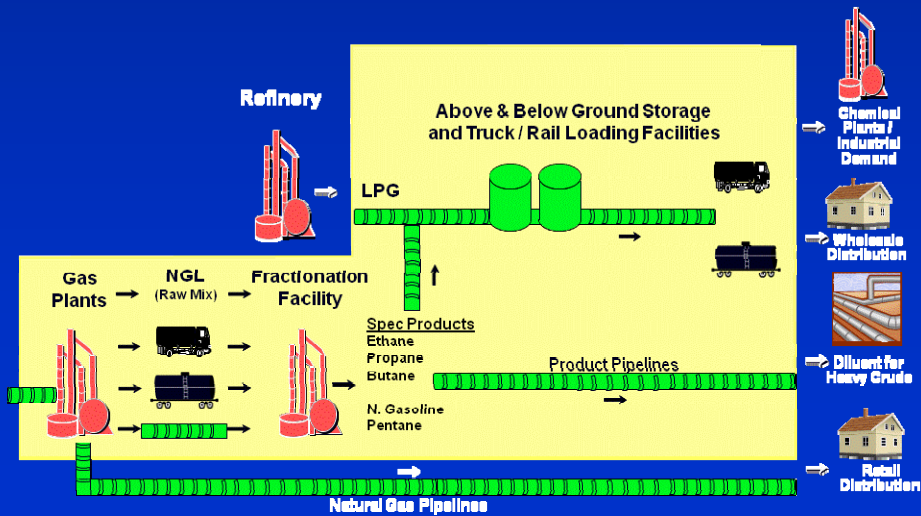
## Crude Oil



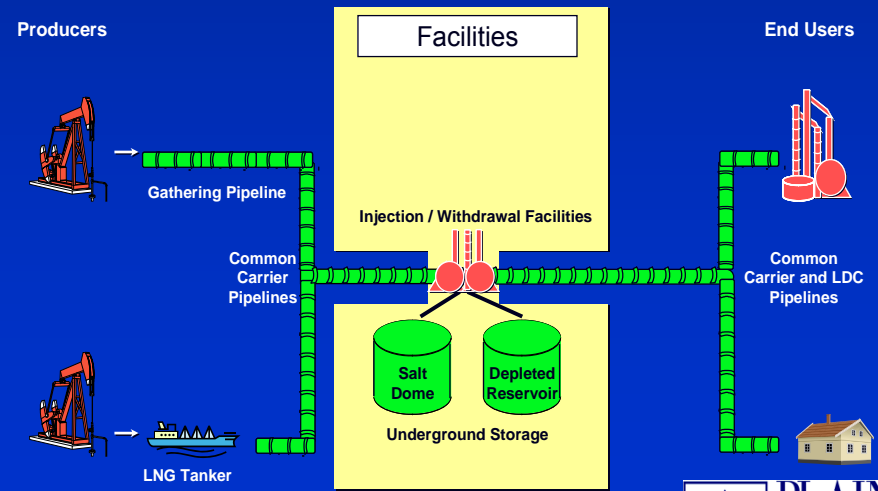
## Refined Products



## NGL



## Natural Gas Storage (PNG)



# PAA's Proven Business Model

Embraces a Proactive Approach to Forecasting Market Conditions

## Formulaic

Assets  
+  
Capital  
+  
Knowledge  
+  
Execution Skills  
=  
Value-Added  
Services  
=  
Sustainable,  
increasing profits &  
distributions

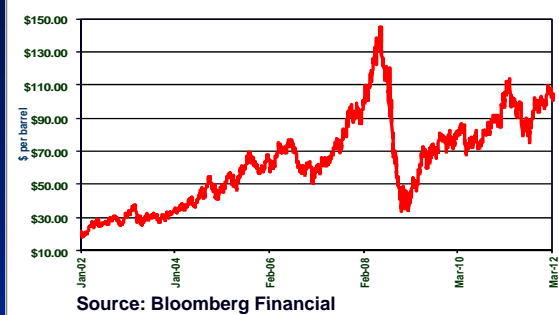
## Qualitative

- ◆ **Understand the markets**
  - ✓ Fundamental supply/demand drivers
  - ✓ Volatility, seasonality, cyclicity, etc.
  - ✓ Performance in different economic conditions
  - ✓ Changes affecting market dynamics (regulatory, major infrastructure changes, etc.)
- ◆ **Build or acquire logistics assets strategic to market fundamentals**
- ◆ **Optimize performance of such assets through:**
  - ✓ Interconnectivity
  - ✓ 3<sup>rd</sup>-party arrangements and commercial activities
  - ✓ Increasing utilization of pipelines and tankage
  - ✓ Capitalizing on low-risk market opportunities
  - ✓ Benefiting from volatility

**Our business model enables us to exert strong influence over our own destiny**

# PAA's Business Model Has Been Proven Through a Number of Cycles and Market Conditions

## NYMEX Crude Oil Prices

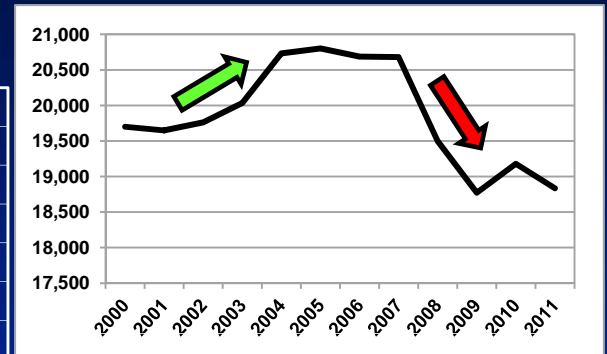


## PAA Adjusted EBITDA:

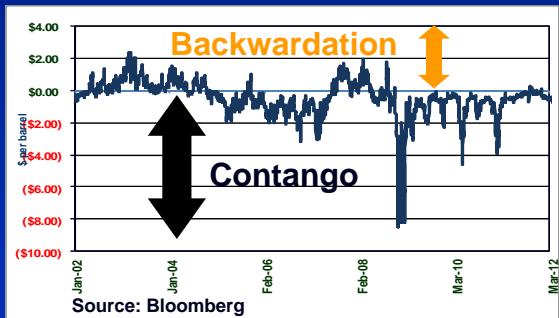
### Actual Performance vs. Beginning of the Year Guidance



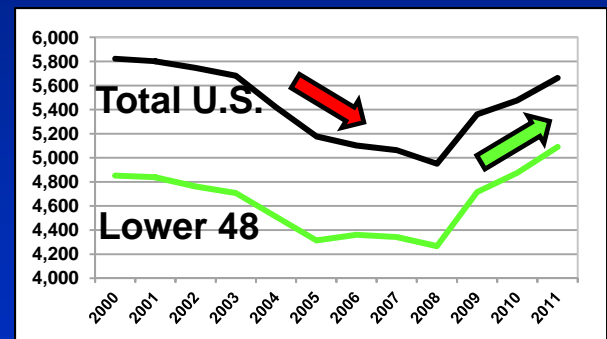
## U.S. Petroleum Consumption



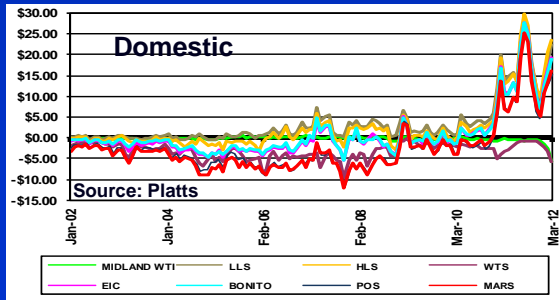
## Crude Oil Market Structure (1)



## U.S. Crude Oil Production

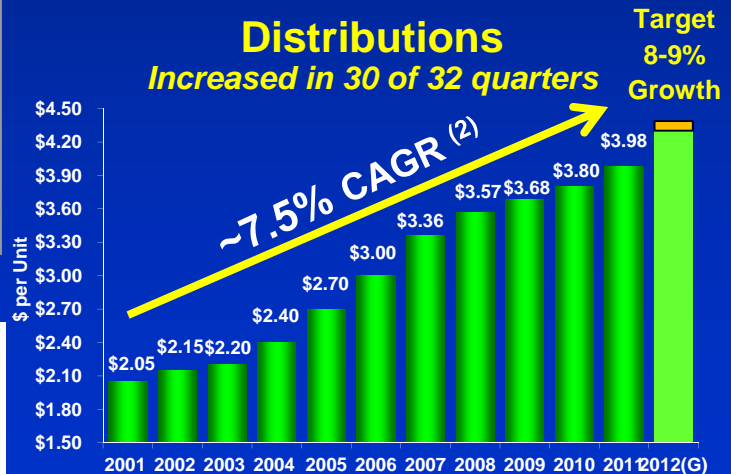


## Differentials to WTI

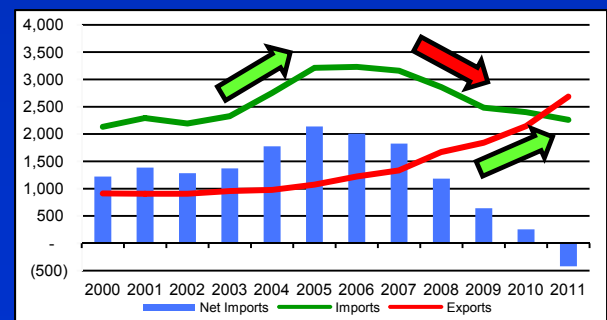


## Distributions

Increased in 30 of 32 quarters



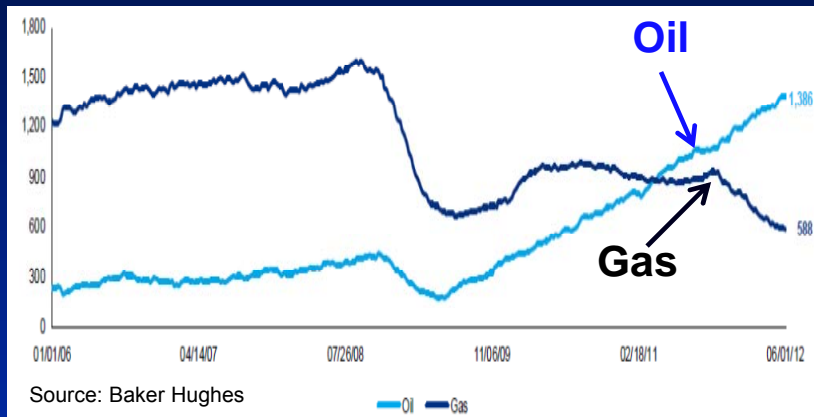
## U.S. Products Imports/Exports



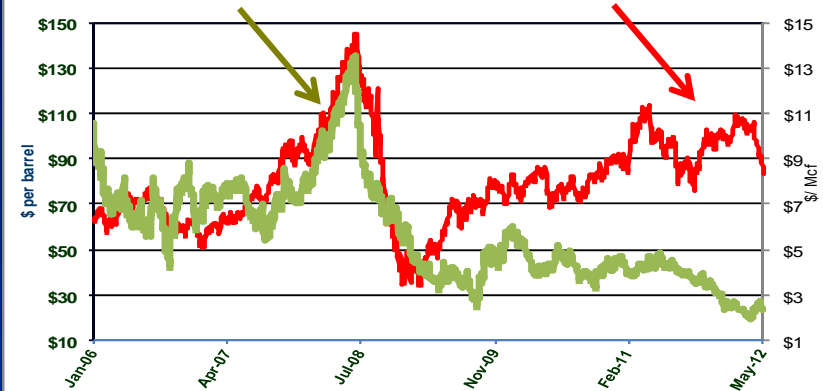
- (1) Crude Oil Market Structure chart does not include 9/22/08 data point on which the backwardated spread widened to over \$11/barrel.
- (2) Distribution amount are the annualized distributions paid in November of the respective years. The CAGR is calculated using the annualized distributions paid in November 2000 (\$1.85) and May 2012 (\$4.18).
- (3) Based on mid-point guidance provided via Form 8K on 05/07/12.

# US Oil Industry Fundamentals – Significant Shift of Resources to Development of Oil Resource/Shale Plays

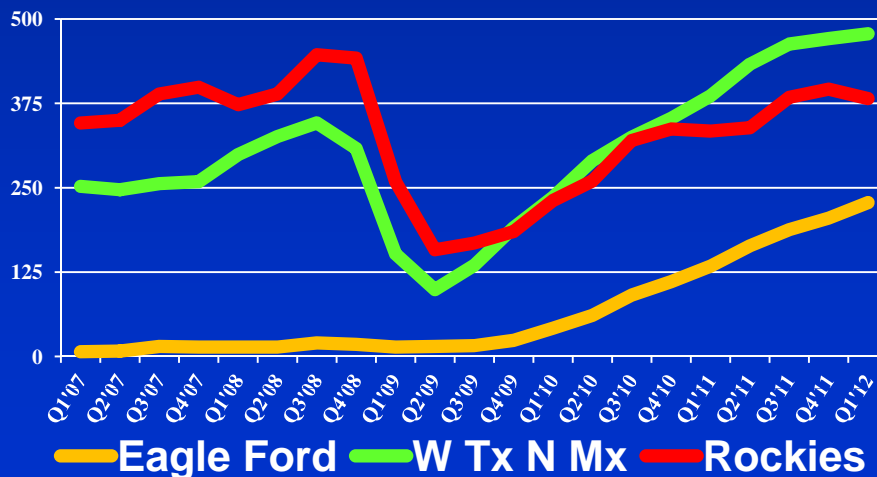
## Historical Oil & Gas Rig Count



## Natural Gas & Crude Oil Prices



## Rig Count by Area (1)



(1) Source: RigData, Tudor Pickering Holt; Rig counts include both oil and gas.

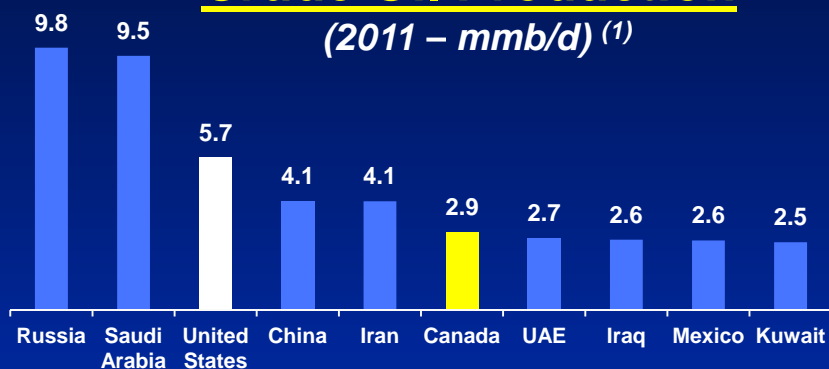
- ◆ Significant shift in resources from natural gas to oil development
- ◆ Oil rig count up over 400% in last 3 years – currently nearly 1,400 rigs drilling for oil
- ◆ Over half of rigs active in areas where PAA has substantial asset presence

# US & Canada Rank Highly For Crude Oil Production and Crude Oil Production Growth (Expected To Continue for Several Years)

## World's 10 Largest Oil Producers

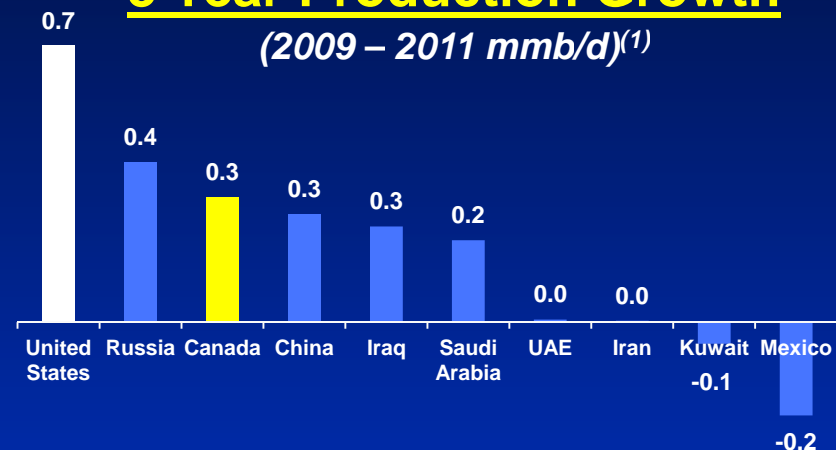
### Crude Oil Production

(2011 – mmb/d) <sup>(1)</sup>



### 3 Year Production Growth

(2009 – 2011 mmb/d)<sup>(1)</sup>



- ◆ **U.S. is 3<sup>rd</sup> largest crude oil producing country in the world; Canada is 6<sup>th</sup>**
  - ✓ Combined, U.S. and Canada rival Russia and Saudi Arabia
- ◆ **Over the last 3 years, U.S. crude oil production increased more than any other top 10 producer; Canada ranked 3<sup>rd</sup> in production growth**
  - ✓ Combined, the U.S. and Canada increased production more than all the other top 10 producing countries combined
- ◆ **Over the next 5-7 years, U.S. & Canada crude oil supply is forecasted to increase ~4.0 mmb/d (~75% U.S.; 25% Canada) <sup>(2)</sup>**

(1) Source: EIA website

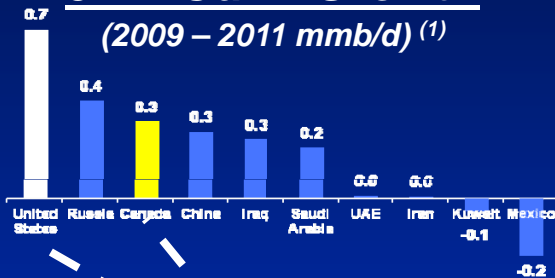
(2) Source: Partnership Estimates

# Resource Plays Are Expected to Continue to Drive Very Significant Increases in North American Production

## Top 10 World Producers

### 3 Yr. Cum. Growth

(2009 – 2011 mmb/d) <sup>(1)</sup>

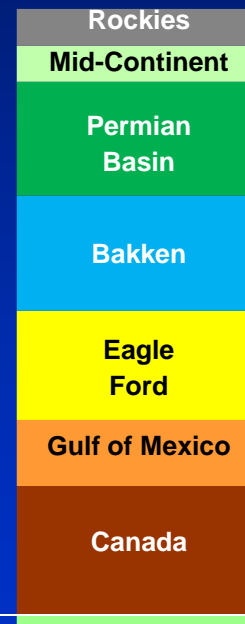


~1.0 MMBLS

2009-2011

## Projected Cumulative Growth From 2009 to 2016/18 Time Period<sup>(2)</sup>

~5.0 MMBLS



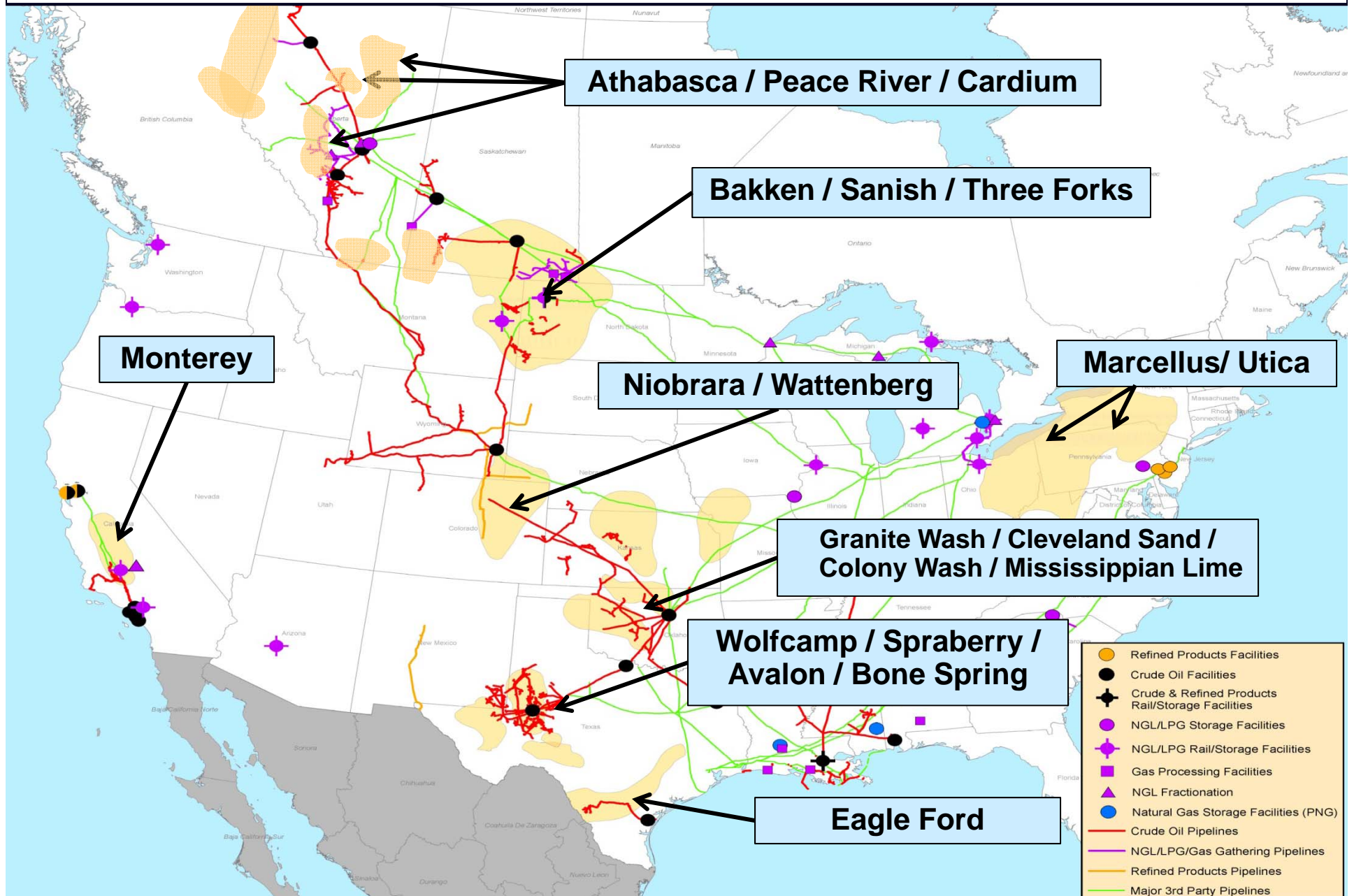
2009 - 2016/2018

◆ US & Canada expected to deliver net additional 4 MMBLS of crude oil production growth over the next 5 to 7 years

Volumetric growth will require significant investment in midstream infrastructure

(1) Source: EIA / Partnership Estimates  
 (2) Source: Partnership Estimates

# PAA's Assets Are Well Positioned to Service Major North American Crude Oil Production Growth Areas



# PAA Continues to Expand to Accommodate Production Growth

## Capital Investment Over a 5 Year Period \*

### Canada (~\$2.5bn)

- BP NGL Acquisition
- Rainbow II Pipeline construction
- Pipeline connections and storage construction

### Bakken (\$385mm)

- Nexen crude oil business acq.
- Rail and tank capacity
- Gas processing plant

### Permian Basin (\$340mm)

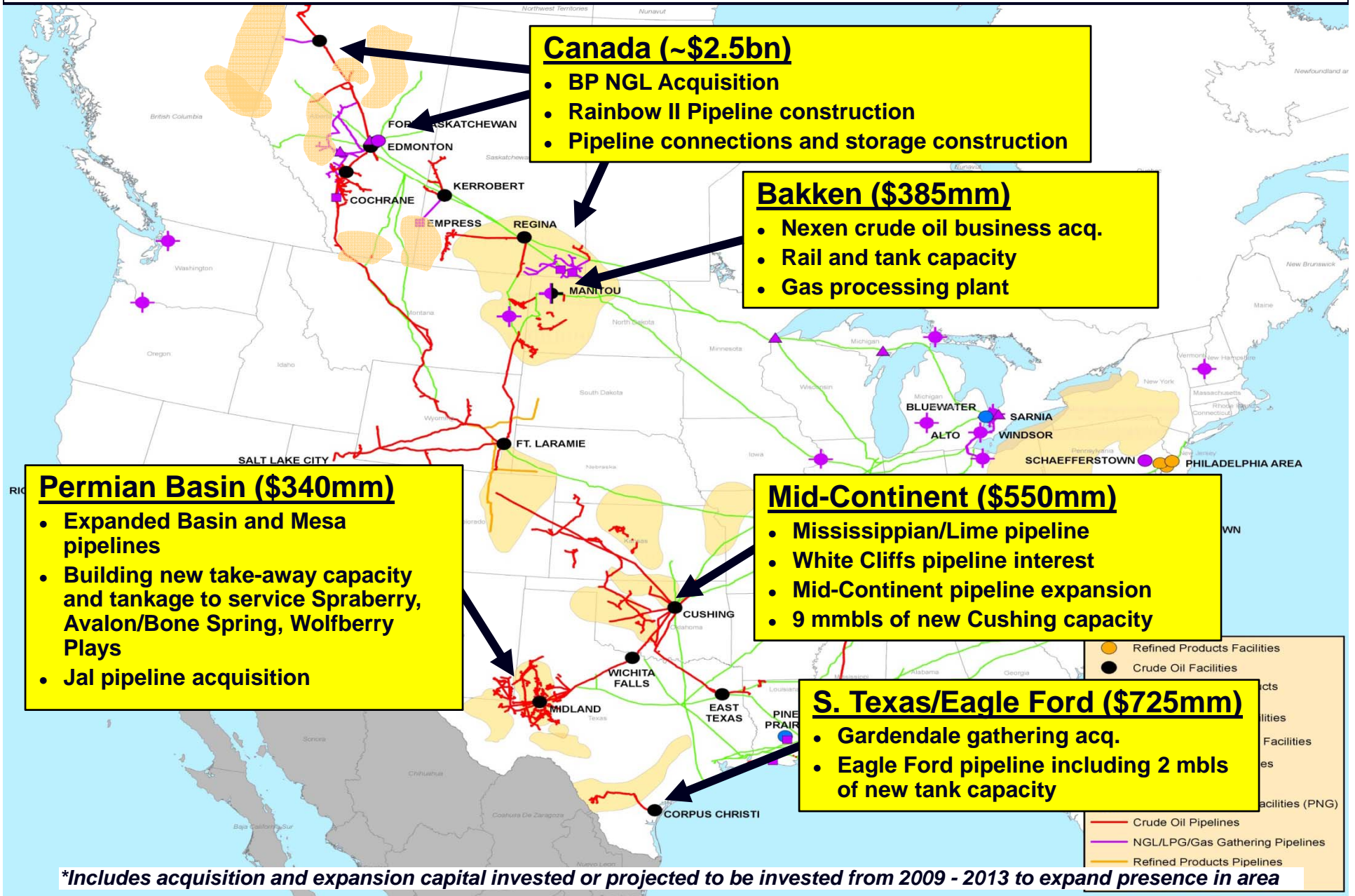
- Expanded Basin and Mesa pipelines
- Building new take-away capacity and tankage to service Spraberry, Avalon/Bone Spring, Wolfberry Plays
- Jal pipeline acquisition

### Mid-Continent (\$550mm)

- Mississippian/Lime pipeline
- White Cliffs pipeline interest
- Mid-Continent pipeline expansion
- 9 mmbbls of new Cushing capacity

### S. Texas/Eagle Ford (\$725mm)

- Gardendale gathering acq.
- Eagle Ford pipeline including 2 mbls of new tank capacity

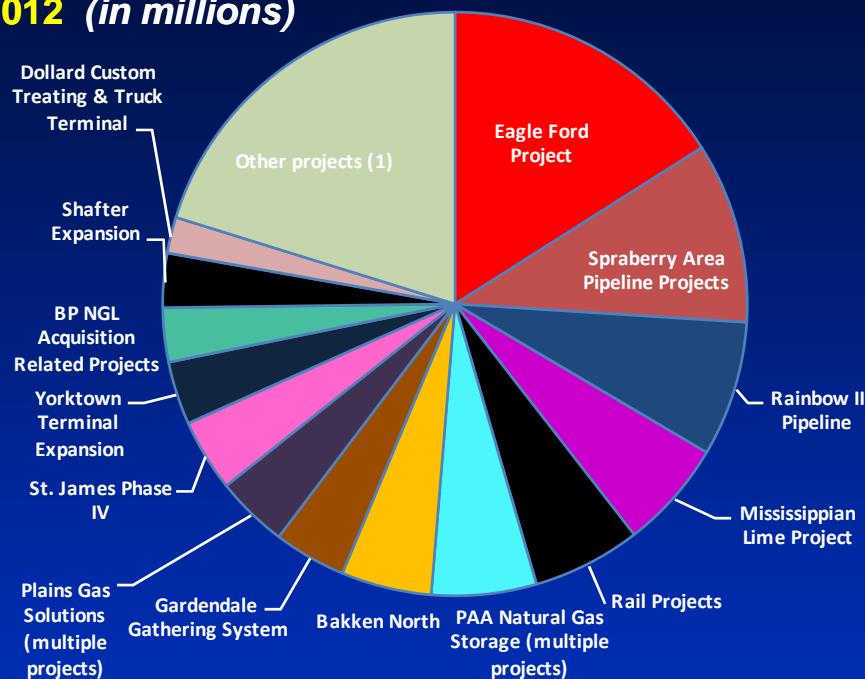


\*Includes acquisition and expansion capital invested or projected to be invested from 2009 - 2013 to expand presence in area

# 2012 Capital Program Reflects PAA's Focus on Small-to-Medium-Sized Projects

Based on guidance furnished via Form 8-K on May 7, 2012 (in millions)

Eagle Ford Project	\$	160
Spraberry Area Pipeline Projects		100
Rainbow II Pipeline		75
Mississippian Lime Project		60
Rail Projects		60
PAA Natural Gas Storage (multiple projects)		58
Bakken North		50
Gardendale Gathering System		40
Plains Gas Solutions (multiple projects)		40
St. James Phase IV		40
Yorktown Terminal Project		35
BP NGL Acquisition Related Projects		30
Shafter Expansion		30
Dollard Custom Treating & Truck Terminal		20
Other projects <sup>(1)</sup>		202
<b>Total Expansion Capital</b>	<b>\$</b>	<b>1,000</b>
Potential Adjustments for Timing / Scope Refinement <sup>(2)</sup>		-\$50 - +\$100
<b>Total Range</b>		<b>\$950 - \$1,100</b>



- ◆ Many projects within PAA's existing asset footprint and reflect lower-risk, solid return projects
- ◆ Diversity of PAA's capital program mitigates impact of potential delays / cost overruns on any one project

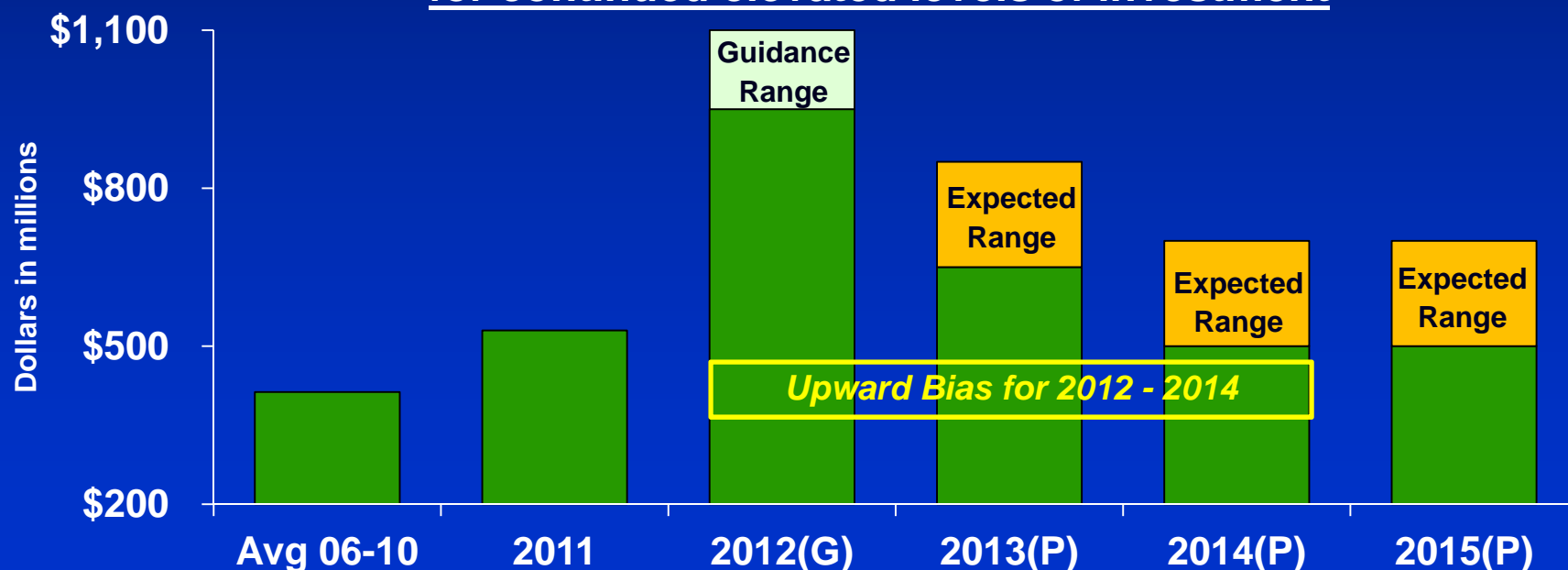
(1) Primarily multiple, smaller projects comprised of pipeline connections, upgrades and truck stations, new tank construction and refurbishing, and carry-over of projects from prior years.

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

# Capital Project Portfolio Provides Strong Visibility For Continued Organic Investment at Attractive Returns

- ◆ \$5+ billion project portfolio<sup>(1)</sup> provides visibility to invest ~\$1 billion in 2012, \$650 to \$850+ million in 2013, and a baseline of \$500 to \$700+ million in 2014 and 2015
- ◆ Targeting weighted average unlevered returns in the mid-teens

Substantial increase in organic investment with expectation for continued elevated levels of investment



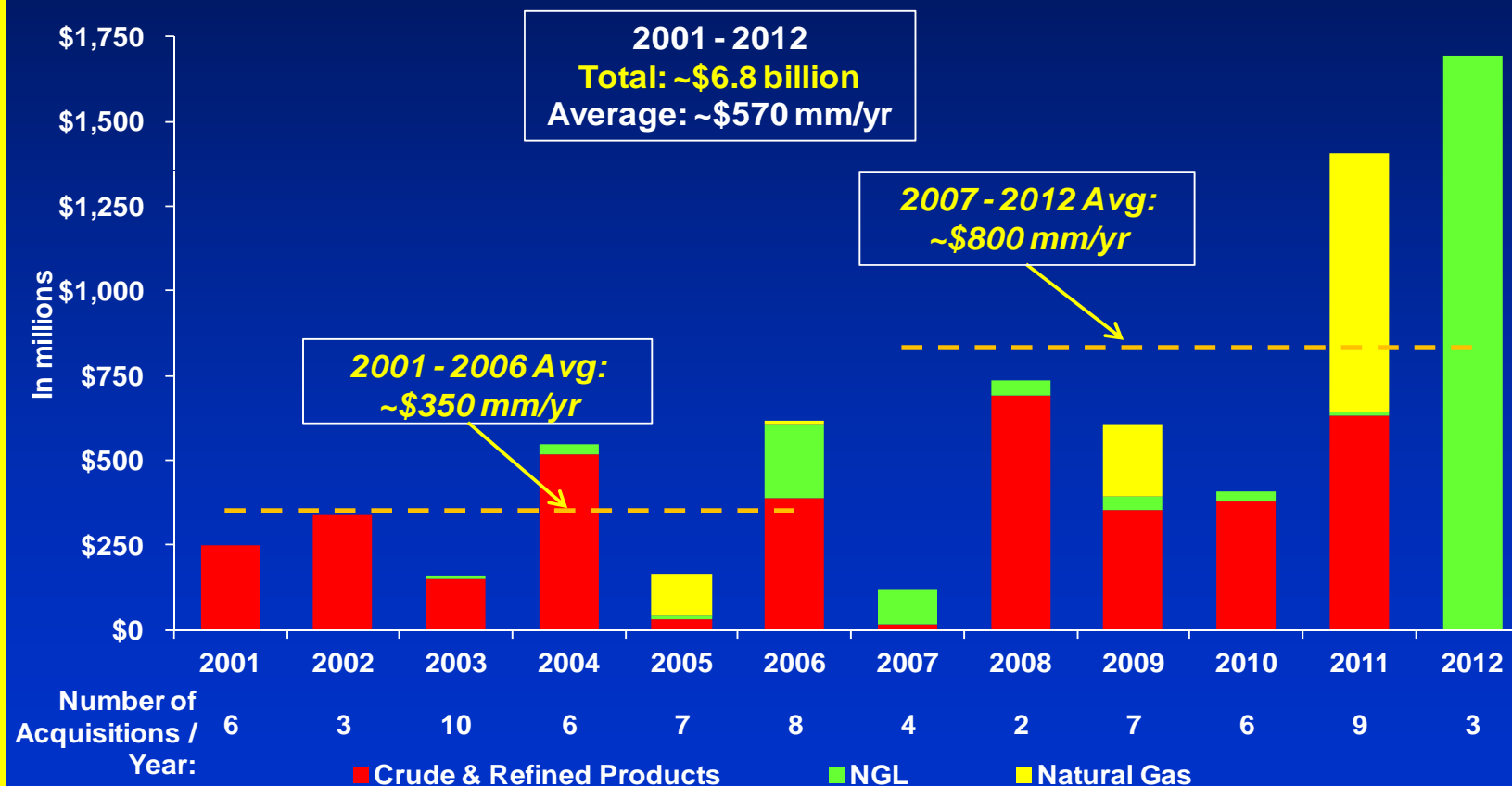
(1) Project portfolio includes identified projects and an estimate of smaller, routine projects based on prior years' activities. Inevitably, not all portfolio projects will be implemented – some will be dropped, others added as a result of PAA's ongoing review, evaluation and screening processes.  
 2012 (G) Includes range of guidance represented in Form 8-K furnished on 5/7/12. 2013(P)-2015(P) includes current view of the range of potential investment in these years.



# Acquisitions Continue to Play a Major Factor In PAA's Long-Term Growth Strategy

## PAA Acquisition Investment 2001 – 2012

### Acquisitions by Year\*



\*Excludes \$2.5 billion Pacific merger/acquisition. Includes BP NGL Acquisition.



# Acquisition Focus and Recent History

## ◆ Primary Focus:

- ✓ Bolt-on acquisitions fill out / expand asset footprint in core areas
- ✓ Strategic acquisitions establish new core areas or complement asset base

## ◆ Long history of making and timely financing accretive acquisitions

- ✓ Have consummated >70 acquisitions for >\$9.0 Billion
- ✓ PAA maintains significant liquidity to facilitate its acquisition activities

## ◆ 2011 -- Closed or executed definitive agreements on ten transactions for ~\$3 billion

### Closed:

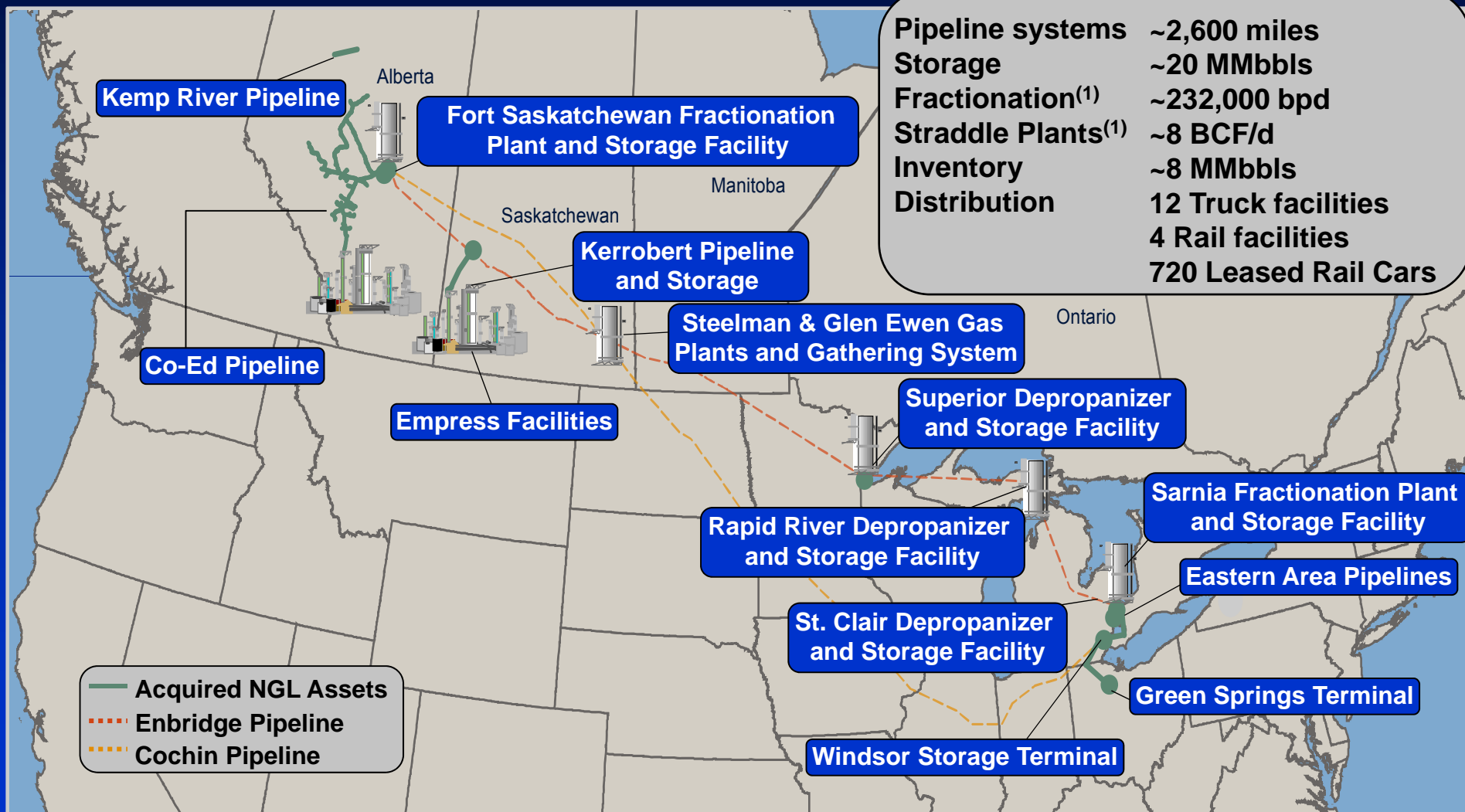
- ✓ \$750 million Southern Pines gas storage facility
- ✓ \$349 million Velocity South Texas Gathering
- ✓ \$220 million Yorktown Terminal and Jal Pipeline

### Closed on 4/1/12:

- ✓ \$1.67 billion BP Canadian NGL assets

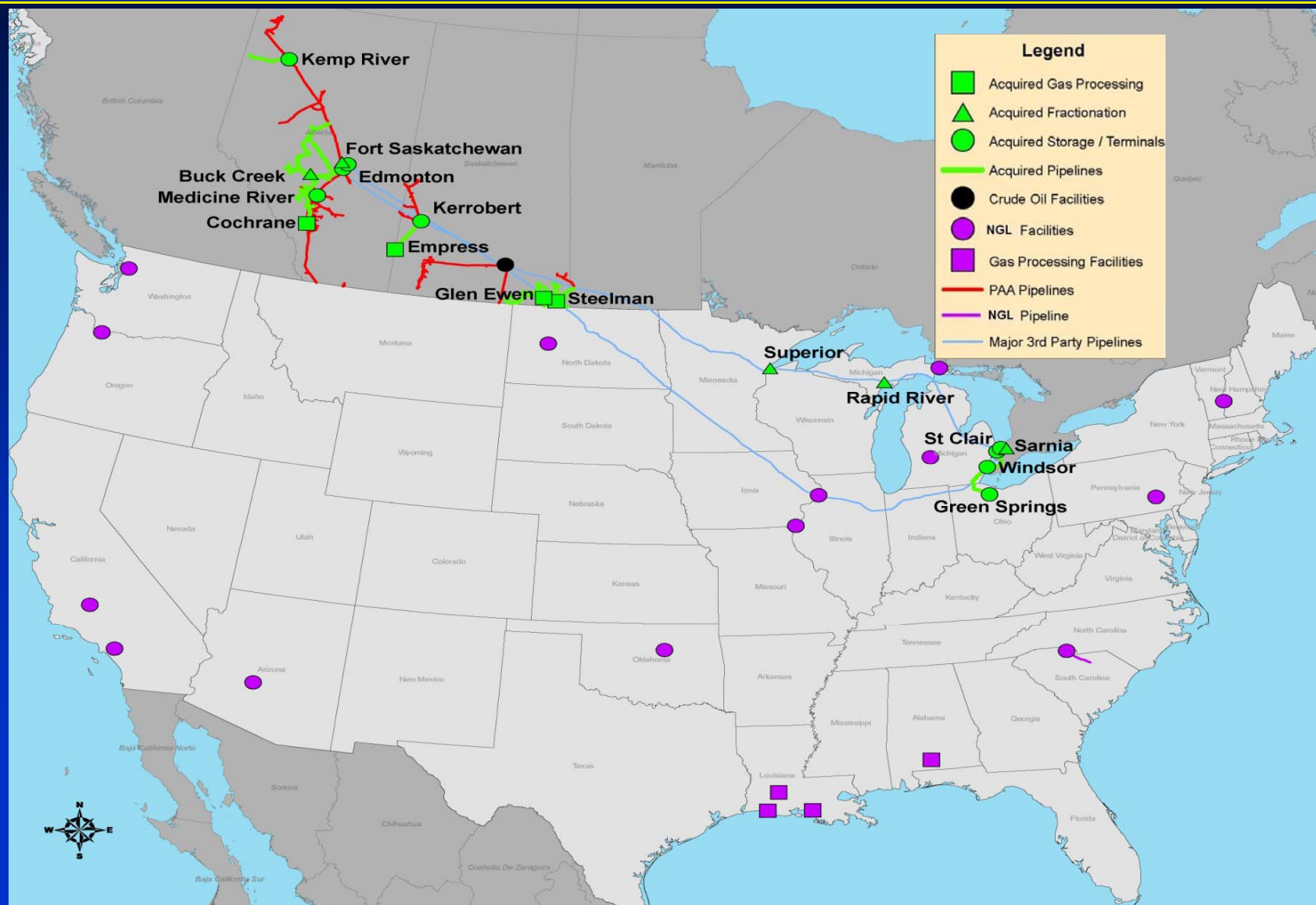


# The BP NGL Acquisition Added a Large Suite of Complementary Assets to Our Existing Crude Oil & NGL Footprint



(1) Includes leased assets or other contractual rights.

# BP Assets are a Strategic Fit with PAA's Canadian Crude Oil and US NGL Footprint



# On Track to Complete Key BP Acquisition Integration Milestones by 4Q12

<u>Milestone</u>	<u>Completed</u>	<u>Target</u>
♦ Transition employees, ensure critical systems work day one as designed, PAA risk processes in place & functioning as planned	<input checked="" type="checkbox"/>	
♦ Complete long-term financing	<input checked="" type="checkbox"/>	
♦ Complete closing tasks (Eg. Transfer of records, etc.)	<input type="checkbox"/>	<u>2Q12</u>
♦ Finalize transition planning to operate with uniform systems & processes	<input type="checkbox"/>	<u>3Q12</u>
♦ Realize near-term commercial synergies (Eg. Integrate acquired supply with existing NGL business)	<input type="checkbox"/>	<u>4Q12</u>

*Realization of long-term commercial & capital synergies & full IT system optimization expected to be ongoing*



# Financial Overview

# PAA's Financial Strategy

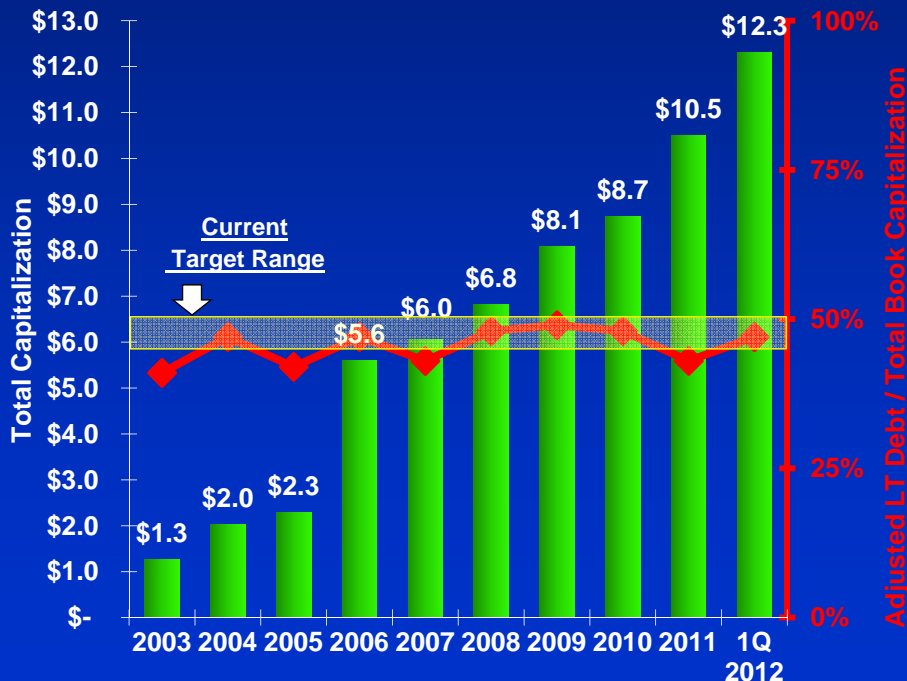
- ✦ Fund growth capital with at least 55% equity and excess cash flow
- ✦ Minimize capital market risk: early/pre-funding is a priority
- ✦ Target a credit profile of:
  - ✓ LT Debt / Book Capitalization Ratio ~45-50%
  - ✓ LT Debt / Adj. EBITDA Multiple ~3.5x-4.0x
  - ✓ Total Debt / Book Capitalization Ratio ~60%
  - ✓ Adj. EBITDA / Interest Multiple >3.3x
- ✦ Achieve and maintain high “BBB / Baa” (S&P / Moody’s) credit ratings
  - ✓ March 2012: Moody’s upgraded PAA to Baa2
  - ✓ May 2012: S&P upgraded PAA to BBB
- ✦ Maintain significant liquidity
- ✦ Prudently manage our interest-rate exposure and debt-maturity profile

# PAA has Demonstrated Financial Discipline During a Period of Substantial Growth

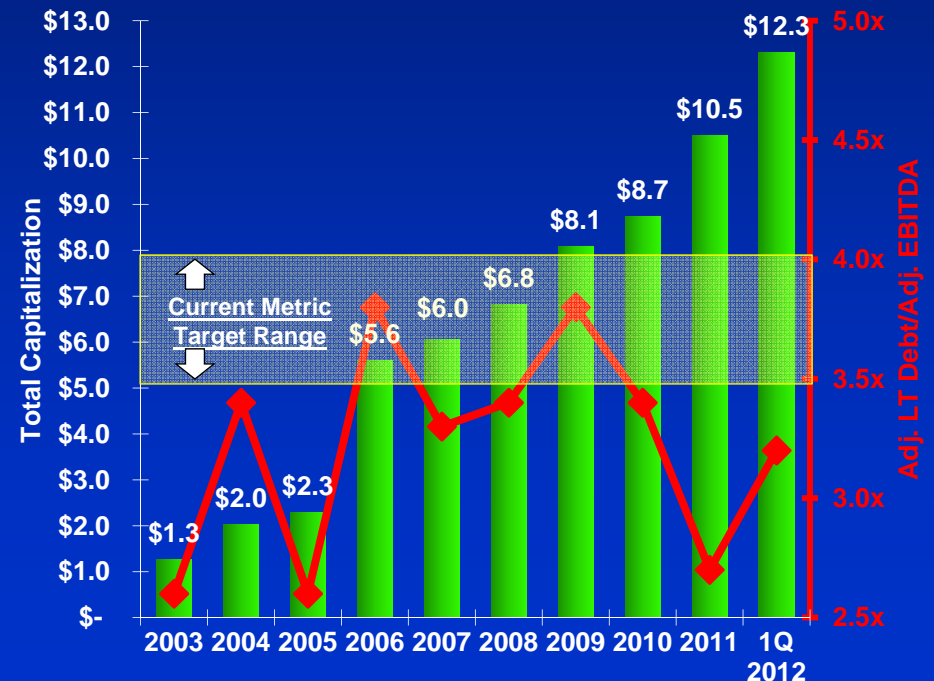
(in billions)

Over this 9+ year period, PAA invested ~\$12 billion\* in acquisition and internal growth capital investments while remaining within (or favorable to) current target credit metrics.

## Adj. LT Debt to Cap



## Adj. LT Debt to Adj. EBITDA<sup>(1)</sup>



(1) Adjusted EBITDA based on subsequent year February midpoint guidance. 1Q 2012 based on May 2012 full-year guidance.

\*Includes the \$1.67 billion BP NGL acquisition that closed on April 1, 2012.



# PAA: Strong Capitalization & Liquidity

As of March 31, 2012

## Capitalization (in millions)

	<u>Change</u>	<u>3/31/12</u>	<u>12/31/10</u>
Long-term debt	\$1,629	\$5,794	4,165 <sup>(1)</sup>
Partners' capital	1,940	6,513	4,573
<b>Total book capitalization</b>	<b>\$ 3,569</b>	<b>\$12,307</b>	<b>\$8,738</b>

## Credit Stats & Liquidity

			<u>Target</u>
Long-term Debt / Book Cap	47%	48%	~45-50%
Total Debt / Book Cap <sup>(2)</sup>	50%	57%	~60%
Adj. EBITDA / Interest <sup>(3)</sup>	7.3x	5.0x	>3.3x
Adj. LT Debt / Adj. EBITDA <sup>(4)</sup>	3.2x	3.8x	~3.5x-4.0x
Pro forma Committed Liquidity <sup>(5)</sup>	\$2.5 bn	\$1.4 bn	

- 1) December 31, 2010 long-term debt has been adjusted to exclude \$466 million of the 4.25% Sr. Notes due 9/2012 used to fund hedged inventory that would have been classified as short-term debt if funded on our credit facilities.
- 2) Includes short-term debt balances of \$757 million and \$1,792 million for periods ended March 31, 2012 and December 31, 2010, respectively. December 31, 2010 short-term debt has been adjusted to include \$466 million of the 4.25% Sr. Notes due 9/2012 as mentioned in FN (1).
- 3) March 31, 2012 metric calculated using adjusted EBITDA and reported interest expense for the 1<sup>st</sup> Quarter 2012.
- 4) March 31, 2012 metric calculated using 2012 mid-point guidance adjusted EBITDA as furnished via form 8-K on 5/7/12. Please see EBITDA reconciliations on our website at [www.paalp.com](http://www.paalp.com).
- 5) Represents PAA cash balance and liquidity available on PAA and PNG credit facilities as of 3/31/12 and 12/31/10. 3/31/12 pro forma includes impact of closing the BP NGL acquisition on April 1, 2012, including \$120 million of cash acquired in the transaction. Liquidity for 12/31/10 includes a \$500 million liquidity facility that closed 1/3/11.

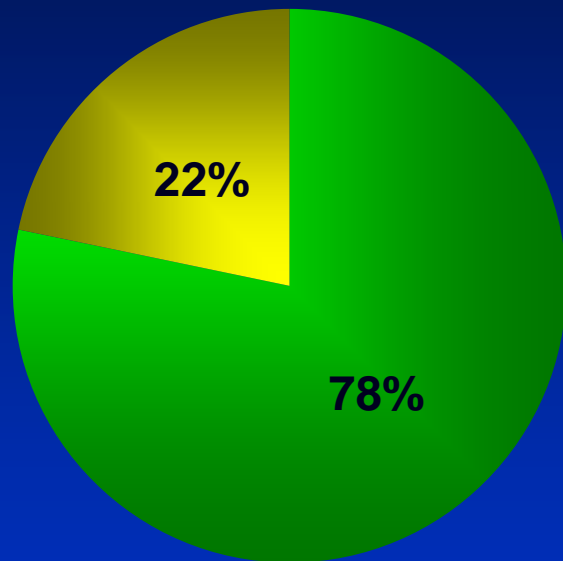


# Generating Meaningful Excess Cash Flow

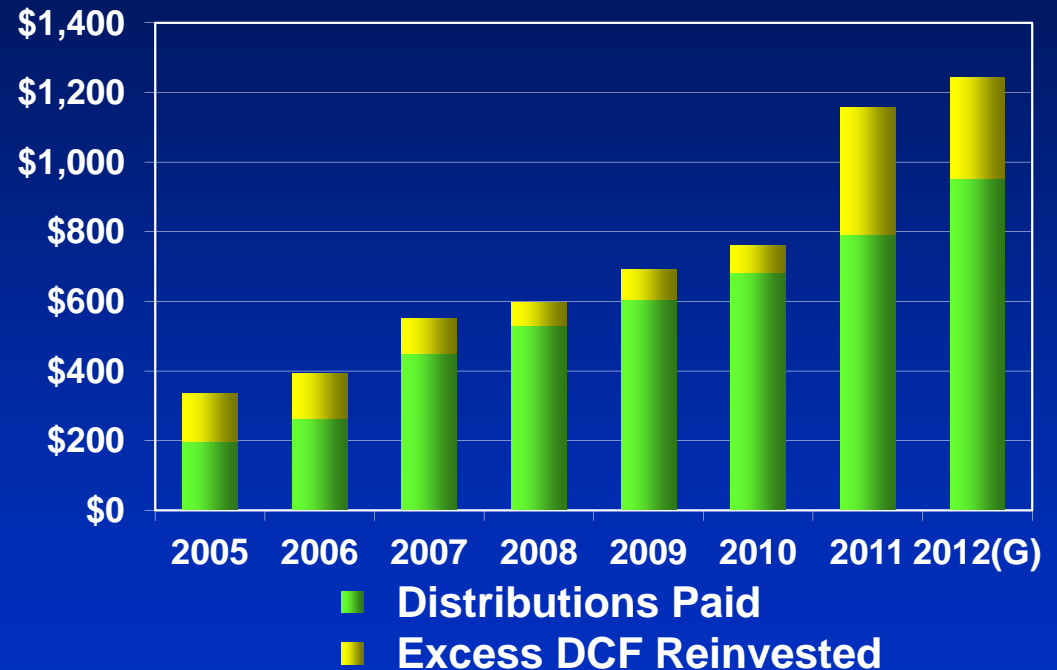
~\$1.3 Billion Excess Cash Flow To Be Reinvested Over 8 Year Period

(dollars in millions)

8-Year DCF ~\$5.7 billion



8-Year Distribution Coverage – 128%



Retained cash flow = ~\$1.3 billion

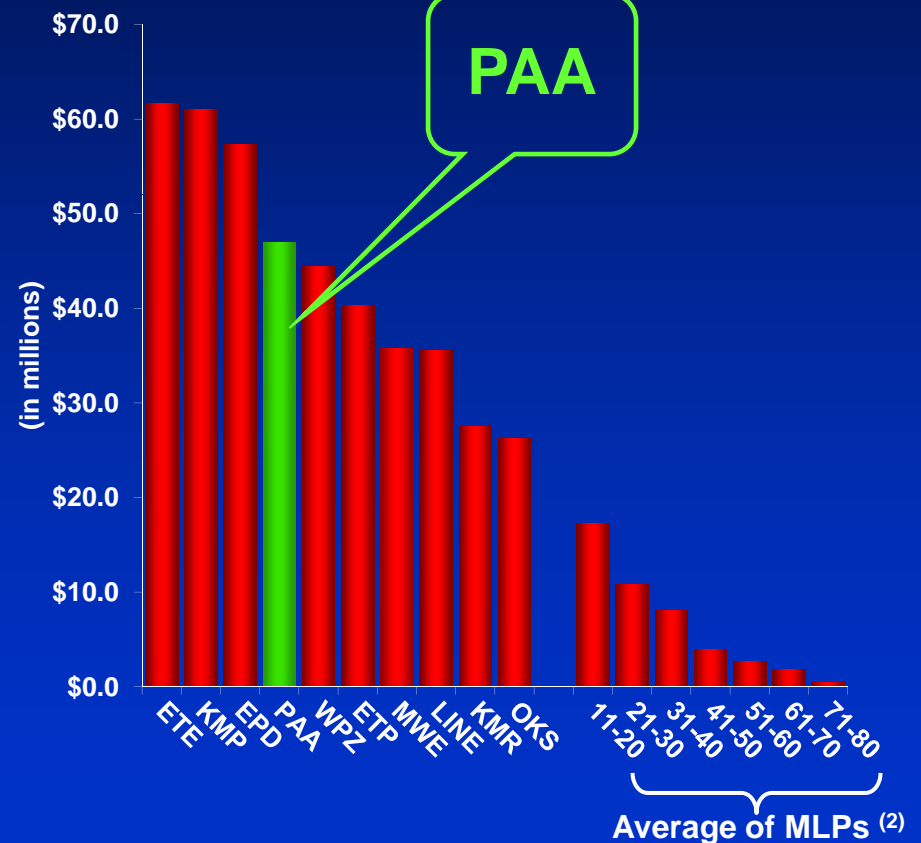
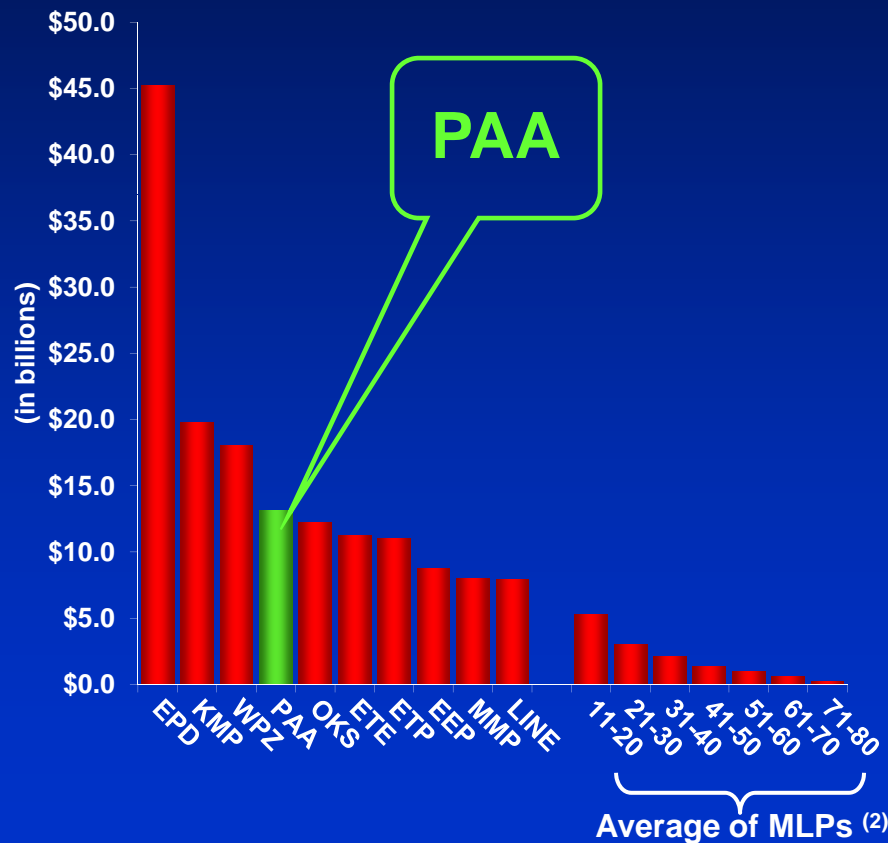
- ◆ Retained Cash Flow = Lowest-Cost Equity Capital
- ◆ Meaningful benefit to sustainable limited partner distribution growth rate

# PAA's Relative Size and Average Trading Activity Provides Liquidity to Individual and Institutional Investors

## MLP Equity Market Capitalization

## MLP Daily Value Traded<sup>(1)</sup>

(PAA 4<sup>th</sup> among 80 MLPs)



Note : As of 4/27/12

Source: Barclays Capital & Factset

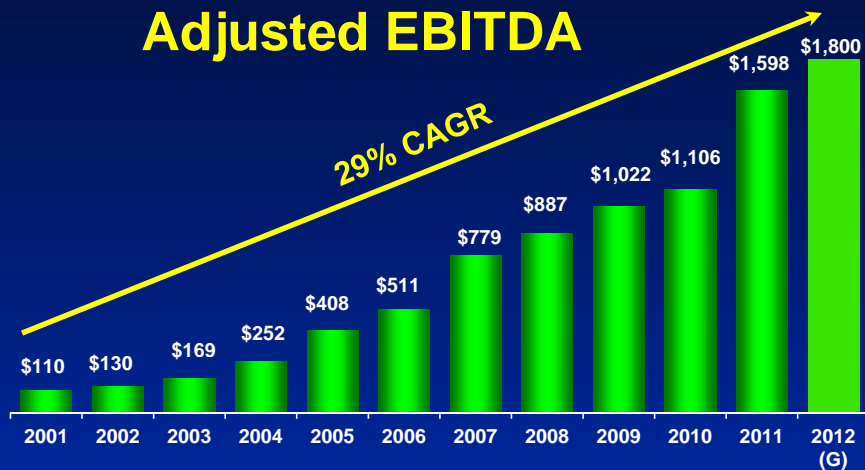
(1) Excludes MLPs that have IPO'd during the last year (50-day average volume)

(2) Average of MLPs = average of MLPs that fall between indicated ranges in rankings based on the statistic represented in each graph.



# PAA Has Delivered Solid Distribution Growth and Total Returns

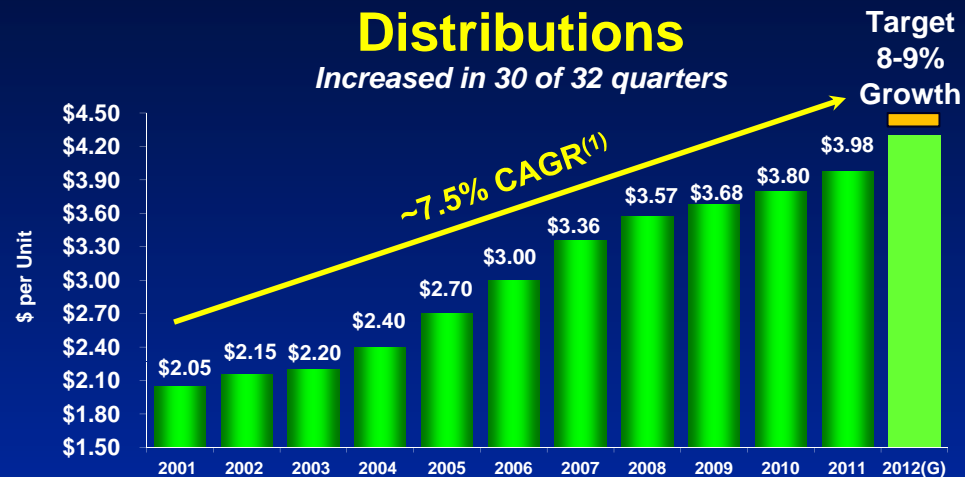
## Adjusted EBITDA



Note: EBITDA in graph excludes the impact of selected items impacting comparability. 2012 EBITDA based on midpoint guidance provided in Form 8-K furnished on 5/7/12.

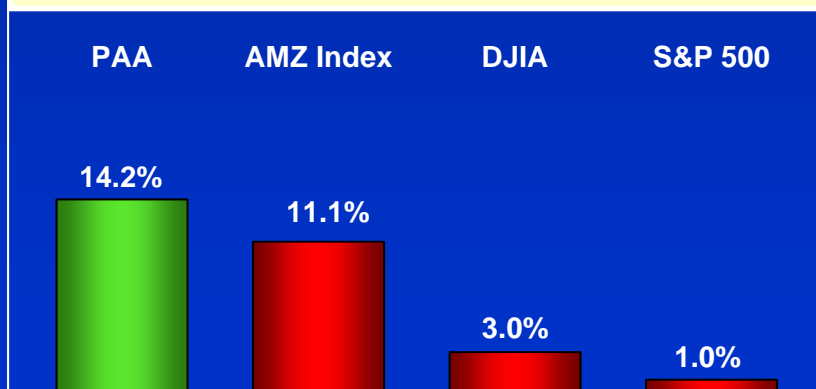
## Distributions

Increased in 30 of 32 quarters

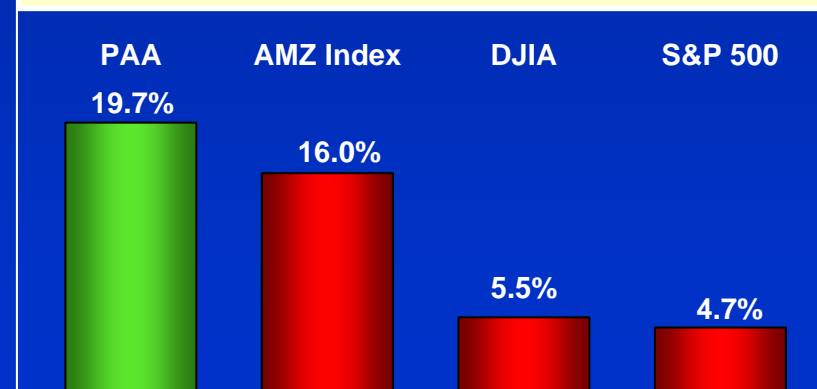


(1) Distribution amounts are the annualized distributions paid in November of the respective years. The CAGR is calculated using the annualized distributions paid in November 2000 (\$1.85) and May 2012 (\$4.18).

## 5-Yr Annualized Total Return<sup>(2)</sup>



## 10-Yr Annualized Total Return<sup>(2)</sup>



Source: Bloomberg (Total Return function)

(2) Annual Total Returns based on trailing five and ten year periods ended 4/30/12.

# PAA Investment Considerations

- ◆ **Strategically located, geographically diverse asset base**
  - ✓ Well positioned to serve high-growth liquids resource plays
- ◆ **Stable cash flow**
  - ✓ ~70% fee based
  - ✓ S&L segment driven by “fee-equivalent” lease gathering activity
  - ✓ Minimal commodity exposure
- ◆ **Proven business model & management team**
  - ✓ Long history of solid operational and financial performance, including during 2007 – 2009 market turmoil & periods of significant volatility
- ◆ **Disciplined financial strategy**
  - ✓ History of solid distribution coverage and reinvestment of excess cash flow during periods of strong performance
  - ✓ Pre-funding facilitates aggressive growth while preserving balance sheet strength
- ◆ **Strong track record of profitable growth**
  - ✓ 41 consecutive quarters of delivering results in line with guidance
  - ✓ Solid organic growth visibility, history of accretive acquisition growth
  - ✓ On track to deliver 8-9% distribution growth in 2012

# Appendix

# Eagle Ford

## Organic Growth Project Coupled with a Bolt-on Acquisition

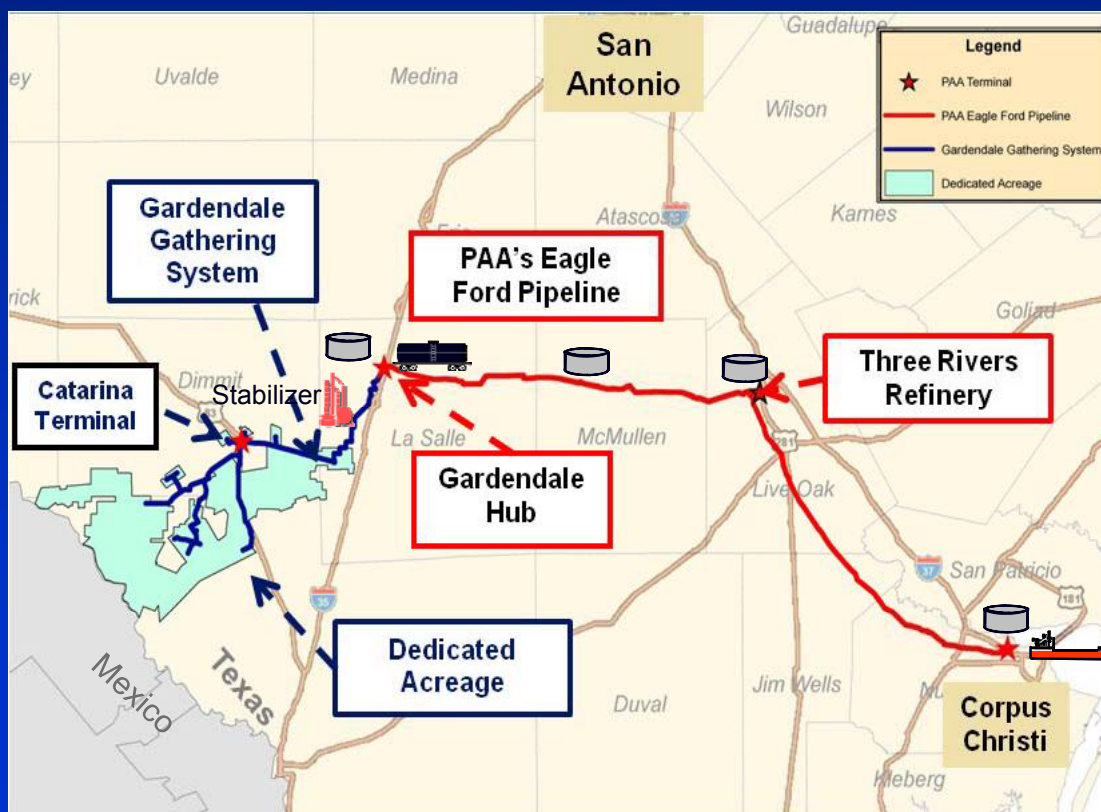
### Eagle Ford Pipeline

- ◆ 130-mile crude oil and condensate pipeline
- ◆ ~300,000 mb/d throughput capacity
- ◆ 1.5 million barrels of storage capacity & marine terminal
- ◆ Connects to Three Rivers / Corpus Christi refining markets and Gulf Coast
- ◆ Supported by a long-term throughput commitment from Chesapeake



### Gardendale Gathering System (Velocity Acquisition)

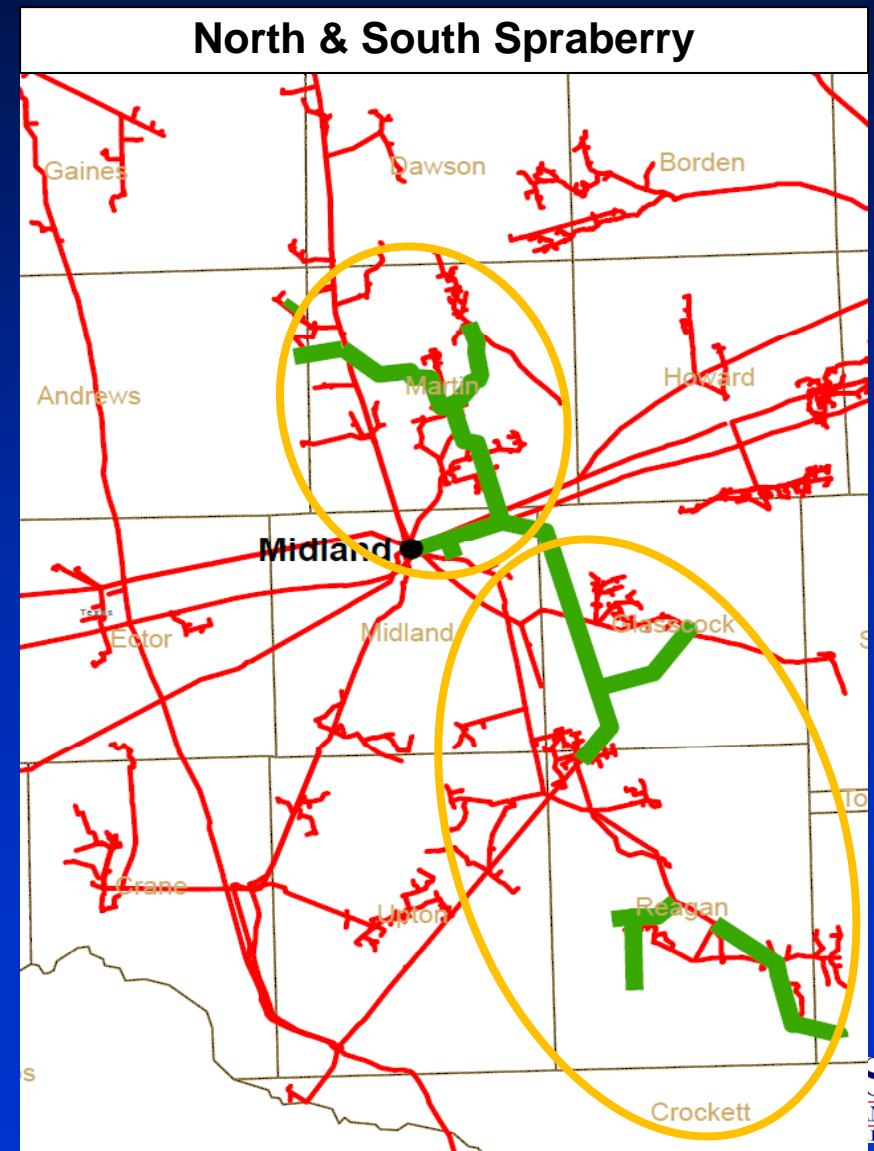
- ◆ 120-mile system
- ◆ Initial capacity of 150 mb/d
- ◆ Terminals at Catarina and Gardendale have capacity of 185,000 barrels
- ◆ Constructing condensate stabilization unit to remove NGLs, bring crude to pipeline specifications
- ◆ Fee-based assets supported by acreage dedications (~330,000 acres) and a 15-yr T&D commitment of 40,000 bbl/d



# Permian Basin Expansion Projects

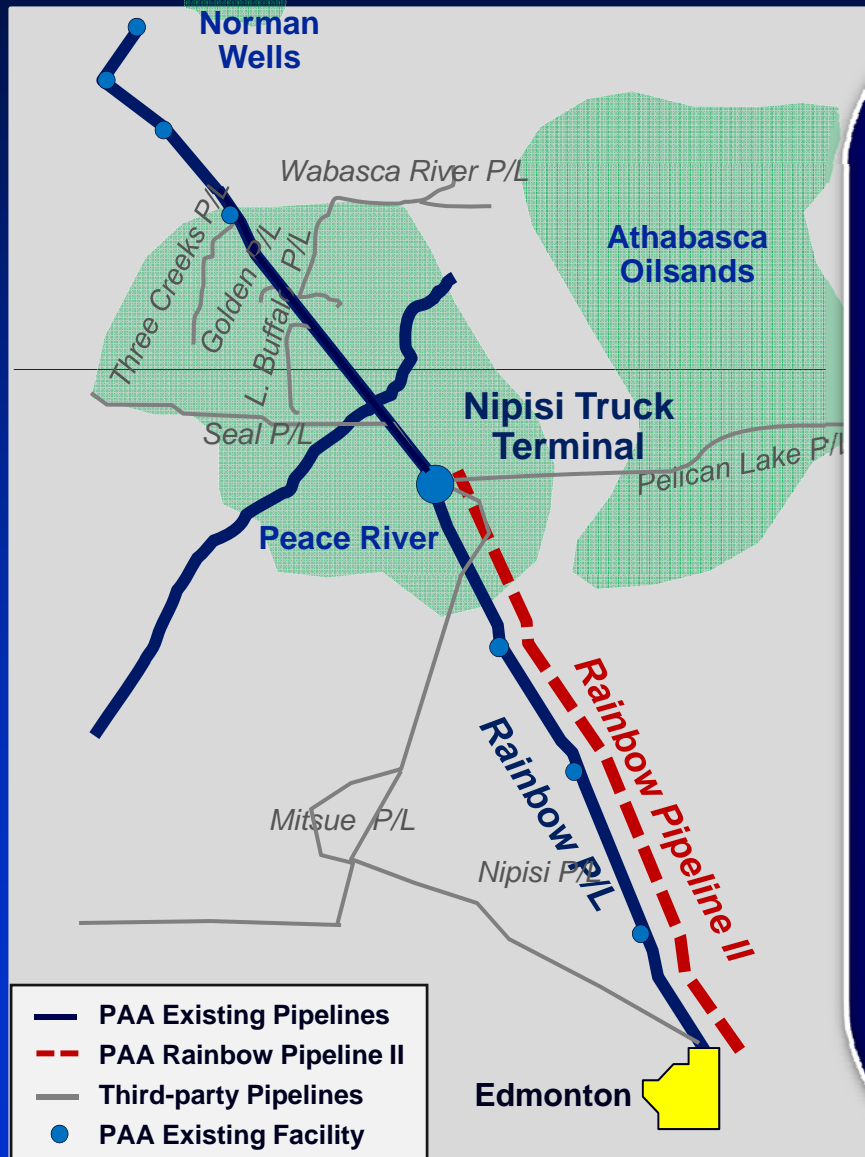
*\$250 MM of Projects Servicing Spraberry, Avalon/Bone Spring, Wolfberry Plays*

- ◆ **Multiple expansions / extensions of existing mainline systems (>100 miles in total) coming on line in stages throughout 2012**
  - ✓ Brings new production to export pipelines
- ◆ **North Spraberry adds 40 mb/d**
  - ✓ Extends from Midland to Martin and Andrews counties
- ◆ **South Spraberry adds up to 65 mb/d**
  - ✓ Extends from Midland to Glascock and Reagan counties
- ◆ **Barstow / Black Tip Pipeline (not pictured) adds 50 mb/d**
  - ✓ Services Production in Ward, Reeves and Pecos County
- ◆ **Several projects in SE New Mexico (not pictured)**



# Northern Alberta: Rainbow Pipeline II

*Diluent Supply for Growing Heavy Oil Demand Received at Nipisi*



## ◆ Rainbow Pipeline II Overview

- ✓ 187-mile pipeline to transport condensate and butane from Edmonton, AB to PAA Nipisi terminal in Northern Alberta
- ✓ Initial capacity is 35,000 barrels per day expandable to 70,000 barrels per day
- ✓ Only HVP pipeline (to move butane) to Northern Alberta and Nipisi area

## ◆ Benefits

- ✓ Allows PAA to meet increasing diluent demand in Nipisi area
- ✓ Replaces existing trucked movements to Nipisi
- ✓ Delivers higher quality condensate as compared to competitors at Nipisi
- ✓ Provides lower-cost alternative to currently trucked diluent supply

## ◆ Status

- ✓ Approved project, received regulatory approval
- ✓ Construction to begin in July 2012

◆ **Expected In Service: Q2 2013**

◆ **Projected Cost: ~\$255 MM**

# Mid-Continent

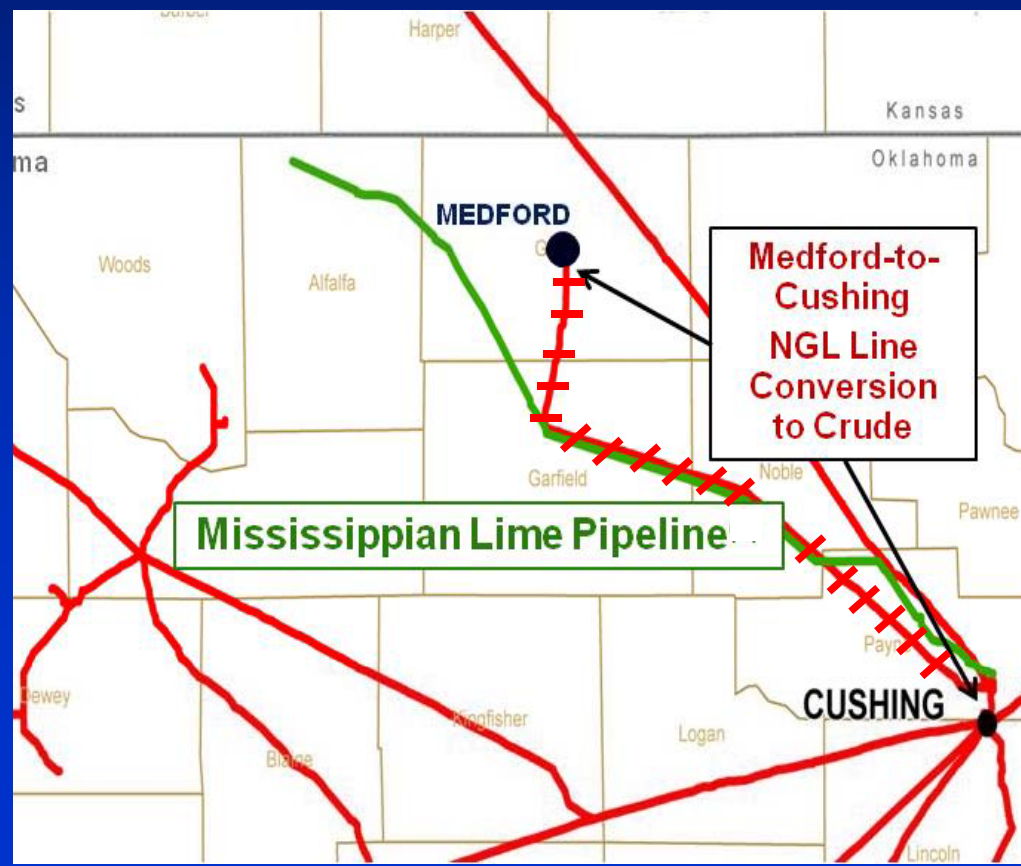
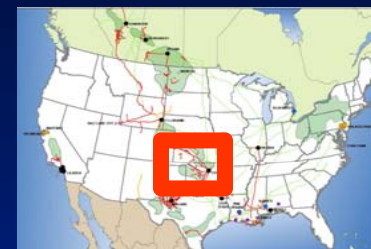
## Mississippian Lime Pipeline / Medford Line Conversion

- ◆ Increasing Northern Oklahoma and Southern Kansas takeaway capacity by 175,000 Bbl/d

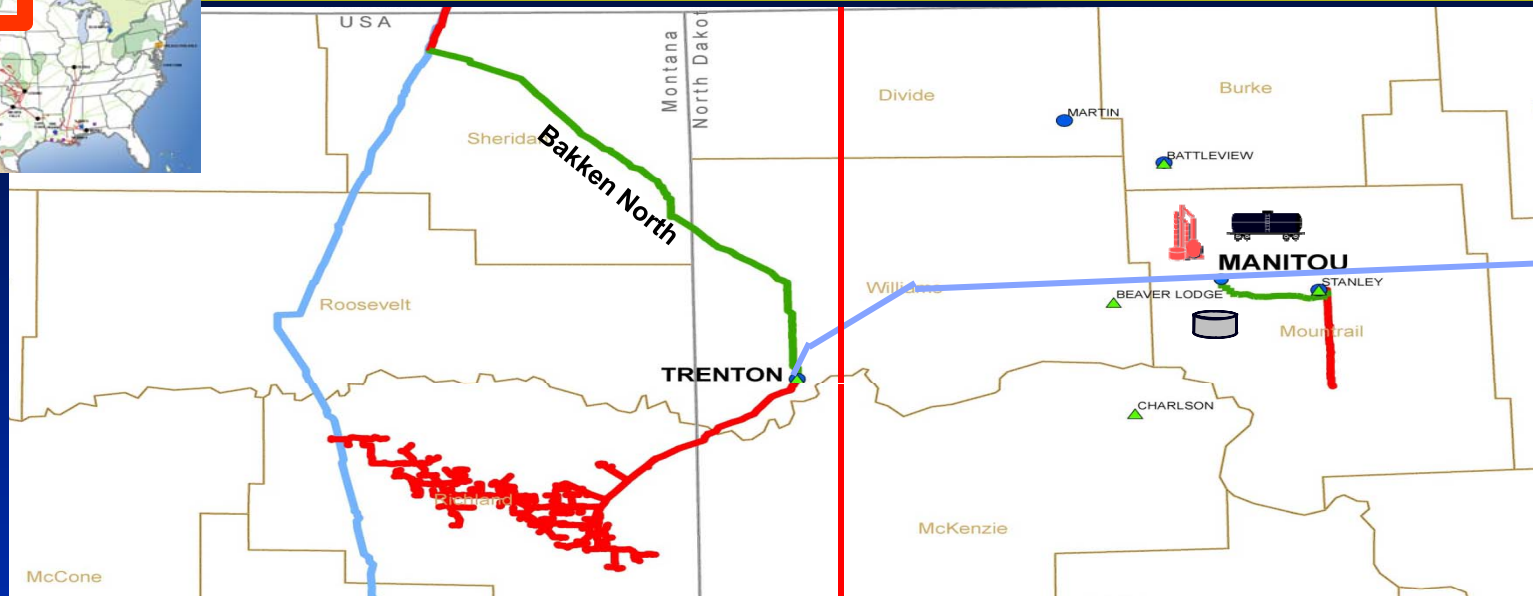
- ✓ 150 mmb/d, ~170-mile Mississippian Lime crude oil pipeline to be complete by mid-2013

- ✓ 25 mmb/d conversion of a NGL Medford-to-Cushing line

- ◆ Supported by long-term multi-county agreement to purchase production from SandRidge Energy (effectively acreage dedication)



# Bakken North Pipeline and Manitou (Ross) Rail Facility



- ♦ **Bakken North Pipeline - \$55 million**
  - ✓ ~80 mile, 12-inch crude oil pipeline extending from Trenton and connecting to the 12" Wascana Pipeline System
  - ✓ Initial design capacity of 50,000 Bbl/d, expandable to 75,000 Bbl/d
  - ✓ Expected in service by the end of 2012

- ♦ **Manitou multi-use facility**
  - **\$40<sup>(1)</sup> million** (~65 miles east of Trenton)
  - ✓ Crude and NGL rail facility in service
  - ✓ Unit train capability by 4Q'12
  - ✓ Constructing 50 – 75 MMcf/d gas processing plant
  - ✓ Expected in service by spring 2013

MMcf/d - Million Cubic Feet per Day.  
(1) Capital related to crude projects only.



# PAA's Fully Loaded Weighted Average Cost of Capital

## Illustrative Calculation

### Equity Cost

### Debt Cost

Distribution Rate ( <i>assumes growth</i> )	\$4.50
GP Burden	\$2.11
Gross Distribution	\$6.61
Unit Price ( <i>\$80.00/unit net of 5.75% issuance discount &amp; transaction costs</i> )	\$75.40

10-Yr Fixed Rate Debt Cost	4.0%
----------------------------	------

Implied All-in Equity Cost	8.8%
----------------------------	------

### Weighted Average Cost of Capital

	Cost		Weight		
Equity Cost	8.8%	x	55%	=	4.8%
Debt Cost	4.0%	x	45%	=	1.8%
Cost of Capital					6.6%



# **Non-GAAP Reconciliations**



**PLAINS**  
**ALL AMERICAN**  
**PIPELINE, L.P.**

## **PAA Non-GAAP Reconciliations**

**Non-GAAP Reconciliations**  
**Net Income Attributable to Plains, Earnings Before Interest and Taxes (EBIT) and Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)** <sup>(1) (4)</sup>  
(in millions)

<b>Adjusted Net Income</b>	<b>2012<sup>(2)</sup></b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Net income attributable to Plains	\$ 987	\$ 966	\$ 505	\$ 579	\$ 437	\$ 365	\$ 285	\$ 218	\$ 130	\$ 59	\$ 65
Selected items impacting comparability	134	55	89	(24)	35	66	41	47	7	28	2
<b>Adjusted net income attributable to Plains</b>	<b>\$ 1,121</b>	<b>\$ 1,021</b>	<b>\$ 594</b>	<b>\$ 555</b>	<b>\$ 472</b>	<b>\$ 431</b>	<b>\$ 326</b>	<b>\$ 265</b>	<b>\$ 137</b>	<b>\$ 88</b>	<b>\$ 67</b>
<b>Adjusted EBITDA</b>	<b>2012<sup>(2)</sup></b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Net income	\$ 1,019	\$ 994	\$ 514	\$ 580	\$ 437	\$ 365	\$ 285	\$ 218	\$ 130	\$ 59	\$ 65
Income tax expense/(benefit)	66	45	(1)	6	8	16	-	-	-	-	-
Interest income	-	-	-	-	-	-	(1)	-	-	-	-
Interest expense, net	299	253	248	224	196	162	86	59	47	35	29
<b>EBIT</b>	<b>1,384</b>	<b>1,292</b>	<b>761</b>	<b>810</b>	<b>641</b>	<b>\$ 543</b>	<b>\$ 370</b>	<b>\$ 277</b>	<b>\$ 177</b>	<b>\$ 95</b>	<b>\$ 94</b>
Depreciation and amortization expense	282	249	256	236	211	180	100	84	69	46	34
<b>EBITDA</b>	<b>\$ 1,666</b>	<b>\$ 1,541</b>	<b>\$ 1,017</b>	<b>\$ 1,046</b>	<b>\$ 852</b>	<b>\$ 723</b>	<b>\$ 470</b>	<b>\$ 361</b>	<b>\$ 245</b>	<b>\$ 141</b>	<b>\$ 129</b>
<b>Selected items impacting comparability impacting EBITDA:</b>											
Gains/(losses) from other derivative activities <sup>(3)</sup>	\$ (59)	\$ 62	\$ (14)	\$ 34	\$ 7	\$ (24)	\$ (4)	\$ (19)	\$ 1	\$ 0	\$ 0
Equity compensation expense	(54)	(77)	(67)	(50)	(21)	(44)	(43)	(26)	(8)	(29)	-
Net gain/(loss) on foreign currency revaluation <sup>(5)</sup>	-	(7)	-	12	(21)	-	-	(2)	5	-	-
Cumulative effect of change in accounting principle	-	-	-	-	-	-	6	-	(3)	-	-
Net gain on purchase of remaining 50% interest in PNGS	-	-	-	9	-	-	-	-	-	-	-
Net loss on early repayment of senior notes	-	(23)	(6)	(4)	-	-	-	-	-	-	-
PNGS contingent consideration fair value adjustment	-	(1)	(2)	(1)	-	-	-	-	-	-	-
Inventory valuation adjustments net of related (gains)/losses from derivative activities	-	-	-	24	(11)	-	-	-	(2)	-	-
Significant acquisition-related expenses	(20)	(10)	-	-	-	-	-	-	-	-	-
Other	(1)	(1)	-	-	11	12	-	-	-	-	(2)
<b>Total selected items impacting comparability of EBITDA</b>	<b>\$ (134)</b>	<b>\$ (57)</b>	<b>\$ (89)</b>	<b>\$ 24</b>	<b>\$ (35)</b>	<b>\$ (56)</b>	<b>\$ (41)</b>	<b>\$ (47)</b>	<b>\$ (7)</b>	<b>\$ (28)</b>	<b>\$ (2)</b>
<b>Adjusted EBITDA</b>	<b>\$ 1,800</b>	<b>\$ 1,598</b>	<b>\$ 1,106</b>	<b>\$ 1,022</b>	<b>\$ 887</b>	<b>\$ 779</b>	<b>\$ 511</b>	<b>\$ 408</b>	<b>\$ 252</b>	<b>\$ 169</b>	<b>\$ 130</b>

<sup>(1)</sup> Amounts may not recalculate due to rounding.

<sup>(2)</sup> 2012 amounts are based on midpoint guidance furnished in Form 8-K on May 7, 2012.

<sup>(3)</sup> Beginning with the first quarter of 2008, gains and losses from derivative activities related to revalued inventory are included in the line item "Inventory valuation adjustments net of gains/(losses) from related derivative activities;" gains and losses from derivative activities not related to revalued inventory are included in the line item "Gains/(losses) from other derivative activities."

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

<sup>(5)</sup> Currently included as a selected item impacting comparability in periods with significant activity.

**Non-GAAP Reconciliations**  
(in millions, except ratio amounts)<sup>(1)(4)</sup>

Net Income to EBITDA Reconciliations	2002				2003				2004				2005				2006			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Net income	\$ 14	\$ 17	\$ 16	\$ 18	\$ 24	\$ 23	\$ 12	\$ (0)	\$ 28	\$ 36	\$ 42	\$ 25	\$ 33	\$ 62	\$ 69	\$ 54	\$ 63	\$ 80	\$ 95	\$ 46
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1)
Interest expense	7	6	7	9	9	9	9	9	10	10	13	15	15	14	16	15	15	18	19	33
<b>EBIT</b>	\$ 21	\$ 23	\$ 24	\$ 27	\$ 34	\$ 32	\$ 21	\$ 9	\$ 37	\$ 46	\$ 54	\$ 39	\$ 47	\$ 77	\$ 85	\$ 69	\$ 79	\$ 98	\$ 115	\$ 78
Depreciation and amortization	7	7	9	11	11	11	12	12	13	16	16	23	19	19	20	25	22	21	24	33
<b>EBITDA</b>	\$ 28	\$ 31	\$ 33	\$ 38	\$ 44	\$ 43	\$ 33	\$ 21	\$ 51	\$ 62	\$ 71	\$ 63	\$ 67	\$ 96	\$ 105	\$ 94	\$ 100	\$ 120	\$ 139	\$ 112
Selected items impacting comparability of EBITDA																				
Gains/(losses) from other derivative activities <sup>(2)</sup>	\$ (3)	\$ 1	\$ -	\$ 2	\$ 1	\$ -	\$ (3)	\$ 2	\$ 8	\$ (7)	\$ 1	\$ (1)	\$ (13)	\$ (13)	\$ 6	\$ 1	\$ (1)	\$ (2)	\$ 18	\$ (19)
Equity compensation expense	-	-	-	-	-	-	(7)	(21)	(4)	(4)	(2)	(8)	(7)	(9)	(11)	(6)	(10)	(16)		
Net gain/(loss) on foreign currency revaluation <sup>(3)</sup>	-	-	-	-	-	-	-	-	(0)	1	3	2	(1)	1	(2)	(1)	-	-	-	-
Cumulative effect of change in acct. principle	-	-	-	-	-	-	-	-	(3)	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	(2)	-	-	-	-	-	-	-	-	(2)	-	-	-	-	6	-	-	-
Total selected items impacting comparability of EBITDA	\$ (3)	\$ 1	\$ -	\$ 0	\$ 1	\$ -	\$ (10)	\$ (19)	\$ (0)	\$ (6)	\$ 4	\$ (5)	\$ (16)	\$ (20)	\$ (2)	\$ (9)	\$ (5)	\$ (9)	\$ 8	\$ (35)
<b>Adjusted EBITDA</b>	\$ 31	\$ 29	\$ 33	\$ 38	\$ 43	\$ 43	\$ 43	\$ 40	\$ 51	\$ 68	\$ 67	\$ 67	\$ 83	\$ 115	\$ 107	\$ 103	\$ 105	\$ 128	\$ 131	\$ 146

Net Income to EBITDA Reconciliations	2007				2008				2009				2010				2011				2012
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr
Net income	\$ 85	\$ 105	\$ 98	\$ 77	\$ 92	\$ 41	\$ 206	\$ 98	\$ 211	\$ 136	\$ 122	\$ 110	\$ 151	\$ 133	\$ 84	\$ 146	\$ 185	\$ 233	\$ 288	\$ 288	\$ 237
Income tax expense (benefit)	-	12	3	1	(2)	5	3	1	1	(2)	2	5	-	-	(4)	3	13	9	6	17	20
Interest expense	41	41	39	41	42	49	52	53	51	56	59	58	58	62	64	64	65	62	62	63	65
<b>EBIT</b>	126	158	140	119	132	95	261	152	263	190	183	173	209	195	144	213	263	304	356	368	322
Depreciation and amortization	40	52	43	45	48	52	49	61	58	56	59	63	67	64	61	64	63	63	65	58	60
<b>EBITDA</b>	\$ 166	\$ 210	\$ 183	\$ 164	\$ 180	\$ 147	\$ 310	\$ 213	\$ 321	\$ 246	\$ 242	\$ 236	\$ 276	\$ 259	\$ 205	\$ 277	\$ 326	\$ 367	\$ 421	\$ 426	\$ 382
Selected items impacting comparability of EBITDA																					
Gains/(losses) from other derivative activities <sup>(2)</sup>	\$ (17)	\$ 15	\$ (13)	\$ (9)	\$ (5)	\$ (87)	\$ 94	\$ 4	\$ 26	\$ 18	\$ 11	\$ (20)	\$ 19	\$ 21	\$ (42)	\$ (12)	20	21	31	(11)	\$ (59)
Equity compensation benefit/(expense)	(18)	(19)	(1)	(6)	(6)	(15)	(3)	2	(9)	(15)	(12)	(14)	(14)	(9)	(10)	(33)	(14)	(20)	(7)	(37)	(26)
Net gain/(loss) on foreign currency revaluation <sup>(3)</sup>	-	-	-	-	-	-	(6)	(13)	10	2	-	-	-	-	-	-	-	-	(17)	10	-
Gains on Rainbow acquisition-related foreign currency and linefill hedges	-	-	-	-	-	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net loss on early repayment of senior notes	-	-	-	-	-	-	-	-	-	-	-	(4)	-	-	(6)	-	(23)	-	-	-	-
Net gain on purchase of remaining 50% interest in PNGS	-	-	-	-	-	-	-	-	-	9	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on sale of assets	-	-	-	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory valuation adjustments net of gains/(losses) from related derivative activities <sup>(2)</sup>	-	-	-	-	-	-	4	(16)	22	1	-	-	-	-	-	-	-	-	-	-	-
PNGS contingent consideration fair value adjustment	-	-	-	-	-	-	-	-	-	-	(1)	(1)	(1)	(1)	-	-	-	-	-	(1)	(1)
Insurance deductible related to property damage incident	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1)	-	-	-	-
Significant acquisition related expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4)	-	-	(6)	(4)
Total selected items impacting comparability of EBITDA	\$ (35)	\$ (4)	\$ (14)	\$ (3)	\$ (11)	\$ (91)	\$ 87	\$ (23)	\$ 49	\$ 6	\$ 8	\$ (39)	\$ 4	\$ 11	\$ (59)	\$ (45)	\$ (22)	\$ 1	\$ 7	\$ (45)	\$ (30)
<b>Adjusted EBITDA</b>	\$ 201	\$ 214	\$ 197	\$ 167	\$ 191	\$ 238	\$ 223	\$ 236	\$ 272	\$ 240	\$ 234	\$ 275	\$ 272	\$ 248	\$ 264	\$ 322	\$ 348	\$ 366	\$ 414	\$ 471	\$ 472

<sup>(1)</sup> Amounts may not recalculate due to rounding.

<sup>(2)</sup> Beginning with the first quarter of 2000, gains and losses from derivative activities related to revalued inventory are included in the line item "Inventory valuation adjustments net of gains/(losses) from related derivative activities"; gains and losses from derivative activities not related to revalued inventory are included in the line item "Gains/(losses) from other derivative activities."

<sup>(3)</sup> Currently included as a selected item impacting comparability in periods with significant activity.

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

**Non-GAAP Reconciliations**  
**Reconciliations for Selected Items Impacting Comparability** <sup>(1)(4)</sup>  
(in millions, except per unit data)

**Transportation segment profit reconciliation**

	2005		2006				2007				2008						
	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Transportation operations segment profit	\$ 39	\$ 170	\$ 38	\$ 53	\$ 53	\$ 55	\$ 200	\$ 73	\$ 80	\$ 92	\$ 89	\$ 334	\$ 89	\$ 106	\$ 119	\$ 130	\$ 445
Equity compensation expense <sup>(2)</sup>	6	12	5	3	5	8	21	9	9	22	3	8	8	1	(1)	(1)	11
Adjusted Transportation operations segment profit	\$ 45	\$ 181	\$ 43	\$ 57	\$ 58	\$ 63	\$ 221	\$ 82	\$ 89	\$ 92	\$ 92	\$ 356	\$ 92	\$ 114	\$ 120	\$ 129	\$ 456
Total average daily volumes (thousands of barrels)	1,848	1,799	2,471	2,104	2,235	2,580	2,207	2,719	2,879	2,809	2,859	2,817	2,758	3,038	2,982	3,030	2,948
Adjusted segment profit per barrel	\$ 0.25	\$ 0.29	\$ 0.19	\$ 0.30	\$ 0.28	\$ 0.28	\$ 0.27	\$ 0.33	\$ 0.34	\$ 0.36	\$ 0.35	\$ 0.35	\$ 0.37	\$ 0.41	\$ 0.44	\$ 0.46	\$ 0.42

**Facilities segment profit reconciliation**

	2005		2006				2007				2008						
	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Facilities operations segment profit	\$ 4	\$ 15	\$ 3	\$ 8	\$ 9	\$ 15	\$ 35	\$ 22	\$ 29	\$ 29	\$ 31	\$ 110	\$ 31	\$ 36	\$ 39	\$ 46	\$ 153
Equity compensation expense <sup>(2)</sup>	1	2	1	1	1	2	6	2	3	0	1	6	1	2	1	(1)	3
Adjusted Facilities operations segment profit	\$ 5	\$ 17	\$ 4	\$ 9	\$ 10	\$ 17	\$ 40	\$ 24	\$ 32	\$ 29	\$ 32	\$ 116	\$ 32	\$ 38	\$ 40	\$ 46	\$ 156
Total average monthly capacity in millions of barrels <sup>(3)</sup>	24	22	24	25	25	34	27	45	46	50	53	48	56	58	58	58	56
Adjusted segment profit per barrel	\$ 0.07	\$ 0.07	\$ 0.05	\$ 0.12	\$ 0.14	\$ 0.17	\$ 0.12	\$ 0.10	\$ 0.23	\$ 0.19	\$ 0.20	\$ 0.20	\$ 0.19	\$ 0.23	\$ 0.23	\$ 0.26	\$ 0.23

**Supply & Logistics segment profit reconciliation**

	2005		2006				2007				2008						
	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Supply & Logistics operations segment profit	\$ 51	\$ 175	\$ 53	\$ 58	\$ 76	\$ 41	\$ 228	\$ 66	\$ 101	\$ 60	\$ 42	\$ 269	\$ 57	\$ (5)	\$ 138	\$ 31	\$ 221
Equity compensation expense <sup>(2)</sup>	3	12	4	2	4	6	16	7	7	0	2	16	2	5	1	(1)	7
(Gains)/losses from other derivative activities <sup>(3)</sup>	(1)	19	1	2	(18)	19	4	17	(15)	15	11	27	7	85	(94)	(1)	(4)
Gain on sale of linefill	-	-	-	-	-	-	-	-	-	-	(12)	(12)	-	-	-	-	-
Inventory valuation adjustments net of (gains)/losses from related derivative activities <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4)	16	11
Net gain/(loss) on foreign currency revaluation <sup>(4)</sup>	1	2	1	-	-	-	-	-	-	-	-	-	-	-	8	13	21
Adjusted Supply & Logistics operations segment profit	\$ 53	\$ 209	\$ 59	\$ 63	\$ 62	\$ 66	\$ 249	\$ 90	\$ 93	\$ 75	\$ 43	\$ 300	\$ 66	\$ 85	\$ 49	\$ 56	\$ 256
Total average daily volumes (thousands of barrels)	726	725	859	720	769	859	783	880	830	819	854	846	890	825	782	868	841
Adjusted segment profit per barrel	\$ 0.80	\$ 0.79	\$ 0.76	\$ 0.95	\$ 0.88	\$ 0.83	\$ 0.87	\$ 1.13	\$ 1.23	\$ 0.99	\$ 0.53	\$ 0.97	\$ 0.81	\$ 1.13	\$ 0.67	\$ 0.74	\$ 0.84

**Transportation segment profit reconciliation**

	2009					2010					2011					2012
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr
Transportation operations segment profit	\$ 112	\$ 114	\$ 129	\$ 123	\$ 477	\$ 127	\$ 130	\$ 137	\$ 122	\$ 516	\$ 137	\$ 128	\$ 152	\$ 139	\$ 555	\$ 162
Equity compensation expense <sup>(2)</sup>	5	8	6	7	25	7	5	5	16	33	6	9	3	17	36	9
Significant acquisition-related expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	4	4	2
Adjusted Transportation operations segment profit	\$ 117	\$ 122	\$ 135	\$ 130	\$ 502	\$ 134	\$ 135	\$ 142	\$ 138	\$ 549	\$ 143	\$ 137	\$ 155	\$ 160	\$ 595	\$ 173
Total average daily volumes (thousands of barrels)	2,900	3,074	2,919	2,794	2,921	2,793	3,082	3,072	2,995	2,986	3,003	3,049	3,025	3,111	3,047	3,166
Adjusted segment profit per barrel	\$ 0.45	\$ 0.44	\$ 0.50	\$ 0.50	\$ 0.47	\$ 0.53	\$ 0.48	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.53	\$ 0.49	\$ 0.55	\$ 0.66	\$ 0.53	\$ 0.60

**Facilities segment profit reconciliation**

	2009					2010					2011					2012
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr
Facilities operations segment profit	\$ 46	\$ 52	\$ 57	\$ 53	\$ 208	\$ 59	\$ 70	\$ 73	\$ 88	\$ 270	\$ 78	\$ 86	\$ 95	\$ 99	\$ 358	\$ 90
Equity compensation expense <sup>(2)</sup>	1	2	2	3	9	3	2	2	7	14	4	5	1	7	17	8
(Gains)/losses from other derivative activities <sup>(3)</sup>	-	-	-	-	-	(1)	-	-	-	-	-	-	-	-	-	-
Insurance deductible related to property damage incident	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-
Significant acquisition related expenses	-	-	-	-	-	-	-	-	-	-	4	-	-	1	5	1
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1
Adjusted Facilities operations segment profit	\$ 47	\$ 54	\$ 59	\$ 56	\$ 217	\$ 61	\$ 72	\$ 75	\$ 75	\$ 284	\$ 87	\$ 91	\$ 96	\$ 107	\$ 381	\$ 100
Total average monthly capacity in millions of barrels <sup>(3)</sup>	58	60	61	64	61	66	70	71	72	70	77	82	84	86	82	91
Adjusted segment profit per barrel	\$ 0.27	\$ 0.30	\$ 0.32	\$ 0.30	\$ 0.31	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.34	\$ 0.37	\$ 0.37	\$ 0.37	\$ 0.38	\$ 0.41	\$ 0.39	\$ 0.37

**Supply & Logistics segment profit reconciliation**

	2009					2010					2011					2012
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr
Supply & Logistics operations segment profit	\$ 159	\$ 78	\$ 44	\$ 62	\$ 345	\$ 93	\$ 57	\$ 2	\$ 87	\$ 240	\$ 133	\$ 151	\$ 179	\$ 183	\$ 647	\$ 128
Equity compensation expense <sup>(2)</sup>	3	5	4	4	16	4	2	3	10	20	4	6	2	13	24	9
(Gains)/losses from other derivative activities <sup>(3)</sup>	(23)	(21)	(11)	18	(38)	(18)	(19)	43	12	17	(20)	(21)	(30)	10	(62)	59
Inventory valuation adjustments net of (gains)/losses from related derivative activities <sup>(3)</sup>	(22)	(1)	-	-	(24)	-	-	-	-	-	-	-	-	-	-	-
Net gain/(loss) on foreign currency revaluation <sup>(4)</sup>	(10)	(2)	-	-	(12)	-	-	-	-	-	-	-	10	(7)	3	-
Significant acquisition-related expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1
Adjusted Supply & Logistics operations segment profit	\$ 107	\$ 59	\$ 37	\$ 84	\$ 287	\$ 79	\$ 40	\$ 48	\$ 109	\$ 277	\$ 117	\$ 136	\$ 161	\$ 200	\$ 613	\$ 197
Total average daily volumes (thousands of barrels)	833	739	709	807	772	809	747	786	796	784	900	818	852	894	866	932
Adjusted segment profit per barrel	\$ 1.42	\$ 0.88	\$ 0.56	\$ 1.14	\$ 1.02	\$ 1.09	\$ 0.60	\$ 0.66	\$ 1.49	\$ 0.97	\$ 1.46	\$ 1.82	\$ 2.05	\$ 2.43	\$ 1.94	\$ 2.33

<sup>(1)</sup> Amounts may not recalculate due to rounding.

<sup>(2)</sup> Excludes the portion of the equity compensation expense represented by grants under the LTIPs that, pursuant to the terms of the grant, will be settled in cash only and have no impact on diluted units.

<sup>(3)</sup> Beginning with the first quarter of 2008, gains and losses from derivative activities related to revalued inventory are included in the line item "Inventory valuation adjustments net of (gains)/losses from related derivative activities;" gains and losses from derivative activities not related to revalued inventory are included in the line item "Gains/(losses) from other derivative activities."

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

<sup>(5)</sup> Currently included as a selected item impacting comparability in periods with significant activity.

<sup>(6)</sup> Facilities total is calculated as the sum of: (i) crude oil, refined products and NGL storage capacity; (ii) natural gas capacity divided by 6 to account for the 6:1 mcf of gas to crude Btu equivalent ratio and further divided by 1,000 to convert to monthly volumes in millions; and (iii) NGL fractionation volumes multiplied by the number of days in the period and divided by the number of months in the period.

**Credit Ratios<sup>(1)</sup>**  
(in millions, except ratio amounts)

Credit Ratios	As of	As of December 31,								
	March 31,	2011	2010	2009	2008	2007	2006	2005	2004	2003
Long-term debt under credit facilities and other	\$ 284	\$ 258	\$ 268	\$ 6	\$ 40	\$ 1	\$ 3	\$ 5	\$ 152	\$ 70
Senior notes, net of unamortized discount	5,510	4,262	4,363	4,136	3,219	2,623	2,623	947	797	449
Total long term debt	5,794	4,520	4,631	4,142	3,259	2,624	2,626	952	949	519
Less: Adjustment <sup>(2)</sup>	-	-	(466)	(222)	-	-	-	-	-	-
Adjusted Long-term debt	5,794	4,520	4,165	3,920	3,259	2,624	2,626	952	949	519
Total partners' capital	6,513	5,974	4,573	4,159	3,552	3,424	2,977	1,331	1,070	747
Adjusted total capital	\$ 12,307	\$ 10,494	\$ 8,738	\$ 8,079	\$ 6,811	\$ 6,048	\$ 5,603	\$ 2,282	\$ 2,019	\$ 1,266
Adjusted long-term debt to total capital	47%	43%	48%	49%	48%	43%	47%	42%	47%	41%
Forward Adjusted EBITDA <sup>(3)</sup>	\$ 1,800	\$ 1,650	\$ 1,225	\$ 1,040	\$ 960	\$ 785	\$ 690	\$ 365	\$ 280	\$ 198
Adj LT Debt / Forward Adjusted EBITDA	3.2x	2.7x	3.4x	3.8x	3.4x	3.3x	3.8x	2.6x	3.4x	2.6x

<sup>(1)</sup> Amounts may not recalculate due to rounding.

<sup>(2)</sup> The adjustment represents the portion of the \$500 million, 4.25% senior notes due September 2012 that has been used to fund hedged inventory and would be classified as short-term debt if funded on our credit facilities. These notes were issued in July 2009 and the proceeds are being used to supplement capital available from our hedged inventory facility.

<sup>(3)</sup> Forward adjusted EBITDA based on subsequent year February midpoint guidance. The forward adjusted EBITDA for Q1 2012 was based on May 7, 2012 guidance.

**Non-GAAP Reconciliations**  
**Distribution Coverage 2005 - 2012<sup>(1)</sup>**  
(in millions, except percentages)

**Distribution Coverage (Based on Distributions That Pertain to the Quarterly Performance that are Paid in the Subsequent Quarter, 2005-2012)**

	Q1 2012	2011	2010	2009	2008	2007	2006	2005	2005-2011 Total
Distributions paid <sup>(2)</sup>	\$ 237	\$ 833	\$ 700	\$ 631	\$ 548	\$ 470	\$ 310	\$ 209	\$ 3,701
DCF reinvested/(distributed)	105	316	57	61	49	81	82	126	772
<b>Implied DCF</b>	<b>\$ 342</b>	<b>\$ 1,149</b>	<b>\$ 757</b>	<b>\$ 692</b>	<b>\$ 597</b>	<b>\$ 551</b>	<b>\$ 392</b>	<b>\$ 335</b>	<b>\$ 4,473</b>
Total distributions paid <sup>(2)</sup>	\$ 237	\$ 833	\$ 700	\$ 631	\$ 548	\$ 470	\$ 310	\$ 209	\$ 3,701
<b>Distribution Coverage</b>	<b>144%</b>	<b>138%</b>	<b>108%</b>	<b>110%</b>	<b>109%</b>	<b>117%</b>	<b>126%</b>	<b>160%</b>	<b>121%</b>
<b>Adjusted EBITDA</b>	<b>\$ 472</b>	<b>\$ 1,598</b>	<b>\$ 1,106</b>	<b>\$ 1,022</b>	<b>\$ 887</b>	<b>\$ 779</b>	<b>\$ 511</b>	<b>\$ 408</b>	<b>\$ 6,311</b>
<b>Less:</b>									
Equity earnings in unconsolidated entities, net of distributions	1	(10)	(6)	8	4	14	8	2	20
Current income tax expense/(benefit)	17	38	(1)	15	9	3	-	-	64
Maintenance capital	35	120	93	81	81	50	28	14	467
Interest income	-	-	-	-	-	-	(1)	-	(1)
Interest expense	65	253	248	224	196	162	86	59	1,228
Non cash amortization of terminated interest rate and foreign currency hedging instruments	-	-	-	-	-	(1)	(2)	(2)	(5)
Distributions to noncontrolling interests <sup>(2)</sup>	12	47	15	2	-	-	-	-	64
Insurance deductible related to property damage incident	-	-	-	-	-	-	-	-	-
Distributions paid <sup>(2)</sup>	237	833	700	631	548	470	310	209	3,701
Other	-	1	-	-	-	-	-	-	1
<b>DCF Reinvested/(Distributed)</b>	<b>\$ 105</b>	<b>\$ 316</b>	<b>\$ 57</b>	<b>\$ 61</b>	<b>\$ 49</b>	<b>\$ 81</b>	<b>\$ 82</b>	<b>\$ 126</b>	<b>\$ 772</b>

**Distribution Coverage (Based on Distributions Paid within the Quarter) 2005-2012**

	Q1 2012	2011	2010	2009	2008	2007	2006	2005	2005-2011 Total
Distributions paid <sup>(3)</sup>	\$ 225	\$ 791	\$ 682	\$ 605	\$ 532	\$ 451	\$ 263	\$ 197	\$ 3,521
DCF reinvested/(distributed)	117	365	80	87	65	100	129	138	964
<b>Implied DCF</b>	<b>\$ 342</b>	<b>\$ 1,156</b>	<b>\$ 762</b>	<b>\$ 692</b>	<b>\$ 597</b>	<b>\$ 551</b>	<b>\$ 392</b>	<b>\$ 335</b>	<b>\$ 4,485</b>
Total distributions paid <sup>(3)</sup>	\$ 225	\$ 791	\$ 682	\$ 605	\$ 532	\$ 451	\$ 263	\$ 197	\$ 3,521
<b>Distribution Coverage</b>	<b>152%</b>	<b>146%</b>	<b>112%</b>	<b>114%</b>	<b>112%</b>	<b>122%</b>	<b>149%</b>	<b>170%</b>	<b>127%</b>
<b>Adjusted EBITDA</b>	<b>\$ 472</b>	<b>\$ 1,598</b>	<b>\$ 1,106</b>	<b>\$ 1,022</b>	<b>\$ 887</b>	<b>\$ 779</b>	<b>\$ 511</b>	<b>\$ 408</b>	<b>\$ 6,311</b>
<b>Less:</b>									
Equity earnings in unconsolidated entities, net of distributions	1	(10)	(6)	8	4	14	8	2	20
Current income tax expense/(benefit)	17	38	(1)	15	9	3	-	-	64
Maintenance capital	35	120	93	81	81	50	28	14	467
Interest income	-	-	-	-	-	-	(1)	-	(1)
Interest expense	65	253	248	224	196	162	86	59	1,228
Non cash amortization of terminated interest rate and foreign currency hedging instruments	-	-	-	-	-	(1)	(2)	(2)	(5)
Distributions to noncontrolling interests <sup>(3)</sup>	12	40	10	2	-	-	-	-	52
Insurance deductible related to property damage incident	-	-	-	-	-	-	-	-	-
Distributions paid <sup>(3)</sup>	225	791	682	605	532	451	263	197	3,521
Other	-	1	-	-	-	-	-	-	1
<b>DCF Reinvested/(Distributed)</b>	<b>\$ 117</b>	<b>\$ 365</b>	<b>\$ 80</b>	<b>\$ 87</b>	<b>\$ 65</b>	<b>\$ 100</b>	<b>\$ 129</b>	<b>\$ 138</b>	<b>\$ 964</b>

<sup>(1)</sup> Amounts may not recalculate due to rounding.

<sup>(2)</sup> Includes distributions that pertain to the current quarter's net income and are to be paid in the subsequent quarter.

<sup>(3)</sup> Distributions paid during the current quarter.

**Additional 3/31/12 Reconciliations**  
**Distribution Coverage - Midpoint Guidance <sup>(1)</sup>**  
(in millions, except percentages)

<b>Midpoint Guidance - Distribution Coverage</b>			
	<u>2012 <sup>(1)(2)</sup></u>	<u>2005-2011</u>	<u>2005-2012</u> <u>Total</u>
Distributions paid and projected to be paid	\$ 957	\$ 3,521	\$ 4,478
DCF reinvested	287	964	1,251
<b>Implied DCF</b>	<u>\$ 1,244</u>	<u>\$ 4,485</u>	<u>\$ 5,729</u>
Distributions paid and projected to be paid	\$ 957	\$ 3,521	\$ 4,478
<b>Distribution Coverage</b>	130%	127%	128%
	<u>2012 <sup>(1)(2)</sup></u>	<u>2005-2011</u>	<u>2005-2012</u> <u>Total</u>
<b>Adjusted EBITDA</b>	\$ 1,800	\$ 6,311	\$ 8,111
<b>Less:</b>			
Interest income	-	1	1
Interest expense, net	(299)	(1,228)	(1,527)
Current income taxes	(60)	(64)	(124)
Distributions paid and projected to be paid to noncontrolling interests	(48)	(52)	(100)
Maintenance capital expenditures	(150)	(467)	(617)
Distributions paid and projected to be paid	(957)	(3,521)	(4,478)
Non cash amortization of terminated interest rate and foreign currency hedging instruments	-	5	5
Equity earnings in unconsolidated entities, net of distributions	-	(20)	(20)
Other, net	1	(1)	-
<b>DCF Reinvested/(Distributed)</b>	<u>\$ 287</u>	<u>\$ 964</u>	<u>\$ 1,251</u>

<sup>(1)</sup> Represents the midpoint of guidance furnished in our May 7, 2012 Form 8-K.

<sup>(2)</sup> Includes distributions paid in February and May 2012 and projected distributions for the remainder of the year based on an assumed 8.5% growth over the distribution paid in November 2011.

**Non-GAAP Reconciliations**  
(in millions, except ratio amounts)

**Credit Ratio Analysis**

<b>Debt to Book Capitalization Ratios</b>	<b>March 31, 2012</b>
Short-Term Debt	\$ 757
Long-Term Debt	5,794
<b>Total debt</b>	<b>\$ 6,551</b>
Long-Term Debt	\$ 5,794
Partners' Capital	6,513
<b>Total book capitalization</b>	<b>\$ 12,307</b>
<b>Total book capitalization, including short-term debt</b>	<b>\$ 13,064</b>
Long-term debt to total book capitalization	47%
Total debt to total book capitalization, including short-term debt	50%
<b>Long-Term Debt to Annualized Adjusted EBITDA Ratio</b>	<b>March 31, 2012</b>
Long-term debt, as of March 31, 2012	\$ 5,794
Adjusted EBITDA <sup>(1)</sup>	\$ 1,800
<b>Ratio</b>	<b>3.2 x</b>
<b>Adjusted EBITDA to Interest Coverage Ratio</b>	<b>Amount</b>
Q1 2012 Adjusted EBITDA	\$ 472
Q1 2012 Interest expense	\$ 65
<b>Ratio</b>	<b>7.3 x</b>

<sup>(1)</sup> Represents twelve months ended December 31, 2012 mid-point guidance adjusted EBITDA as furnished in our May 7, 2012 Form 8-K.

**Additional 3/31/12 Reconciliations**  
**Credit Ratios by Quarter<sup>(1)</sup>**  
(in millions, except percentages)

Credit Ratios	2012	2011				2010				2009			
	1st Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Long-term debt under credit facilities and other	\$ 284	\$ 216	\$ 234	\$ 239	\$ 258	\$ 8	\$ 213	\$ 231	\$ 268	\$ 1	\$ 4	\$ 7	\$ 6
Senior notes, net of unamortized discount	5510	4760	4761	4261	4262	4136	4137	4362	4363	3219	3394	4135	4136
Total long term debt	5,794	4,976	4,995	4,500	4,520	4,144	4,350	4,593	4,631	3,220	3,398	4,142	4,142
Less: Adjustment <sup>(2)</sup>	-	(500)	(500)	-	-	(209)	(500)	(500)	(466)	-	-	(437)	(222)
Adjusted Long-term debt	5,794	4,476	4,495	4,500	4,520	3,935	3,850	4,093	4,165	3,220	3,398	3,705	3,920
Total partners' capital	6,513	5,418	5,683	5,485	5,974	4,209	4,415	4,343	4,573	3,739	3,706	4,227	4,159
Adjusted total capital	\$ 12,307	\$ 9,894	\$ 10,178	\$ 9,985	\$ 10,494	\$ 8,144	\$ 8,265	\$ 8,436	\$ 8,738	\$ 6,959	\$ 7,104	\$ 7,932	\$ 8,079
Adjusted long-term debt to total capital	47%	45%	44%	45%	43%	48%	47%	49%	48%	46%	48%	47%	49%
Forward Adjusted EBITDA <sup>(3)</sup>	\$ 1,800	\$ 1,300	\$ 1,384	\$ 1,538	\$ 1,650	\$ 1,047	\$ 1,056	\$ 1,072	\$ 1,225	\$ 977	\$ 987	\$ 998	\$ 1,040
Adj LT Debt / Forward Adjusted EBITDA	3.2x	3.4x	3.2x	2.9x	2.7x	3.8x	3.6x	3.8x	3.4x	3.3x	3.4x	3.7x	3.8x

<sup>(1)</sup> Amounts may not recalculate due to rounding.

<sup>(2)</sup> The adjustment represents the portion of the \$500 million, 4.25% senior notes due September 2012 that has been used to fund hedged inventory and would be classified as short-term debt if funded on our credit facilities. These notes were issued in July 2009 and the proceeds are being used to supplement capital available from our hedged inventory facility.

<sup>(3)</sup> Forward adjusted EBITDA based on subsequent year February midpoint guidance. The forward adjusted EBITDA for Q1 2012 was based on May 7, 2012 guidance.

