2015 Plains All American Annual Unitholder Letter

March 9, 2016

Dear Fellow Unitholders,

2015 was a challenging year for the crude oil industry in general and for PAA in particular.

2015 Industry Environment

Crude oil prices fell 50% in the latter half of 2014, entering 2015 at $53 per barrel, before falling an additional 30% to end the year at approximately $35 per barrel. Producers responded by reducing their budgets and drilling activities. As a result, production growth slowed or leveled off in certain areas and declined in others. Additionally, toward the middle of the year it became apparent that many of the minimum volume commitments ("MVCs") supporting the construction of new pipelines exceeded the volume levels that shippers controlled. As a result, competition for the marginal barrel increased, reducing regional differentials, in some cases below transportation parity.

The challenging environment and related investor concerns resulted in MLP equity valuations experiencing dramatic declines in the latter half of 2015 (many declining 60% relative to peak levels). Midstream access to public equity and debt markets became increasingly expensive and in many cases non-existent. Faced with significant funding commitments, balance sheet issues and rating agency scrutiny, several MLPs and midstream entities announced distribution cuts resulting in further volatility in MLP valuations, leading many investors to question the sustainability of the MLP business model.

PAA's 2015 Performance

As the largest crude oil centric MLP, the impact of these challenging industry conditions on PAA was significant. PAA's volumes and margins were impacted due to reduced producer activity levels in certain areas and increased competition for the marginal barrel.

Additionally, in May PAA experienced a crude oil release of 2,935 barrels on one of its pipelines in California. PAA responded in force committing significant resources with the overall objective to do the right thing, and to do it quickly. Thanks to the tremendous effort put forth by Plains employees as well as federal, state and local agencies and volunteers, our clean-up efforts were substantially complete within approximately 100 days from the date the incident occurred. As we have stated publicly, we deeply regret that this unfortunate accidental release occurred, and we are sorry for the resulting impact to the environment and wildlife, as well as for any disruption caused to residents and visitors. We remain committed to learning from this accident and using it as a catalyst to enhance our procedures, processes and training, with the objective of preventing similar incidents in the future.

As a result of the industry challenges and the financial impacts of the California crude oil release, PAA reduced its 2015 guidance and multi-year outlook. PAA reported Adjusted Net Income Attributable to PAA, Adjusted EBITDA and Distributable Cash Flow of $1.19 billion, $2.17 billion and $1.48 billion respectively, but nonetheless fell short of our targeted results. These results were approximately 15%, 8% and 10% lower compared to the full-year 2015 guidance we provided at the start of the year. Despite these challenges, PAA completed several notable objectives in 2015 as we:

- Executed a $2.2 billion expansion capital program in a timely and cost effective manner and commissioned and integrated multiple new assets into PAA's operations;
- Maintained solid liquidity and financial strength through the timely execution of two key financings, raising $1.1 billion of equity and $1.0 billion in long-term debt at attractive rates;
- Reduced PAA's ongoing capital requirements by over $500 million through the establishment or modification of joint ventures that enhanced or maintained the long-term return profile of our investment in the projects;
- Reviewed our asset portfolio and initiated a process that is expected to result in the sale of $400-$500 million of non-core assets in 2016;
- Initiated a $1.6 billion preferred equity placement that closed in January 2016, which further enhanced PAA's liquidity and fully funded PAA's capital needs for 2016 and substantially all of 2017; and
- Advanced multiple initiatives to strengthen and sustain the organization for the long-term and promote a culture of safety and environmental responsibility throughout.

Reflecting uncertainties associated with crude oil market conditions, capital markets access and PAA's distribution coverage, during 2015, PAA and PAGP unitholders realized a negative total return of (52%) and (62%), respectively. This compares with 2015 total returns for the AMZ MLP, S&P 500 and Dow Jones Industrial Average indexes of (33%), 1% and 0%, respectively.

2016 Outlook and Positioning

As we enter 2016, the industry environment is shaping up to be even more challenging as both oil and gas prices remain well under 2015's average prices, rig counts continue to decline and producers continue to reduce their capital programs. Additionally, a number of U.S. producers are facing challenges to their viability.

Longer term, we believe current commodity price levels are unsustainable. With the passage of time, we believe the combination of demand growth and reduced activity levels will result in a balanced market. This balance will be accompanied by declining inventory levels and a rise in crude prices to stimulate activity levels in order to satisfy rising demand.

In the interim, we will be aggressively focused on identifying and capitalizing on commercial optimization opportunities that arise out of the uncertain market environment and are available to us because of our integrated system and our involvement throughout the crude oil value chain. In addition, without jeopardizing our long-term growth prospects or the important relationships we share with our vendors, we also expect to realize cost reductions and efficiencies as we adjust our business to efficiently operate in a challenging environment.

As a result of actions taken throughout 2015 and the financing completed in January 2016, PAA is financially well positioned to manage through an extended period of challenging industry conditions and to complete its multi-year expansion capital projects in 2016 and 2017. PAA is also well positioned to grow meaningfully upon an industry recovery without having to rely on external capital or further organic expansion of its system. PAA has:

- A solid balance sheet, significant liquidity and financial flexibility;
- Fully funded its equity financing needs for 2016, and substantially all of 2017;
- Minimal debt maturities over the next 24 months;
- No material capital commitments beyond 2017;
- Visibility for incremental cash flow contributions in 2016 & 2017 from project completions backed by MVCs and other contractual support; and
- Significant earnings upside in connection with a sustained increase in U.S. crude oil production with no-to-low incremental capital investment.

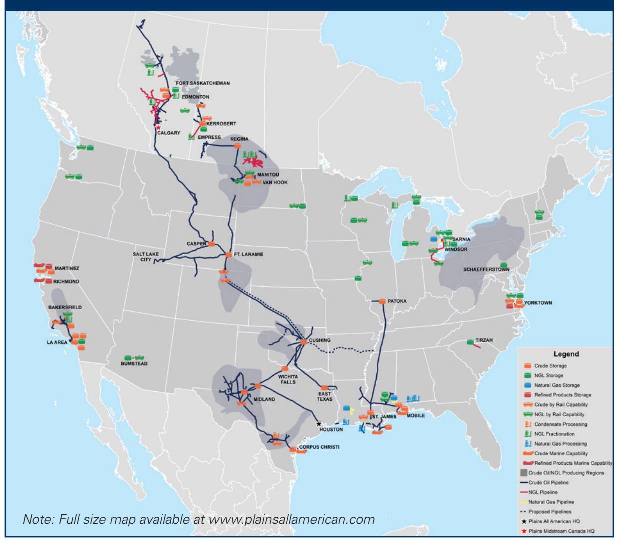
Forward Growth Drivers

We believe PAA has an unmatched crude oil transportation network, providing a leading position in substantially all U.S. & Canadian crude oil resource plays and market interchanges. PAA is also in the process of completing a multi-year expansion capital program to further enhance the capacity and flexibility of its integrated system.

The projects in this capital program are focused on increasing the fee based cash flows in our Transportation and Facilities segments, the vast majority of which are underpinned by MVCs or acreage dedications. PAA's most significant 2016 and 2017 projects are listed in the right -hand margin.

PAA's existing asset portfolio, coupled with its significant 2016 and 2017 capital projects, provide PAA significant positive operating leverage for incremental increases in cash flow as U.S. production volumes increase over the next several years. This incremental capacity is present throughout the Permian Basin, DJ Basin, Eagle Ford and Midcontinent areas and enables PAA to be one of the leading midstream crude oil participants in the expected growth in U.S. and Canadian crude oil production volumes over the next several years.

PAA'S STRATEGICALLY LOCATED & INTEGRATED ASSET BASE



Note: Full size map available at www.plainsallamerican.com

SUMMARY OF PAA'S EXPANSION CAPITAL PROGRAM

($ millions)	MVC / Contractual Support	2016 (G)	2017(Est.)	In Service Timings
Caddo & Red River Pipelines	YES	$ 320	$ 15	2Q16 & 4Q16
Diamond Pipeline	YES	260	165	3Q17
Fort Sask Facility Projects	YES	190	75	2016 & 2017
Permian Basin Area Projects	YES	185	25	Present - 4Q16
Saddlehorn Pipeline	YES	155	-	3Q16
St. James Facility Expansions	YES	35	-	1H16
Cactus Pipeline	YES	20	-	Present - 2Q16
Eagle Ford JV Project	YES	20	-	Present - 2017+
Other Projects		315	220	2016 - 2017
		$ 1,500	$ 500	

Note: Dollar amounts represent spending anticipated in the specified period, not total investment (G) Midpoint guidance furnished via Form 8-K on February 8, 2016 (Est.) Current PAA Estimates

Additionally, PAA's participation throughout the entire crude oil value chain, and the capabilities provided by its Supply and Logistics activities position PAA to optimize the performance of its assets in a variety of markets. In many cases, the significant leverage in our integrated system means that a single incremental barrel can generate multiple tariff, fee and margin opportunities.

We believe PAA and PAGP represent relatively inexpensive, low risk, long-dated calls on U.S. and Canadian crude oil production growth and that investing in either security today should generate attractive total returns.

We have three simple goals for 2016:

- Maintain a solid balance sheet, sound credit metrics and ample liquidity;
- Execute our capital program in order to facilitate cash flow growth underpinned by MVCs and position PAA to benefit meaningfully as U.S. production volumes increase; and
- Optimize our assets and focus our organization to deliver the best results possible under whatever conditions we encounter in the near term.

We look forward to updating you on our progress on these goals throughout this year.

On behalf of PAA, PAGP, our boards of directors and over 5,400 employees throughout North America, we sincerely thank you for your continued trust and support.

Greg L. Armstrong
Chairman & CEO

Harry N. Pefanis
President

Willie C. Chiang
Chief Operating Officer, U.S.

Note: This letter contains forward looking statements, including statements about the plans, strategies and prospects of PAA and PAGP. Factors that could cause actual results to differ materially from management's expectations are disclosed in PAA's and PAGP's most recent filings with the Securities and Exchange Commission. This letter also contains non-GAAP financial measures. A reconciliation of these measures to the most directly comparable GAAP measures is available on our website at www.plainsallamerican.com (navigate to Investor Relations, select "PAA" / navigate to "Financial Information" and select "Non-GAAP Reconciliations").