PART III

Item 10. *Directors and Executive Officers of Our General Partner and Corporate Governance*

Partnership Management and Governance

As is the case with many publicly traded partnerships, we do not directly have officers, directors or employees. Our operations and activities are managed by Plains All American GP LLC ("GP LLC"), which employs our management and operational personnel (other than our Canadian personnel, who are employed by PMC (Nova Scotia) Company). GP LLC is the general partner of Plains AAP, L.P. ("AAP LP"), which is the sole member of PAA GP LLC, our general partner. References to our general partner, as the context requires, include any or all of GP LLC, AAP LP and PAA GP LLC. References to our officers, directors and employees are references to the officers, directors and employees of GP LLC (or, in the case of our Canadian operations, PMC (Nova Scotia) Company).

Our general partner manages our operations and activities. Unitholders are limited partners and do not directly or indirectly participate in our management or operation. Our general partner owes a fiduciary duty to our unitholders, as limited by our partnership agreement. As a general partner, our general partner is liable for all of our debts (to the extent not paid from our assets), except for indebtedness or other obligations that are made specifically non-recourse to it. Our general partner has the sole discretion to incur indebtedness or other obligations on our behalf on a non-recourse basis to the general partner. Our general partner has in the past exercised such discretion, in most instances involving payment liability, and intends to exercise such discretion in the future.

Our partnership agreement provides that our general partner will manage and operate us and that unitholders, unlike holders of common stock in a corporation, will have only limited voting rights on matters affecting our business or governance. The corporate governance of GP LLC is, in effect, the corporate governance of our partnership, subject in all cases to any specific unitholder rights contained in our partnership agreement. References to our "Board of Directors" mean the board of directors of GP LLC, which consists of up to eight directors elected by the members of GP LLC, and not by our unitholders. The Board currently consists of seven directors. Under the Fourth Amended and Restated Limited Liability Company Agreement of GP LLC (the "GP LLC Agreement"), two of the members of GP LLC have the right to designate one director each, and our CEO is a director by virtue of holding the office. The remaining five seats are elected, and may be removed, by a majority of the membership interest. Directors filling three of these five "at large" seats must be independent. In August 2008, a wholly owned subsidiary of Occidental Petroleum Corporation ("Oxy") acquired a 10% membership interest in GP LLC directly from other existing members. As a result of this transaction, Oxy has the right to designate an individual to attend Board meetings in an observer capacity. Under certain circumstances involving changes in upper-level management, Oxy will have the right to designate a director to serve on the Board and the authorized number of Board members will be expanded to a total of nine.

In August 2005, a former member's 19% interest in the general partner was sold pro rata to the other general partner owners, which increased Vulcan Energy's ownership interest from 44% to greater than 50%. See Item 12. "Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters—Beneficial Ownership of General Partner Interest." In connection with this transaction, Vulcan Energy entered into an agreement with GP LLC pursuant to which Vulcan Energy has agreed to restrict certain of its voting rights to help preserve a balanced board. Vulcan Energy has agreed that, with respect to any action taken involving the election or removal of an independent director, Vulcan Energy will vote all of its interest in excess of 49.9% in the same way and proportionate to the votes of all membership interests other than Vulcan Energy's. Without the voting agreement, Vulcan Energy's ownership interest, in effect, would allow Vulcan Energy unilaterally to elect six of the eight board seats: the Vulcan Energy designee and the five "at large" seats (subject to the requirement that three of the "at large" directors meet the independence requirements set forth in the GP LLC Agreement, our partnership agreement, NYSE listing standards and SEC regulations). Vulcan Energy has the right at any time to give notice of termination of the voting rights agreement. The time between notice and termination depends on the circumstances, but would never be longer than one year. In connection with the August 2005 transaction, Messrs. Armstrong and Pefanis entered into waivers of the change in control provisions of their employment agreements, which otherwise would have been triggered by the transaction. These waivers were contingent upon Vulcan's execution of the voting agreement, and will terminate upon any breach or termination by Vulcan Energy of, or notice of termination under, the voting agreement. See Item 11. "Executive Compensation—Employment Contracts" and "—Potential Payments upon Termination or Change-in-Control."

Another member of GP LLC, Lynx Holdings I, LLC, also agreed to certain restrictions on its voting rights with respect to its approximate 1.2% interest in GP LLC and AAP LP. The Lynx voting agreement requires Lynx to vote its membership interest (in the context of elections or the removal of an independent director) in the same way and proportionate to the votes of the other membership interests (excluding Vulcan's and Lynx's). Lynx has the right to terminate its voting agreement at any time upon termination of the Vulcan voting agreement or the sale or transfer of all of its interest in the general partner to an unaffiliated third party.

Non-Management Executive Sessions and Shareholder Communications

Non-management directors meet in executive session in connection with each regular board meeting. Each non-management director acts as presiding director at the regularly scheduled executive sessions, rotating alphabetically by last name.

Interested parties can communicate directly with non-management directors by mail in care of the General Counsel and Secretary or Director of Internal Audit, Plains All American Pipeline, L.P., 333 Clay Street, Suite 1600, Houston, Texas 77002. Such communications should specify the intended recipient or recipients. Commercial solicitations or communications will not be forwarded.

Independence Determinations and Audit Committee

Because we are a limited partnership, the listing standards of the NYSE do not require that we or our general partner have a majority of independent directors or a nominating or compensation committee of the board of directors. We are, however, required to have an audit committee consisting of at least three members, all of whom are required to be "independent" as defined by the NYSE.

Under NYSE listing standards, to be considered independent, our board of directors must determine that a director has no material relationship with us other than as a director. The standards specify the criteria by which the independence of directors will be determined, including guidelines for directors and their immediate family members with respect to employment or affiliation with us or with our independent public accountants.

We have an audit committee that reviews our external financial reporting, engages our independent auditors and reviews the adequacy of our internal accounting controls. The charter of our audit committee is available on our website. See "—Meetings and Other Information" for information on how to access or obtain copies of this charter. The board of directors has determined that each member of our audit committee (Everardo Goyanes, Arthur L. Smith and J. Taft Symonds) is (i) "independent" under applicable NYSE rules and (ii) an "Audit Committee Financial Expert," as that term is defined in Item 407 of Regulation S-K.

In determining the independence of the members of our audit committee, the board of directors considered the relationships described below:

Everardo Goyanes, the chairman of our audit committee, is President and Chief Executive Officer of Liberty Energy Holdings, LLC ("LEH"), a subsidiary of Liberty Mutual Insurance

Company. LEH makes investments in producing properties, from some of which Plains Marketing, L.P. buys the production. LEH does not operate the properties in which it invests. Plains Marketing pays the same amount per barrel to LEH that it pays to other interest owners in the properties. In 2008, the amount paid to LEH by Plains Marketing was approximately $0.4 million (net of severance taxes). The board has determined that the transactions with LEH do not compromise Mr. Goyanes' independence.

Arthur L. Smith, a member of our audit committee, is a director of Pioneer Natural Resources GP LLC, the general partner of Pioneer Southwest Energy Partners, L.P. ("PSE"). PSE is a subsidiary of Pioneer Natural Resources Company ("Pioneer"). Pioneer and its affiliates (including PSE) own crude oil producing properties, from some of which Plains Marketing buys the production. Mr. Smith is not an officer of PSE or Pioneer and does not participate in operational decision making. In 2008, the amount paid to Pioneer and its affiliates by Plains Marketing was approximately $566.5 million. The board has determined that the transactions with PSE and Pioneer do not compromise Mr. Smith's independence.

J. Taft Symonds, a member of our audit committee, has no relationships with either GP LLC or us, other than as a director and unitholder.

Compensation Committee

We have a compensation committee that reviews and makes recommendations to the board regarding the compensation for the executive officers and administers our equity compensation plans for officers and key employees. The charter of our compensation committee is available on our website. See "—Meetings and Other Information" for information on how to access or obtain copies of this charter. The compensation committee currently consists of W. Lance Conn, Gary R. Petersen and Robert V. Sinnott. Under applicable stock exchange rules, none of the members of our compensation committee is required to be "independent." None of the members of the compensation committee has been determined to be independent at this time. The compensation committee has the sole authority to retain any compensation consultants to be used to assist the committee, but did not retain any consultants in 2008. Similarly, the compensation committee has not delegated any of its authority to subcommittees. The compensation committee has delegated limited authority to the CEO to administer our long-term incentive plans with respect to employees other than executive officers.

Governance and Other Committees

We also have a governance committee that periodically reviews our governance guidelines. The charter of our governance committee is available on our website. See "—Meetings and Other Information" for information on how to access or obtain copies of this charter. The governance committee currently consists of Messrs. Smith and Symonds, each of whom is independent under the NYSE's listing standards. As a limited partnership, we are not required by the listing standards of the NYSE to have a nominating committee. As discussed above, two of the owners of our general partner each have the right to appoint a director, and Mr. Armstrong is a director by virtue of his office. In the event of a vacancy in the three independent director seats, the governance committee will assist in identifying and screening potential candidates. Upon request of the owners of the general partner, the governance committee is also available to assist in identifying and screening potential candidates for the currently vacant "at large" seat. The governance committee will base its recommendations on an assessment of the skills, experience and characteristics of the candidate in the context of the needs of the board. As a minimum requirement for the independent board seats, any candidate must be "independent" and qualify for service on the audit committee under applicable SEC and NYSE rules, the GP LLC Agreement and our partnership agreement.

In addition, our partnership agreement provides for the establishment or activation of a conflicts committee as circumstances warrant to review conflicts of interest between us and our general partner or the owners of our general partner. Such a committee would consist of a minimum of two members, none of whom can be officers or employees of our general partner or directors, officers or employees of its affiliates nor owners of the general partner interest. Any matters approved by the conflicts committee will be conclusively deemed to be fair and reasonable to us, approved by all of our partners, and not a breach by our general partner of any duties owed to us or our unitholders. For example, a conflicts committee may be asked from time to time to review certain aspects of our joint venture with PAA/Vulcan. See Item 13. "Certain Relationships and Related Transactions, and Director Independence—Transactions with Related Persons—Review, Approval or Ratification of Transactions with Related Persons."

Meetings and Other Information

During the last fiscal year our board of directors had eight regularly scheduled and special meetings, our audit committee had 11 meetings, our compensation committee had two formal meetings and our governance committee had one meeting. None of our directors attended fewer than 75% of the aggregate number of meetings of the board of directors and committees of the board on which the director served.

As discussed above, the corporate governance of GP LLC is, in effect, the corporate governance of our partnership and directors of GP LLC are designated or elected by the members of GP LLC. Accordingly, unlike holders of common stock in a corporation, our unitholders have only limited voting rights on matters affecting our business or governance, subject in all cases to any specific unitholder rights contained in our partnership agreement. As a result, we do not hold annual meetings of unitholders.

All of our standing committees have charters. Our committee charters and governance guidelines, as well as our Code of Business Conduct and our Code of Ethics for Senior Financial Officers, which apply to our principal executive officer, principal financial officer and principal accounting officer, are available on our Internet website at *http://www.paalp.com*. Print versions of the foregoing are available to any unitholder without charge, upon request by writing to our Secretary, Plains All American Pipeline, L.P., 333 Clay Street, Suite 1600, Houston, Texas 77002. We intend to disclose any amendment to or waiver of the Code of Ethics for Senior Financial Officers and any waiver of our Code of Business Conduct on behalf of an executive officer or director either on our Internet website or in an 8-K filing. Our Chief Executive Officer submitted to the NYSE the most recent annual certification, without qualification, as required by Section 303A.12(a) of the NYSE's Listed Company Manual.

Report of the Audit Committee

The audit committee of Plains All American GP LLC oversees the Partnership's financial reporting process on behalf of the board of directors. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls.

In fulfilling its oversight responsibilities, the audit committee reviewed and discussed with management the audited financial statements contained in this Annual Report on Form 10-K.

The Partnership's independent registered public accounting firm, PricewaterhouseCoopers LLP, is responsible for expressing an opinion on the conformity of the audited financial statements with accounting principles generally accepted in the United States of America. The audit committee reviewed with PricewaterhouseCoopers LLP the firm's judgment as to the quality, not just the acceptability, of the Partnership's accounting principles and such other matters as are required to be discussed with the audit committee under generally accepted auditing standards.

The audit committee discussed with PricewaterhouseCoopers LLP the matters required to be discussed by SAS 61 (Codification of Statement on Auditing Standards, AU § 380), as may be modified or supplemented. The committee received written disclosures and the letter from PricewaterhouseCoopers LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding PricewaterhouseCoopers LLP's communications with the audit committee concerning independence, and has discussed with PricewaterhouseCoopers LLP its independence from management and the Partnership.

Based on the reviews and discussions referred to above, the audit committee recommended to the board of directors that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2008 for filing with the SEC.

Everardo Goyanes, *Chairman*
Arthur L. Smith
J. Taft Symonds

Report of the Compensation Committee

The compensation committee of Plains All American GP LLC reviews and makes recommendations to the board of directors regarding the compensation for the executive officers and directors.

In fulfilling its oversight responsibilities, the compensation committee reviewed and discussed with management the compensation discussion and analysis contained in this Annual Report on Form 10-K. Based on the reviews and discussions referred to above, the compensation committee recommended to the board of directors that the compensation discussion and analysis be included in the Annual Report on Form 10-K for the year ended December 31, 2008 for filing with the SEC.

Robert V. Sinnott, *Chairman*
W. Lance Conn
Gary R. Petersen

Compensation Committee Interlocks and Insider Participation

Messrs. Conn, Petersen and Sinnott served on the compensation committee during 2008. David N. Capobianco, a former director, served on the compensation committee for a portion of 2008. During 2008, none of the members of the committee was an officer or employee of us or any of our subsidiaries, or served as an officer of any company with respect to which any of our executive officers served on such company's board of directors. In addition, none of the members of the compensation committee are former employees of ours or any of our subsidiaries. Messrs. Conn, Petersen and Sinnott are associated with business entities with which we have relationships. See Item 13. "Certain Relationships and Related Transactions, and Director Independence."

Directors, Executive Officers and Other Officers

The following table sets forth certain information with respect to the members of our board of directors, our executive officers (for purposes of Item 401(b) of Regulation S-K) and certain other officers of us and our subsidiaries. Directors are elected annually and all executive officers are appointed by the board of directors. There is no family relationship between any executive officer and director. Two of the owners of our general partner each have the right to separately designate a member of our board. Such designees are indicated in footnote 2 to the following table.

Name	Age (as of 12/31/08)	Position[1]
Greg L. Armstrong*[2]	50	Chairman of the Board, Chief Executive Officer and Director
Harry N. Pefanis*	51	President and Chief Operating Officer
Phillip D. Kramer*	52	Executive Vice President
W. David Duckett*	53	President—PMC (Nova Scotia) Company
Mark J. Gorman*	54	Senior Vice President—Operations and Business Development
Alfred A. Lindseth	39	Senior Vice President—Technology, Process & Risk Management
Al Swanson*	44	Senior Vice President and Chief Financial Officer
John P. vonBerg*	54	Senior Vice President—Commercial Activities
Stephen L. Bart	48	Vice President—Operations of PMC (Nova Scotia) Company
David Craig	51	Executive Vice President and Chief Financial Officer of PMC (Nova Scotia) Company
Ralph R. Cross	53	Vice President—Corporate Development and Transportation Services of PMC (Nova Scotia) Company
A. Patrick Diamond	36	Vice President
Lawrence J. Dreyfuss	54	Vice President, General Counsel—Commercial & Litigation and Assistant Secretary
Roger D. Everett	63	Vice President—Human Resources
James B. Fryfogle	57	Vice President—Refinery Supply
M.D. (Mike) Hallahan	48	Vice President—Crude Oil of PMC (Nova Scotia) Company
Bill Harradence	55	Vice President—Human Resources of PMC (Nova Scotia) Company
Jim G. Hester	49	Vice President—Acquisitions
John Keffer	49	Vice President—Terminals
Charles Kingswell-Smith	57	Vice President and Treasurer
Mike Mikuska	40	Vice President—Business Development of PMC (Nova Scotia) Company
Tim Moore*	51	Vice President, General Counsel and Secretary
Daniel J. Nerbonne	51	Vice President—Engineering
John F. Russell	60	Vice President—West Coast Projects
Robert M. Sanford	59	Vice President—Lease Supply
Tina L. Val*	39	Vice President—Accounting and Chief Accounting Officer
Troy E. Valenzuela	47	Vice President—Environmental, Health and Safety
Sandi Wingert	38	Vice President—Accounting of PMC (Nova Scotia) Company
David E. Wright	63	Vice President
Ron F. Wunder	40	Vice President—LPG of PMC (Nova Scotia) Company
W. Lance Conn[2]	40	Director and Member of Compensation Committee
Everardo Goyanes	64	Director and Member of Audit** Committee
Gary R. Petersen	62	Director and Member of Compensation Committee
Robert V. Sinnott[2]	59	Director and Member of Compensation** Committee
Arthur L. Smith	56	Director and Member of Audit and Governance** Committees
J. Taft Symonds	69	Director and Member of Audit and Governance Committees

* Indicates an "executive officer" for purposes of Item 401(b) of Regulation S-K.

** Indicates chairman of committee.

(1) Unless otherwise described, the position indicates the position held with Plains All American GP LLC.

(2) The GP LLC Agreement specifies that the Chief Executive Officer of the general partner will be a member of the board of directors. The GP LLC Agreement also provides that two of the owners of our general partner each have the right to appoint a member of our board of directors. Mr. Conn has been appointed by Vulcan Energy Corporation, of which he is Chairman of the Board. Because it owns a majority in interest in

GP LLC, Vulcan Energy Corporation has the power at any time to cause an additional director to be elected to the currently vacant board seat. Mr. Sinnott has been appointed by KAFU Holdings, L.P., which is affiliated with Kayne Anderson Investment Management, Inc., of which he is President. The remaining directors were elected by a majority of the membership interest. See Item 12. "Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters—Beneficial Ownership of General Partner Interest."

Greg L. Armstrong has served as Chairman of the Board and Chief Executive Officer since our formation in 1998. He has also served as a director of our general partner or former general partner since our formation. In addition, he was President, Chief Executive Officer and director of Plains Resources Inc. from 1992 to May 2001. He previously served Plains Resources as: President and Chief Operating Officer from October to December 1992; Executive Vice President and Chief Financial Officer from June to October 1992; Senior Vice President and Chief Financial Officer from 1991 to 1992; Vice President and Chief Financial Officer from 1984 to 1991; Corporate Secretary from 1981 to 1988; and Treasurer from 1984 to 1987. Mr. Armstrong is also a director of National Oilwell Varco, Inc. and PAA/Vulcan.

Harry N. Pefanis has served as President and Chief Operating Officer since our formation in 1998. He was also a director of our former general partner. In addition, he was Executive Vice President—Midstream of Plains Resources from May 1998 to May 2001. He previously served Plains Resources as: Senior Vice President from February 1996 until May 1998; Vice President—Products Marketing from 1988 to February 1996; Manager of Products Marketing from 1987 to 1988; and Special Assistant for Corporate Planning from 1983 to 1987. Mr. Pefanis was also President of several former midstream subsidiaries of Plains Resources until our formation. Mr. Pefanis is also a director of PAA/Vulcan and Settoon Towing.

Phillip D. Kramer has served as Executive Vice President since November 2008 and previously served as Executive Vice President and Chief Financial Officer from our formation in 1998 until November 2008. In addition, he was Executive Vice President and Chief Financial Officer of Plains Resources from May 1998 to May 2001. He previously served Plains Resources as: Senior Vice President and Chief Financial Officer from May 1997 until May 1998; Vice President and Chief Financial Officer from 1992 to 1997; Vice President from 1988 to 1992; Treasurer from 1987 to 2001; and Controller from 1983 to 1987. He is also a director of Crusader Energy Group Inc., an oil and gas company engaged in drilling for and producing oil and gas.

W. David Duckett has served as President of PMC (Nova Scotia) Company since June 2003, and Executive Vice President of PMC (Nova Scotia) Company from July 2001 to June 2003. Mr. Duckett was with CANPET Energy Group Inc. from 1985 to 2001, where he served in various capacities, including most recently as President, Chief Executive Officer and Chairman of the Board.

Mark J. Gorman has served as Senior Vice President—Operations and Business Development since August 2008. He previously served as Vice President from November 2006 until August 2008. Prior to joining Plains, he was with Genesis Energy in differing capacities as a Director, President and CEO, and Executive Vice President and COO from 1996 through August 2006. From 1992 to 1996, he served as a President for Howell Crude Oil Company. Mr. Gorman began his career with Marathon Oil Company, spending 13 years in various disciplines. Mr. Gorman is also a director of Settoon Towing, Butte and Frontier.

Alfred A. Lindseth has served as Senior Vice President—Technology, Process & Risk Management since June 2003 and as Vice President—Administration from March 2001 to June 2003. He served as Risk Manager from March 2000 to March 2001. He previously served PricewaterhouseCoopers LLP in its Financial Risk Management Practice section as a Consultant from 1997 to 1999 and as Principal Consultant from 1999 to March 2000. He also served GSC Energy, an energy risk management brokerage and consulting firm, as Manager of its Oil & Gas Hedging Program from 1995 to 1996 and as Director of Research and Trading from 1996 to 1997.

Al Swanson has served as Senior Vice President and Chief Financial Officer since November 2008. He previously served as Senior Vice President—Finance from August 2008 until November 2008 and as Senior Vice President—Finance and Treasurer from August 2007 until August 2008. He served as Vice President—Finance and Treasurer from August 2005 to August 2007, as Vice President and Treasurer from February 2004 to August 2005 and as Treasurer from May 2001 to February 2004. In addition, he held finance related positions at Plains Resources including Treasurer from February 2001 to May 2001 and Director of Treasury from November 2000 to February 2001. Prior to joining Plains Resources, he served as Treasurer of Santa Fe Snyder Corporation from 1999 to October 2000 and in various capacities at Snyder Oil Corporation including Director of Corporate Finance from 1998, Controller—SOCO Offshore, Inc. from 1997, and Accounting Manager from 1992. Mr. Swanson began his career with Apache Corporation in 1986 serving in internal audit and accounting.

John P. vonBerg has served as Senior Vice President—Commercial Activities since August 2008. Previously he served as Vice President—Commercial Activities from August 2007 until August 2008 and as Vice President—Trading from May 2003 until August 2007. He served as Director of these activities from January 2002 until May 2003. Prior to joining us in January 2002, he was with Genesis Energy in differing capacities as a Director, Vice Chairman, President and CEO from 1996 through 2001, and from 1993 to 1996 he served as a Vice President and a Crude Oil Manager for Phibro Energy USA. Mr. vonBerg began his career with Marathon Oil Company, spending 13 years in various disciplines.

Stephen L. Bart has served as Vice President, Operations of PMC (Nova Scotia) Company since April 2005 and was Managing Director, LPG Operations & Engineering from February to April 2005. From June 2003 to February 2005, Mr. Bart was engaged as a principal of Broad Quay Development, a consulting firm. From April 2001 to June 2003, Mr. Bart served as Chief Executive Officer of Novera Energy Limited, a publicly-traded international renewable energy concern. From January 2000 to April 2003, he served as Director, Northern Development, for Westcoast Energy Inc.

David Craig has served as Executive Vice President and Chief Financial Officer of PMC (Nova Scotia) Company since June 2008. Prior to joining our Canadian operations, Mr. Craig was with Nexen Inc. from 2004 to June 2008, where he served in various capacities, including most recently as Vice President of natural gas marketing. From 1999 until 2004, he was with Apache Canada Ltd., with responsibilities in the areas of gas marketing and finance. Mr. Craig has over 25 years of experience in the energy industry in various financial roles (including accounting, planning, treasury, and mergers & acquisitions) as well as natural gas marketing.

Ralph R. Cross has served as Vice President of Corporate Development and Transportation Services of PMC (Nova Scotia) Company since July 2001. Mr. Cross was previously with CANPET Energy Group Inc. since 1992, where he served in various capacities, including most recently as Vice President of Business Development.

A. Patrick Diamond has served as Vice President since August 2007. He previously served as Director, Strategic Planning from July 2005 to August 2007 and as Manager—Special Projects from June 2001 to July 2005. In addition, he was Manager—Special Projects of Plains Resources from August 1999 to June 2001. Prior to joining Plains Resources, Mr. Diamond served Salomon Smith Barney in its Global Energy Investment Banking Group as an Associate from July 1997 to May 1999 and as a Financial Analyst from July 1994 to June 1997.

Lawrence J. Dreyfuss has served as Vice President, General Counsel—Commercial & Litigation and Assistant Secretary since August 2006. Mr. Dreyfuss was Vice President, Associate General Counsel and Assistant Secretary of our general partner from February 2004 to August 2006 and Associate General Counsel and Assistant Secretary of our general partner from June 2001 to February 2004 and held a senior management position in the Law Department since May 1999. In addition, he was a Vice President of Scurlock Permian LLC from 1987 to 1999.

Roger D. Everett has served as Vice President—Human Resources since November 2006 and as Director of Human Resources from August 2006 to December 2006. Before joining us, Mr. Everett was a Principal with Stone Partners, a human resource management consulting firm, for over 10 years serving as the Managing Director Human Resources from 2000 to 2006. Mr. Everett has held numerous positions of increasing responsibility in human resource management since 1979 including Vice President of Human Resources at Living Centers of America and Beverly Enterprises, Director of Human Resources at Healthcare International and Director of Compensation and benefits at Charter Medical.

James B. Fryfogle has served as Vice President—Refinery Supply since March 2005. He served as Vice President—Lease Operations from July 2004 until March 2005. Prior to joining us in January 2004, Mr. Fryfogle served as Manager of Crude Supply and Trading for Marathon Ashland Petroleum. Mr. Fryfogle had held numerous positions of increasing responsibility with Marathon Ashland Petroleum or its affiliates or predecessors since 1975.

M.D. (Mike) Hallahan has served as Vice President, Crude Oil of PMC (Nova Scotia) Company since February 2004 and Managing Director, Facilities from July 2001 to February 2004. He was previously with CANPET Energy Group Inc. where he served in various capacities since 1996, most recently as General Manager, Facilities.

Bill Harradence has served as Vice President, Human Resources of PMC (Nova Scotia) Company since October 2007. Prior to joining PMC, Mr. Harradence served as Vice President of Human Resources and Organizational Development at IHS Energy from February 2005 until October 2007, and prior to that he led Human Resources/EH&S at Aquila Canada for four years. Mr. Harradence has over 25 years of human resources experience including Amoco and Safeway.

Jim G. Hester has served as Vice President—Acquisitions since March 2002. Prior to joining us, Mr. Hester was Senior Vice President—Special Projects of Plains Resources. From May 2001 to December 2001, he was Senior Vice President—Operations for Plains Resources. From May 1999 to May 2001, he was Vice President—Business Development and Acquisitions of Plains Resources. He was Manager of Business Development and Acquisitions of Plains Resources from 1997 to May 1999, Manager of Corporate Development from 1995 to 1997 and Manager of Special Projects from 1993 to 1995. He was Assistant Controller from 1991 to 1993, Accounting Manager from 1990 to 1991 and Revenue Accounting Supervisor from 1988 to 1990.

John Keffer has served as Vice President—Terminals since November 2006. Mr. Keffer joined Plains Marketing L.P. in October 1998 and prior to his appointment as Vice President, he served as Managing Director—Refinery Supply, Director of Trading and Manager of Sales and Trading. Prior to joining Plains, Mr. Keffer was with Prebon Energy, an energy brokerage firm, from January 1996 through September 1998. Mr. Keffer was with the Permian Corporation/Scurlock Permian from January 1990 through December 1995, where he served in several capacities in the marketing department including Director of Crude Oil Trading. Mr. Keffer began his career with Amoco Production Company and served in various capacities beginning in June 1982.

Charles Kingswell-Smith has served as Vice President and Treasurer since August 2008. Mr. Kingswell-Smith previously served as Managing Director of GE Energy Financial Services from January 2008 to July 2008 and as Managing Director with Merrill Lynch Capital from March 2007 until January 2008. Prior to joining Merrill Lynch Capital, Mr. Kingswell-Smith spent 12 years in the energy banking business with JPMorgan Chase and BankOne.

Mike Mikuska has served as Vice President, Business Development of PMC (Nova Scotia) Company since September 2008. Mr. Mikuska has been with PMC and its predecessor CANPET Energy Group Inc. since 1995 and has served in various commercial and development roles over that time.

Tim Moore has served as Vice President, General Counsel and Secretary since May 2000. In addition, he was Vice President, General Counsel and Secretary of Plains Resources from May 2000 to May 2001. Prior to joining Plains Resources, he served in various positions, including General Counsel—Corporate, with TransTexas Gas Corporation from 1994 to 2000. He previously was a corporate attorney with the Houston office of Weil, Gotshal & Manges LLP. Mr. Moore also has seven years of energy industry experience as a petroleum geologist.

Daniel J. Nerbonne has served as Vice President—Engineering since February 2005. Prior to joining us, Mr. Nerbonne was General Manager of Portfolio Projects for Shell Oil Products US from January 2004 to January 2005 and served in various capacities, including General Manager of Commercial and Joint Interest, with Shell Pipeline Company or its predecessors from 1998. From 1980 to 1998 Mr. Nerbonne held numerous positions of increasing responsibility in engineering, operations, and business development, including Vice President of Business Development from December 1996 to April 1998, with Texaco Trading and Transportation or its affiliates.

John F. Russell has served as Vice President—West Coast Projects since August 2007. He served as Vice President—Pipeline Operations from July 2004 to August 2007. Prior to joining us, Mr. Russell served as Vice President of Business Development & Joint Interest for ExxonMobil Pipeline Company. Mr. Russell had held numerous positions of increasing responsibility with ExxonMobil Pipeline Company or its affiliates or predecessors since 1974.

Robert M. Sanford has served as Vice President—Lease Supply since June 2006. He served as Managing Director—Lease Acquisitions and Trucking from July 2005 to June 2006 and as Director of South Texas and Mid Continent Business Units from April 2004 to July 2005. Mr. Sanford was with Link Energy/EOTT Energy from 1994 to April 2004, where he held various positions of increasing responsibility.

Tina L. Val has served as Vice President—Accounting and Chief Accounting Officer since June 2003. She served as Controller from April 2000 until she was elected to her current position. From January 1998 to January 2000, Ms. Val served as a consultant to Conoco de Venezuela S.A. She previously served as Senior Financial Analyst for Plains Resources from October 1994 to July 1997.

Troy E. Valenzuela has served as Vice President—Environmental, Health and Safety, or EH&S, since July 2002, and has had oversight responsibility for the environmental, safety and regulatory compliance efforts of us and our predecessors since 1992. He was Director of EH&S with Plains Resources from January 1996 to June 2002, and Manager of EH&S from July 1992 to December 1995. Prior to his time with Plains Resources, Mr. Valenzuela spent seven years with Chevron USA Production Company in various EH&S roles.

Sandi Wingert has served as Vice President, Accounting of PMC (Nova Scotia) Company since February 2008. She has been with PMC and its predecessor CANPET Energy Group Inc. for eight years acting as Controller. Prior to joining our Canadian operations, Sandi held various accounting roles with Koch Petroleum and Ernst & Young.

David E. Wright has served as Vice President since November 2006. Prior to joining Plains, he served as Executive Vice President, Corporate Development for Pacific Energy Partners, L.P. from February 2005 and as Vice President, Corporate Development and Marketing from December 2001. Mr. Wright also served as Vice President, Distribution West for Tosco Refining Company from March 1997 to June 2001, and as Vice President, Pipelines for GATX Terminals Corporation from October 1995 to March 1997.

Ron F. Wunder has served as Vice President, LPG of PMC (Nova Scotia) Company since February 2004 and as Managing Director, Crude Oil from July 2001 to February 2004. He was previously with CANPET Energy Group Inc. since 1992, where he served in various capacities, including most recently as General Manager, Crude Oil.

W. Lance Conn has served as a director of our general partner since November 2008. Since July 2004, Mr. Conn has served as the President of Vulcan Capital, the investment group of Vulcan Inc., the investment and project management company that oversees a diverse multi-billion dollar portfolio of investments by Paul G. Allen, where Mr. Conn has served as Executive Vice President for Investment Management. Mr. Conn also sits on the boards of Charter Communications Inc., Vulcan Energy GP Holdings Inc., Vulcan Energy Corporation, PAA/Vulcan and Digeo Inc., and is a former director of Oxygen Media. He also serves as a director on the National Fish and Wildlife Foundation, a non-profit corporation. He serves as an advisory director for Makena Capital Management and an advisor to Global Endowment Management. Prior to joining Vulcan, Mr. Conn worked for America Online, where he served in various senior business and corporate development roles in the United States and Europe. Prior to AOL, Mr. Conn was an attorney with the Shaw Pittman law firm in Washington, D.C. Mr. Conn holds a J.D. from the University of Virginia, a master's degree in history from the University of Mississippi and an A.B. in history from Princeton University.

Everardo Goyanes has served as a director of our general partner or former general partner since May 1999. Mr. Goyanes has been President and Chief Executive Officer of Liberty Energy Holdings, LLC (an energy investment firm) since May 2000. From 1999 to May 2000, he was a financial consultant specializing in natural resources. From 1989 to 1999, he was Managing Director of the Natural Resources Group of ING Barings Furman Selz (a banking firm). He was a financial consultant from 1987 to 1989 and was Vice President—Finance of Forest Oil Corporation from 1983 to 1987. From 1969 to 1982, Mr. Goyanes served in various financial and management capacities at Chase Bank, where his major emphasis was international and corporate finance to large independent and major oil companies. Mr. Goyanes received a BA in Economics from Cornell University and a Masters degree in Finance (honors) from Babson Institute.

Gary R. Petersen has served as a director of our general partner since June 2001. Mr. Petersen is Senior Managing Director of EnCap Investments L.P., an investment management firm which he co-founded in 1988. He is also a director of EV Energy Partners, L.P. He had previously served as Senior Vice President and Manager of the Corporate Finance Division of the Energy Banking Group for RepublicBank Corporation. Prior to his position at RepublicBank, he was Executive Vice President and a member of the Board of Directors of Nicklos Oil & Gas Company from 1979 to 1984. He served from 1970 to 1971 in the U.S. Army as a First Lieutenant in the Finance Corps and as an Army Officer in the Army Security Agency. Mr. Petersen holds MBA and BBA degrees from Texas Tech University.

Robert V. Sinnott has served as a director of our general partner or former general partner since September 1998. Mr. Sinnott is President, Chief Investment Officer and Senior Managing Director of energy investments of Kayne Anderson Capital Advisors, L.P. (an investment management firm). He also served as a Managing Director from 1992 to 1996 and as a Senior Managing Director from 1996 until assuming his current role in 2005. He is also President of Kayne Anderson Investment Management, Inc., the general partner of Kayne Anderson Capital Advisors, L.P. and he is a director of Kayne Anderson Energy Development Company. He was Vice President and Senior Securities Officer of the Investment Banking Division of Citibank from 1986 to 1992. Mr. Sinnott received a BA from the University of Virginia and an MBA from Harvard.

Arthur L. Smith has served as a director of our general partner or former general partner since February 1999. Mr. Smith is President and Managing Member of Triple Double Advisors, LLC, an investment advisory firm focused on the energy industry. Mr. Smith was Chairman and CEO of John S. Herold, Inc. (a petroleum research and consulting firm) from 1984 to 2007. From 1976 to 1984, Mr. Smith was a securities analyst with Argus Research Corp., The First Boston Corporation and Oppenheimer & Co., Inc. Mr. Smith holds the CFA designation. He serves on the board of non-profit Dress for Success Houston and the Board of Visitors for the Nicholas School of the Environment and

Earth Sciences at Duke University. He is a director of Pioneer Natural Resources GP LLC, the general partner of Pioneer Southwest Energy Partners, L.P. Mr. Smith received a BA from Duke University and an MBA from NYU's Stern School of Business.

J. Taft Symonds has served as a director of our general partner since June 2001. Mr. Symonds is Chairman of the Board of Symonds Trust Co. Ltd. (a private investment firm). From 1978 to 2004 he was Chairman of the Board and Chief Financial Officer of Maurice Pincoffs Company, Inc. (an international marketing firm). Mr. Symonds has a background in both investment and commercial banking, including merchant banking in New York, London and Hong Kong with Paine Webber, Robert Fleming Group and Banque de la Societe Financiere Europeenne. He is Chairman of the Houston Arboretum and Nature Center and serves as a director of Howard Supply Company LLC and Schilling Robotics LLC. Mr. Symonds received a BA from Stanford University and an MBA from Harvard.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires directors, executive officers and persons who beneficially own more than ten percent of a registered class of our equity securities to file with the SEC and the NYSE initial reports of ownership and reports of changes in ownership of such equity securities. Such persons are also required to furnish us with copies of all Section 16(a) forms that they file. Such reports are accessible on or through our Internet website at *http://www.paalp.com.*

Based solely upon a review of the copies of Forms 3 and 4 furnished to us, or written representations from certain reporting persons that no Forms 5 were required, we believe that our executive officers and directors complied with all filing requirements with respect to transactions in our equity securities during 2008.

Item 11. ***Executive Compensation***

Compensation Discussion and Analysis

Background

All of our officers and employees (other than Canadian personnel) are employed by Plains All American GP LLC. Our Canadian personnel are employed by PMC (Nova Scotia) Company, which is a wholly owned subsidiary. Under our partnership agreement, we are required to reimburse our general partner and its affiliates for all employment related costs, including compensation for executive officers, other than expenses related to the Class B units of Plains AAP, L.P.

Objectives

Since our inception, we have employed a compensation philosophy that emphasizes pay for performance, both on an individual and entity level, and places the majority of each Named Executive Officer's (defined in the Summary Compensation Table below) compensation at risk. The primary long-term measure of our performance is our ability to increase our sustainable quarterly distribution to our unitholders. We believe our pay-for-performance approach aligns the interests of our executive officers with that of our unitholders, and at the same time enables us to maintain a lower level of base overhead in the event our operating and financial performance is below expectations. Our executive compensation is designed to attract and retain individuals with the background and skills necessary to successfully execute our business model in a demanding environment, to motivate those individuals to reach near-term and long-term goals in a way that aligns their interest with that of our unitholders, and to reward success in reaching such goals. We use three primary elements of compensation to fulfill that design—salary, cash bonus and long-term equity incentive awards. Cash bonuses and equity incentives (as opposed to salary) represent the performance driven elements. They are also flexible in application and can be tailored to meet our objectives. The determination of specific individuals' cash bonuses is based on their relative contribution to achieving or exceeding annual goals and the determination of specific individuals' long-term incentive awards is based on their expected contribution in respect of longer term performance objectives. We do not maintain a defined benefit or pension plan for our executive officers as we believe such plans primarily reward longevity and not performance. We provide a basic benefits package generally to all employees, which includes a 401(k) plan and health, disability and life insurance. In instances considered necessary for the execution of their job responsibilities, we also reimburse certain of our Named Executive Officers and other employees for club dues and similar expenses. We consider these benefits and reimbursements to be typical of other employers, and we do not believe they are distinctive of our compensation program.

Elements of Compensation

Salary. We do not "benchmark" our salary or bonus amounts. In practice, we believe our salaries are generally competitive with the narrower universe of large-cap MLP peers, but are moderate relative to the broad spectrum of energy industry competitors for similar talent.

Cash Bonuses. Our cash bonuses consist of annual discretionary bonuses in which all of our current domestic Named Executive Officers potentially participate and a formula-based quarterly bonus program in which Mr. vonBerg was eligible to participate in 2008, 2007 and 2006. Mr. Kramer will also be eligible to participate in this program beginning in 2009. Mr. Duckett participates in a formula-based quarterly and annual bonus program specific to activities managed by our Canadian personnel.

Long-Term Incentive Awards. The primary long-term measure of our performance is our ability to increase our sustainable quarterly distribution to our unitholders. Historically, we have used performance indexed phantom unit grants to encourage and reward timely achievement of targeted distribution levels and align the long-term interests of our Named Executive Officers with those of our unitholders. These grants also require minimum service periods as further described below in order to encourage long-term retention. A phantom unit is the right to receive, upon the satisfaction of vesting criteria specified in the grant, a common unit (or cash equivalent). We do not use options as a form of incentive compensation. Unlike "vesting" of an option, vesting of a phantom unit results in delivery of a common unit or cash of equivalent value as opposed to a right to exercise. Terms of historical phantom unit grants have varied, but generally phantom units vest upon the later of achievement of targeted distribution threshold levels and continued employment for periods ranging from two to six years. These distribution performance thresholds are generally consistent with our targeted range for distribution growth. To encourage accelerated performance, if we meet certain distribution thresholds prior to meeting the minimum service requirement for vesting, our current Named Executive Officers have the right to receive distributions on phantom units prior to vesting in the underlying common units (referred to as distribution equivalent rights, or "DERs").

In 2007, the owners of Plains AAP, L.P. authorized the creation of "Class B" units of Plains AAP, L.P. and authorized GP LLC's compensation committee to issue grants of Class B units to create additional long-term incentives for our management. The entire economic burden of the Class B units, which are equity classified, is borne solely by Plains AAP, L.P. and does not impact our cash or units outstanding.

The Class B units are subject to restrictions on transfer and generally become incrementally "earned" (entitled to participate in distributions) upon achievement of certain performance thresholds. As of February 10, 2009, 25% of the outstanding Class B units had been earned.

To encourage retention following achievement of these performance benchmarks, Plains AAP, L.P. retained a call right to purchase any earned Class B units at a discount to fair market value that is exercisable upon the termination of a holder's employment with Plains All American GP LLC and its affiliates (subject to certain exceptions) prior to January 1, 2016. A portion of unvested Class B units will vest (no longer be subject to the call right) upon a change of control. All earned Class B units will also vest if they remain outstanding as of January 1, 2016 or Plains AAP, L.P. elects not to timely exercise its call right. See Item 13. "Certain Relationships and Related Transactions, and Director Independence—Transactions with Related Persons—Our General Partner—Class B Units of Plains AAP, L.P."

Relation of Compensation Elements to Compensation Objectives

Our compensation program is designed to motivate, reward and retain our executive officers. Cash bonuses serve as a near-term motivation and reward for achieving the annual goals established at the beginning of each year. Phantom unit awards (and associated DERs) and Class B units provide motivation and reward over both the near-term and long-term for achieving performance thresholds necessary for earning and vesting. The level of annual bonus and phantom unit awards reflect the moderate salary profile and the significant weighting towards performance based, at-risk compensation. Salaries and cash bonuses (particularly quarterly bonuses), as well as currently payable DERs associated with unvested phantom units and earned Class B units subject to Plains AAP, L.P.'s call right, serve as near-term retention tools. Longer-term retention is facilitated by the minimum service periods of up to five years associated with phantom unit awards, the long-term (January 2016) vesting profile of the Class B units and, in the case of certain executives directly involved in activities that generate partnership earnings, annual bonuses that are payable over a three-year period. To facilitate Plains All American GP LLC's compensation committee in reviewing and making recommendations, a compensation "tally sheet" is prepared by Plains All American GP LLC's CEO and General Counsel and provided to the compensation committee.

Whenever compensation is used as an incentive for performance, there is the potential that management might be motivated to take unnecessary or excessive risks to reach the performance thresholds. This potential is more pronounced with short-term incentives, particularly when the measure of performance is unsustainable or inconsistent with longer-term goals. Conversely, long-term incentives blended with consistent short-term rewards lessen the potential for misdirected motivation.

We stress performance-based compensation elements to attempt to create a performance-driven environment in which our executive officers are (i) motivated to perform over both the short term and the long term, (ii) appropriately rewarded for their services and (iii) encouraged to remain with us even after meeting long-term performance thresholds in order to meet the minimum service periods and by the potential for rewards yet to come. We believe our compensation philosophy as implemented by application of the three primary compensation elements (i) aligns the interests of our Named Executive Officers with our unitholders, (ii) positions us to achieve our business goals, and (iii) effectively encourages the exercise of sound judgment and risk-taking that is conducive to creating and sustaining long-term value. We believe the processes employed by the compensation committee and the board in applying the elements of compensation (as discussed in more detail below) provide an adequate level of oversight with respect to the degree of risk being taken by management to achieve short-term performance goals.

We believe our compensation program has been instrumental in our achievement of stated objectives. Over the five-year period ended December 31, 2008, our annual distribution per common unit has grown at a compound annual rate of 9.7% and the total return realized by our unitholders for that period averaged approximately 8.2%. During this period, we have enjoyed a very high rate of retention among executive officers.

Application of Compensation Elements

Salary. We do not make systematic annual adjustments to the salaries of our Named Executive Officers. Instead, when indicated as a result of adding new senior management members to keep pace with our overall growth, necessary salary adjustments are made to maintain hierarchical relationships between senior management levels and the new senior management members. Since the date of our initial public offering (or date of employment, if later) through December 31, 2008, Messrs. Armstrong and Pefanis have each received one salary adjustment, Mr. Kramer received two salary adjustments, Mr. Duckett has received small salary adjustments in line with other Canadian personnel, Mr. vonBerg has received no salary adjustment and Mr. Swanson received three salary adjustments.

Annual Discretionary Bonuses. Annual discretionary bonuses are determined based on our performance relative to our annual plan forecast and public guidance, our distribution growth targets and other quantitative and qualitative goals established at the beginning of each year. Such annual objectives are discussed and reviewed with the board of directors in conjunction with the review and authorization of the annual plan.

At the end of each year, the CEO performs a quantitative and qualitative assessment of our performance relative to our goals. Key quantitative measures include earnings before interest, taxes, depreciation and amortization, excluding items affecting comparability ("adjusted EBITDA"), relative to established guidance, as well as the growth in the annualized quarterly distribution level per common unit relative to annual growth targets. Our primary performance metric is our ability to generate increasing and sustainable cash distributions to our unitholders. Accordingly, although net income and net income per unit are monitored to highlight inconsistencies with primary performance metrics, as is our market performance relative to our MLP peers and major indices, these metrics are considered secondary performance measures. The CEO's written analysis of our performance examines our accomplishments, shortfalls and overall performance against opportunity, taking into account controllable and non-controllable factors encountered during the year.

The resulting document and supporting detail is submitted to the board of directors of Plains All American GP LLC for review and comment. Based on the conclusions set forth in the annual performance review, the CEO submits recommendations to the compensation committee for bonuses to our Named Executive Officers, taking into account the relative contribution of the individual officer. Except as described below for Mr. Duckett, there are no set formulas for determining the annual discretionary bonus for our Named Executive Officers. Factors considered by the CEO in determining the level of bonus in general include (i) whether or not we achieved the goals established for the year and any notable shortfalls relative to expectations; (ii) the level of difficulty associated with achieving such objectives based on the opportunities and challenges encountered during the year; (iii) current year operating and financial performance relative to both public guidance and prior year's performance; (iv) significant transactions or accomplishments for the period not included in the goals for the year; (v) our relative prospects at the end of the year with respect to future growth and performance; and (vi) our positioning at the end of the year with respect to our targeted credit profile. The CEO takes these factors into consideration as well as the relative contributions of each of our Named Executive Officers to the year's performance in developing his recommendations for bonus amounts.

These recommendations are discussed with the compensation committee, adjusted as appropriate, and submitted to the board of directors for its review and approval. Similarly, the compensation committee assesses the CEO's contribution toward meeting our goals, and recommends a bonus for the CEO it believes to be commensurate with such contribution. In several instances, the CEO (and more recently the President as well) has requested that the bonus amount recommended by the compensation committee be reduced to maintain a closer relationship to bonuses awarded to the other Named Executive Officers. As a result, the current practice is for the CEO to submit to the compensation committee a preliminary draft of bonus recommendations with the amount for the CEO left blank. In the context of discussing and adjusting bonus amounts for other executives set forth in the preliminary draft, the committee and the CEO reach consensus on the appropriate bonus amount for the CEO. The preliminary draft is then revised to include any changes or adjustments, as well as an amount for the CEO, in the formal submittal to the compensation committee for review and recommendation to the board.

U.S. Bonus based on Adjusted EBITDA. Mr. vonBerg and certain other members of our U.S. based senior management team are directly involved in activities that generate partnership earnings. These individuals, along with other employees in our marketing and business development groups participate in a quarterly bonus pool based on adjusted EBITDA, which directly rewards for quarterly performance the commercial and asset managing employees who participate. This quarterly incentive provides a direct incentive to optimize quarterly performance even when, on an annual basis, other factors might negatively affect bonus potential. Allocation of quarterly bonus amounts among all participants based on relative contribution is recommended to or by Mr. Pefanis and reviewed, modified and approved by Mr. Armstrong, as appropriate. Messrs. Pefanis and Armstrong do not participate in the quarterly bonus. The quarterly bonus amount for Mr. vonBerg is taken into consideration in determining the recommended annual discretionary bonus submitted by the CEO to the compensation committee.

Annual Bonus and Quarterly Bonus based on Adjusted EBITDA (Canada). Substantially all of the personnel employed by PMC (Nova Scotia) Company (including Mr. Duckett) or involved in Canadian operations participate in a bonus pool under a program established at the time of our entry into Canada in 2001 in connection with the CANPET acquisition. The program encompasses a bonus pool consisting of 10% of Adjusted EBITDA for Canadian-based operations (reduced by the carrying cost of inventory in excess of base-level requirements and by the cost of capital associated with growth capital and acquisitions). Participation in the program is recommended by Mr. Duckett and reviewed, adjusted if warranted, and approved by Mr. Pefanis. Mr. Pefanis does not participate in the program. Mr. Duckett receives a quarterly bonus equal to approximately 40% of his participation level for the first three fiscal quarters of the year. He receives an annual bonus consisting of 60% of his participation in the first three quarters and 100% of his participation in the fourth quarter.

Long-Term Incentive Awards. We do not make systematic annual phantom unit awards to our Named Executive Officers. Instead, our objective is to time the granting of awards such that as performance thresholds are met for existing awards, additional long-term incentives are created. Thus, performance is rewarded by relatively greater frequency of awards and lack of performance by relatively lesser frequency of awards. Generally, we believe that a three- to four-year grant cycle (and extended time-vesting requirements) provides a balance between a meaningful retention period for us and a visible, reachable reward for the executive officer. Achievement of performance targets does not shorten the minimum service period requirement. If top performance targets on outstanding awards are achieved in the early part of this cycle, new awards are granted with higher performance thresholds, and the minimum service periods of the new awards are generally synchronized with the remaining time-vesting requirements of outstanding awards in a manner designed to encourage extended retention of our Named Executive Officers. Accordingly, these new arrangements inherently take into account the value of awards where performance levels have been achieved but have not yet vested due to ongoing service period requirements, but do not take into consideration previous awards that have fully vested.

As an additional means of providing longer-term, performance-based officer incentives that require extended periods of employment to realize the full benefit, in 2007 the owners of Plains AAP, L.P. authorized the creation of "Class B" units of Plains AAP, L.P., which the compensation committee of GP LLC is authorized to administer. See "—Elements of Compensation—Long-Term Incentives." These Class B units are limited to 200,000 authorized units, of which approximately 154,000 were issued as of December 31, 2008 pursuant to individual restricted units agreements between Plains AAP, L.P. and certain members of management. As of December 31, 2008 our Named Executive Officers held 111,000 of the restricted Class B units. The remaining available Class B units are administered at the discretion of the compensation committee and may be awarded upon advancement, exceptional performance or other change in circumstance of an existing member of management, or upon the addition of a new individual to the management team.

Application in 2008

At the beginning of 2008, we established four public goals with paraphrased versions of two of these goals overlapping with two of our five internal goals. As a result, we entered 2008 with seven distinct goals for the year.

The four public goals for the year were to:

1. Deliver baseline operating and financial performance in line with guidance;

2. Successfully execute our 2008 capital program and set the stage for 7% to 10% adjusted EBITDA growth in 2009;

3. Pursue an average of $200 to $300 million of strategic and accretive acquisitions; and

4. Increase year-over-year distributions in 2008 by $0.20 - $0.25 per unit. In connection with closing the Rainbow acquisition in May 2008, the year-over-year distribution growth target range was increased to $0.25 - $0.30 per unit (equivalent to a November 2008 annualized distribution of $3.61 to $3.66 per unit).

Our three internal qualitative goals included (i) the continued expansion of our asset integrity management program with respect to assets not covered by regulatory mandate, (ii) maintaining and improving organizational communication, and (iii) preparing the organization for future growth.

In general, we met or exceeded these seven goals, but performance relative to execution of our 2008 capital program included one notable exception (discussed in paragraph 2. below).

With respect to our four public goals:

1. Excluding the unforecasted contribution from acquisitions completed during the year, our adjusted EBITDA was in line with the midpoint of the original guidance for 2008 and performance from acquisitions completed during the year was in line with updated guidance;

2. We began the year with a $330 million capital program that was expanded during the year to $470 million. The vast majority of these projects were timely completed and in line with cost forecast, but one pipeline construction project encountered significant difficulties resulting in a delay and a measurable cost overrun. Financial and operating guidance furnished for 2009 is in line with targeted growth objectives;

3. We completed two strategic and complementary acquisitions totaling approximately $735 million. Excluding the Pacific acquisition completed in 2006, our three year average acquisition expenditures total approximately $487 million per year; and

4. We paid approximately $3.50 per unit in distributions during 2008, a $0.22 per unit increase over the $3.28 paid per unit in 2007. Our November 2008 annualized distribution rate was $3.57 per unit, which represented a 6.3% increase over the November 2007 annualized rate of $3.36 per unit. This increase is within the targeted 5% to 8% range established at the beginning of 2008, but is below the increased range targeted in connection with the Rainbow acquisition. The November distribution reflects management's decision to balance the near-term benefits of distribution growth with the long-term benefits of retaining excess cash flow during challenging financial times for capital formation.

During 2008, we continued to expand, implement and develop our integrity management. Many actions were taken in 2008 to improve communication throughout the organization and special efforts were made during the year to timely address headline issues regarding the turmoil in the financial markets, events affecting certain of our competitors and our relative positioning. We also continued to define and develop succession plans, added important members to the senior management team and successfully managed through several planned and unplanned changes at the senior management level.

For 2008, the elements of compensation were applied as follows:

Salary. No salary adjustments for Named Executive Officers were recommended or made in 2008. See "—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table."

Cash Bonuses. Based on the CEO's annual performance review and the individual performance of each of our Named Executive Officers, the compensation committee recommended to the board of directors and the board of directors approved the annual bonuses reflected in the Summary Compensation Table and notes thereto. Such amounts take into account the performance relative to each of the seven goals established for 2008; the absence of shortfalls relative to expectations, save and except for the delay and cost overrun on one pipeline construction project; the level of difficulty associated with achieving such objectives; our relative positioning at the end of the year with respect to future growth and performance; the significant transactions or accomplishments for the period not included in the goals for the year; and our positioning at the end of the year with respect to our targeted credit profile. They also reflect performance relative to the three internal goals discussed above. In the case of Mr. Duckett, the aggregate bonus amount represented 40% of his participation level for the first three fiscal quarters and an annual payment consisting of 60% of his participation for the first three quarters and 100% of his participation for the fourth quarter. For Mr. vonBerg, the aggregate bonus amount represented 47% in annual bonus and 53% in quarterly bonus. The bonus amounts for Named Executive Officers in 2008 are generally lower than those earned in either 2007 or 2006, reflecting the assessment that although the Partnership achieved its goals in all three years, the level of over-performance in 2008 was less than that generated in the prior two years.

Long-Term Incentive Awards. There were no grants of long-term incentive awards to Named Executive Officers in 2008. See "—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table."

Other Compensation Related Matters

Equity Ownership in PAA. As of December 31, 2008, our Named Executive Officers collectively owned substantial equity in the Partnership. Although we encourage our Named Executive Officers to acquire and retain ownership in the Partnership, we do not have a policy requiring maintenance of a specified equity ownership level. Our policies prohibit our Named Executive Officers from using puts, calls or options to hedge the economic risk of their ownership. In the aggregate, as of December 31, 2008, our Named Executive Officers beneficially owned, in the aggregate, approximately 756,072 of our common units (excluding any unvested equity awards), an approximately 2.8% indirect ownership interest in our general partner and IDRs, and 111,000 Class B units of Plains AAP, L.P. Based on the market price of our common units at December 31, 2008 and an implied valuation for their collective general partner and IDR interests using similar valuation metrics, the value of the equity ownership of these individuals was significantly greater than the combined aggregate salaries and bonuses for 2008.

Recovery of Prior Awards. Except as provided by applicable laws and regulations, we do not have a policy with respect to adjustment or recovery of awards or payments if relevant company performance measures upon which previous awards were based are restated or otherwise adjusted in a manner that would reduce the size of such award or payment.

Section 162(m). With respect to the deduction limitations under Section 162(m) of the Code, we are a limited partnership and do not meet the definition of a "corporation" under Section 162(m).

Change in Control Triggers. The employment agreements for Messrs. Armstrong and Pefanis, the long-term incentive plan grants to our Named Executive Officers, and the Class B restricted units agreements include severance payment provisions or accelerated vesting triggered upon a change of control, as defined in the respective agreement. In the case of the long-term incentive plan grants, the provision becomes operative only if the change in control is accompanied by a change in status (such as the termination of employment by Plains All American GP LLC). We believe this "double trigger" arrangement is appropriate because it provides assurance to the executive, but does not offer a windfall to the executive when there has been no real change in employment status. The provisions in the employment agreements for Messrs. Armstrong and Pefanis become operative only if the executive terminates employment within three months of the change in control. Messrs. Armstrong and Pefanis agreed to a conditional waiver of these provisions with respect to a sale transaction in August 2005 that would have constituted a change in control. The Class B restricted units agreements generally call for vesting upon a change in control of any units that have already been earned, plus the next increment of units that could be earned at the next distribution threshold. Any remaining Class B restricted units would be forfeited (unless waived at the discretion of the general partner or acquirer as the case may be). See "—Employment Contracts" and "—Potential Payments upon Termination or Change-in-Control."

Summary Compensation Table

The following table sets forth certain compensation information for our Chief Executive Officer, our current Chief Financial Officer, the three other most highly compensated executive officers in 2008 and our former Chief Financial Officer (our "Named Executive Officers"). We reimburse our general partner and its affiliates for expenses incurred on our behalf, including the costs of officer compensation (excluding the costs of the obligations represented by the Class B units).

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)[1]	All Other Compensation ($)[2]	Total ($)
Greg L. Armstrong	2008	375,000	2,900,000	3,298,793	14,775	6,588,568
Chairman and CEO	2007	375,000	3,400,000	5,660,135	14,430	9,449,565
	2006	375,000	3,750,000	5,184,222	15,930	9,325,152
Harry N. Pefanis	2008	300,000	2,800,000	2,447,340	14,775	5,562,115
President and Chief Operating	2007	300,000	3,200,000	3,854,810	14,430	7,369,240
Officer	2006	300,000	3,400,000	3,456,148	15,930	7,172,078
Phillip D. Kramer	2008	250,000	700,000	135,152	14,775	1,099,927
Executive Vice President*	2007	250,000	850,000	1,651,155	14,430	2,765,585
	2006	250,000	1,000,000	1,876,043	15,930	3,141,973
W. David Duckett[3]	2008	268,095	2,915,424[3]	1,787,827	88,831	5,060,177
President—PMC (Nova Scotia)	2007	266,960	3,028,488[3]	2,228,516	93,501	5,617,465
Company	2006	251,302	2,063,109[3]	2,203,918	63,349	4,581,678
John P. vonBerg	2008	200,000	2,740,000[4]	1,258,096	14,580	4,212,676
Senior Vice President—	2007	200,000	2,765,000[4]	1,780,055	14,244	4,759,299
Commercial Activities	2006	200,000	2,934,700[4]	1,575,530	15,744	4,725,974
Al Swanson	2008	180,000	700,000	997,345	14,502	1,891,847
Senior Vice President and Chief Financial Officer*						

* Effective November 15, 2008, Mr. Swanson was promoted to Senior Vice President and Chief Financial Officer. In connection with relinquishing his role as Chief Financial Officer, Mr. Kramer assumed responsibility for certain of our commercial activities.

(1) Dollar amounts represent the compensation expense recognized in each fiscal period with respect to outstanding phantom unit grants under our LTIP and outstanding Class B units, whether or not granted during the applicable period. See Note 10 to our Consolidated Financial Statements for a discussion of the assumptions made in determining these amounts. For the 2006 period, as of the end of the year substantially all of the performance thresholds for earning the phantom units represented by the amounts indicated had been met; however, none of the amounts included in the 2006 period were vested as of such date as they contain ongoing service requirements and, subject to meeting those requirements, vested or will vest in various increments in 2007, 2008, 2009 and 2010. For the 2007 period, as of the end of the year all of the performance thresholds for earning the phantom units granted prior to fiscal year 2007 had been met; however, as described above, only a portion of the service period requirements were satisfied during fiscal years 2007 and 2008. For phantom units granted in 2007, the performance threshold for the first one-third vesting was deemed probable of occurrence as of the end of 2007; however, the earliest vesting of such units would be in 2011. Amounts in this column also include compensation expense recorded on our financial statements associated with the Class B units. The entire economic burden of the Class B units, which are equity classified, is borne solely by Plains AAP, L.P. and does not impact our cash or units outstanding. We recognize the grant date fair value of the Class B units as compensation expense over the service period. The expense is also reflected as a capital contribution and thus, results in a corresponding credit to Partners' Capital in our Consolidated Financial Statements. Recognition of expense for all performance-based long-term incentives is required once an assessment has been made that the likelihood of achievement of a performance threshold is probable. For the Class B units, such expense amount is based on the fair market value of the associated interest at the date of grant, proportionate to the relevant

service period incurred through the end of the period reported and any balance will be amortized over the remaining service period through the achievement of such performance threshold. The analysis is the same for LTIPs, except that the expense amount is based on the market value of an underlying common unit on the last business day of the reporting period.

(2) Plains All American GP LLC matches 100% of employees' contributions to its 401(k) plan in cash, subject to certain limitations in the plan. All Other Compensation for each of Messrs. Armstrong, Pefanis, Kramer, vonBerg and Swanson includes $13,800 in such contributions for 2008. The remaining amount for each represents premium payments on behalf of such Named Executive Officer for group term life insurance. All Other Compensation for Mr. Duckett includes, for 2008, employer contributions to the PMC (Nova Scotia) Company savings plan of $34,852, group term life insurance premiums of $17,345, automobile lease payments of $31,478 and club dues.

(3) Salary, bonus and all other compensation amounts for Mr. Duckett are presented in U.S. dollar equivalent based on the exchange rates in effect on the dates payments were made or approved.

(4) Includes quarterly bonuses aggregating $1,440,000, $1,765,000 and $1,834,700 and annual bonuses of $1,300,000, $1,000,000 and $1,100,000 in 2008, 2007 and 2006, respectively. The annual bonuses are payable 60% at the time of award and 20% in each of the two succeeding years.

Grants of Plan-Based Awards Table

There were no grants of plan-based awards to our Named Executive Officers during the fiscal year ended December 31, 2008.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

A discussion of 2008 salaries and bonuses is included in "—Compensation Discussion and Analysis." The following is a discussion of other material factors necessary to an understanding of the information disclosed in the Summary Compensation Table and under "—Grants of Plan-Based Awards Table" above.

Salary—As discussed in this Item 11, we do not make systematic annual adjustments to the salaries of our Named Executive Officers. In that regard, no salary adjustments were made for any of our Named Executive Officers in 2008. In February 2009, the annual salary of each of Mr. vonBerg and Mr. Swanson was increased to $250,000.

Grants of Plan-Based Awards—As noted above, there were no grants of plan-based awards to our Named Executive Officers during the fiscal year ended December 31, 2008. In February 2009, Mr. Swanson was awarded 35,000 phantom units under our LTIP. Also in February 2009, Mr. Kramer was awarded 7,000 Class B restricted units of Plains AAP, L.P.

Employment Contracts

Mr. Armstrong is employed as Chairman and Chief Executive Officer. The initial three-year term of Mr. Armstrong's employment agreement commenced on June 30, 2001, and is automatically extended for one year on June 30 of each year (such that the term is reset to three years) unless Mr. Armstrong receives notice from the chairman of the compensation committee that the board of directors has elected not to extend the agreement. Mr. Armstrong has agreed, during the term of the agreement and for five years thereafter, not to disclose (subject to typical exceptions, including, but not limited to, requirement of law or prior disclosure by a third party) any confidential information obtained by him while employed under the agreement. The agreement provided for a base salary of $330,000 per year, subject to annual review. In 2005, Mr. Armstrong's annual salary was increased to $375,000.

Mr. Pefanis is employed as President and Chief Operating Officer. The initial three-year term of Mr. Pefanis' employment agreement commenced on June 30, 2001, and is automatically extended for one year on June 30 of each year (such that the term is reset to three years) unless Mr. Pefanis receives notice from the Chairman of the Board that the board of directors has elected not to extend the agreement. Mr. Pefanis has agreed, during the term of the agreement and for one year thereafter, not to disclose (subject to typical exceptions) any confidential information obtained by him while employed under the agreement. The agreement provided for a base salary of $235,000 per year, subject to annual review. In 2005, Mr. Pefanis' annual salary was increased to $300,000.

See "—Compensation Discussion and Analysis" for a discussion of how we use salary and bonus to achieve compensation objectives. See "—Potential Payments upon Termination or Change-In-Control" for a discussion of the provisions in Messrs. Armstrong's and Pefanis' employment agreements related to termination, change of control and related payment obligations.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth certain information with respect to outstanding equity awards at December 31, 2008 with respect to our Named Executive Officers:

	Option Awards					Unit Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(1)
Greg L. Armstrong	37,500(2)	—	—	$6.13	6/07/2011	210,000(3)	7,284,900	—	—
	—	—	—	—	—	60,000(4)	2,081,400	120,000(4)	4,162,800
	—	—	—	—	—	10,000(5)	2,772,400	30,000(5)	5,985,600
Harry N. Pefanis	27,500(2)	—	—	$6.13	6/07/2011	140,000(3)	4,856,600	—	—
	—	—	—	—	—	40,000(4)	1,387,600	80,000(4)	2,775,200
	—	—	—	—	—	7,500(5)	2,079,300	22,500(5)	4,489,200
Phillip D. Kramer	22,500(2)	—	—	$6.13	6/07/2011	60,000(6)	2,081,400	—	—
	—	—	—	—	—	20,000(4)	693,800	40,000(4)	1,387,600
W. David Duckett	—	—	—	—	—	78,350(6)	2,717,962	—	—
	—	—	—	—	—	25,000(4)	867,250	50,000(4)	1,734,500
	—	—	—	—	—	—	—	17,000(5)	3,722,150
John P. vonBerg	—	—	—	—	—	57,350(6)	1,989,472	—	—
	—	—	—	—	—	18,000(4)	624,420	36,000(4)	1,248,840
	—	—	—	—	—	3,500(5)	970,340	10,500(5)	2,094,960
Al Swanson	—	—	—	—	—	34,000(6)	1,179,460	—	—
	—	—	—	—	—	11,000(4)	381,590	22,000(4)	763,180
	—	—	—	—	—	—	—	10,000(5)	2,189,500

(1) Market value of phantom units reported in these columns is calculated by multiplying the closing market price ($34.69) of our common units at December 31, 2008 (the last trading day of the fiscal year) by the number of units. No discount is applied for remaining performance threshold or service period requirements. The Class B units are valued based on the grant date fair value computed in accordance with SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123(R)"). A portion of the value reflected in these columns is also reflected in the Summary Compensation Table.

(2) The units underlying the options were contributed to our general partner by its owners. We have no obligation to reimburse our general partner for the units upon exercise of the options. These options vested in 2002 and 2004.

(3) All applicable performance (distribution) thresholds have been met, and these phantom units will vest as follows: approximately 43% will vest upon the May 2009 distribution date and approximately 57% will vest upon the May 2010 distribution date. DERs associated with these phantom units have vested.

(4) These phantom units will vest in one-third increments as follows: one-third will vest upon the May 2011 distribution date; one-third will vest upon the later of the May 2011 distribution date and the date on which we pay a quarterly distribution of at least $1.00; and one-third will vest upon the later of the May 2012 distribution date and the date on which we pay a quarterly distribution of at least $0.9375. The first 25% of DERs associated with these units is currently payable. The remaining 75% become payable in 25% increments upon achieving quarterly distribution levels of $0.90, $0.95 and $1.00 per unit. Any phantom units that have not vested (and all associated DERs) as of the May 2014 distribution date will expire.

(5) Each Class B unit represents a "profits interest" in Plains AAP, L.P., which entitles the holder to participate in future profits and losses from operations, current distributions from operations, and an interest in future appreciation or depreciation in Plains AAP, L.P.'s asset values, but does not represent an interest in the capital of Plains AAP, L.P. on the applicable grant date of the Class B units. As of December 31, 2008, 25% of the Class B units held by Messrs. Armstrong, Pefanis and vonBerg had been earned. Twenty-five percent of the Class B units held by Messrs. Duckett and Swanson were earned as of February 10, 2009. None of the Class B units have vested. For additional information regarding the Class B Units, please read Item 13. "Certain Relationships and Related Transactions, and Director Independence—Our General Partner—Class B Units of Plains AAP, L.P."

(6) All applicable performance (distribution) thresholds have been met, and these phantom units will vest as follows: 50% will vest upon the May 2009 distribution date and 50% will vest upon the May 2010 distribution date. DERs associated with these phantom units have vested.

Option Exercises and Units Vested

Name	Option Awards: Number of Units Acquired on Exercise (#)	Option Awards: Value Realized on Exercise ($)	Unit Awards: Number of Units Acquired on Vesting (#)(1)	Unit Awards: Value Realized on Vesting ($)(1)
Greg L. Armstrong	—	—	—	—
Harry N. Pefanis	—	—	—	—
Phillip D. Kramer	—	—	—	—
W. David Duckett	—	—	16,650	775,557
John P. vonBerg	—	—	16,650	775,557
Al Swanson	—	—	5,000	232,900

(1) Represents the gross number and value of phantom units that vested during the year ended December 31, 2008. The actual number of units delivered was net of income tax withholding. The units in this table represent all unit awards of our Named Executive Officers that vested during 2008. Consistent with the terms of our 2005 Long-Term Incentive Plan, the value realized upon vesting is computed by multiplying the closing market price ($46.58) of our common units on May 14, 2008 (the date preceding the vesting date) by the number of units that vested.

Pension Benefits

We sponsor a 401(k) plan that is available to all U.S. employees, but we do not maintain a pension or defined benefit program.

Nonqualified Deferred Compensation and Other Nonqualified Deferred Compensation Plans

We do not have a nonqualified deferred compensation plan or program for our officers or employees.

Potential Payments upon Termination or Change-in-Control

The following table sets forth potential amounts payable to the Named Executive Officers upon termination of employment under various circumstances, and as if terminated on December 31, 2008.

	By Reason of Death ($)	By Reason of Disability ($)	By Company without Cause ($)	By Executive with Good Reason ($)	In Connection with a Change In Control ($)
Greg L. Armstrong					
Salary and Bonus	8,250,000[(1)]	8,250,000[(1)]	8,250,000[(1)]	8,250,000[(1)]	12,375,000[(2)]
Equity Compensation	11,447,700[(3)]	11,447,700[(3)]	13,529,100[(4)]	13,529,100[(4)]	13,529,100[(5)]
Health Benefits	N/A	36,210[(6)]	36,210[(6)]	36,210[(6)]	36,210[(6)]
Tax Gross-up	N/A	N/A	N/A	N/A	1,572,936[(7)]
Class B Units	N/A	N/A	N/A	N/A	5,382,400[(8)]
Total	19,697,700	19,733,910	21,815,310	21,815,310	32,895,646
Harry N. Pefanis					
Salary and Bonus	7,400,000[(1)]	7,400,000[(1)]	7,400,000[(1)]	7,400,000[(1)]	11,100,000[(2)]
Equity Compensation	7,631,800[(3)]	7,631,800[(3)]	9,019,400[(4)]	9,019,400[(4)]	9,019,400[(5)]
Health Benefits	N/A	36,210[(6)]	36,210[(6)]	36,210[(6)]	36,210[(6)]
Tax Gross-up	N/A	N/A	N/A	N/A	1,510,266[(7)]
Class B Units	N/A	N/A	N/A	N/A	4,036,800[(8)]
Total	15,031,800	15,068,010	16,455,610	16,455,610	25,702,676
Phillip D. Kramer[(9)]					
Equity Compensation	3,469,000[(3)]	3,469,000[(3)]	2,775,200[(4)]	N/A	4,162,800[(5)]
Total	3,469,000	3,469,000	2,775,200	N/A	4,162,800
W. David Duckett[(9)]					
Equity Compensation	4,452,462[(3)]	4,452,462[(3)]	3,585,212[(4)]	N/A	5,319,712[(5)]
Class B Units	N/A	N/A	N/A	N/A	1,178,270[(8)]
Total	4,452,462	4,452,462	3,585,212	N/A	6,497,982
John P. vonBerg[(9)]					
Equity Compensation	3,238,312[(3)]	3,238,312[(3)]	2,613,892[(4)]	N/A	3,862,732[(5)]
Class B Units	N/A	N/A	N/A	N/A	1,883,840[(8)]
Total	3,238,312	3,238,312	2,613,892	N/A	5,746,572
Al Swanson[(9)]					
Equity Compensation	1,942,640[(3)]	1,942,640[(3)]	1,561,050[(4)]	N/A	2,324,230[(5)]
Class B Units	N/A	N/A	N/A	N/A	693,100[(8)]
Total	1,942,640	1,942,640	1,561,050	N/A	3,017,330

(1) The employment agreements between Plains All American GP LLC and Messrs. Armstrong and Pefanis provide that if (i) their employment with Plains All American GP LLC is terminated as a result of their death, (ii) they terminate their employment with Plains All American GP LLC (a) because of a disability (as defined in Section 409A of the Code) or (b) for good reason (as defined below), or (iii) Plains All American GP LLC terminates their employment without cause (as defined below), they are entitled to a lump-sum amount equal to the product of (1) the sum of their (a) highest annual base salary paid prior to their date of termination and (b) highest annual bonus paid or payable for any of the three years prior to the date of termination, and (2) the lesser of (i) two or (ii) the number of days remaining in the term of their employment agreement

divided by 360. The amount provided in the table assumes for each executive a termination date of December 31, 2008, and also assumes a highest annual base salary of $375,000 and highest annual bonus of $3,750,000 for Mr. Armstrong, and a highest annual base salary of $300,000 and highest annual bonus of $3,400,000 for Mr. Pefanis.

The employment agreements between Plains All American GP LLC and Messrs. Armstrong and Pefanis define "cause" as (i) willfully engaging in gross misconduct, or (ii) conviction of a felony involving moral turpitude. Notwithstanding, no act, or failure to act, on their part is "willful" unless done, or omitted to be done, not in good faith and without reasonable belief that such act or omission was in the best interest of Plains All American GP LLC or otherwise likely to result in no material injury to Plains All American GP LLC. However, neither Mr. Armstrong or Mr. Pefanis will be deemed to have been terminated for cause unless and until there is delivered to them a copy of a resolution of the board of directors of Plains All American GP LLC at a meeting held for that purpose (after reasonable notice and an opportunity to be heard), finding that Mr. Armstrong or Mr. Pefanis, as applicable, was guilty of the conduct described above, and specifying the basis for that finding. If Mr. Armstrong or Mr. Pefanis were terminated for cause, Plains All American GP LLC would be obligated to pay base salary through the date of termination, with no other payment obligations triggered by the termination under the employment agreement or other employment arrangement.

The employment agreements between Plains All American GP LLC and Messrs. Armstrong and Pefanis define "good reason" as the occurrence of any of the following circumstances: (i) removal by Plains All American GP LLC from, or failure to re-elect them to, the positions to which Messrs. Armstrong and Pefanis were appointed pursuant to their respective employment agreements, except in connection with their termination for cause (as defined above); (ii) (a) a reduction in their rate of base salary (other than in connection with across-the-board salary reductions for all executive officers of Plains All American GP LLC, unless such reduction reduces their base salary to less than 85% of their current base salary, (b) a material reduction in their fringe benefits, or (c) any other material failure by Plains All American GP LLC to comply with its obligations under their employment agreements to pay their annual salary and bonus, reimburse their business expenses, provide for their participation in certain employee benefit plans and arrangements, furnish them with suitable office space and support staff, or allow them no less than 15 business days of paid vacation annually; or (iii) the failure of Plains All American GP LLC to obtain the express assumption of the employment agreements by a successor entity (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Plains All American GP LLC.

(2) Pursuant to their employment agreements, if Messrs. Armstrong and Pefanis terminate their employment with Plains All American GP LLC within three (3) months of a change in control (as defined below), they are entitled to a lump-sum payment in an amount equal to the product of (i) three and (ii) the sum of (a) their highest annual base salary previously paid to them and (b) their highest annual bonus paid or payable for any of the three years prior to the date of such termination. The amount provided in the table assumes a change in control and termination date of December 31, 2008, and also assumes a highest annual base salary of $375,000 and highest annual bonus of $3,750,000 for Mr. Armstrong, and a highest annual base salary of $300,000 and highest annual bonus of $3,400,000 for Mr. Pefanis.

For this purpose a "change in control" is currently defined in their employment agreements to mean (i) the acquisition by a person or group (other than Vulcan Energy or a wholly owned subsidiary thereof) of beneficial ownership, directly or indirectly, of 50% or more of the membership interest of Plains All American GP LLC or (ii) the owners of the membership interests of Plains All American GP LLC on June 30, 2001 ceasing to beneficially own, directly or indirectly, more than 50% of the membership interests of Plains All American GP LLC.

In August 2005, Vulcan Energy increased its interest in Plains All American GP LLC from approximately 44% to greater than 50%. The consummation of the transaction constituted a change of control under the employment agreements with Messrs. Armstrong and Pefanis. However, Messrs. Armstrong and Pefanis entered into agreements with Plains All American GP LLC waiving their rights to payments under their employment agreements in connection with the change of control, contingent on the execution and performance by Vulcan Energy of a voting agreement with Plains All American GP LLC that restricts certain of Vulcan's voting rights. Upon a breach, termination, or notice of termination of the voting agreement by Vulcan Energy these waivers will automatically terminate and a change of control would be deemed to have occurred.

(3) The letters evidencing phantom unit grants to our Named Executive Officers between 2005 and 2007 provide that in the event of their death or disability (as defined below), all of their then outstanding phantom units and associated DERs will be deemed nonforfeitable, and (i) any unvested phantom units that had satisfied all of the vesting criteria as of the date of their termination but for the passage of time would vest on the next following distribution date and (ii) the remaining unvested outstanding phantom units will vest on the distribution date on which the vesting criteria is met. For this purpose "disability" means a physical or mental infirmity that impairs the ability substantially to perform duties for a period of eighteen (18) months or that the general partner otherwise determines constitutes a disability.

The dollar value amount provided assumes the death or disability occurred on December 31, 2008. As a result, all phantom units and the associated DERs of our Named Executive Officers would have become nonforfeitable effective as of December 31, 2008, and vested on February 13, 2009 to the extent the vesting criteria had been satisfied (other than the passage of time) or, if the vesting criteria had not been satisfied, at the time(s) described in the footnotes to the Outstanding Equity Awards at Fiscal Year-End table. For the 2007 grants, any units not vested by May 2014 would expire. The dollar value given assumes that all performance thresholds will be timely achieved if deemed probable of occurrence as of December 31, 2008, and is based on the market value on December 31, 2008 ($34.69 per unit) without discount for service period. If the performance thresholds were not deemed probable of occurrence as of December 31, 2008, the units are assumed to expire unvested in May 2014. At December 31, 2008, an annualized distribution level of $3.75 was deemed probable of occurrence. All outstanding 2005 and 2006 grants and two-thirds of the 2007 grants were assumed to eventually vest as a result.

(4) Pursuant to the phantom unit grants to our Named Executive Officers between 2005 and 2007, in the event their employment is terminated other than in connection with a change in control (as defined in Footnote 5 below) or by reason of death, disability (as defined in Footnote 3 above) or retirement, all of the phantom units and associated DERs (regardless of vesting) then outstanding under such phantom unit grants would automatically be forfeited as of the date of termination; provided, however, that if Plains All American GP LLC terminated their employment other than for cause (as defined below), any unvested phantom units that had satisfied all of the vesting criteria as of the date of their termination but for the passage of time would be deemed nonforfeitable and would vest on the next following distribution date. The dollar value amount provided assumes that our Named Executive Officers were terminated without cause on December 31, 2008. As a result, all of the outstanding 2005 and 2006 phantom unit grants and one-third of the 2007 phantom unit grants held by our Named Executive Officers would be deemed nonforfeitable and would vest on the February 2009 distribution date. The remaining two-thirds of the outstanding 2007 phantom unit grants would be forfeited. The dollar value given is based on the market value on December 31, 2008 of $34.69 per unit, without discount for service period. In addition to the foregoing, under Canadian law Mr. Duckett could have a claim for additional payment if inadequate notice were given for a termination without cause.

Under the waiver signed in 2005 by Mr. Armstrong and Mr. Pefanis (see footnote 2 above), upon a termination of employment by the company without cause or by the executive for good reason (in each case as defined in the relevant employment agreement) all of the executive's outstanding awards under the 1998 and 2005 Long-Term Incentive Plans would immediately vest.

(5) The letters evidencing the phantom unit grants to our Named Executive Officers between 2005 and 2007 provide that in the event of a change of status (as defined below), all of the then outstanding phantom units and associated DERs will be deemed nonforfeitable, and such phantom units will vest in full (i.e., the phantom units will become payable in the form of one common unit per phantom unit) upon the next following distribution date. Assuming the change in status occurred on December 31, 2008, all outstanding phantom units and the associated DERs would have become nonforfeitable as of December 31, 2008, and such phantom units would vest on the February 2009 distribution date.

The phrase "change in status" means, with respect to a Named Executive Officer, the occurrence, during the period beginning two and a half months prior to and ending one year following a change of control (as defined below), of any of the following: (A) the termination of employment by Plains All American GP LLC other than a termination for cause (as defined below), or (B) the termination of employment by the Named Executive Officer due to the occurrence, without the Named Executive Officer's written consent, of (i) any material diminution in the Named Executive Officer's authority, duties or responsibilities, (ii) any material reduction in the Named Executive Officer's base salary or (iii) any other action or inaction that would constitute a material breach of the agreement by Plains All American GP LLC.

The phrase "change of control" means, and is deemed to have occurred upon the occurrence of, one or more of the following events: (i) Plains All American GP LLC ceasing to be the general partner of our general partner; (ii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of our partnership or Plains All American GP LLC to any person and/or its affiliates, other than to us or Plains All American GP LLC, including any employee benefit plan thereof; (iii) the consolidation, reorganization, merger, or any other similar transaction involving (A) a person other than us or Plains All American GP LLC and (B) us, Plains All American GP LLC or both; (iv) the persons who own membership interests in Plains All American GP LLC as of the grant date ceasing to beneficially own, directly or indirectly, more than 50% of the membership interests of Plains All American GP LLC; or (v) any person, including any partnership, limited partnership, syndicate or other group deemed a "person" for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended, becoming the beneficial owner, directly or indirectly, of more than 49.9% of the membership interest in Plains All American GP LLC. With respect to the lattermost event, the 2005 grant letter makes an exception for any existing member of Plains All American GP LLC if the member signs a voting agreement such as that executed by Vulcan Energy in August 2005 (such exception not applying to the November 2005 grants to Messrs. vonBerg and Duckett or the February 2006 grant to Mr. Swanson). Notwithstanding the definition of change of control, no change of control is deemed to have occurred in connection with a restructuring or reorganization related to the securitization and sale to the public of direct or indirect equity interests in the general partner if (x) Plains All American GP LLC retains direct or indirect control over the general partner and (y) the current members of Plains All American GP LLC continue to own more than 50% of the member interest in Plains All American GP LLC.

The term "cause" means (i) the failure to perform a job function in accordance with standards described in writing, or (ii) the violation of Plains All American GP LLC's Code of Business Conduct (unless waived in accordance with the terms thereof), in each case, with the specific failure or violation described in writing.

(6) Pursuant to their employment agreements with Plains All American GP LLC, if Messrs. Armstrong or Pefanis are terminated other than (i) for cause (as defined in Footnote 1 above), (ii) by reason of death or (iii) by resignation (unless such resignation is due to a disability or for good reason (each as defined in Footnote 1, above)), then they are entitled to continue to participate, for a period which is the lesser of two years from the date of termination or the remaining term of the employment agreement, in such health and accident plans or arrangements as is made available by Plains All American GP LLC to its executive officers generally. The amounts provided in the table assume a termination date of December 31, 2008.

(7) Pursuant to their employment agreements, Messrs. Armstrong and Pefanis will be reimbursed for any excise tax due under Section 4999 of the Code as a result of compensation (parachute) payments made under their respective employment agreements. The range of values of this benefit assumes that Messrs. Armstrong and Pefanis were terminated in connection with a change in control effective as of December 31, 2008.

(8) Pursuant to the Class B Restricted Units Agreements, upon the occurrence of a Change in Control, any earned Class B units become vested units and, to the extent any Class B units remain unearned, an incremental 25% of the number of Class B units originally granted becomes vested. As of December 31, 2008, 25% of the Class B units held by Messrs. Armstrong, Pefanis and vonBerg had been earned. On February 10, 2009, 25% of the Class B units held by Messrs. Duckett and Swanson became earned. Assuming a Change in Control on December 31, 2008, 50% of the Class B units held by Messrs. Armstrong, Pefanis and vonBerg would become vested, and 25% of the Class B units held by Messrs. Duckett and Swanson would become vested. The value of such Class B units as reflected in the table is derived in accordance with SFAS 123(R). "Change in Control" means the determination by the Board that one of the following events has occurred:

(a) prior to a GP IPO: (i) Plains All American GP LLC ceases to retain direct or indirect control over the Partnership; (ii) the owners of Plains All American GP LLC as of August 29, 2007 (the "Grant Date") and their affiliates (the "Owner Affiliates") cease to own directly or indirectly at least 50% of its member interest; (iii) a "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) becomes after the Grant Date the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of more than 50% of the member interest of Plains All American GP LLC; or (iv) a transfer, sale, exchange or other disposition in a single transaction or series of transactions (whether by merger or otherwise) of all or substantially all of the assets of the Plains AAP, L.P. or the Partnership to one or more persons who are not Affiliates of Plains AAP, L.P., other than a transaction in which the Owner Affiliates become the "beneficial owners," directly or indirectly, of more than 50% of the voting power of such person or persons immediately following such transaction; *provided, however,* that no Change of Control shall be deemed to have occurred in connection with a restructuring or reorganization related to a GP IPO if the Owner Affiliates retain direct or indirect control over the IPO Entity and Plains All American GP LLC; and

(b) from and after the consummation of a GP IPO: (i) the Owner Affiliates cease to retain direct or indirect control over the IPO Entity or Plains AAP, L.P.; (ii) (x) a "person" or "group" other than the Owner Affiliates becomes the "beneficial owner" directly or indirectly of 25% or more of the member interest in the general partner of the IPO Entity, *and* (y) the member interest beneficially owned by such "person" or "group" exceeds the aggregate member interest in the general partner of the IPO Entity beneficially owned, directly or indirectly, by the Owner Affiliates; or (iii) a direct or indirect transfer, sale, exchange or other disposition in a single transaction or series of transactions (whether by merger or otherwise) of all or substantially all of the assets of the IPO Entity or the Partnership to one or more persons who are not affiliates of the IPO Entity ("third party or parties"), other than a transaction in which the Owner Affiliates continue to beneficially own, directly or indirectly, more than 50% of the voting power of such third party or parties immediately following such transaction.

(9) If Messrs. Kramer, Duckett, vonBerg or Swanson were terminated for cause, Plains All American GP LLC would be obligated to pay base salary through the date of termination, with no other payment obligation triggered by the termination under any employment arrangement.

Confidentiality, Non-Compete and Non-Solicitation Arrangements

Pursuant to his employment agreement, Mr. Armstrong has agreed to maintain the confidentiality of PAA information for a period of five years after the termination of his employment. Mr. Pefanis has agreed to a similar restriction for a period of one year following the termination of his employment. Mr. Duckett has agreed to maintain confidentiality following termination of his employment for a period of two years with respect to customer lists. He has also agreed not to compete in a specified geographic area for a period of two years after termination of his employment. Mr. vonBerg has agreed to maintain confidentiality and not to solicit customers for a period of one year following termination of his employment.

Compensation of Directors

The following table sets forth a summary of the compensation paid to Plains All American GP LLC's non-employee directors in 2008:

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)[1]	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation ($)	Total ($)
David N. Capobianco[2]	47,000	30,931	—	—	—	—	77,931
W. Lance Conn[2]	—[2]	—[2]	—	—	—	—	—[2]
Everardo Goyanes	75,000	48,278	—	—	—	—	123,278
Gary R. Petersen[2]	45,000	30,931	—	—	—	—	75,931
Robert V. Sinnott	45,500	16,970	—	—	—	—	62,470
Arthur L. Smith	62,000	48,278	—	—	—	—	110,278
J. Taft Symonds	60,000	48,278	—	—	—	—	108,278

(1) During the last fiscal year, Messrs. Goyanes, Smith and Symonds were granted 2,500 units and Mr. Sinnott was granted 1,250 units, by virtue of the automatic re-grant of LTIP awards vested during the fiscal year. Upon vesting of these LTIP awards in August 2008 (other than the incremental audit committee awards), a cash payment was made to Vulcan Capital and an affiliate of EnCap as directed by Messrs. Capobianco and Petersen, respectively. Such cash payment was based on the unit value of Mr. Sinnott's award on the previous year's vesting date. Each audit committee member (currently Messrs. Goyanes, Smith and Symonds) has 10,000 units outstanding and Mr. Sinnott has 5,000 units outstanding. These awards vest annually in 25% increments. Because these awards are subject to an automatic re-grant of units upon any vesting, each audit committee member, while serving in such capacity, will continue to have outstanding an award of 10,000 units and Mr. Sinnott, while serving as a director, will continue to have outstanding an award of 5,000 units. The dollar value of these awards and other awards granted in prior years is presented in the table reflecting the dollar amount of compensation expense recognized by us for 2008. See Note 10 to our Consolidated Financial Statements for a discussion of the assumptions made in determining these amounts.

(2) Mr. Capobianco served as a director until November 14, 2008, at which time Mr. Conn was designated by an affiliate of Vulcan Capital to replace him. During his term, Mr. Capobianco assigned to Vulcan Capital any compensation attributable to his service as director. Mr. Conn has also assigned to Vulcan Capital any compensation attributable to his service as director. Mr. Petersen assigns to EnCap Energy Capital Fund III, L.P. any compensation attributable to his service as director.

Each director of Plains All American GP LLC who is not an employee of Plains All American GP LLC is reimbursed for any travel, lodging and other out-of-pocket expenses related to meeting attendance or otherwise related to service on the board (including, without limitation, reimbursement for continuing education expenses). Each non-employee director is currently paid an annual retainer fee of $45,000. Mr. Armstrong is otherwise compensated for his services as an employee and therefore receives no separate compensation for his services as a director. In addition to the annual retainer, each committee chairman (other than the chairman of the audit committee) receives $2,000 annually. The chairman of the audit committee receives $30,000 annually, and the other members of the audit committee receive $15,000 annually, in each case, in addition to the annual retainer. During 2008, Messrs. Capobianco, Goyanes and Smith served as chairmen of the compensation, audit and governance committees, respectively.

Our non-employee directors receive LTIP awards or cash equivalent awards as part of their compensation. The LTIP awards vest annually in 25% increments over a four-year period and have an automatic re-grant feature such that as they vest, an equivalent amount is granted. The three non-employee directors who serve on the audit committee each have outstanding a grant of 10,000 units (vesting 2,500 units per year). Mr. Sinnott has outstanding a grant of 5,000 units (vesting 1,250 per year). Upon any vesting (other than the incremental audit committee awards), a cash payment is made to Vulcan Capital as directed by the Vulcan designee and to an affiliate of EnCap as directed by Mr. Petersen. Such cash payment is based on the unit value of Mr. Sinnott's award on the previous year's vesting date.

All LTIP awards held by a director vest in full upon the next following vesting date after the death or disability (as determined in good faith by the board) of the director. For any "independent" directors (as defined in the limited liability company agreement of Plains All American GP LLC, and currently including Messrs. Goyanes, Smith and Symonds), the awards also vest in full if such director (i) retires (no longer with full-time employment and no longer serving as an officer or director of any public company) or (ii) is removed from the board of directors or is not reelected to the board of directors, unless such removal or failure to reelect is for "good cause," as defined in the letter granting the units.

Reimbursement of Expenses of Our General Partner and its Affiliates

We do not pay our general partner a management fee, but we do reimburse our general partner for all direct and indirect costs of services provided to us, incurred on our behalf, including the costs of employee, officer and director compensation (other than expenses related to the Class B units of Plains AAP, L.P.) and benefits allocable to us, as well as all other expenses necessary or appropriate to the conduct of our business, allocable to us. We record these costs on the accrual basis in the period in which our general partner incurs them. Our partnership agreement provides that our general partner will determine the expenses that are allocable to us in any reasonable manner determined by our general partner in its sole discretion.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters*

Beneficial Ownership of Limited Partner Interest

Our common units outstanding represent 98% of our equity (limited partner interest). The 2% general partner interest is discussed separately below under "—Beneficial Ownership of General Partner Interest." The following table sets forth the beneficial ownership of limited partner units held by beneficial owners of 5% or more of the units, directors, the Named Executive Officers, and all directors and executive officers as a group as of February 20, 2009.

Name of Beneficial Owner	Common Units	Percentage of Common Units
Paul G. Allen	14,386,074(1)	11.7%(2)
Vulcan Energy Corporation	12,390,120(3)	10.1%
Richard Kayne/Kayne Anderson Capital Advisors, L.P.	8,328,737(4)	6.8%
Greg L. Armstrong	292,607(5)(6)(7)	(8)
Harry N. Pefanis	184,697(6)(7)	(8)
Phillip D. Kramer	115,190(6)(7)	(8)
Dave Duckett	147,997(6)	(8)
John P. vonBerg	10,581(6)	(8)
Al Swanson	5,000(6)	(8)
W. Lance Conn	—(9)	(8)
Everardo Goyanes	20,200	(8)
Gary R. Petersen	5,200(10)	(8)
Robert V. Sinnott	17,750(11)	(8)
Arthur L. Smith	18,350	(8)
J. Taft Symonds	27,500	(8)
All directors and executive officers as a group (15 persons)	885,161(7)(12)	(8)

(1) Mr. Allen owns approximately 80% of the outstanding shares of common stock of Vulcan Energy Corporation. Mr. Allen also controls Vulcan Capital Private Equity I LLC ("Vulcan LLC"), which is the record holder of 1,995,954 common units. The address for Mr. Allen and Vulcan LLC is 505 Fifth Avenue S, Suite 900, Seattle, Washington 98104. Mr. Allen disclaims any deemed beneficial ownership, beyond his pecuniary interest, in any of our partner interests held by Vulcan Energy Corporation or any of its affiliates.

(2) Giving effect to the indirect ownership by Vulcan Energy Corporation of a portion of our general partner, Mr. Allen may be deemed to beneficially own approximately 12.5% of our total equity. Mr. Allen disclaims any deemed beneficial ownership, beyond his pecuniary interest, in any of our partner interests held by Vulcan Energy Corporation or any of its affiliates.

(3) The address for Vulcan Energy Corporation is c/o Plains All American GP LLC, 333 Clay Street, Suite 1600, Houston, Texas 77002.

(4) Richard A. Kayne is Chief Executive Officer and Director of Kayne Anderson Investment Management, Inc., which is the general partner of Kayne Anderson Capital Advisors, L.P. ("KACALP"). Various accounts (including KAFU Holdings, L.P., which owns a portion of our general partner) under the management or control of KACALP own 8,102,572 common units. Mr. Kayne may be deemed to beneficially own such units. In addition, Mr. Kayne directly owns or has sole voting and dispositive power over 226,165 common units. Mr. Kayne disclaims beneficial ownership of any of our partner interests other than units held by him or interests attributable to him by virtue of his interests in the accounts that own our partner interests. The address for Mr. Kayne and Kayne Anderson Investment Management, Inc. is 1800 Avenue of the Stars, 2nd Floor, Los Angeles, California 90067.

(5) Does not include approximately 138,103 common units owned by our general partner in connection with its Performance Option Plan. Mr. Armstrong disclaims any beneficial ownership of such units beyond his rights as a grantee under the plan. See Item 13. "Certain Relationships and Related Transactions, and Director Independence—General Partner's Performance Option Plan."

(6) Does not include unvested phantom units granted under our Long-Term Incentive Plans, none of which will vest within 60 days of the date hereof. See Item 11. "Executive Compensation—Outstanding Equity Awards at Fiscal Year-End."

(7) Includes the following vested, unexercised options to purchase common units under the general partner's Performance Option Plan. Mr. Armstrong: 37,500; Mr. Pefanis: 27,500; Mr. Kramer: 22,500; and all directors and executive officers as a group: 87,500.

(8) Less than one percent.

(9) The GP LLC Agreement specifies that certain of the owners of our general partner have the right to designate a member of our board of directors. Mr. Conn has been designated as one of our directors by Vulcan Energy Corporation, of which he is Chairman of the Board. Pursuant to certain agreements, Mr. Conn has the right to receive a performance-based fee based on the performance of the holdings of Vulcan Energy and Vulcan LLC, including the common units held by these entities. Mr. Conn disclaims any deemed beneficial ownership of our common units held by Vulcan Energy Corporation and Vulcan LLC or any of their affiliates beyond his pecuniary interest therein, if any. By virtue of its greater than 50% ownership in the general partner, Vulcan Energy Corporation controls the vacant "at-large" seat and the "at-large" seat occupied by Mr. Petersen.

(10) Mr. Petersen is Senior Managing Director of EnCap Investments L.P., which is an affiliate of E-Holdings III, L.P. Mr. Petersen disclaims any deemed beneficial ownership of the 618,896 common units held by E-Holdings III, L.P. and E-Holdings V, L.P. or other affiliates of EnCap Investments L.P. beyond his pecuniary interest therein, if any.

(11) Pursuant to the GP LLC Agreement, Mr. Sinnott has been designated as one of our directors by KAFU Holdings, L.P., which is controlled by Kayne Anderson Investment Management, Inc., of which he is President. Mr. Sinnott disclaims any deemed beneficial ownership of the interests owned by KAFU Holdings, L.P. or its affiliates, beyond his pecuniary interest therein, if any. Mr. Sinnott has a non-controlling ownership interest in KACALP, which is the general partner of KAFU Holdings, L.P. KACALP is entitled to a percentage of the profits earned by the funds invested in KAFU Holdings, L.P. The address for KAFU Holdings, L.P. is 1800 Avenue of the Stars, 2nd Floor, Los Angeles, California 90067.

(12) As of February 20, 2009, no units were pledged by directors or Named Executive Officers. Certain of the directors and Named Executive Officers hold units in marginable broker's accounts, but none of the units were margined as of February 20, 2009.

Beneficial Ownership of General Partner Interest

Plains AAP, L.P. owns all of our incentive distribution rights and, through its 100% member interest in PAA GP LLC, our 2% general partner interest. The following table sets forth the effective ownership of Plains AAP, L.P. (after giving effect to proportionate ownership of Plains All American GP LLC, its 1% general partner).

Name of Owner and Address (in the case of Owners of more than 5%)	Percentage Ownership of Plains AAP, L.P.[1]
Paul G. Allen[2] 505 Fifth Avenue S, Suite 900 Seattle, WA 98104	50.1%
Vulcan Energy Corporation[3] c/o Plains All American GP LLC 333 Clay Street, Suite 1600 Houston, TX 77002	50.1%
KAFU Holdings, L.P.[4] 1800 Avenue of the Stars, 2nd Floor Los Angeles, CA 90067	17.9%
Oxy Holding Company (Pipeline), Inc.[5] 10889 Wilshire Boulevard Los Angeles, CA 90024	10.0%
E-Holdings III, L.P.[6] 1100 Louisiana, Suite 3150 Houston, TX 77002	7.1%
E-Holdings V, L.P.[6] 1100 Louisiana, Suite 3150 Houston, TX 77002	1.7%
PAA Management, L.P.[7]	4.6%
Wachovia Investors, Inc.	3.1%
Various Individual Investors	0.8%
Mark E. Strome	2.6%
Strome MLP Fund, L.P.	0.9%
Lynx Holdings I, LLC	1.2%

(1) Plains AAP, L.P. owns a 100% member interest in PAA GP LLC, which owns our 2% general partner interest. Plains AAP, L.P. has pledged its member interest, as well as its interest in our incentive distribution rights, as security for its obligations under the Credit Agreement dated as of January 3, 2008 among Plains AAP, L.P., Citibank, N.A. and the lenders party thereto (the "Plains AAP Credit Agreement"). A default by Plains AAP, L.P. under the Plains AAP Credit Agreement could result in a change in control of our general partner. Certain members of management own a profits interest in Plains AAP, L.P. in the form of Class B units.

(2) Mr. Allen owns approximately 80% of the outstanding shares of common stock of Vulcan Energy Corporation. Vulcan Energy GP Holdings Inc., a subsidiary of Vulcan Energy Corporation, owns 50.1% of the equity of our general partner. Vulcan Energy Corporation has pledged all of its equity interest in Vulcan Energy GP Holdings Inc. as security for its obligations under the Second Amended and Restated Credit Agreement dated as of August 12, 2005 among Vulcan Energy Corporation, Bank of America, N.A. and the lenders party thereto (as amended, the "VEC Credit Agreement"). A default by Vulcan Energy Corporation under the VEC Credit Agreement could result in an indirect change in control of our general partner. Mr. Allen disclaims any deemed beneficial ownership, beyond his pecuniary interest, in any of our partner interests held by Vulcan Energy Corporation or any of its affiliates.

(3) Mr. Conn disclaims any deemed beneficial ownership of the interests held by Vulcan Energy Corporation and its affiliates beyond his pecuniary interest therein, if any. In August 2005, Vulcan Energy Corporation entered into a voting agreement pursuant to which it agreed to restrict certain of its voting rights to help preserve a balanced board. See Item 10. "Directors and Executive Officers of Our General Partner and Corporate Governance—Partnership Management and Governance" for more information regarding this agreement.

(4) Mr. Sinnott disclaims any deemed beneficial ownership of the interests owned by KAFU Holdings, L.P. beyond his pecuniary interest therein, if any. Mr. Sinnott has a non-controlling ownership interest in KACALP, which is the general partner of KAFU Holdings, L.P. KACALP is entitled to a percentage of the profits earned by the funds invested in KAFU Holdings, L.P.

(5) Oxy has the right to designate an individual to attend Board meetings in an observer capacity. Under certain circumstances involving changes in upper-level management, Oxy will have the right to designate a director to serve on the Board and the authorized number of Board members will be expanded to a total of nine.

(6) Mr. Petersen disclaims any deemed beneficial ownership of the interests owned by E-Holdings III, L.P. and E-Holdings V, L.P. beyond his pecuniary interest therein, if any.

(7) PAA Management, L.P. is owned entirely by certain current and former members of senior management, including Messrs. Armstrong (approximately 25%), Pefanis (approximately 14%), Kramer (approximately 9%), Duckett (approximately 4%), vonBerg (approximately 4%) and Swanson (approximately 5%). Other than Mr. Armstrong, no directors own any interest in PAA Management, L.P. Executive officers as a group own approximately 66% of PAA Management, L.P. Mr. Armstrong disclaims any beneficial ownership of the general partner interest owned by Plains AAP, L.P., other than through his ownership interest in PAA Management, L.P.

Equity Compensation Plan Information

The following table sets forth certain information with respect to our equity compensation plans as of December 31, 2008. For a description of these plans, see Item 13. "Certain Relationships and Related Transactions, and Director Independence—Equity-Based Long-Term Incentive Plans."

Plan Category	Number of Units to be Issued upon Exercise/Vesting of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Units Remaining Available for Future Issuance under Equity Compensation Plans (c)
Equity compensation plans approved by unitholders:			
1998 Long Term Incentive Plan	715,400(1)	N/A(2)	201,390(1)(3)
2005 Long Term Incentive Plan	1,655,080(4)	N/A(2)	1,034,625(3)
Equity compensation plans not approved by unitholders:			
1998 Long Term Incentive Plan	—(1)(5)	N/A(2)	—(6)
General Partner's Performance Option Plan	—(7)	$6.13(8)	—(7)
PPX Successor LTIP	45,000(9)	N/A(2)	954,809(9)

(1) As originally instituted by our former general partner prior to our initial public offering, the 1998 LTIP contemplated the issuance of up to 975,000 common units to satisfy awards of phantom units. Upon vesting, these awards could be satisfied either by (i) primary issuance of units by us or (ii) cash settlement or purchase of units by our general partner with the cost reimbursed by us. In 2000, the 1998 LTIP was amended, as provided in the plan, without unitholder approval to increase the maximum awards to 1,425,000 phantom units; however, we can issue no more than 975,000 new units to satisfy the awards. Any additional units must be purchased by our general partner in the open market or in private transactions and be reimbursed by us. As of December 31, 2008, we have issued approximately 427,742 common units in satisfaction of vesting under the 1998 LTIP. The number of units presented in column (a) assumes that all remaining grants will be satisfied by the issuance of new units upon vesting. In fact, a substantial number of phantom units that have vested were satisfied without the issuance of units. These phantom units were settled in cash or withheld for taxes. Any units not issued upon vesting will become "available for future issuance" under column (c).

(2) Phantom unit awards under the 1998 LTIP, 2005 LTIP and PPX Successor LTIP vest without payment by recipients.

(3) In accordance with Item 201(d) of Regulation S-K, column (c) excludes the securities disclosed in column (a). However, as discussed in footnotes (1) and (4), any phantom units represented in column (a) that are not satisfied by the issuance of units become "available for future issuance."

(4) The 2005 Long Term Incentive Plan was approved by our unitholders in January 2005. The 2005 LTIP contemplates the issuance or delivery of up to 3,000,000 units to satisfy awards under the plan. The number of units presented in column (a) assumes that all outstanding grants will be satisfied by the issuance of new units upon vesting. In fact, some portion of the phantom units may be settled in cash and some portion will be withheld for taxes. Any units not issued upon vesting will become "available for future issuance" under column (c).

(5) Although awards for units may from time to time be outstanding under the portion of the 1998 LTIP not approved by unitholders, all of these awards must be satisfied in cash or out of units

purchased by our general partner and reimbursed by us. None will be satisfied by "units issued upon exercise/vesting."

(6) Awards for up to 369,532 phantom units may be granted under the portion of the 1998 LTIP not approved by unitholders; however, no common units are "available for future issuance" under the plan, because all such awards must be satisfied with cash or out of units purchased by our general partner and reimbursed by us.

(7) Our general partner has adopted a Performance Option Plan for officers and key employees pursuant to which optionees have the right to purchase units from the general partner. The 450,000 units that were originally authorized to be sold under the plan were contributed to the general partner by certain of its owners in connection with the transfer of a majority of our general partner interest in 2001 without economic cost to the Partnership. Thus, there will be no units "issued upon exercise/vesting of outstanding options." Options for approximately 131,250 units are currently outstanding. All are vested, and no units remain available for future grant. See Item 13. "Certain Relationships and Related Transactions, and Director Independence—General Partner's Performance Option Plan."

(8) As of December 31, 2008, the strike price for all outstanding options under the general partner's Performance Option Plan was approximately $6.13 per unit. The strike price decreases as distributions are paid. See Item 13. "Certain Relationships and Related Transactions, and Director Independence—General Partner's Performance Option Plan."

(9) In connection with the Pacific merger, under applicable stock exchange rules, we carried over the available units under the Pacific LTIP (applying the conversion ratio of 0.77 PAA units for each Pacific unit). In that regard, we have adopted the Plains All American PPX Successor Long-Term Incentive Plan (the "PPX Successor LTIP"). Potential awards under such plan include options and phantom units (with or without tandem DERs). The provisions of such plan are substantially the same as the 2005 LTIP, except that awards under the PPX Successor LTIP may only be made to employees who were working for Pacific at the time of the merger or to employees hired after the date of the Pacific acquisition.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

For a discussion of director independence, see Item 10. "Directors and Executive Officers of Our General Partner and Corporate Governance."

Our General Partner

Our operations and activities are managed, and our officers and personnel are employed, by our general partner (or, in the case of our Canadian operations, PMC (Nova Scotia) Company). We do not pay our general partner a management fee, but we do reimburse our general partner for all expenses incurred on our behalf (other than expenses related to the Class B units of Plains AAP, L.P.). Total costs reimbursed by us to our general partner for the year ended December 31, 2008 were approximately $289 million.

Our general partner owns the 2% general partner interest and all of the incentive distribution rights. Our general partner is entitled to receive incentive distributions if the amount we distribute with respect to any quarter exceeds levels specified in our partnership agreement. Under the quarterly incentive distribution provisions, generally our general partner is entitled, without duplication, to 15% of amounts we distribute in excess of $0.450 ($1.80 annualized) per unit, 25% of the amounts we distribute in excess of $0.495 ($1.98 annualized) per unit and 50% of amounts we distribute in excess of $0.675 ($2.70 annualized) per unit. In connection with the Pacific and Rainbow acquisitions, our general partner agreed to a temporary reduction in the amount of incentive distributions otherwise payable to it. The aggregate reduction will be $75 million over a five-year period. Following our distribution in February 2009, the remaining incentive distribution reductions related to Pacific and Rainbow totaled approximately $31 million.

The following table illustrates the allocation of aggregate distributions at different per-unit levels, excluding the effect of the incentive distribution reductions:

Annual LP Distribution Per Unit	Distribution to LP Unitholders(1)(2)	Distribution to GP(1)(2)(3)	Total Distribution(2)	GP % of Total Distribution
$1.80	$221,400	$ 4,518	$225,918	2%
$1.98	$243,540	$ 8,425	$251,965	3%
$2.70	$332,100	$ 37,945	$370,045	10%
$3.60	$442,800	$148,645	$591,445	25%
$3.70	$455,100	$160,945	$616,045	26%
$3.80	$467,400	$173,245	$640,645	27%
$3.90	$479,700	$185,545	$665,245	28%
$4.00	$492,000	$197,845	$689,845	29%

(1) In thousands.

(2) Assumes 123,000,000 units outstanding. The actual number of units outstanding as of December 31, 2008 was 122,911,645. An increase in the number of units outstanding would increase both the distribution to unitholders and the distribution to the general partner for any given level of distribution per unit.

(3) Includes distributions attributable to the 2% general partner interest and the incentive distribution rights.

Equity-Based Long-Term Incentive Plans

Our general partner has adopted the Plains All American GP LLC 1998 Long-Term Incentive Plan (the "1998 LTIP") and the Plains All American GP LLC 2005 Long-Term Incentive Plan (the "2005 LTIP") for employees and directors of our general partner and its affiliates who perform services for us, and the PPX Successor LTIP for former Pacific employees and employees hired after the date of the Pacific merger (together with the 1998 LTIP and 2005 LTIP, the "Plans"). Awards contemplated by the Plans include phantom units (referred to as restricted units in the 1998 LTIP), distribution equivalent rights (DERs) and unit options. As amended, the 1998 LTIP authorizes the grant of awards covering an aggregate of 1,425,000 common units deliverable upon vesting or exercise (as applicable) of such awards. The 2005 LTIP authorizes the grant of awards covering an aggregate of 3,000,000 common units deliverable upon vesting or exercise (as applicable) of such awards. The PPX Successor LTIP authorizes the grant of awards covering an aggregate of 999,809 common units deliverable upon vesting or exercise (as applicable) of such awards. Our general partner's board of directors has the right to alter or amend the Plans from time to time, including, subject to any applicable NYSE listing requirements, increasing the number of common units with respect to which awards may be granted; provided, however, that no change in any outstanding grant may be made that would materially impair the rights of the participant without the consent of such participant.

Common units to be delivered upon the vesting of rights may be newly issued common units, common units acquired by our general partner in the open market or in private transactions, common units acquired by us from any other person, common units already owned by our general partner, or any combination of the foregoing. Our general partner will be entitled to reimbursement by us for the cost incurred in acquiring common units. In addition, over the term of the plan we may issue new common units to satisfy delivery obligations under the grants. When we issue new common units upon vesting of grants, the total number of common units outstanding increases.

Phantom Units. A phantom unit entitles the grantee to receive, upon the vesting of the phantom unit, a common unit (or cash equivalent, depending on the terms of the grant).

As of December 31, 2008, grants of approximately 715,400, 1,655,080 and 450,200 unvested phantom units were outstanding under the 1998 LTIP, 2005 LTIP and PPX Successor LTIP, respectively, and approximately 201,390, 1,034,625 and 954,809 remained available for future grant, respectively. The compensation committee or board of directors may, in the future, make additional grants under the Plans to employees and directors containing such terms as the compensation committee or board of directors shall determine, including DERs with respect to phantom units. DERs entitle the grantee to a cash payment, either while the award is outstanding or upon vesting, equal to any cash distributions paid on a unit while the award is outstanding.

The issuance of the common units upon vesting of phantom units is primarily intended to serve as a means of incentive compensation for performance. Therefore, no consideration is paid to us by the plan participants upon receipt of the common units.

Unit Options. Although the Plans currently permit the grant of options covering common units, no options have been granted under the Plans to date. However, the compensation committee or board of directors may, in the future, make grants under the plan to employees and directors containing such terms as the compensation committee or board of directors shall determine, provided that unit options have an exercise price equal to the fair market value of the units on the date of grant.

General Partner's Performance Option Plan

In 2001, certain owners of the general partner contributed an aggregate of 450,000 subordinated units (now converted into common units) to the general partner to provide a pool of units available for the grant of options to management and key employees. In that regard, the general partner adopted the Plains All American 2001 Performance Option Plan. Because the awards are for services provided to the general partner, the expense associated with the awards is recorded on the general partner's financial statements. As of December 31, 2008, 131,250 options remained outstanding under the plan, all of which are fully vested. No units remain available for future grant. The original exercise price of the options was $22 per unit, declining over time by an amount equal to 80% of each quarterly distribution per unit. As of December 31, 2008, the exercise price was approximately $6.13 per unit. Because the units underlying the plan were contributed to the general partner, we have no obligation to reimburse the general partner for the cost of the units upon exercise of the options.

Class B Units of Plains AAP, L.P.

In August 2007, the owners of Plains AAP, L.P. authorized the creation and issuance of up to 200,000 Class B units of Plains AAP, L.P. and authorized the compensation committee of Plains All American GP LLC to issue grants of Class B units to create long-term incentives for our management. The entire economic burden of the Class B units, which are equity classified, is borne solely by Plains AAP, L.P. and does not impact our cash or units outstanding. Therefore, we recognize the grant date fair value of the Class B units as compensation expense over the service period. The expense is also reflected as a capital contribution, and thus results in a corresponding credit to Partners' Capital in our Consolidated Financial Statements. The expense and capital contribution for the twelve months ended December 31, 2008 was approximately $13 million. We will not be obligated to reimburse Plains AAP, L.P. for such costs and any distributions made on the Class B units will not reduce the amount of cash available for distribution to our unitholders. Each Class B unit represents a "profits interest" in Plains AAP, L.P., which entitles the holder to participate in future profits and losses from operations, current distributions from operations, and an interest in future appreciation or depreciation in Plains AAP, L.P.'s asset values. As of December 31, 2008, 154,000 Class B units were issued and outstanding.

The outstanding Class B units are subject to restrictions on transfer and generally become "earned" (entitled to participate in distributions) in 25% increments when the annualized quarterly distributions on our common units equal or exceed $3.50, $3.75, $4.00 and $4.50 per unit. Upon achievement of these performance thresholds (or, in some cases, within six months thereafter), the Class B units will be entitled to their proportionate share of all quarterly cash distributions made by Plains AAP, L.P. in excess of $11 million per quarter (as adjusted for debt service costs and excluding special distributions funded by debt). Assuming all authorized Class B units are issued, the maximum participation would be 8% of the amount in excess of $11 million per quarter, as adjusted. As of February 10, 2009, 25% of the outstanding Class B units had been earned.

To encourage retention following achievement of these performance benchmarks, Plains AAP, L.P. retained a call right to purchase any earned Class B units at a discount to fair market value that is exercisable upon the termination of a holder's employment with Plains All American GP LLC and its affiliates for any reason prior to January 1, 2016, other than a termination of employment by the employee for good reason or by Plains All American GP LLC other than for cause (as defined). Upon the occurrence of a change of control (as defined), (i) all earned units will vest (no longer be subject to Plains AAP, L.P.'s call right), and (ii) to the extent any of the units are unearned at the time, an incremental 25% of the units originally awarded will vest. All earned Class B units will also vest if they remain outstanding as of January 1, 2016 or Plains AAP, L.P. elects not to timely exercise its call right.

Transactions with Related Persons

Vulcan Energy

As of December 31, 2008, Vulcan Energy and its affiliates owned approximately 50.1% of our general partner interest, as well as approximately 10% of our outstanding limited partner units.

Voting Agreement. In August 2005, one of the owners of our general partner notified the remaining owners of its intent to sell its 19% interest in the general partner. The remaining owners elected to exercise their right of first refusal, such that the 19% interest was purchased pro rata by all remaining owners. As a result of the transaction, Vulcan Energy's ownership interest increased from 44% to over 50%. At the closing of the transaction, Vulcan Energy entered into a voting agreement that restricts its ability to unilaterally elect or remove our independent directors, and separately, our CEO and COO agreed, subject to certain ongoing conditions, to waive certain change-of-control payment rights that would otherwise have been triggered by the increase in Vulcan Energy's ownership interest. These ownership changes to our general partner had no material impact on us.

Another owner of GP LLC, Lynx Holdings I, LLC, agreed to restrict certain of its voting rights with respect to its approximate 1.2% membership interest in GP LLC. See Item 10. "Directors and Executive Officers of Our General Partner and Corporate Governance—Partnership Management and Governance."

Administrative Services Agreement. On October 14, 2005, GP LLC and Vulcan Energy entered into an Administrative Services Agreement, effective as of September 1, 2005 (the "Services Agreement"). Pursuant to the Services Agreement, GP LLC provides administrative services to Vulcan Energy for consideration of an annual fee, plus certain expenses. Effective October 1, 2006, the annual fee for providing these services was increased to $1 million. Beginning in October 2008, the Services Agreement automatically renews for successive one-year periods unless either party provides written notice of its intention to terminate the Services Agreement. Pursuant to the agreement, Vulcan Energy has appointed certain employees of GP LLC as officers of Vulcan Energy for administrative efficiency. Under the Services Agreement, Vulcan Energy acknowledges that conflicts may arise between itself and

GP LLC. If GP LLC believes that a specific service is in conflict with the best interest of GP LLC or its affiliates then GP LLC is entitled to suspend the provision of that service and such a suspension will not constitute a breach of the Services Agreement. Vulcan Gas Storage LLC (discussed below) operates separately from Vulcan Energy, and services we provide to Vulcan Gas Storage LLC are not covered under the Services Agreement.

Omnibus Agreement. PAA, GP LLC, certain affiliated entities and Vulcan Energy are parties to an amended and restated omnibus agreement dated as of July 23, 2004. Pursuant to this agreement, Vulcan Energy has agreed, so long as Vulcan Energy or any of its affiliates owns an interest, directly or indirectly, in GP LLC, not to engage in or acquire any business engaged in the following activities:

- crude oil storage, terminalling and gathering activities in any state in the United States (except for Hawaii), the Outer Continental Shelf of the United States or any province or territory in Canada, for any person other than entities affiliated with Vulcan Energy and its affiliates (collectively, the "Vulcan entities") or GP LLC, PAA, its operating partnerships and any controlled affiliates (collectively, the "Plains entities");
- crude oil marketing activities; and
- transportation of crude oil by pipeline in any state in the United States (except for Hawaii), the Outer Continental Shelf of the United States or any province or territory in Canada, for any person other than the Plains entities.

These restrictions are subject to specified permitted exceptions and may be terminated by Vulcan Energy upon certain change of control events involving Vulcan Energy. The omnibus agreement further permits, except as otherwise restricted by the omnibus agreement or any other agreement, each Vulcan entity to engage in any business activity, including those that may be in direct competition with the Plains entities. Further, any owner of equity interests in Vulcan Energy may make passive investments in PAA's competitors so long as such owner does not directly or indirectly use any knowledge or confidential information it received through the ownership by a Plains entity to compete, or to engage in or become interested financially in any person that competes, in the restricted activities described above.

Predecessor Agreements. In 2001, Plains Resources, Inc. transferred a portion of its indirect interest in our general partner to certain of the current owners. As successor in interest to Plains Resources, Vulcan Energy is party to certain agreements related to such transfer, including the following:

- a separation agreement entered into in 2001 in connection with the transfer of interests in our general partner pursuant to which (i) Vulcan Energy indemnifies us for (a) claims relating to securities laws or regulations in connection with the upstream or midstream businesses, based on alleged acts or omissions occurring on or prior to June 8, 2001, or (b) claims related to the upstream business, whenever arising, and (ii) we indemnify Vulcan Energy for claims related to the midstream business, whenever arising.
- a Pension and Employee Benefits Assumption and Transition Services Agreement that provided for the transfer to our general partner of the employees of our former general partner and certain headquarters employees of Plains Resources.
- the Omnibus Agreement described above.

Crude Oil Purchases. From August 2005 to May 2007, Calumet Florida L.L.C. ("Calumet") was owned by Vulcan Resources Florida, Inc., the majority of which is owned by Paul G. Allen. In May 2007, Calumet was sold and ceased to be related to Vulcan Energy. In 2007, until the date that Calumet ceased to be related to Vulcan Energy, we purchased crude oil from Calumet for approximately $17 million.

Other. In addition to those relationships described above, we have engaged in other transactions with affiliates of Vulcan Energy. See "—Equity Offerings" and "—Investment in Natural Gas Storage Joint Venture."

Equity Offerings

In December 2006, we sold 6,163,960 common units, approximately 10% and 10% of which were sold to investment funds affiliated with KACALP and EnCap Investments, L.P., respectively. In July and August 2006, we sold a total of 3,720,930 common units, approximately 13% and 19% of which were sold to investment funds affiliated with KACALP and Vulcan Capital, respectively. In addition, in March and April 2006, we sold 3,504,672 common units, approximately 20% of which were sold to investment funds affiliated with KACALP. KAFU Holdings, L.P., which is managed by KACALP, an affiliate of Vulcan Capital and an affiliate of EnCap each have a representative on our board of directors.

Tank Car Lease and CANPET

In July 2001, we acquired the assets of CANPET Energy Group Inc. ("CANPET"). Mr. W. David Duckett, the President of PMC (Nova Scotia) Company, the general partner of Plains Marketing Canada, L.P., owned approximately 38% of CANPET. In connection with the CANPET acquisition, Plains Marketing Canada, L.P. assumed CANPET's rights and obligations under a Master Railcar Leasing Agreement between CANPET and Pivotal Enterprises Corporation ("Pivotal"). The agreement provides for Plains Marketing Canada, L.P. to lease approximately 57 railcars from Pivotal at a lease price of $1,000 (Canadian) per month, per car. Mr. Duckett owns a 23% interest in Pivotal. The railcars were sold and the lease was assigned by Pivotal to the Andrews Companies LLC in 2007.

Investment in Natural Gas Storage Joint Venture

PAA/Vulcan, a limited liability company, was formed in 2005. We own 50% of PAA/Vulcan and the remaining 50% is owned by Vulcan Gas Storage LLC, a subsidiary of Vulcan LLC, an investment arm of Paul G. Allen. Mr. Conn has a profits interest in Vulcan Gas Storage LLC. The Board of Directors of PAA/Vulcan consists of an equal number of our representatives and representatives of Vulcan Gas Storage, and is responsible for providing strategic direction and policy-making. We, as the managing member, are responsible for the day-to-day operations.

In September 2005, PAA/Vulcan acquired ECI (now known as PAA Natural Gas Storage, LLC), an indirect subsidiary of Sempra Energy, for approximately $250 million. We and Vulcan Gas Storage each made an initial cash investment of approximately $113 million and Bluewater Natural Gas Holdings, LLC, a subsidiary of PAA/Vulcan ("Bluewater"), entered into a $90 million credit facility contemporaneously with closing. In August 2006, the borrowing capacity under this facility was increased to $120 million.

PAA/Vulcan is developing a natural gas storage facility through its wholly owned subsidiary, Pine Prairie Energy Center, LLC ("Pine Prairie"). Proper functioning of the Pine Prairie storage caverns will require a minimum operating inventory contained in the caverns at all times (referred to as "base gas"). We have arranged to provide the base gas for the storage facility to Pine Prairie at a price not to exceed $8.50 per million cubic feet. In conjunction with this arrangement, we have executed hedges on the NYMEX for the relevant delivery periods. At the time of delivery, the base gas will be sold to PAA/Vulcan at the average price that we pay for the base gas (including hedge gains or losses) and we will not recognize any gain or loss. We recorded deferred revenue for receipt of a one-time fee of approximately $1 million for our services to own and manage the hedge positions and to deliver the natural gas.

We and Vulcan Gas Storage are both required to make capital contributions in equal proportions to fund equity requests associated with certain projects specified in the joint venture and other agreements. For certain other specified projects, Vulcan Gas Storage has the right, but not the obligation, to participate for up to 50% of such equity requests. In some cases, Vulcan Gas Storage's obligation is subject to a maximum amount, beyond which Vulcan Gas Storage's participation is optional. For any other capital expenditures, or capital expenditures with respect to which Vulcan Gas Storage's participation is optional, if Vulcan Gas Storage elects not to participate, we have the right to make additional capital contributions to fund 100% of the project until our interest in PAA/Vulcan equals 70%. Such contributions would increase our interest in PAA/Vulcan and dilute Vulcan Gas Storage's interest. Once PAA's ownership interest is 70% or more, Vulcan Gas Storage would have the right, but not the obligation, to make future capital contributions proportionate to its ownership interest at the time. During 2008 and 2007, we made additional contributions of $37 million and $9 million, respectively, to PAA/Vulcan. During 2008, we received distributions of approximately $7 million from PAA/Vulcan; no such distributions were received during 2007. Vulcan Gas Storage made the same net contribution as we did during 2008 and 2007. Such contributions and distributions did not result in an increase or decrease to our ownership interest. In connection with the construction financing for development of the Pine Prairie storage facility, we and Vulcan Gas Storage have committed to make future aggregate capital contributions up to a maximum of $17.5 million each.

In conjunction with formation of PAA/Vulcan and the acquisition of ECI, PAA and Paul G. Allen provided performance and financial guarantees to the seller with respect to PAA/Vulcan's performance under the purchase agreement, as well as in support of continuing guarantees of the seller with respect to ECI's obligations under certain gas storage and other contracts. PAA and Paul G. Allen would be required to perform under these guarantees only if ECI was unable to perform. In addition, we provided a guarantee under one contract with an indefinite life for which neither Vulcan Capital nor Paul G. Allen provided a guarantee. In exchange for the disproportionate guarantee, PAA will receive preference distributions totaling $1.0 million over ten years from PAA/Vulcan (distributions that would otherwise have been paid to Vulcan Gas Storage). We believe that the fair value of the obligation to stand ready to perform is minimal. In addition, we believe the probability that we would be required to perform under the guaranty is extremely remote; however, there is no dollar limitation on potential future payments that fall under this obligation.

PAA/Vulcan will reimburse us for the allocated costs of PAA's non-officer staff associated with the management and day-to-day operations of PAA/Vulcan and all out-of-pocket costs. In addition, in the first fiscal year that EBITDA (as defined in the PAA/Vulcan LLC agreement) of PAA/Vulcan exceeds $75 million, we will receive a distribution from PAA/Vulcan equal to $6 million per year for each year since formation of the joint venture, subject to a maximum of 5 years or $30 million. Thereafter, we will receive annually a distribution equal to the greater of $2 million per year or two percent of the EBITDA of PAA/Vulcan.

Other

During 2008 and 2007, we purchased approximately $3.6 million and $1.7 million, respectively, of oil from companies owned and controlled by funds managed by KACALP. We pay the same amount per barrel to these companies that we pay to other producers in the area.

Review, Approval or Ratification of Transactions with Related Persons

Pursuant to our Governance Guidelines, a director is expected to bring to the attention of the CEO or the board any conflict or potential conflict of interest that may arise between the director or any affiliate of the director, on the one hand, and the Partnership or GP LLC on the other. The resolution of any such conflict or potential conflict should, at the discretion of the board in light of the circumstances, be determined by a majority of the disinterested directors.

If a conflict or potential conflict of interest arises between the Partnership and GP LLC, the resolution of any such conflict or potential conflict should be addressed by the board in accordance with the provisions of the Partnership Agreement. At the discretion of the board in light of the circumstances, the resolution may be determined by the board in its entirety or by a "conflicts committee" meeting the definitional requirements for such a committee under the Partnership Agreement. Such resolution may include resolution of any derivative conflicts created by an executive officer's ownership of interests in GP LLC or a director's appointment by an owner of GP LLC.

Pursuant to our Code of Business Conduct, any Executive Officer must avoid conflicts of interest unless approved by the board of directors.

In the case of any sale of equity by the Partnership in which an owner or affiliate of an owner of our general partner participates, our practice is to obtain general approval of the full board for the transaction. The board typically delegates authority to set the specific terms to a pricing committee, consisting of the CEO and one independent director. Actions by the pricing committee require unanimous approval.

Item 14. ***Principal Accountant Fees and Services***

The following table details the aggregate fees billed for professional services rendered by our independent auditor (in millions):

	Year Ended December 31,	
	2008	**2007**
Audit fees[1]	$2.6	$2.0
Audit-related fees[2]	0.2	0.1
Tax fees[3]	0.9	1.3
All other fees[4]	0.5	0.2
Total	$4.2	$3.6

(1) Audit fees include those related to our annual audit (including internal control evaluation and reporting), audits of our general partner and certain joint ventures of which we are the operator, and work performed on our registration of publicly-held debt and equity.

(2) Audit-related fees primarily relate to audits of our benefit plans and carve-out audits of acquired companies.

(3) Tax fees are related to tax processing as well as the preparation of Forms K-1 for our unitholders.

(4) All other fees primarily consist of those associated with due diligence performed on our behalf and evaluating potential acquisitions.

Pre-Approval Policy

All services provided by our independent auditor are subject to pre-approval by our audit committee. The audit committee has instituted a policy that describes certain pre-approved non-audit services. We believe that the description of services is designed to be sufficiently detailed as to particular services provided, such that (i) management is not required to exercise judgment as to whether a proposed service fits within the description and (ii) the audit committee knows what services it is being asked to pre-approve. The audit committee is informed of each engagement of the independent auditor to provide services under the policy. All services provided by our independent auditor during the years ended December 31, 2008 and 2007 were approved in advance by our audit committee.