PLAINS
ALL AMERICAN

2018
UNITHOLDER LETTER

February 27, 2019

Dear Fellow Unitholders,

2018 was a year of solid execution for Plains. We exceeded our financial targets for the year and realized year-over-year improvement in our safety and environmental programs, while advancing several key initiatives, including our deleveraging plan, our Permian-focused capital program, and multiple commercial and operational initiatives.

Market Environment

2018 was a year with generally favorable fundamentals supporting our business versus the previous three years of relative cyclical lows. West Texas Intermediate (WTI) crude oil prices averaged $65, and average U.S. onshore horizontal rig count increased more than 20% versus 2017. Crude oil production grew in every basin in which we have a meaningful presence. Production growth and limited pipeline takeaway capacity in key basins caused crude oil location differentials to remain volatile, particularly in the Permian Basin and Canada. As a result, absolute differentials in these areas averaged significantly higher than in 2017 and provided incremental profit opportunities for our Supply & Logistics (S&L) segment.

Plains' 2018 Performance

We met, exceeded or made meaningful progress on each of our goals for the year, which included:

1. Run a safe, reliable and responsible operation

2. Meet or exceed 2018 operating and financial guidance

3. Progress deleveraging plan, return to targeted credit metrics by early 2019

4. Execute new projects to capture Permian growth opportunities, further enhancing PAA's positioning for 2019 and beyond.

PAA reported 2018 Adjusted Net Income, Adjusted EBITDA and Distributable Cash Flow (DCF) per Common Unit of approximately $1.57 billion, $2.68 billion, and $2.46 per common unit, respectively. We exceeded our beginning-of-the-year expectations in each metric, beating our Adjusted EBITDA guidance by approximately $380 million, or more than 16%, with DCF per unit exceeding our guidance by more than 20%. This performance was underpinned by 10% year-over-year growth in our fee-based business and meaningful over-performance in our margin-based S&L segment. This strong performance reflects proactive teamwork to accelerate certain pipeline projects and safely achieve higher utilization rates on key pipeline assets. These efforts across the U.S. and Canada, combined with record levels of throughput on certain of our assets, enabled us to benefit from regional location differentials, particularly in the second half of the year.

Additionally, we made meaningful progress on our deleveraging plan throughout the year through a combination of efforts that reduced debt and increased cash flow while funding an expanded capital program. Notably, we completed asset sales of approximately $1.3 billion during the year (versus a target of $700 million). As a result of the cumulative benefit of these efforts, we exited the year with a long-term debt to Adjusted EBITDA ratio slightly favorable to the low end of our historical target range of 3.5x-4.0x and with approximately $2.9 billion of committed liquidity. Furthermore, our outlook was revised from negative to stable on our Investment Grade credit ratings with S&P and Fitch.

2018 was a solid year of execution on our capital program. In total we invested nearly $1.9 billion on our Permian-focused organic growth capital program, placing multiple key projects into service on time or ahead of schedule, while securing additional commitments on our Permian gathering assets. We also advanced several key commercial initiatives, including developing a new large-diameter Permian pipeline joint venture with ExxonMobil and progressing a potential Capline reversal in tandem with a potential expansion and extension of our Diamond pipeline. These and other projects we are pursuing should enable us to continue to participate in North American production growth, supporting future fee-based cash flow growth visibility.

Looking Forward

We believe we are well positioned for the future. Supply and demand fundamentals for the North American midstream energy business remain constructive. Worldwide need for energy continues to expand and North America is expected to grow production to meet this need. We have a strong competitive position in many key producing basins with our largest asset footprint located in the Permian Basin, one of the largest and most rapidly growing basins in the world.

Despite strong industry fundamentals, several challenges remain. These include near-term uncertainty regarding the rate of production growth due to the impact of a meaningful crude oil price decrease in late 2018; a continuation of a highly competitive market for new midstream infrastructure, which may lead to an over-build of infrastructure in multiple basins; and the impact of recent government-mandated curtailment of Canadian oil production. Taking these considerations into account, on our February earnings call, we furnished 2019 full-year Adjusted EBITDA guidance of +/- $2.75 billion, which reflects growth in our fee-based segments of approximately $180 million over 2018.

We continue to progress our organic growth capital plans and pursue opportunities to optimize the utilization of our assets. We have set forth a Permian-focused organic growth capital program of approximately $1.1 billion for 2019 and are working to add additional high-return strategic opportunities as the year progresses. Importantly, we enter 2019 with a much-improved balance sheet, improved financial flexibility, and expect to generate significant cash flow in excess of distributions.

This positions us to fund the equity portion of our current capital program without needing to access the equity capital markets, while enabling us to consider an increase in our distribution level as soon as the first quarter 2019 distribution, payable in May 2019, and to further improve our financial position over time.

Our goals for 2019 include:

1. **Run a safe, reliable and responsible operation**
2. **Meet or exceed 2019 operating and financial guidance**
3. **Formally complete deleveraging plan; continue to improve financial positioning/flexibility**
4. **Capture growth opportunities, positioning for 2020+**

We are well positioned to continue to execute on our 2019 goals and look forward to providing updates on our progress throughout the year. On behalf of PAA, PAGP, our Board of Directors and approximately 4,900 employees throughout North America, we sincerely thank you for your continued trust and support.

Willie Chiang
CEO

Harry Pefanis
President & CCO

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