

PLAINS ALL AMERICAN PIPELINE LP

Form PRE 14A

November 18, 2004

Table of Contents

OMB APPROVAL

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 14A

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

Filed by the Registrant x
Filed by a Party other than the Registrant o

Check the appropriate box:

- x Preliminary Proxy Statement
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- o Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

PLAINS ALL AMERICAN PIPELINE, L.P.

(Name of Registrant as Specified In Its Charter)

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

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3) Filing Party:

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Table of Contents

333 Clay Street

Houston, Texas 77002

December 7, 2004

To our Common Unitholders:

You are cordially invited to attend a special meeting of the common unitholders of Plains All American Pipeline, L.P. to be held at the Doubletree Hotel, 400 Dallas Street, Houston, Texas 77002 on January 20, 2005, at 10:00 a.m. local time. The board of directors (which we refer to as our board of directors) of Plains All American GP LLC, the general partner of Plains AAP, L.P., our general partner, has called the special meeting. At this important meeting, you will be asked to consider and vote upon the following matters:

1. A proposal to approve (a) a change in the terms of our Class B common units to provide that each Class B common unit is convertible into one of our common units and (b) the issuance of additional common units upon such conversion (the Class B Listing Proposal). Upon approval of this proposal, any or all of the 1,307,190 outstanding Class B common units will convert into an equal number of common units upon the request of the holder of the Class B common units.
2. A proposal to approve (a) a change in the terms of our Class C common units to provide that each Class C common unit is convertible into one of our common units and (b) the issuance of additional common units upon such conversion (the Class C Listing Proposal). Upon approval of this proposal, any or all of the 3,245,700 outstanding Class C common units will convert into an equal number of common units upon the request of a holder of the Class C common units.
3. A proposal to approve the terms of our 2005 Long-Term Incentive Plan (the 2005 LTIP), which provides for awards of common units, options to purchase common units and other rights to our employees, officers and directors (the 2005 LTIP Proposal).
4. Any proposal to adjourn the special meeting to a later date, if necessary, to solicit additional proxies if there are not sufficient votes in favor of the foregoing proposals.

Our board of directors unanimously recommends that the common unitholders approve the Class B Listing Proposal, the Class C Listing Proposal and the 2005 LTIP Proposal.

We are submitting the Class B Listing Proposal to you as a result of a transaction in May of 1999 in which we acquired Scurlock Permian LLC and certain other pipeline assets from Marathon Ashland Petroleum LLC for approximately \$146 million in cash and the assumption of certain liabilities (the Scurlock Acquisition). To partially finance the Scurlock Acquisition, we sold 1,307,190 Class B common units at \$19.125 per unit to our general partner at the time, Plains All American Inc., a wholly owned subsidiary of Plains Resources Inc. The sales price of the Class B common units was roughly equivalent to the market value of our common units as of the closing.

We are submitting the Class C Listing Proposal to you as a result of a transaction in April of 2004 in which we acquired substantially all of the North American crude oil and pipeline operations of Link Energy LLC for approximately \$268 million in cash and the assumption of certain liabilities (the Link Acquisition). In order to partially finance the Link Acquisition, we sold 3,245,700 Class C common units to a group of institutional investors (the Class C Investors) for \$30.81 per unit, an approximate 6% discount to the average closing price for the 20 trading days leading up to the execution of the capital commitment. Certain of the Class C Investors are accounts under the management or control of Kayne Anderson Capital Advisors, L.P., the general partner of which is Kayne Anderson Investment Management, Inc. (KAIM). Mr. Robert V. Sinnott, one of our directors, is a Vice President of KAIM.

Table of Contents

The Class B and Class C units were both issued in connection with strategic acquisitions that were time sensitive. We chose this form of financing because it provided timely access to the requisite equity capital at prices that we believe were competitive. Alternative sources of equity could have potentially delayed the completion of the acquisitions. For example, because of our affiliation or deemed affiliation with certain of the investors (specifically, Plains All American Inc. in respect of the Class B and the KAIM affiliates in respect of the Class C), to issue common units would have required a unitholder vote under the rules of the New York Stock Exchange. In the case of the Scurlock Acquisition, any delay would have subjected the transaction to risk of competing bidders or other risks to the successful consummation of the transaction. In the case of the Link Acquisition, a quick and certain closing was absolutely critical to the transaction and the preservation of the business being acquired. In addition, management deemed the timely sale of equity in both of these transactions to be critical to preserve our financial strength and liquidity and mitigate concerns expressed by the rating agencies regarding our total level of acquisition debt. Importantly, the Class B common units and Class C common units are currently issued and outstanding and are receiving cash distributions on a pari passu basis with the common units. Thus, the conversion of the Class B common units and Class C common units contemplated by the Class B and Class C listing proposals contained herein will not result in an increase in total units outstanding.

In each instance, the investors agreed to take Class B common units and Class C common units, as applicable, in lieu of common units, provided we would ask our common unitholders to approve making the Class B common units and Class C common units convertible into common units at a later date. We are now asking you to approve modifications to these securities to make them convertible into common units.

In addition, we are also asking you to approve the 2005 LTIP, which was previously approved and adopted by our board of directors, subject to unitholder approval.

Your vote is important. Even if you plan to attend the special meeting, we urge you to mark, sign and date the enclosed proxy card and return it promptly. You will retain the option to revoke it at any time before the vote, or to vote your common units personally if you attend the special meeting. For the Class B Listing Proposal to be approved, it must have the support of a majority of the votes cast by the holders of the common units at the special meeting. For the Class C Listing Proposal to be approved, it must have the support of a majority of the votes cast by the holders of the common units at the special meeting. For the 2005 LTIP Proposal to be approved, it must have the support of a majority of the votes cast by the holders of the common units, the Class B common units and the Class C common units, voting together as one class at the special meeting. In each case, the total number of units cast on the proposal must represent a majority of the units entitled to vote on the proposal.

We urge you to review carefully the attached proxy statement, which contains a detailed description of the proposals to be voted upon at the special meeting.

Sincerely,

GREG L. ARMSTRONG
Chairman and Chief Executive Officer
PLAINS ALL AMERICAN GP LLC

Table of Contents

333 Clay Street
Houston, Texas 77002

NOTICE OF SPECIAL MEETING OF COMMON UNITHOLDERS

To Be Held On January 20, 2005

To our Common Unitholders:

A special meeting of our common unitholders will be held at the Doubletree Hotel, 400 Dallas Street, Houston, Texas 77002 on January 20, 2005, at 10:00 a.m. local time for the following purposes:

1. To consider and vote upon a proposal to approve (a) a change in the terms of our Class B common units to provide that each Class B common unit is convertible into one of our common units and (b) the issuance of additional common units upon such conversion.
2. To consider and vote upon a proposal to approve (a) a change in the terms of our Class C common units to provide that each Class C common unit is convertible into one of our common units and (b) the issuance of additional common units upon such conversion.
3. To consider and vote upon a proposal to approve the terms of our 2005 LTIP, which provides for awards of common units, options to purchase common units and other rights to our employees, officers and directors.
4. To consider and vote upon any proposal to adjourn the special meeting to a later date, if necessary, to solicit additional proxies if there are not sufficient votes in favor of the foregoing proposals.

We have set the close of business on November 23, 2004 as the record date for determining which common unitholders are entitled to receive notice of and to vote at the special meeting. A list of common unitholders entitled to vote is on file at our offices located at 333 Clay Street, Houston, Texas 77002, and will be available for inspection by any common unitholder during the meeting.

YOUR VOTE IS IMPORTANT. If you cannot attend the special meeting, you may vote by mailing the proxy card in the enclosed postage paid return envelope. Any unitholder attending the meeting may vote in person, even though he or she has already returned a proxy card.

By Order of the Board of Directors of Plains All
American GP LLC, the general partner of Plains
AAP, L.P., the general partner of Plains All
American Pipeline, L.P.

TIM MOORE
Secretary

Houston, Texas
December 7, 2004

TABLE OF CONTENTS

	<u>Page</u>
<u>QUESTIONS AND ANSWERS</u>	1
<u>INTERESTS OF CERTAIN PERSONS</u>	4
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND</u>	
<u>MANAGEMENT AND RELATED UNITHOLDERS MATTERS</u>	5
<u>Beneficial Ownership of Limited Partner Units</u>	5

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<u>Beneficial Ownership of General Partner Interest</u>	7
<u>PRICE RANGE OF COMMON UNITS AND DISTRIBUTIONS</u>	8
<u>DESCRIPTION OF UNITS</u>	9
<u>Units</u>	9
<u>Common Units</u>	9
<u>Class B Common Units</u>	9
<u>Class C Common Units</u>	9
<u>Cash Distribution Policy</u>	10
<u>Restrictions on Transfer; Registration Rights</u>	10
<u>THE CLASS B LISTING PROPOSAL</u>	11
<u>Background</u>	11
<u>Reasons for the Board of Directors Recommendation</u>	11
<u>THE CLASS C LISTING PROPOSAL</u>	11
<u>Background</u>	11
<u>Reasons for the Board of Directors Recommendation</u>	12
<u>THE 2005 LTIP PROPOSAL</u>	12
<u>Summary Plan Description</u>	13
<u>EXECUTIVE COMPENSATION</u>	15
<u>Employment Contracts and Termination of Employment and</u>	
<u>Change-in-Control Arrangements</u>	16
<u>1998 Long-Term Incentive Plan</u>	16
<u>Other Equity Grants</u>	17
<u>Compensation of Directors</u>	18
<u>Reimbursement of Expenses of Our General Partner and its Affiliates</u>	18
<u>Compensation Committee Interlocks and Insider Participation</u>	18
<u>Equity Compensation Plan Information</u>	18
<u>BOARD RECOMMENDATION</u>	20
<u>THE SPECIAL MEETING</u>	20
<u>Time and Place</u>	20
<u>Purpose</u>	20
<u>Record Date</u>	20
<u>Holder s Entitled to Vote</u>	20
<u>Vote Required</u>	21
<u>Quorum</u>	21
<u>Revocation of Proxies</u>	22
<u>Solicitation</u>	22
<u>Other Business; Adjournment and Postponement</u>	22
<u>Dissenter s Rights</u>	22
<u>HOUSEHOLDING MATTERS</u>	22
<u>UNITHOLDER PROPOSALS</u>	23
<u>WHERE YOU CAN FIND MORE INFORMATION ABOUT US</u>	23
<u>ANNEX A</u>	A-1

Table of Contents

PLAINS ALL AMERICAN PIPELINE, L.P.

333 Clay Street
Houston, Texas 77002

PROXY STATEMENT

SPECIAL MEETING OF COMMON UNITHOLDERS

January 20, 2005

This proxy statement contains information related to the special meeting of common unitholders of Plains All American Pipeline, L.P. (Plains All American Pipeline) and any postponements or adjournments thereof. This proxy statement and the accompanying form of proxy is first being mailed to our common unitholders on or about December 7, 2004.

QUESTIONS AND ANSWERS

The following is qualified in its entirety by the more detailed information contained in or incorporated by reference in this proxy statement. Common unitholders are urged to read carefully this proxy statement in its entirety. **For additional copies of this proxy statement or proxy cards or if you have any questions about the special meeting, contact Morrow & Company, Inc.**

Q: Who is soliciting my proxy?

A: Plains All American GP LLC (GP LLC) is sending you this proxy statement in connection with its solicitation of proxies for use at our special meeting of common unitholders. GP LLC is the general partner of our general partner, Plains AAP, L.P. (Plains AAP). Certain directors, officers and employees of GP LLC and Morrow & Company, Inc. (a proxy solicitor) may also solicit proxies on our behalf by mail, phone, fax or in person.

You may obtain information regarding the special meeting from Morrow & Co., Inc. as follows:

445 Park Avenue, 5th Floor

New York, New York 10022
(212) 754-8000

E-mail: paalp.info@morrowco.com

Banks and Brokerage Firms, please call (800) 654-2468

Unitholders, please call (800) 607-0088

Q: When and where is the special meeting?

A: The special meeting will be held on January 20, 2005 at 10:00 a.m. local time at the Doubletree Hotel, 400 Dallas Street, Houston, Texas 77002.

Q: What is the purpose of the special meeting?

A: At the special meeting, our common unitholders will act upon the following proposals:

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A proposal to approve (a) a change in the terms of our Class B common units to provide that each Class B common unit is convertible into one of our common units and (b) the issuance of additional common units upon such conversion (the Class B Listing Proposal). Upon approval of this proposal, any or all 1,307,190 outstanding Class B common units will convert into an equal number of common units upon the request of the holder of the Class B common units.

A proposal to approve (a) a change in the terms of our Class C common units to provide that each Class C common unit is convertible into one of our common units and (b) the issuance of

Table of Contents

additional common units upon such conversion (the Class C Listing Proposal). Upon approval of this proposal, any or all of the 3,245,700 outstanding Class C common units will convert into an equal number of common units upon the request of a holder of the Class C common units.

A proposal to approve the terms of our 2005 Long-Term Incentive Plan (the 2005 LTIP), which provides for awards of common units, options to purchase common units and other rights to our employees, officers and directors (the 2005 LTIP Proposal).

Any proposal to adjourn the special meeting to a later date, if necessary, to solicit additional proxies if there are not sufficient votes in favor of the foregoing proposals.

Q: Who is entitled to vote at the special meeting?

A: All of our unitholders who owned such units at the close of business on the record date, November 23, 2004, are entitled to receive notice of the special meeting. The common unitholders are entitled to vote the common units that they held on the record date on all of the proposals. The holders of our Class B common units and Class C common units are entitled to vote any common units they held on the record date, but not their Class B or Class C common units, on the Class B Listing Proposal or the Class C Listing Proposal. However, the holders of our Class B common units and Class C common units are entitled to vote any units that they held on the record date on the 2005 LTIP Proposal and on any proposal to adjourn the meeting.

Q: How do I vote?

A: Mail your completed, signed and dated proxy card in the enclosed postage-paid return envelope as soon as possible so that your common units may be represented at the special meeting. You may also attend the special meeting and vote your common units in person. Even if you plan to attend the special meeting, your plans may change, so it is a good idea to complete, sign and return your proxy card in advance of the special meeting.

Q: What do I do if I want to change my vote?

A: To change your vote after you have submitted your proxy card, send in a later-dated, signed proxy card to us or attend the special meeting and vote in person. You may also revoke your proxy by sending in a notice of revocation to us at the address set forth in the notice. Please note that attendance at the special meeting will not by itself revoke a previously granted proxy. If you have instructed a broker to vote your common units, you must follow the procedure your broker provides to change those instructions.

Q: If my common units are held in Street Name by my broker, will my broker vote my common units for me?

A: We recommend that you contact your broker. Your broker can give you directions on how to instruct the broker to vote your common units. Your broker cannot vote your common units unless the broker receives appropriate instructions from you.

Q: What is the recommendation of the board of directors?

A: The board of directors of GP LLC (which we refer to as our board of directors) recommends that you vote **FOR** the Class B Listing Proposal, **FOR** the Class C Listing Proposal, **FOR** the 2005 LTIP Proposal and **FOR** any proposal to adjourn the special meeting.

Q: What vote is required to approve the proposals?

A: The Class B Listing Proposal requires the approval of a majority of the votes cast by the holders of common units, provided that the total votes cast by the common unitholders on the proposal represents a majority of the common units entitled to vote. The Class C Listing Proposal requires the approval of a majority of the votes cast by the holders of common units at the special meeting, provided that the total votes cast by the common unitholders on the proposal represents a majority of the common units entitled to vote. The 2005 LTIP Proposal requires the approval of a majority of

Table of Contents

the votes cast by the holders of common units, the holders of Class B common units and the holders of Class C common units, voting together as one class at the special meeting, provided that the total votes cast by such unitholders on the proposal represents a majority of all units entitled to vote. The affirmative vote of the holders of at least a majority of the votes cast by the holders of the Class B common units, Class C common units and common units voting together as one class, present in person or represented by proxy at the special meeting is required to adjourn the meeting. A properly executed proxy submitted without instructions regarding how to vote will be voted (except to the extent that the authority to vote has been withheld) **FOR** the Class B Listing Proposal, **FOR** the Class C Listing Proposal, **FOR** the 2005 LTIP Proposal and **FOR** any proposal to adjourn the special meeting. A properly executed proxy marked **ABSTAIN** with respect to any matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. None of the Class B Listing Proposal, the Class C Listing Proposal or the 2005 LTIP Proposal is conditioned on the approval of any other proposal.

Plains Resources Inc., through its wholly owned subsidiaries, holds 11,082,930 of our common units, constituting approximately 17.7% of our outstanding common units and holds all 1,307,190 outstanding Class B common units. All 3,245,700 of the Class C common units are held by six holders of record, whom we refer to as the Class C Investors. To our knowledge, the Class C Investors and their affiliates (other than Plains Resources, which is now affiliated with Vulcan Energy II, one of the Class C Investors) own 3,911,000 of our common units, constituting approximately 6.2% of our outstanding common units. The holders of our Class B common units and Class C common units have agreed to vote all of their common units in favor of the Class B Listing Proposal and the Class C Listing Proposal. Because these votes are not sufficient to approve any of the proposals, we encourage you to take part in the decision process by voting by proxy or at the special meeting.

Q: What happens if the Class B Listing Proposal is approved?

A: Each outstanding Class B common unit will convert upon the request of the holder into one common unit and those new common units will be listed on the New York Stock Exchange.

Q: What happens if the Class B Listing Proposal is not approved?

A: The Class B common units are currently entitled to share in partnership distributions on a pro rata basis with the common units. If the Class B Listing Proposal is not approved by February 15, 2005, the Class B common units, for so long as they are not converted, will be entitled to receive 110% of the quarterly cash distribution amount payable to the common units, with such distribution right increasing to 115% if such approval is not secured by May 16, 2005. This increased distribution on the Class B common units will reduce the amount of cash available to be distributed to the common unitholders. At the current distribution level, this incremental amount is approximately \$314,000 per year at 110% and approximately \$471,000 per year at 115%. The Class B common units cannot convert into common units unless the Class B Listing Proposal is approved by the common unitholders or there is a change in the rules of the New York Stock Exchange allowing such conversion without the approval of the common unitholders.

Q: What happens if the Class C Listing Proposal is approved?

A: Each outstanding Class C common unit will convert upon the request of the holder into one common unit and those new common units will be listed on the New York Stock Exchange.

Q: What happens if the Class C Listing Proposal is not approved?

A: The Class C common units are currently entitled to share in partnership distributions on a pro rata basis with the common units. If the Class C Listing Proposal is not approved by February 15, 2005, the Class C common units, for so long as they are not converted, will be entitled to receive 110% of the quarterly cash distribution amount payable to the common units, with such distribution right increasing to 115% if such approval is not secured by May 16, 2005. This increased distribution on

Table of Contents

the Class C common units will reduce the amount of cash available to be distributed to the common unitholders. At the current distribution level, this incremental amount is approximately \$779,000 per year at 110% and approximately \$1,168,000 per year at 115%. The Class C common units cannot convert into common units unless the Class C Listing Proposal is approved by the common unitholders or there is a change in the rules of the New York Stock Exchange allowing such conversion without the approval of the common unitholders.

Q: What happens if the 2005 LTIP Proposal is approved?

A: We will use the 2005 LTIP to reward and incentivize our employees, officers and directors for their contributions to us. The 2005 LTIP will be administered under the direction of the Compensation Committee of our board of directors.

Q: What happens if the 2005 LTIP Proposal is not approved?

A: We would be unable to award any grants under the 2005 LTIP because the rules of the New York Stock Exchange require unitholder approval of such an equity compensation plan.

INTERESTS OF CERTAIN PERSONS

In considering the recommendation of our board of directors to approve the Class B Listing Proposal and the Class C Listing Proposal, you should be aware that one of our directors, David N. Capobianco, has been designated to our board by a subsidiary of Plains Resources. Subsidiaries of Plains Resources own approximately 44% of our general partner and all of the outstanding Class B common units. John T. Raymond, another of our directors, is the chief executive officer and president of Plains Resources. You should also be aware that one of our directors, Robert V. Sinnott, has been designated to our board by an affiliate of several of the Class C Investors. One of the Class C Investors is an affiliate of Paul G. Allen, who also indirectly owns approximately 88.38% of Plains Resources.

If either of the Class B Listing Proposal or the Class C Listing Proposal is approved at our special meeting, the holders will receive common units upon electing to convert the Class B common units or the Class C common units. The common units will be listed on the New York Stock Exchange and will therefore be a more liquid security than either the Class B common units or the Class C common units. Our other unitholders will not receive any additional securities or other consideration if either of the Class B Listing Proposal or the Class C Listing Proposal is approved.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT****AND RELATED UNITHOLDERS MATTERS****Beneficial Ownership of Limited Partner Interest**

Our common units, Class B common units and Class C common units outstanding represent 98% of our equity (limited partner interest). The 2% general partner interest is discussed separately below under the caption 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, by directors and the Chief Executive Officer and the four other most highly compensated executive officers in 2003 (the Named Executive Officers) of our general partner and by all directors and executive officers as a group as of November 23, 2004.

Name of Beneficial Owner	Common Units	Percentage	Class B Common Units	Percentage	Class C Common Units	Percentage	Percentage of Total Limited Partner Units(3)
		of Common Units		of Class B Common Units		of Class C Common Units	
Paul G. Allen(1)	11,082,930	17.7%	1,307,190	100.0%	1,298,280	40%	20.3%
Plains Resources Inc.(2)	11,082,930	17.7%	1,307,190	100.0%			18.4%
Kayne Anderson Capital Advisors, L.P.(4)	3,147,427	5.0%			1,460,565	45%	6.8%
Tortoise Energy Infrastructure Corporation(5)	763,435	1.2%			486,855	15%	1.9%
Greg L. Armstrong	213,992(6)(7)(8)	(9)					(9)
Harry N. Pefanis	145,027(7)(8)	(9)					(9)
George R. Coiner	54,276(7)(8)	(9)					(9)
Phillip D. Kramer	89,600(7)(8)	(9)					(9)
W. David Duckett	119,541	(9)					(9)
David N. Capobianco(10)							
Everardo Goyanes	7,450	(9)					(9)
Gary R. Petersen(11)	4,000	(9)					(9)
John T. Raymond(12)	403,117	(9)					(9)
Robert V. Sinnott(13)	13,750	(9)					(9)
Arthur L. Smith	13,750	(9)					(9)
J. Taft Symonds	13,750	(9)					(9)
All directors and executive officers as a group (23 persons)	1,251,069(7)(8)	2.0%					1.9%

- (1) Mr. Allen owns approximately 88.38% of the outstanding shares of common stock of Vulcan Energy Corporation. Vulcan Energy Corporation is the sole stockholder of Plains Resources Inc. See Note 2 below. Mr. Allen is also the sole stockholder and Chairman of the Board of Vulcan Energy II Inc., which is the record holder of 1,298,280 Class C common units. The address for Mr. Allen, Vulcan Energy Corporation and Vulcan Energy II Inc. 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 Plains Resources or any of its affiliates.
- (2) Plains Resources Inc. is the sole stockholder of Plains Holdings Inc., our former general partner. The record holder of the common units is Plains Holdings II Inc., a wholly owned subsidiary of Plains Holdings Inc. The record holder of the Class B common units is Plains Holdings Inc. The address for Plains Resources Inc., Plains Holdings Inc. and Plains Holdings II Inc. is 777 Walker, Suite 2400, Houston, Texas 77002.
- (3) Limited partner units constitute 98% of our equity, with the remaining 2% held by our general partner. The beneficial ownership of our general partner is set forth in the table below under the caption Beneficial Ownership of General Partner Interest. Giving effect to the indirect ownership

Table of Contents

by Plains Resources of a portion of our general partner, Mr. Allen may be deemed to beneficially own approximately 20.8% of our total equity. Mr. Allen disclaims any deemed beneficial ownership, beyond his pecuniary interest, in any of our partner interests held by Plains Resources or any of its affiliates.

- (4) Various accounts (including KAFU Holdings, L.P., which owns a portion of our general partner) under the management or control of Kayne Anderson Capital Advisors, L.P., the general partner of which is Kayne Anderson Investment Management, Inc., own common units and Class C common units. The address for Kayne Anderson Investment Management Inc. is 1800 Avenue of the Stars, 2nd Floor, Los Angeles, California 90067.
- (5) The address for Tortoise Energy Infrastructure Corporation is 10801 Mastin Boulevard, Suite 222, Overland Park, Kansas 66210.
- (6) Does not include the approximately 446,000 common units owned by our general partner, held for the purpose of satisfying its obligations under the Performance Option Plan. Mr. Armstrong disclaims any beneficial ownership of such units beyond his rights as a grantee under the plan.
- (7) Does not include unvested phantom units granted under the 1998 LTIP, none of which will vest within 60 days of the date hereof. See Executive Compensation 1998 Long-Term Incentive Plan.
- (8) Includes the following vested, unexercised options to purchase common units under the Performance Option Plan. Mr. Armstrong: 37,500; Mr. Pefanis: 27,500; Mr. Coiner: 21,250; Mr. Kramer: 22,500; directors and officers as a group: 161,875.
- (9) Less than one percent.
- (10) The Amended and Restated Limited Liability Company Agreement of Plains All American GP LLC (the 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. Capobianco has been designated by Plains Holdings Inc., a wholly owned subsidiary of Plains Resources, of which he is a director and Vice President. Mr. Capobianco is also the Vice President of Vulcan Energy II Inc. Mr. Capobianco disclaims any deemed beneficial ownership of our partner interests held by Plains Resources or any of its affiliates.
- (11) Pursuant to the LLC Agreement, Mr. Petersen has been designated by E-Holdings III, L.P., an affiliate of EnCap Investments L.P., of which he is a Managing Director. Mr. Petersen disclaims any deemed beneficial ownership of any units owned by E-Holdings III, L.P. or other affiliates of EnCap Investments L.P. beyond his pecuniary interest. The address for E-Holdings III, L.P. is 1100 Louisiana, Suite 3150, Houston, Texas 77002.
- (12) Pursuant to the LLC Agreement, Mr. Raymond has been designated one of our directors by Sable Investments, L.P. Sable Investments, L.P. is controlled by James M. Flores, a director of Vulcan Energy Corporation and also the Chairman and Chief Executive Officer of Plains Exploration and Production Company (PXP). Mr. Raymond owns approximately 2% of the outstanding shares of common stock of Vulcan Energy Corporation, which owns 100% of Plains Resources. Mr. Raymond is a director and the Chief Executive Officer of Vulcan Energy Corporation. Mr. Raymond disclaims any deemed beneficial ownership of any units held by Sable Holdings, L.P. or its affiliates or Plains Resources or its affiliates.
- (13) Pursuant to the LLC Agreement, Mr. Sinnott has been designated one of our directors by KAFU Holdings, L.P., which is controlled by Kayne Anderson Investment Management, Inc., of which he is a Vice President. Mr. Sinnott disclaims any deemed beneficial ownership of any units held by KAFU Holdings, L.P. or its affiliates, other than through his 4.5% limited partner interest in KAFU Holdings, L.P. The address for KAFU Holdings, L.P. is 1800 Avenue of the Stars, 2nd Floor, Los Angeles, California 90067.

Table of Contents**Beneficial Ownership of General Partner Interest**

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

Name and Address of Owner	Percentage Ownership of Plains AAP
Paul G. Allen(1) 505 Fifth Avenue S Suite 900 Seattle, Washington 98104	44.000%
Plains Resources Inc.(2) 777 Walker, Suite 2400 Houston, TX 77002	44.000%
Sable Investments, L.P.(2) 700 Milam, Suite 3100 Houston, TX 77002	20.000%
KAFU Holdings, L.P.(3) 1800 Avenue of the Stars, 2nd Floor Los Angeles, CA 90067	16.418%
E-Holdings III, L.P.(4) 1100 Louisiana, Suite 3150 Houston, TX 77002	9.000%
PAA Management, L.P.(5) 333 Clay Street, #1600 Houston, TX 77002	4.000%
Wachovia Investors, Inc. 301 South College Street, 12th Floor Charlotte, NC 28288	3.382%
Mark E. Strome 100 Wilshire Blvd., Suite 1500 Santa Monica, CA 90401	2.134%
Strome Hedgecap Fund, L.P. 100 Wilshire Blvd., Suite 1500	1.066%