

PLAINS GP HOLDINGS LP
Form PRER14A
September 30, 2016

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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. 3)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

PLAINS GP HOLDINGS, L.P.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:

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- (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
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- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
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-

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Plains GP Holdings, L.P.

**333 Clay Street, Suite 1600
Houston, Texas 77002**

[•], 2016

To our Class A and Class B shareholders:

You are cordially invited to attend a special meeting of the Class A and Class B shareholders (our "**Shareholders**") of Plains GP Holdings, L.P. ("**PAGP**") to be held on [•], 2016, at [•] [a.m./p.m.] Central Time, in [The Senate Room, located on the 12th Floor of Two Allen Center, 1200 Smith Street, Houston, Texas 77002.] This special meeting has been called by the board of directors of PAA GP Holdings LLC, the general partner of PAGP (our "**general partner**" or "**PAGP GP**"). At this important meeting, you will be asked to consider and vote upon:

1. a proposal (the "**Simplification Proposal**") to approve the Simplification Agreement, dated July 11, 2016 (the "**Simplification Agreement**"), by and among PAGP, our general partner, Plains AAP, L.P., a Delaware limited partnership ("**AAP**"), Plains All American GP LLC, a Delaware limited liability company and the general partner of AAP ("**GP LLC**"), Plains All American Pipeline, L.P., a Delaware limited partnership ("**PAA**"), and PAA GP LLC, a Delaware limited liability company and the general partner of PAA ("**PAA GP**," and together with PAA, GP LLC, AAP, PAGP and our general partner, the "**Plains Entities**"), and the related Transactions (as defined below);
2. a proposal (the "**Adjournment Proposal**") to approve the adjournment of the special meeting to a later date or dates, at the discretion of our general partner, to solicit additional proxies to approve the Simplification Proposal; and
3. any proposal to transact such other business as may properly come before the special meeting and any adjournment or postponement thereof.

The transactions contemplated by the Simplification Agreement include the following:

the conversion of PAA GP's 2% general partner interest in PAA into a non-economic general partner interest (the "**GP Conversion**");

the redemption by PAA (the "**IDR Redemption**") of all of the incentive distribution rights in PAA held by AAP (the "**IDRs**");

as consideration for the GP Conversion and IDR Redemption, (i) the assumption by PAA of all outstanding indebtedness and obligations under AAP's Second Amended and Restated Credit Agreement and (ii) issuance by PAA to AAP of 245,500,000 common units of PAA ("**PAA Common Units**"), subject to certain adjustments;

the implementation of a unified governance structure for the Plains Entities that will result in a single board of directors of our general partner being responsible for the management of PAGP, AAP and PAA;

the division of the board of directors of PAGP GP into three classes and the acceleration of the date on which our shareholders, together with PAA preferred and common unitholders (other than AAP), will begin to participate in the election of directors on an annual basis, with the first such election expected to occur in 2018;

the creation of a right for the holders (excluding PAGP and GP LLC) of the Class A units of AAP ("**AAP Units**") to cause AAP to redeem such AAP Units in exchange for an equal number

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of PAA Common Units held by AAP, and the granting of resale registration rights with respect to such PAA Common Units;

the effectuation of certain reverse stock splits to adjust the outstanding equity of PAGP, PAGP GP and AAP in order that the number of outstanding PAGP Class A shares (the "*Class A shares*") will, as of the closing of the Transactions, equal the number of outstanding AAP Class A Units held by PAGP and the number of outstanding PAA Common Units held by AAP that are attributable to PAGP; accordingly, following the closing, each split-adjusted Class A share will represent indirect ownership of one PAA Common Unit;

the entry into an omnibus agreement (the "*Omnibus Agreement*") designed to promote economic alignment between our Class A shareholders and PAA's Common Unitholders following the closing through, among other measures, maintenance of a one-to-one relationship between the number of our outstanding Class A shares and the number of PAA Common Units we indirectly own through AAP. The Omnibus Agreement will also require PAA to bear the costs and expenses of the Plains Entities, other than income tax expenses of PAGP and its subsidiaries (excluding PAA and its subsidiaries);

the amendment and restatement of the governing documents of the Plains Entities, including the agreement of limited partnership of PAGP, to give effect to the foregoing; and

several other miscellaneous matters that are described in greater detail in the attached proxy statement.

We refer to the Simplification Agreement and the organizational and ancillary agreements that are required to be executed pursuant to the Simplification Agreement in order to effectuate the transactions described above, collectively as the "*Transaction Documents*," and the transactions that are contemplated by the Simplification Agreement and the other Transaction Documents as the "*Transactions*."

The board of directors of our general partner has unanimously approved the Simplification Agreement and the Transactions and determined that they are (a) fair and reasonable to PAGP and the holders of Class A shares, (b) in, or not opposed to, the best interests of PAGP and (c) in, or not opposed to, the best interests of our Class A Shareholders.

Accordingly, the board of directors of our general partner unanimously recommends that the Shareholders vote "FOR" the Simplification Proposal and "FOR" the Adjournment Proposal.

Your vote is very important. Even if you plan to attend the special meeting, we urge you to promptly vote your shares electronically, via the Internet or by telephone, or by submitting your marked, signed and dated proxy card. You will retain the right to revoke your proxy at any time before the vote, or to vote your shares personally if you attend the special meeting. Voting your shares electronically, via the Internet or by telephone, or by submitting a proxy card will not prevent you from attending the special meeting and voting in person. Please note, however, that if you hold your shares through a broker or other nominee, and you wish to vote in person at the special meeting, you must obtain from your broker or other nominee a proxy issued in your name.

The Transactions will not be consummated pursuant to the Simplification Agreement unless approved by our Shareholders. Our partnership agreement requires that we obtain the approval of the holders of a majority of outstanding Class A and Class B shares, voting as a single class, prior to a transaction that would involve the sale or exchange of all or substantially all of our assets. The GP Conversion and IDR Redemption may be deemed to be a sale or exchange of all or substantially all of our assets. In addition, the approval of the Simplification Agreement and the Transactions by the holders of a majority of the outstanding Class A and Class B shares, voting as a single class, is a condition to the closing of each of the Transactions pursuant to the Simplification Agreement.

Concurrently with the execution of the Simplification Agreement, certain of our Shareholders that owned approximately 51.3% of the Class A and Class B shares outstanding as of July 11, 2016 executed a Voting Agreement (the "*Voting Agreement*"), pursuant to which such Shareholders agreed to vote all

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of their Class A and Class B shares in favor of the Simplification Proposal. The Voting Agreement binds sufficient votes to ensure that the Simplification Proposal will be approved at the special meeting.

I urge you to review carefully the attached proxy statement, which contains detailed descriptions of the Simplification Proposal to be voted upon at the special meeting, as well as the annexes thereto.

Sincerely,
Greg L. Armstrong
*Chairman of the Board and Chief Executive Officer PAA GP
Holdings LLC*

If you have any questions or need assistance voting, please call Georgeson LLC, PAGP's proxy solicitor in connection with the Special Meeting, toll-free at 1-866-431-2105.

This proxy statement is first being mailed to Shareholders on or about [•], 2016

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PLAINS GP HOLDINGS, L.P.

333 Clay Street, Suite 1600
Houston, Texas 77002

**NOTICE OF SPECIAL MEETING OF CLASS A AND CLASS B SHAREHOLDERS
To Be Held On [•], 2016**

[•], 2016

To the Class A and Class B Shareholders of Plains GP Holdings, L.P.:

A special meeting of our Class A and Class B Shareholders (our "**Shareholders**") will be held on [•], at [•] [a.m./p.m.] Central Time, in [The Senate Room, located on the 12th Floor of Two Allen Center, 1200 Smith Street, Houston, Texas 77002]. At the meeting, our Shareholders will be asked to consider and vote upon:

1. a proposal (the "**Simplification Proposal**") to approve the Simplification Agreement, dated July 11, 2016 (the "**Simplification Agreement**"), by and among Plains GP Holdings, L.P. (the "**Partnership**"), PAA GP Holdings, LLC (our "**general partner**"), Plains AAP, L.P., Plains All American GP LLC, Plains All American Pipeline, L.P., and PAA GP LLC, and the Transactions (as defined below). We refer to the Simplification Agreement and the organizational and ancillary agreements that are required to be executed pursuant to the Simplification Agreement in order to effectuate the transactions described in the attached proxy statement collectively as the "**Transaction Documents**," and the transactions which are contemplated by the Simplification Agreement and the Transaction Documents as the "**Transactions**";
2. a proposal (the "**Adjournment Proposal**") to approve the adjournment of the special meeting to a later date or dates, at the discretion of our general partner, to solicit additional proxies to approve the Simplification Proposal; and
3. any proposal to transact such other business as may properly come before the special meeting and any adjournment or postponement thereof.

We have set the close of business on [•], 2016 as the record date for determining which of our Shareholders are entitled to receive notice of and to vote at the special meeting and any postponements or adjournments thereof. A list of Shareholders entitled to vote is on file at our principal offices, 333 Clay Street, Suite 1600, Houston, Texas 77002, and will be available for inspection by any Shareholder during the meeting.

The board of directors of our general partner unanimously recommends that the Shareholders vote "FOR" the Simplification Proposal and "FOR" the Adjournment Proposal.

Your vote is very important. If you cannot attend the special meeting, you may vote your shares electronically, via the Internet or by telephone, or by mailing the proxy card in the enclosed

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postage-prepaid envelope. Any Shareholder attending the meeting may vote in person, even if he or she already has returned a proxy.

By Order of the Board of Directors of PAA GP Holdings LLC,
general partner of Plains GP Holdings, L.P.
Richard McGee
Secretary

Houston, Texas
[•], 2016

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF
PROXY MATERIALS FOR THE SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON [•], 2016**

The Notice of Special Meeting of Class A and Class B shareholders and the Proxy Statement for the Special Meeting of Class A and Class B shareholders are available on our Internet website at <http://ir.pagp.com/> under "Investor Relations."

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SUMMARY

The following summary highlights certain information contained in this proxy statement. You should carefully read this entire proxy statement and the other documents to which this proxy statement refers you for a more complete understanding of the Transactions, including, in particular, the Simplification Agreement attached as Annex A to this proxy statement.

References to "PAGP," "we," "us," "our," "ours" and similar terms refer to Plains GP Holdings, L.P. (NYSE:PAGP). References to (i) "PAGP GP" or our "general partner" refer to PAA GP Holdings LLC, our general partner; (ii) "AAP" refer to Plains AAP, L.P., in which we own a 41.0% economic interest as of August 31, 2016; (iii) "GP LLC" refer to Plains All American GP LLC, a Delaware limited liability company and the general partner of AAP; (iv) "PAA" refer to Plains All American Pipeline, L.P. (NYSE:PAA); and (v) "PAA GP" refer to PAA GP LLC, a Delaware limited liability company and the general partner of PAA. References to the "Plains Entities" refer to PAGP GP, PAGP, GP LLC, AAP, PAA GP and PAA, collectively. References to the "PAGP Entities" refer to the Plains Entities (other than PAA and its subsidiaries). References to the "Initial Owners" refer to the owners of AAP immediately prior to our initial public offering in 2013 and permitted transferees of their interests in AAP. Please see the diagrams beginning on page 14 that show our simplified organizational structure before and after giving effect to the Transactions.

References herein to the "Transactions" refer to the transactions contemplated by the Simplification Agreement, and references herein to the "Transaction Documents" refer to the Simplification Agreement, the A&R PAA Partnership Agreement, the A&R AAP Partnership Agreement, the A&R PAGP Partnership Agreement, the A&R GP LLC Agreement, the A&R PAGP GP LLC Agreement, the Registration Rights Agreement, the Omnibus Agreement, the A&R Administrative Agreement, the Voting Agreement (as each of those terms are defined below) and each other document and agreement required to be delivered in connection with any of the foregoing or necessary to effectuate the Transactions.

The Transactions and Transaction Documents (Page 23)

The Simplification Agreement contemplates a series of transactions and the execution of several organizational and ancillary documents intended to accomplish several important objectives for PAA and its stakeholders, including PAGP. Collectively, these actions will simplify PAA's capital structure, better align the interests of its stakeholders, improve its overall credit profile, reduce its cost of incremental capital and improve its distribution coverage, which should better position PAA to capitalize on attractive growth opportunities and manage its business over the long term. Each of these transactions and the related organizational and ancillary documents are described in summary form below and in greater detail in "The Transactions and The Transaction Documents."

The Transactions

PAA Recapitalization (Page 23)

Pursuant to the Simplification Agreement, at the closing of the Transactions (the "**Closing**"):

PAA GP's 2% general partner interest in PAA will be converted into a non-economic general partner interest in PAA (the "**GP Conversion**");

PAA will redeem all of the incentive distribution rights in PAA held by AAP ("**IDRs**"), and the IDRs will be cancelled (the "**IDR Redemption**");

as consideration for the GP Conversion and IDR Redemption, (i) PAA will issue to AAP 245,500,000 common units of PAA ("**PAA Common Units**"), subject to adjustment as described in "The Transactions and Transaction Documents PAA Recapitalization" and (ii) PAA will assume all remaining outstanding indebtedness, obligations and liabilities of AAP under the Second

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Amended and Restated Credit Agreement dated as of September 26, 2013 among AAP, Citibank, N.A. and the lenders party thereto (the "**AAP Credit Agreement**") as of the Closing. As of the date hereof, AAP's outstanding borrowings under the AAP Credit Agreement are approximately \$597 million.

We refer to the transactions described above as the "**PAA Recapitalization**."

As PAA previously announced, irrespective of whether the Simplification Proposal is approved, PAA intends to pay, effective with the third quarter distribution payable in November 2016, a quarterly distribution of \$0.55 per PAA Common Unit, or \$2.20 on an annualized basis, representing a 21% reduction to PAA's second quarter distribution level of \$0.70 per PAA Common Unit, or \$2.80 on an annualized basis. This revised distribution level significantly enhances PAA's distribution coverage and credit profile.

As the following table illustrates, the PAA Recapitalization significantly mitigates the effect of the reset distribution level announced by PAA on the distributions per Class A share. To the extent that PAA elects to reset its distribution to an annualized level of \$2.20 per PAA Common Unit and the proposed PAA Recapitalization does not occur, the per share quarterly distribution associated with a Class A share would decrease by approximately 39%; by contrast, following the PAA Recapitalization, such decrease is expected to be approximately 10.6%. The difference results from the fact that, as PAA's distribution per PAA Common Unit is reduced, payments to the holder of the IDRs are reduced by a proportionately greater amount; accordingly, if the PAA Recapitalization does not take place and the PAA Common Unit distribution level is reset to the annualized level of \$2.20 per PAA Common Unit, the percentage reduction per Class A share will be greater than the percentage reduction per PAA Common Unit.

Third Quarter 2016 Distribution Per Class A Share

	Current Level		Reset Level		% Decrease
	Per Quarter	Annualized	Per Quarter	Annualized	
PAA Recapitalization	\$ 0.2310	\$ 0.9240	\$ 0.2065	\$ 0.8260	(10.6)
No PAA Recapitalization	\$ 0.2310	\$ 0.9240	\$ 0.1400	\$ 0.5600	(39.4)

Following the PAA Recapitalization and subject to change based on any equity issuances by PAA prior to the Closing, PAA's equity capital structure is expected to consist of (i) a non-economic general partner interest, (ii) 646,672,792 PAA Common Units outstanding and (iii) 63,126,331 Series A Preferred Units (the "**Series A Preferred Units**") outstanding. Subject to the terms of PAA's limited partnership agreement, the Series A Preferred Units are generally convertible any time after January 28, 2018 at the option of the holder into an equivalent number of PAA Common Units. AAP will own an approximate 34% limited partner interest in PAA as of the Closing, implying an exchange ratio of approximately 0.3755 PAA Common Unit for each outstanding Class A unit of AAP (an "**AAP Unit**").

Unified Governance Structure (Page 25)

Governance Simplification. Currently, PAGP GP manages the business and affairs of PAGP, and GP LLC manages the business and affairs of PAA and AAP. Pursuant to the Simplification Agreement, GP LLC's limited liability company agreement will be amended and restated to provide, among other things, that PAGP, as the sole member of GP LLC, will have the sole authority to manage the business and affairs of GP LLC, and the current board of directors of GP LLC ("**GP LLC board**") will be eliminated. As a result of this amendment, the board of directors of PAGP GP (the "**PAGP GP board**") will have responsibility for managing the business and affairs of each of PAGP, AAP and PAA. PAGP will have the authority, in its sole discretion, to establish a conflicts committee of GP LLC for,

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among other reasons, considering conflict matters between PAA and PAGP, including any matter with respect to which PAGP seeks to obtain "Special Approval" (as defined in PAA's limited partnership agreement).

In addition, similar to the current structure, if EMG Investment, LLC (an affiliate of The Energy & Minerals Group), KAFU Holdings, L.P. (an affiliate of Kayne Anderson Investment Management Inc.) or Oxy Holding Company (Pipeline), Inc. (a subsidiary of Occidental Petroleum Corporation), together with their respective affiliates (together, the "**Original Designating Parties**"), own at least a 10% interest (a "**Qualifying Interest**") in the outstanding AAP Units, such party will continue to be entitled to designate one director to the PAGP GP board. The calculation of Qualifying Interest will include, in addition to any AAP Units and Class A shares an Original Designating Party or its affiliates own, any PAA Common Units owned by such Original Designating Party or its affiliates by virtue of their exercise of the Redemption Right (as defined below).

At the Closing, the PAGP GP board will consist of 10 members, including three designated directors, six independent directors and our general partner's chief executive officer, who will continue to serve as the Chairman of the Board. The directors on the PAGP GP board as of the Closing are expected to include:

Chief Executive Officer: Greg L. Armstrong.

Designated Directors: John T. Raymond, a designee of EMG Investment, LLC; Robert V. Sinnott, a designee of KAFU Holdings, L.P.; and Ben Figlock, a designee of Oxy Holding Company (Pipeline), Inc.

Independent Directors: Victor Burk, Everardo Goyanes, Gary R. Petersen, Bobby S. Shackouls, J. Taft Symonds and Christopher M. Temple.

Election of Directors and Issuance of Class C Shares by PAGP. Currently, our Shareholders do not have the right to elect PAGP GP directors; however, under the governance documents of PAGP and PAGP GP, when the collective economic interest in AAP owned by the Initial Owners falls below 40% (such an event, the "**trigger date**"), certain changes to our governance structure would be triggered, including (i) the classification of the PAGP GP board into three classes (which must take place within a certain period of time), (ii) Shareholder participation in director elections and (iii) limited nomination rights for our Shareholders. Pursuant to the current organizational documents, the PAGP GP board would be classified on the trigger date, and, in certain circumstances, a period of up to three years could lapse between the trigger date and the first meeting of Shareholders called to elect the eligible directors of the PAGP GP board with expiring terms.

Pursuant to the Simplification Agreement, PAGP GP will amend and restate its limited liability company agreement to effectively accelerate the trigger date to the Closing. As a result, at the Closing, the directors (other than the Chief Executive Officer and any director subject to appointment, in certain circumstances, by the holders of the Series A Preferred Units) will be divided into three classes, with each class including two independent directors and one designated director. The initial terms for the three classes will be set to expire in 2018, 2019 and 2020, with each class having a three-year term following its initial term. For more information regarding the members of the PAGP GP board following the Closing, please see "Directors of PAGP GP Following the Transactions."

Beginning in 2018, PAGP will hold an annual meeting of Shareholders for the election of "eligible PAGP GP directors", which will include all directors with expiring terms other than (i) any director subject to designation, (ii) PAGP GP's chief executive officer and (iii) any director subject to appointment by the holders of PAA's Series A Preferred Units. For more information on how the annual meetings of PAGP Shareholders will be conducted, including nomination and meeting procedures and limitations on voting, please see "Comparison of the Rights of Our Shareholders Before and After the Transactions."

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In connection with the Closing, PAGP will create a new class of non-economic limited partner interests, designated as Class C shares, and will issue one Class C share to PAA for (i) each outstanding PAA Common Unit, excluding PAA Common Units held by AAP, and (ii) each PAA Common Unit that would be issued to holders of Series A Preferred Units assuming conversion, in each case, as of the Closing. PAGP currently expects to issue approximately 465,091,197 Class C shares at the Closing. The Class C shares will be non-economic shares that will provide PAA, as the sole holder, the right to vote in elections of eligible PAGP GP directors together with the holders of our Class A and Class B shares. The issuance of the Class C shares will have the effect of substantially diluting the nominating and voting rights currently held by the holders of the Class A and Class B shares. Please see "Comparison of the Rights of Our Shareholders Before and After the Transactions."

PAA will hold an annual meeting of its limited partners in advance of PAGP's annual meeting of its limited partners. The purpose of PAA's annual meeting will be to allow its limited partners other than AAP to cast a "pass-through vote" instructing PAA how to vote its Class C Shares in such election. PAA will vote (or refrain from voting) its Class C shares for the election of eligible PAGP GP directors in the same proportion as the votes received from or withheld by its limited partners. At the PAA annual meeting, PAA Common Units held by AAP will not be voted and will not be counted for purposes of determining whether a quorum exists.

Pursuant to the Omnibus Agreement to be entered into at the Closing (the "*Omnibus Agreement*"), PAGP will be required to issue additional Class C shares to PAA and PAA will be required to surrender Class C shares to PAGP, in each case to the extent necessary to ensure that the holder of a PAA Common Unit (other than AAP) or a Series A Preferred Unit (on an as-converted basis) has essentially the same voting power for the election of eligible PAGP GP directors on a per unit basis as the holder of a Class A share or Class B share. We refer to this relationship as "*Voting Parity*."

Executive Officers. No changes to the executive management team of PAA are expected as a result of, or in connection with, the Closing of the Transactions.

Economic Parity Between PAGP and PAA (Page 27)

At the Closing, (i) AAP will effect a reverse split of the outstanding AAP Units and Class B Units of AAP (the "*AAP Management Units*"), (ii) PAGP will effect a reverse split of the outstanding Class A shares and Class B shares, and (iii) PAGP GP will effect a reverse split of the outstanding company units of PAGP GP ("*PAGP GP Units*"), in each case, at a ratio of approximately 1-to-2.663, subject to certain adjustments. These reverse equity splits are designed to ensure that (i) in the case of AAP, the number of outstanding AAP Units (including AAP Units issuable upon conversion of AAP Management Units) equals the number of PAA Common Units held by AAP immediately following the PAA Recapitalization and (ii) in the case of PAGP, the number of outstanding Class A Shares following the Closing will equal the number of AAP Units owned by PAGP, and will also equal the number of PAA Common Units attributable to PAGP's interest in AAP. Following the Closing, each split-adjusted Class A share will represent indirect ownership of one PAA Common Unit. We refer to the resulting one-to-one relationship between our Class A shares and underlying PAA Common Units in which PAGP has an economic interest as "*Economic Parity*."

Cost Allocations (Page 27)

Pursuant to the Omnibus Agreement, for periods following the Closing, all direct or indirect expenses of any of the Plains Entities will be paid by PAA, other than income taxes of the PAGP Entities. These direct or indirect expenses include, but are not limited to, (i) compensation for the directors of PAGP GP, (ii) director and officer liability insurance, (iii) listing exchange fees, (iv) investor relations expenses, and (v) fees related to legal, tax, financial advisory and accounting services.

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Transaction Documents

At the Closing, various amendments to the governing agreements of the Plains Entities will be adopted, as described in greater detail below.

A&R PAGP GP LLC Agreement (Page 28)

The Limited Liability Company Agreement of PAGP GP will be amended and restated (the "***A&R PAGP GP LLC Agreement***") to, among other things:

increase the size of the PAGP GP board from seven to ten members at the Closing and classify the PAGP GP board, each as described above;

accelerate the occurrence of the trigger date (described above) to the Closing of the Transactions and provide for the initial annual meeting of PAGP limited partners for the election of eligible PAGP GP directors to be held in 2018;

clarify that the calculation of Qualifying Interest will include, in addition to any AAP Units and Class A shares such designating party and its affiliates own, PAA Common Units that a designating party and its affiliates receive and hold in connection with an AAP Unit Redemption, and that each of the Original Designating Parties will have the continuing right to designate a director for as long as such party maintains at least a 10% Qualifying Interest; and

given that the GP LLC board will be eliminated, which negates the existing right of the holders of PAA's Series A Preferred Units under GP LLC's limited liability company agreement to designate a director to the GP LLC board in the event that PAA does not declare and pay distributions on its Series A Preferred Units for three quarters, whether or not consecutive (the "***Series A Designation Right***"), the A&R PAGP GP LLC Agreement will incorporate a replacement Series A Designation Right at the PAGP GP board level.

A&R PAGP Partnership Agreement (Page 28)

PAGP's limited partnership agreement will be amended and restated (the "***A&R PAGP Partnership Agreement***") to, among other things:

create the Class C shares and set forth the rights and obligations of PAA as the holder thereof as described above;

revise the definition of "Outstanding" with respect to certain holders or groups of holders that beneficially own more than 20% of an outstanding class of PAGP's equity interests so that:

such holder or group of holders will not be subject to the 20% limitation contained in the definition of "Outstanding" for purposes of nominating persons as eligible PAGP GP directors; and

not more than 19.9% of the outstanding Class A shares, Class B shares and Class C shares, taken together as a single class, that are owned by such holder or group of holders will be counted for purposes of determining a quorum and voting in the election of eligible PAGP GP directors;

require consent of the holders of a majority of the outstanding Class C Shares, voting as a single class, with respect to certain amendments to the A&R PAGP Partnership Agreement that would have a material adverse effect on the rights or preferences of the Class C shareholders; and

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modify the provisions relating to the right of record holders of at least 10% of the outstanding Class A shares and Class B shares to nominate a person to serve as an eligible PAGP GP director by instead providing that such nomination rights extend to record holders of at least

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10% of the outstanding Class A, Class B and Class C shares, and authorize PAA to nominate eligible PAGP GP directors on behalf of its unitholders.

A&R GP LLC Agreement (Page 29)

GP LLC's limited liability company agreement will be amended and restated (the "***A&R GP LLC Agreement***") to, among other things:

grant broad authority to PAGP to manage the business and affairs of GP LLC, as its sole member;

eliminate the board of directors as the party responsible for managing the business and affairs of PAA in order to give effect to the unified governance structure as described above; and

grant PAGP the authority, in its sole discretion, to establish a conflicts committee of GP LLC for, among other reasons, considering any conflict matters between PAGP and PAA, including any matter with respect to which PAGP seeks to obtain "Special Approval" (as defined in the A&R PAA Partnership Agreement (as defined below)).

A&R AAP Partnership Agreement (Page 30)

AAP's limited partnership agreement will be amended and restated (the "***A&R AAP Partnership Agreement***") to, among other things:

subject to certain limitations during the first twelve months following the Closing as described below, provide that a holder of AAP Units (other than PAGP and GP LLC) will have the right (a "***Redemption Right***") to cause AAP to redeem any or all of such holder's AAP Units in exchange for the distribution of an equivalent number of PAA Common Units held by AAP ("***AAP Unit Redemption***"). In connection with any AAP Unit Redemption, the redeeming holder will transfer the AAP Units to AAP and a corresponding number of Class B shares and PAGP GP Units (if any), in each case, to PAGP. The AAP Units transferred to AAP will be cancelled, the Class B shares transferred to PAGP will be cancelled and the PAGP GP Units transferred to PAGP will remain outstanding and increase PAGP's ownership percentage in PAGP GP; and

modify the contribution, distribution and tax allocation provisions to accommodate the Redemption Rights and to account for the fact that the general partner interest in PAA will no longer be an economic interest and the fact that following Closing AAP will cease to have any indebtedness for borrowed money.

The A&R AAP Partnership Agreement will generally restrict, subject to certain exceptions, each holder of AAP Units (other than PAGP and GP LLC, which have not been granted Redemption Rights) from exercising its Redemption Rights with respect to approximately 22% of its AAP Units for a period of twelve months following the Closing. Greg Armstrong and Harry Pefanis, our general partner's Chief Executive Officer and Chief Operating Officer, respectively, will be restricted from directly or indirectly (through PAA Management, L.P.) exercising their respective Redemption Rights with respect to 100% of their AAP Units during the same period. These restrictions are designed to reduce, but not eliminate, the risk that any redemptions during the first 12 months following Closing, combined with public trading of PAA Common Units, will cause a technical tax termination of PAA. The holders of AAP Units (other than PAGP and GP LLC) will continue to be permitted to exchange units for Class A shares without restriction.

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A&R PAA Partnership Agreement (Page 30)

PAA's limited partnership agreement will be amended and restated (the "***A&R PAA Partnership Agreement***") to, among other things:

reflect and effectuate the GP Conversion and the IDR Redemption and related amendments;

adjust certain tax allocation provisions to ensure to the maximum extent possible the fungibility of (i) the PAA Common Units issued in the PAA Recapitalization and (ii) the other outstanding PAA Common Units;

revise certain definitions to reflect the unified governance structure contemplated by the Transactions, including the definitions of "Board of Directors" and "Conflicts Committee";

implement the rights of limited partners to direct PAA to vote its Class C shares for the election of eligible PAGP GP directors in the same proportion as PAA's securities are voted at the annual meeting of PAA limited partners;

provide that a holder of a limited partner interest in PAA (other than AAP) that is equal to or greater than 10% of the Class A shares, Class B shares and Class C shares, collectively, may direct PAA to nominate one person for election as an eligible PAGP GP director;

revise the definition of "Outstanding" with respect to any holder or group of holders that beneficially own more than 20% of an outstanding class of PAA's equity interests so that, subject to certain exceptions:

such holder or group of holders will not be subject to the 20% limitation contained in the definition of "Outstanding" for purposes of nominating persons as eligible PAGP GP directors; and

equity interests of PAA held by such holder or group of holders of up to 19.9% of the voting power of the outstanding Class A shares, Class B shares and Class C shares, taken together as a single class, will be counted for purposes of determining a quorum and voting in the election of eligible PAGP GP directors; and

eliminate any preemptive right of PAA GP or its affiliates with respect to future issuances of partnership securities by PAA.

Omnibus Agreement and A&R Administrative Agreement (Page 32)

The Plains Entities will also enter into the Omnibus Agreement, which will provide for, among other things, the following:

that, for periods following the Closing, all direct or indirect expenses of any of the Plains Entities will be paid by PAA, other than income taxes of the PAGP Entities. Such direct or indirect expenses include, but are not limited to (i) compensation for the directors of PAGP GP, (ii) director and officer liability insurance, (iii) listing exchange fees, (iv) investor relations expenses, and (v) fees related to legal, tax, financial advisory and accounting services;

the methods by which Economic Parity and Voting Parity will be maintained for periods following the Closing;

the ability of PAGP to issue additional Class A shares and use the net proceeds therefrom to purchase a like number of AAP Units from AAP, and the corresponding ability of AAP to use the net proceeds therefrom to purchase a like number of PAA

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Common Units from PAA; and

the ability of PAGP to lend proceeds of any future indebtedness incurred by it to AAP, and AAP's corresponding ability to lend such proceeds to PAA, in each case on substantially the

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same terms as incurred by PAGP. PAA will reimburse the net fees and expenses in connection with the incurrence of such debt; provided that PAA will only be required to reimburse such net fees and expenses on one occasion with respect to each incurrence of indebtedness by PAA from AAP.

The Plains Entities will also amend and restate the existing Administrative Agreement (as amended and restated, the "*A&R Administrative Agreement*") to remove the expense allocation provisions; such provisions will be provided for in the Omnibus Agreement.

Registration Rights Agreement (Page 32)

The holders of AAP Units other than PAGP and GP LLC will enter into a Registration Rights Agreement with PAA, pursuant to which PAA will agree to use commercially reasonable efforts to file, and cause to be continuously effective, a shelf registration statement to permit the public resale of the PAA Common Units to be held by AAP immediately following the Closing that are distributable to such holders following an AAP Unit Redemption. Additionally, PAA will agree to register the resale of any PAA Common Units issued to AAP following the Closing pursuant to the Omnibus Agreement in respect of certain AAP Management Units. In certain circumstances, the holders will have piggyback registration rights on offerings initiated by persons (other than PAA) for whom PAA has the obligation to undertake an underwritten offering (including the holders of its Series A Preferred Units), and certain holders will collectively have the right to request up to a total of twelve underwritten offerings, subject to size limitations and customary rights of PAA to delay such offerings.

Voting Agreement (Page 33)

Concurrently with the execution of the Simplification Agreement, certain of our Shareholders that owned approximately 51.3% of the Class A and Class B shares outstanding as of July 11, 2016 executed a Voting Agreement (the "*Voting Agreement*"), pursuant to which such Shareholders agreed to vote their Class A and Class B shares in favor of the Simplification Proposal. The Voting Agreement binds sufficient votes to ensure that the Simplification Proposal will be approved at the special meeting.

The Simplification Agreement (Page 34)

The Simplification Agreement requires the Plains Entities to effect the Transactions by requiring the applicable entities to: (i) consummate the PAA Recapitalization; (ii) execute and deliver the A&R PAA Partnership Agreement, the A&R AAP Partnership Agreement, the A&R PAGP Partnership Agreement, the A&R GP LLC Agreement, the A&R PAGP GP LLC Agreement, the Registration Rights Agreement, the Omnibus Agreement, and the A&R Administrative Agreement; (iii) effect the reverse equity splits required to achieve Economic Parity; and (iv) issue the Class C shares to PAA to achieve Voting Parity, in each case, at the Closing, subject to the satisfaction of the conditions set forth in the Simplification Agreement.

The Parties to the Simplification Agreement (Page 34)

PAGP. We are a Delaware limited partnership (NYSE: PAGP) formed in July 2013 to own an indirect interest in the general partner and the IDRs of PAA, a publicly traded Delaware limited partnership. Although formed as a limited partnership, we have elected to be taxed as a corporation for United States federal income tax purposes.

For a more detailed description of our business, see our Annual Report on Form 10-K for the year ended December 31, 2015 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016, each of which is incorporated into this proxy statement by reference. Our principal executive office is located at 333 Clay Street, Suite 1600, Houston, Texas, and our telephone number is (713) 646-4100.

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PAGP GP. PAGP GP manages our operations and activities and is responsible for exercising on our behalf any rights we have as the sole and managing member of GP LLC. PAGP GP's principal executive office is located at 333 Clay Street, Suite 1600, Houston, Texas, and its telephone number is (713) 646-4100.

GP LLC. GP LLC manages the business and affairs of PAA and AAP; however, through our current rights as the sole and managing member of GP LLC (including the right to appoint the members of the GP LLC board), we indirectly control the business and affairs of AAP and PAA. Following the Closing and the implementation of the unified governance structure described above, the PAGP GP board will have control over the business and affairs of AAP and PAA. GP LLC's principal executive office is located at 333 Clay Street, Suite 1600, Houston, Texas, and its telephone number is (713) 646-4100.

AAP. AAP is a Delaware limited partnership that directly owns all of PAA's IDRs and indirectly owns the 2% general partner interest in PAA. AAP is the sole member of PAA GP, which directly holds the 2% general partner interest in PAA. AAP's principal executive office is located at 333 Clay Street, Suite 1600, Houston, Texas, and its telephone number is (713) 646-4100.

PAA GP. PAA GP is a Delaware limited liability company that holds the 2% general partner interest in PAA. PAA GP's principal executive office is located at 333 Clay Street, Suite 1600, Houston, Texas, and its telephone number is (713) 646-4100.

PAA. PAA is a publicly traded master limited partnership (NYSE: PAA) that owns and operates midstream energy infrastructure and provides logistics services for crude oil, natural gas liquids ("NGL"), natural gas and refined products. PAA owns an extensive network of pipeline transportation, terminalling, storage and gathering assets in key crude oil and NGL producing basins and transportation corridors and at major market hubs in the United States and Canada.

For a more detailed description of PAA's business, see PAA's Annual Report on Form 10-K for the year ended December 31, 2015 and PAA's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016, each of which is incorporated into this proxy statement by reference. PAA's principal executive office is located at 333 Clay Street, Suite 1600, Houston, Texas, and its telephone number is (713) 646-4100.

Representations and Warranties, Covenants and Conditions to the Closing (Pages 35-37)

The Simplification Agreement contains representations and warranties made by the Plains Entities regarding aspects of their organizational structure and capitalization, as well as other facts pertinent to the Transactions, including with respect to their power and authority to enter into and carry out the Transactions. The representations and warranties contained in the Simplification Agreement will survive for a period of one year following the Closing.

The Plains Entities have agreed to take certain actions and refrain from taking certain actions prior to the Closing, including, among other things, (i) our agreement to prepare and file this proxy statement and call, hold and convene a meeting of Shareholders, (ii) the PAGP GP board's agreement to recommend that our Shareholders vote for the Simplification Proposal, (iii) PAA's agreement to not issue additional equity in excess of \$600 million without written consent of PAGP, subject to certain exceptions, and (iv) each party's agreement not to take any action that would reasonably be likely to result in a material delay or failure of any condition to the Closing.

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Additionally, to the extent that (i) the Closing occurs after the record date for PAA's third quarter distribution of available cash and (ii) PAA pays less than the current level of \$0.70 per PAA Common Unit for the third quarter distribution, AAP has agreed to borrow funds under the AAP Credit Agreement as necessary to make a special "true-up" distribution to the holders of AAP Units that, when added to the distributions to be paid to PAA GP and AAP in respect of the 2% general partner interest in PAA and the IDRs, equals the total distribution such holders of AAP Units would have received if the Closing had occurred immediately prior to such third quarter record date. Since PAA has announced that it intends to reset its distribution levels to \$0.55 per PAA Common Unit commencing in the third quarter, we expect that the amount that AAP would borrow and distribute to its unitholders if this were to occur would be approximately \$40 million.

The consummation of the Transactions depends on the satisfaction or waiver of several conditions. If these conditions are not satisfied or waived, the Transactions will not be consummated. These conditions include, among others: (i) approval of the Simplification Proposal by the holders of a Share Majority (as defined below), (ii) the taking of all actions necessary to effect the reverse equity splits of PAGP GP, PAGP and AAP described above, (iii) the absence of certain legal impediments to the consummation of the Transactions, (iv) the accuracy in all material respects of the parties' representations and warranties under the Simplification Agreement, (v) the performance in all material respects of the parties' covenants and obligations under the Simplification Agreement, (vi) the receipt by PAA and PAGP of a third party legal opinion regarding certain matters related to the Investment Company Act of 1940, and (vii) the approval by the New York Stock Exchange ("NYSE") of the listing of the PAA Common Units to be issued in connection with the Transactions.

Recommendation of the Board of Directors (Page 38)

At a special meeting held on July 11, 2016, after consideration, the PAGP GP board:

determined that the Transactions, on the terms and conditions set forth in the Transaction Documents, are (a) fair and reasonable to PAGP and the holders of Class A Shares, (b) in, or not opposed to, the best interests of PAGP and (c) in, or not opposed to, the best interests of the holders of Class A Shares;

approved, on behalf of PAGP GP and PAGP, (i) the Transactions upon the terms and conditions set forth in the Transaction Documents and (ii) the Transaction Documents; and

recommended that the Shareholders approve the Simplification Proposal.

Rationale for the Transactions (Page 58)

In the course of reaching its decision to approve the Simplification Agreement and the Transactions, the PAGP GP board considered a number of factors in its deliberations, including:

as a result of the elimination of the IDRs, PAA's cost of equity capital will be reduced, which should improve PAA's valuation relative to its peers and enhance PAA's ability to compete for incremental capital opportunities (organic investment opportunities and third party acquisitions) to drive future growth;

the Transactions simplify PAA's capital structure, improve alignment between equity classes of each of PAA and PAGP and reduce the complexity of the governance structure of the Plains Entities, thereby enhancing understanding and transparency for PAA and PAGP investors;

together with PAA's proposed reduction of the PAA Common Unit distribution to \$0.55 per Common Unit commencing with the distribution to be paid in November 2016, the PAA Recapitalization will significantly improve PAA's annual distribution coverage and enhance PAA's credit profile;

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the mitigating effect of the Transactions on the planned reductions in distributions of available cash to Class A Shareholders beginning in the third quarter of 2016; and

the Transactions will allow the Plains Entities to maintain the tax efficient flexibility of their current organizational structure.

Opinion of the Financial Advisor to the PAGP GP Board (Page 60)

The PAGP GP board retained Jefferies, LLC ("*Jefferies*") as its financial advisor in connection with the PAA Recapitalization, and Jefferies provided a fairness opinion to the PAGP GP board in connection therewith. At the meeting of the PAGP GP board on July 8, 2016, Jefferies rendered to the PAGP GP board its oral opinion, subsequently confirmed in writing on July 11, 2016, to the effect that, based upon and subject to the various assumptions made, procedures followed, matters considered and limitations on the review undertaken as described more fully in "The Transactions and Transaction Documents Opinion of the Financial Advisor to the PAGP GP Board," as of the date of such written opinion, the issuance of 245,500,000 PAA Common Units to AAP pursuant to the PAA Recapitalization was fair, from a financial point of view, to each of PAGP, the holders of Class A Shares (other than PAGP GP and such holders who are also holders of Class B Shares) and the holders of AAP Class A Units.

Information About the Special Meeting (Page 72)

Time, Date and Place

A special meeting of our Shareholders will be held on [•], at [•] a.m/p.m.] Central Time, at [The Senate Room, located on the 12th Floor of Two Allen Center, 1200 Smith Street, Houston, Texas 77002].

Purpose

The Shareholders will be asked to consider and vote upon:

a proposal (the "*Simplification Proposal*") to approve the Simplification Agreement and the Transactions;

a proposal (the "*Adjournment Proposal*") to adjourn the special meeting to a later date or dates, at the discretion of our general partner, to solicit additional proxies to approve the Simplification Proposal; and

any proposal to transact such other business as may properly come before the special meeting and any adjournment or postponement thereof.

Shareholders Entitled to Vote

Shareholders that own Class A shares and Class B shares at the close of business on the record date, [•], 2016 may vote at the special meeting. You may cast one vote for each Class A share or Class B share that you own as of the close of business on the record date.

How to Vote

Please complete and submit the enclosed proxy card as soon as possible or transmit your voting instructions by using the telephonic or internet procedures described on your proxy card.

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Required Shareholder Vote

The approval of the Simplification Proposal by the affirmative vote of the holders of at least a majority of the Class A shares and Class B shares, voting as a single class (a "***Share Majority***"), is required to consummate the Transactions pursuant to the Simplification Agreement. Pursuant to the Voting Agreement, certain of our Shareholders that owned approximately 51.3% of the Class A and Class B shares outstanding as of July 11, 2016 have agreed to vote their Class A and Class B shares in favor of the Simplification Proposal. The Voting Agreement binds sufficient votes to ensure that the Simplification Proposal will be approved at the special meeting.

Interests of Certain Persons in the Transactions (Page 90)

In considering the recommendations of the PAGP GP board, our Shareholders should be aware that some of the executive officers and directors of PAGP GP have interests in the Transactions that may differ from, or may be in addition to, the interests of our Shareholders generally. These interests include:

Redemption Rights. Following the Closing of the Transactions, holders of AAP Units (other than PAGP and GP LLC) will have Redemption Rights, subject to certain limitations. These holders include affiliates of certain PAGP GP directors, including the Original Designating Parties, and certain members of our management.

Calculation of Qualifying Interest. The A&R PAGP GP LLC Agreement will provide that the calculation of a Qualifying Interest will include, in addition to any AAP Units and Class A shares such designating party and its affiliates own, any PAA Common Units that a designating party and its affiliates receive and hold in connection with an AAP Unit Redemption, and that the current designating parties will have the continuing right to designate a director for as long as they maintain a 10% Qualifying Interest.

Registration Rights. Certain PAGP GP executive officers and affiliates of certain PAGP GP directors will enter into a Registration Rights Agreement with PAA, pursuant to which PAA will agree to register the resale of PAA Common Units issued to AAP at the Closing, as well as PAA Common Units issued following the Closing pursuant to the Omnibus Agreement in respect of certain AAP Management Units.

Ownership of Class B Shares. Certain of PAGP GP's executive officers and affiliates of certain PAGP GP directors own our Class B shares. The Class B shares represent a non-economic limited partner interest in PAGP, and carry with them the right to vote on all matters submitted to a vote of the limited partners of PAGP, including voting to approve the Simplification Proposal and voting in the election of eligible PAGP GP directors beginning in 2018.

Director and Executive Officer Interlock. Certain of PAGP GP's directors and all of PAGP GP's executive officers are currently directors and executive officers of GP LLC, respectively, and are expected to remain directors and executive officers of PAGP GP following the Transactions. In addition, the directors of GP LLC who are not currently members of the PAGP GP board will be appointed to the PAGP GP board as of the Closing.

Voting Agreement. Affiliates of certain PAGP GP directors and certain of PAGP GP's executive officers have entered into a Voting Agreement, pursuant to which they agreed to vote their Class A and Class B shares in favor of the Simplification Proposal. Please see "The Transactions and Transaction Documents The Voting Agreement."

Management of PAA and PAGP prepared projections with respect to PAA's expected future financial and operating performance. These projections were considered by the PAGP GP board and its

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financial advisor in performing due diligence and evaluating the PAA Recapitalization and the related Transactions.

Dissenters' Rights (Page 71)

Under the Delaware Revised Uniform Limited Partnership Act and our Partnership Agreement, there are no dissenters' or appraisal rights for Shareholders with respect to the Simplification Agreement or the Transactions.

Material U.S. Federal Income Tax Consequences of the Transactions to PAGP and the Shareholders (Page 99)

The Transactions are not expected to be taxable to PAGP or the Shareholders. In addition, PAGP does not expect the Transactions to directly result in any material change to PAGP's deferred tax asset. As of June 30, 2016, PAGP had a deferred tax asset of approximately \$1.9 billion. Accordingly, assuming that current tax laws remain in effect, we estimate that PAGP will not have any federal income tax liability or current or accumulated earnings and profits for tax purposes for a period of more than five years following the closing of the Transactions. During this period, none of the distributions paid to Class A shareholders should be treated as taxable dividend income, but instead should be treated as a return of capital. Distributions not treated as taxable dividends will reduce a Class A shareholder's tax basis, or will be taxable as capital gain to the extent they exceed a Class A shareholder's tax basis.

Accounting Treatment of the Transactions (Page 71)

The Transactions are between and among consolidated subsidiaries of PAGP that are considered entities under common control. These equity transactions did not result in a change in the carrying value of the underlying assets and liabilities, and the estimated costs incurred to complete the transactions of approximately \$15 million will be charged to partners' capital during the year ending December 31, 2016. In addition, the PAA Recapitalization will result in a modification in the net income allocation by PAA to AAP and by AAP to PAGP resulting in a decrease in net income attributable to PAGP. On a pro forma basis after giving effect to the Transactions, net income attributable to PAGP decreased by \$56 million for the year ended December 31, 2015 and decreased by \$28 million and \$46 million for the three and six months ended June 30, 2016, respectively.

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Organizational Structure Before and After the Transactions

The following provides a simplified diagram of our organizational structure as of August 31, 2016 before giving effect to the Transactions:

(1)

Represents the number AAP Units for which the AAP Management Units would be exchangeable, assuming a conversion rate of approximately 0.941 AAP Units for each AAP Management Unit as of August 31, 2016. The AAP Management Units are entitled to certain proportionate distributions paid by AAP.

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- (2) PAA holds direct and indirect ownership interests in consolidated operating subsidiaries including, but not limited to, Plains Marketing, L.P., Plains Pipeline, L.P. and Plains Midstream Canada ULC.
- (3) PAA holds indirect equity interests in unconsolidated entities including BridgeTex Pipeline Company, LLC, Butte Pipe Line Company, Caddo Pipeline LLC, Diamond Pipeline LLC, Eagle Ford Pipeline LLC, Eagle Ford Terminals Corpus Christi LLC, Frontier Aspen LLC, Saddlehorn Pipeline Company, LLC, Settoon Towing, LLC, Cheyenne Pipeline LLC, White Cliffs Pipeline LLC and STACK Pipeline LLC.

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The following provides a simplified diagram of our organizational structure as of August 31, 2016 after giving effect to the Transactions:

(1) PAGP will issue approximately 465,091,197 Class C shares to PAA at the Closing. Each Class C share represents a non-economic limited partner interest in PAGP and will carry with it the right to vote, pro rata with the holders of Class A and Class B shares of PAGP, for the election of eligible PAGP GP directors.

(2)

Amount includes 792,074 PAA Common Units that will become issuable after Closing with respect to AAP Management Units that are outstanding but not earned.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE TRANSACTIONS

The following questions and answers are intended to address briefly some commonly asked questions regarding the special meeting and the Transactions. These questions and answers may not address all questions that may be important to you as a Shareholder. Please refer to the additional information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to in this proxy statement.

Q. What is the purpose of the special meeting?

A. The purpose of the special meeting is to hold a vote of our Class A and Class B shareholders to consider and vote upon the Simplification Proposal, the Adjournment Proposal and any proposal to transact such other business as may properly come before the special meeting and any adjournment or postponement thereof.

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

A. The PAGP GP board recommends that you vote "FOR" the Simplification Proposal and "FOR" the Adjournment Proposal.

Q. What is the basis for the recommendation by the board of directors?

A. In the course of reaching its decision to approve the Simplification Agreement and the related Transactions, the PAGP GP board considered a number of factors in its deliberations. For a more complete discussion of these factors, see "The Transactions and Transaction Documents Rationale for the Transactions" beginning on page 58.

Q. Is the approval of the Shareholders necessary for the Transactions to take effect?

A. Our partnership agreement requires that we obtain the approval of the holders of a Share Majority prior to a transaction that would involve the sale or exchange of all or substantially all of our assets. The GP Conversion and the IDR Redemption may be deemed to be a sale or exchange of all or substantially all of our assets. In addition, the approval of the Simplification Agreement and the Transactions by the holders of a majority of the outstanding Class A and Class B shares, voting as a single class, is a condition to the closing of each of the Transactions pursuant to the Simplification Agreement. Therefore, the failure to receive the approval of the holders of a Share Majority for the Simplification Proposal would effectively prevent the Closing of the Transactions from occurring as is currently contemplated in the Simplification Agreement.

Concurrently with the execution of the Simplification Agreement, certain of our Shareholders that owned approximately 51.3% of the Class A and Class B shares outstanding as of July 11, 2016, executed a Voting Agreement, pursuant to which such Shareholders agreed to vote their Class A and Class B shares in favor of the Simplification Proposal. The Voting Agreement binds sufficient votes to ensure that the Simplification Proposal will be approved at the special meeting.

Q. Will PAGP continue to pay quarterly distributions following the Transactions?

A. We expect to continue to make distributions of available cash consistent with past practices and in accordance with our cash distribution policy. Following the Closing, our cash flow and resulting ability to make distributions will be completely dependent upon the ability of PAA to make distributions to AAP in respect of the PAA Common Units owned by AAP.

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Q: **How will the level of PAGP quarterly distributions change following the Transactions?**

A: As PAA previously announced, PAA intends to pay, effective with the third quarter distribution payable in November 2016, a quarterly distribution of \$0.55 per PAA Common Unit, or \$2.20 on an annualized basis, representing a 21% reduction to PAA's second quarter distribution payable in August 2016. Taking such reduction into account and after giving effect to the Transactions, the expected third quarter distribution that would be paid by PAGP to the holders of its Class A shares would be \$0.2065 per Class A share, or \$0.826 on an annualized basis, representing approximately an 11% reduction relative to PAGP's second quarter distribution per Class A share payable in August 2016. The PAA Recapitalization significantly mitigates the effect of the reset distribution levels announced by PAA on the distributions per Class A share. Please see "The Transactions and Transaction Documents PAA Recapitalization."

Q: **Will Shareholders have the right to vote for the election of directors of PAGP GP following the consummation of the Transactions?**

A: Beginning in 2018, we will hold an annual meeting of our Shareholders for the election of eligible PAGP GP directors whose terms expire at such meeting. Holders of our Class A, Class B and Class C shares will vote together as a single class for the election of eligible PAGP GP directors, and directors will be elected by a plurality of votes cast at such meeting, excluding abstentions. PAA will own all of our Class C shares following the Closing.

Q: **When and where is the special meeting?**

A: The special meeting will be held on [•], 2016, at [•] a.m./p.m. Central Time, in [The Senate Room, located on the 12th Floor of Two Allen Center, 1200 Smith Street, Houston, Texas 77002.]

Q: **Who is soliciting my proxy?**

A: The PAGP GP board is sending you this proxy statement in connection with its solicitation of proxies for use at the special meeting of Shareholders.

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

A: All Shareholders who owned our Class A or Class B shares at the close of business on the record date, [•], 2016, are entitled to receive notice of the special meeting and to vote the Class A or Class B shares that they held on the record date at the special meeting. Each Shareholder that attends the special meeting in person may be asked to present valid picture identification, such as a driver's license or passport.

Each Shareholder is entitled to one vote for each Class A Share owned and one vote for each Class B Share owned on all matters to be considered at the special meeting. On [•], 2016, [•] Class A and Class B shares were issued and outstanding.

Q: **How do I vote?**

A: If you are a Shareholder of record at the close of business on the record date, you may vote your shares by proxy in advance of the special meeting by any of the following methods:

Internet. You may visit the Internet address listed on your proxy card. Internet voting procedures have been established to verify your identity and to confirm your voting instructions. Please have your proxy card available when you visit the

Internet address.

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Telephone. You may call the toll-free telephone number listed on your proxy card. Telephone voting procedures have been established to verify your identity, to allow you to provide proxy voting instructions and to confirm that your instructions were accurately recorded. Please have your proxy card available when you call.

Mail. You may mail your completed, signed and dated proxy card in the enclosed postage-paid return envelope.

Internet and telephone voting will be available to Shareholders of record 24 hours a day until 11:59 p.m. [Eastern Time] on [•], 2016, the night before the special meeting. If you use the Internet or the toll-free telephone number to provide your proxy voting instructions, you do not need to mail in your proxy card. If you mail in your proxy card, it must be received by PAGP before the voting polls close at the special meeting.

You may also attend the special meeting and vote your shares in person. Even if you plan to attend the special meeting, please vote your proxy in advance of the special meeting (by Internet, telephone or mail, as described above) as soon as possible so that your shares will be represented at the special meeting if for any reason you are unable to attend in person.

If you are a beneficial owner of shares held in street name, you must either direct your broker or other nominee as to how to vote your shares, or obtain a "legal" proxy from your broker or other nominee to vote at the special meeting. Please refer to the voter instruction forms provided by your broker or other nominee for specific instructions on methods of voting.

Q: If my shares are held in "street name" by my broker or other nominee, will my broker or other nominee vote my shares for me?

A: No. NYSE rules prohibit your broker or other nominee from exercising voting discretion with respect to the matters to be acted upon at the special meeting. Thus, you must give your broker or other nominee specific instructions in order for your shares to be voted.

Q: What do I do if I want to change my vote after I have already voted by proxy?

A: If you are a Shareholder of record at the close of business on the record date, you may change your vote at any time before the voting polls close at the special meeting by:

submitting a proxy with new voting instructions using the Internet or telephone voting system (please note, however, that the deadline for voting through the Internet or by telephone is 11:59 p.m. [Eastern Time] on [•], 2016);

delivering a later-dated, executed proxy card to American Stock Transfer & Trust Company, LLC, 6201 15th Avenue, Brooklyn, New York 11219;

delivering a written notice of revocation of your proxy to American Stock Transfer & Trust Company, LLC, 6201 15th Avenue, Brooklyn, New York 11219; or

attending the special meeting and voting in person. Please note that attendance at the special meeting will not by itself (i.e., without also voting) revoke a previously granted proxy.

If you are a beneficial owner of shares held in street name and you have instructed your broker or other nominee to vote your shares, you must follow the procedure your broker or other nominee provides to change those instructions. You may also vote in person at the special meeting if you obtain a "legal" proxy from your broker or other nominee.

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Q: **What constitutes a quorum?**

A: The holders of a majority of the outstanding shares represented in person or by proxy shall constitute a quorum at the special meeting. Your shares will be counted as present at the special meeting if:

you are present and vote in person at the meeting; or

you, or your broker if you are a beneficial owner of shares held in street name, have submitted a properly executed proxy.

Proxies received but marked as abstentions and broker non-votes will be counted as present for purposes of determining the presence of a quorum.

The Voting Agreement binds a sufficient number of shares to ensure a quorum will be established at the special meeting.

Q: **What vote is required to approve the Simplification Proposal?**

A: The Simplification Proposal requires the approval of the holders of at least a Share Majority. Votes "for" and "against" and abstentions will count as votes cast. Thus, abstentions will have the effect of a vote "AGAINST" the Simplification Proposal. Broker non-votes will also have the effect of a vote "AGAINST" the Simplification Proposal. A properly executed proxy submitted without voting instructions will be voted "FOR" the Simplification Proposal.

Q: **What vote is required to adopt the Adjournment Proposal?**

A: The affirmative vote of the holders of a majority of the outstanding Class A and Class B shares entitled to vote as of the record date is required to adopt the Adjournment Proposal; provided, that, in the absence of a quorum, the affirmative vote of at least a majority of outstanding Class A and Class B shares entitled to vote as of the record date present in person or represented by proxy at the special meeting would be required to adopt the Adjournment Proposal.

Q: **What happens if the Simplification Proposal is approved?**

A: The Simplification Agreement provides that if the conditions precedent to the Closing are met (including Shareholder approval of the Simplification Proposal), the Transactions will close on the first business day after satisfaction (or waiver, as applicable) of the last of the closing conditions to occur (excluding those closing conditions that must occur on the date of the Closing pursuant to the Simplification Agreement), or on another date of the parties' choosing. We expect Closing will occur on or before [•], 2016 if the Simplification Proposal is approved.

Q: **What happens if the Simplification Proposal is not approved?**

A: If for any reason the holders of a Share Majority fail to approve the Simplification Proposal, a condition precedent to the closing of the Transactions will not be met, and the Simplification Agreement will be either subsequently amended or terminated. However, pursuant to the Voting Agreement certain of our Shareholders that owned approximately 51.3% of the Class A and Class B shares outstanding as of July 11, 2016 agreed to vote their Class A and Class B shares in favor of the Simplification Proposal. The Voting Agreement binds sufficient votes to ensure that the Simplification Proposal will be approved at the special meeting.

If the Adjournment Proposal is approved, we may adjourn the special meeting at the discretion of our general partner to solicit additional proxies to approve the Simplification Proposal.

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Q: **Who covers the expense of the proxy solicitation?**

A: The expense of preparing, printing and mailing this proxy statement and the proxies solicited hereby will be borne by us. In addition to the use of the mail, proxies may be solicited by PAGP GP's directors and officers, as well as employees of GP LLC, without additional remuneration, by mail, phone, fax or in person. We will also request brokerage firms, banks, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of our shares as of the record date and will provide reimbursement for the cost of forwarding the proxy materials in accordance with customary practice. Your cooperation in promptly voting your shares electronically, via the Internet or by telephone, or by signing and returning the enclosed proxy card will help to avoid additional expense. We have hired Georgeson LLC to solicit proxies for a fee of \$9,500 plus reasonable expenses for additional services.

Q: **Are dissenters' rights available to Shareholders?**

A: We were formed as a limited partnership under the laws of the State of Delaware, including the Delaware Revised Uniform Limited Partnership Act ("Delaware Act"). Under those laws and the terms of our Partnership Agreement, dissenters' rights are not available to our Shareholders with respect to the Simplification Proposal.

Q: **Who can I contact for further information?**

A: If you have questions or need assistance voting, please contact Georgeson LLC, our proxy solicitor in connection with the Special Meeting, toll-free at 1-866-431-2105.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement, including information included or incorporated by reference in this proxy statement, contains certain forward-looking statements with respect to the financial condition, results of operations, plans, objectives, intentions, future performance and business of each of PAGP and PAA and other statements that are not historical facts, as well as certain information relating to the Transactions, including, without limitation:

statements relating to the benefits of the Transactions;

statements relating to the financial results of PAGP and PAA following the Transactions; and

statements preceded by, followed by or that include the words "believes," "anticipates," "plans," "predicts," "expects," "envisions," "hopes," "estimates," "intends," "will," "continue," "may," "potential," "should," "confident," "could" or similar expressions.

These forward-looking statements involve certain risks and uncertainties. Actual results may differ materially from those contemplated by the forward-looking statements.

Forward-looking statements speak only as of the date of this proxy statement or the date of any document incorporated by reference in this proxy statement. All subsequent written and oral forward-looking statements concerning the Transactions or other matters addressed in this proxy statement and attributable to PAGP or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, PAGP undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date of this proxy statement or to reflect the occurrence of unanticipated events.

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THE TRANSACTIONS AND TRANSACTION DOCUMENTS

PAA Recapitalization

Our only cash-generating assets consist of 268,352,408 Class A units of AAP (the "**AAP Units**"), which represent an approximate 41.8% limited partner interest in AAP (approximately 41.0% economic interest including the dilutive effect of the Class B units of AAP (the "**AAP Management Units**")). As a result, historically our cash flows have been generated solely from the cash distributions we receive from AAP. AAP does not currently own any common units of PAA (the "**PAA Common Units**") and receives all of its cash flows from distributions on its direct ownership of PAA's incentive distribution rights ("**IDRs**") and its indirect ownership of PAA's 2% general partner interest.

Incentive Distribution Rights

The IDRs are limited partner interests in PAA that represent the right to receive increasing percentages (13.0%, 23.0% and 48.0%) of quarterly distributions made by PAA from its operating surplus after the minimum quarterly distribution and the target distribution levels have been achieved. AAP's ownership of all of the IDRs and the 2% general partner interest in PAA entitles it to receive, without duplication:

2% of all cash distributed in a quarter until \$0.2250 has been distributed in respect of each PAA Common Unit for that quarter;

15% of all cash distributed in a quarter after \$0.2250 has been distributed in respect of each PAA Common Unit for that quarter;

25% of all cash distributed in a quarter after \$0.2475 has been distributed in respect of each PAA Common Unit for that quarter; and

50% of all cash distributed in a quarter after \$0.3375 has been distributed in respect of each PAA Common Unit for that quarter.

Such amounts do not take into account temporary and permanent reductions in IDR payments that are currently in place. During 2015, 2014 and 2013, AAP's incentive distributions were reduced by approximately \$22 million, \$23 million and \$15 million, respectively, to facilitate certain acquisitions and growth projects. In addition, we have agreed to reduce the amount of AAP's incentive distributions by \$5.0 million per quarter in 2016 and \$3.75 million per quarter thereafter. In connection with PAA's private placement of Series A Preferred Units (the "**Series A Preferred Units**") in January 2016, we agreed to further modify the IDRs such that when the Series A Preferred Units convert into PAA Common Units, the IDRs associated with the resulting PAA Common Units will only participate in distribution growth above an annualized distribution level of \$2.80 per converted PAA Common Unit. All current modifications to the IDR payments will be extinguished in connection with the Closing of the Transactions.

The cash distributions AAP receives from PAA are generally tied to (i) PAA's per unit distribution level and (ii) the number of PAA Common Units outstanding. An increase in either factor (assuming the other factor remains constant or increases) will generally, absent additional IDR reductions, result in an increase in the amount of cash distributions AAP receives from PAA, a portion of which we, in turn, receive from AAP. Because the IDRs currently participate at the maximum percentage participation rate, any potential future growth in distributions we receive from AAP would not result from an increase in the percentage participation rate associated with the IDRs.

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The following table indicates, for the years ended December 31, 2013, 2014 and 2015 and the six months ended June 30, 2016, the amounts paid to AAP in respect of its IDRs and 2% general partner interest (in millions):

	Year Ended December 31,			Six Months Ended June 30,
	2013	2014	2015	2016
Distributions to AAP(1)	\$ 369	\$ 473	\$ 590	\$ 309

(1) Distributions in respect of any period are paid in the following period.

PAA Common Units

The PAA Common Units represent limited partner interests in PAA that entitle the holders thereof to participate in PAA's cash distributions and to exercise the rights and privileges available to limited partners under PAA's partnership agreement.

Listing Exchange and Transfer Agent. The PAA Common Units are listed on the NYSE under the symbol "PAA." The transfer agent and registrar for the PAA Common Units is American Stock Transfer & Trust Company.

Voting. Each holder of PAA Common Units is entitled to one vote per unit on all matters submitted to a vote of the PAA Common Unitholders. As described below under "Election of Directors and Issuance of Class C Shares," beginning in 2018, an annual meeting of PAA Common Unitholders will be held to determine how to direct PAA to vote the Class C shares that it holds with respect to the election of eligible PAGP GP directors. The PAA Common Units held by AAP will not be entitled to vote at such meeting and will not be counted for determining whether a quorum exists.

PAA Recapitalization Transactions

Pursuant to the Simplification Agreement, at the closing of the Transactions (the "***Closing***");

PAA GP's 2% general partner interest in PAA will be converted into a non-economic general partner interest in PAA (the "***GP Conversion***");

PAA will redeem all of the IDRs held by AAP, and the IDRs will be cancelled (the "***IDR Redemption***"); and

as consideration for the GP Conversion and IDR Redemption, (i) PAA will issue to AAP 245,500,000 PAA Common Units, subject to the adjustment described below and (ii) PAA will assume all remaining outstanding indebtedness, obligations and liabilities of AAP under the Second Amended and Restated Credit Agreement dated as of September 26, 2013 among AAP, Citibank, N.A. and the lenders party thereto (the "***AAP Credit Agreement***") as of the Closing. As of the date hereof, AAP's outstanding borrowings under the AAP Credit Agreement are approximately \$597 million.

The number of PAA Common Units issued to AAP at the Closing will be reduced by an amount equal to the number of PAA Common Units that may become issuable following the Closing with respect to AAP Management Units that are outstanding but not "earned" (i.e., have not yet satisfied the applicable performance benchmarks that are prerequisite to the commencement of the payment of distributions with respect to such AAP Management Units) as of the Closing. To the extent that such AAP Management Units become "earned" following the Closing, PAA will have an obligation pursuant to the Omnibus Agreement to issue additional PAA Common Units to AAP in respect of such "earned" AAP Management Units. There are currently 2,240,728 AAP Management Units that are

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outstanding but have not yet achieved "earned" status. After giving effect to the Transactions, including the reverse split to be effected at AAP, if all such AAP Management Units become "earned," PAA would have an obligation to issue a total of 792,074 PAA Common Units.

We refer to the transactions described above as the "*PAA Recapitalization*."

As PAA previously announced, irrespective of whether the Simplification Proposal is approved, PAA intends to pay, effective with the third quarter distribution payable in November 2016, a quarterly distribution of \$0.55 per PAA Common Unit, or \$2.20 on an annualized basis, representing a 21% reduction to PAA's second quarter distribution level of \$0.70 per PAA Common Unit, or \$2.80 on an annualized basis. This revised distribution level significantly enhances PAA's distribution coverage and credit profile.

As the following table illustrates, the PAA Recapitalization significantly mitigates the effect of the reset distribution level announced by PAA on the distributions per Class A share. To the extent that PAA elects to reset its distribution to an annualized level of \$2.20 per PAA Common Unit and the proposed PAA Recapitalization does not occur, the per share quarterly distribution associated with a Class A share would decrease by approximately 39%; by contrast, following the PAA Recapitalization, such decrease is expected to be approximately 10.6%. The difference results from the fact that, as PAA's distribution per PAA Common Unit is reduced, payments to the holder of the IDRs are reduced by a proportionately greater amount; accordingly, if the PAA Recapitalization does not take place and the PAA Common Unit distribution level is reset to the annualized level of \$2.20 per PAA Common Unit, the percentage reduction per Class A share will be greater than the percentage reduction per PAA Common Unit.

Third Quarter 2016 Distribution Per Class A Share

	Current Level		Reset Level		% Decrease
	Per Quarter	Annualized	Per Quarter	Annualized	
PAA Recapitalization	\$ 0.2310	\$ 0.9240	\$ 0.2065	\$ 0.8260	(10.6)
No PAA Recapitalization	\$ 0.2310	\$ 0.9240	\$ 0.1400	\$ 0.5600	(39.4)

Following the PAA Recapitalization and subject to change based on any equity issuances by PAA prior to the Closing, PAA's equity capital structure is expected to consist of (i) a non-economic general partner interest, (ii) 646,672,792 PAA Common Units outstanding and (iii) 63,126,331 Series A Preferred Units outstanding. Subject to the terms of PAA's limited partnership agreement, the Series A Preferred Units are generally convertible any time after January 28, 2018 at the option of the holder into an equivalent number of PAA Common Units. AAP will own an approximate 34% limited partner interest in PAA as of the Closing, implying an exchange ratio of approximately 0.3755 of a PAA Common Unit for each outstanding AAP Unit.

Unified Governance Structure

Governance Simplification

Currently, PAGP GP manages the business and affairs of PAGP, and GP LLC manages the business and affairs of PAA and AAP. Pursuant to the Simplification Agreement, GP LLC's limited liability company agreement will be amended and restated to provide, among other things, that PAGP, as the sole member of GP LLC, will have the sole authority to manage the business and affairs of GP LLC, and the current GP LLC board of directors (the "*GP LLC board*") will be eliminated. As a result of this amendment, the PAGP GP board will have responsibility for managing the business and affairs of each of PAGP, AAP and PAA. PAGP will have the authority, in its sole discretion, to establish a conflicts committee of GP LLC for, among other reasons, considering any conflict matters between

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PAA and PAGP, including any matter with respect to which PAGP seeks to obtain "Special Approval" (as defined in PAA's limited partnership agreement).

In addition, similar to the current structure, if EMG Investment, LLC (an affiliate of The Energy & Minerals Group), KAFU Holdings, L.P. (an affiliate of Kayne Anderson Investment Management Inc.) or Oxy Holding Company (Pipeline), Inc. (a subsidiary of Occidental Petroleum Corporation), together with their respective affiliates (together, the "**Original Designating Parties**"), own at least a 10% interest (a "**Qualifying Interest**") in the outstanding AAP Units, such party will continue to be entitled to designate one director to the PAGP GP board. The calculation of Qualifying Interest will include, in addition to any AAP Units and Class A shares an Original Designating Party or its affiliates own, any PAA Common Units owned by such Original Designating Party or its affiliates by virtue of their exercise of the Redemption Right (as described below).

At the Closing, the PAGP GP board will consist of 10 members, including three designated directors, six independent directors and our general partner's chief executive officer, who will continue to serve as the Chairman of the Board. The directors on the PAGP GP board as of the Closing are expected to include:

Chief Executive Officer: Greg L. Armstrong.

Designated Directors: John T. Raymond, a designee of EMG Investment, LLC; Robert V. Sinnott, a designee of KAFU Holdings, L.P.; and Ben Figlock, a designee of Oxy Holding Company (Pipeline), Inc.

Independent Directors: Victor Burk, Everardo Goyanes, Gary R. Petersen, Bobby S. Shackouls, J. Taft Symonds and Christopher M. Temple.

Election of Directors and Issuance of Class C Shares by PAGP

Currently, our Shareholders do not have the right to elect PAGP GP directors; however, under the governance documents of PAGP and PAGP GP, when the collective economic interest in AAP owned by the Initial Owners falls below 40% (such an event, the "**trigger date**"), certain changes to our governance structure would be triggered, including (i) the classification of the PAGP GP board into three classes (which must take place within a certain period of time), (ii) Shareholder participation in director elections and (iii) limited nomination rights for our Shareholders. Pursuant to the current organizational documents, the PAGP GP board would be classified on the trigger date, and, in certain circumstances, a period of up to three years could lapse between the trigger date and the first meeting of Shareholders called to elect the eligible directors of the PAGP GP board with expiring terms.

Pursuant to the Simplification Agreement, PAGP GP will amend and restate its limited liability company agreement to effectively accelerate the trigger date to the Closing. As a result, at the Closing, the directors (other than the Chief Executive Officer and any director subject to appointment, in certain circumstances, by the holders of the Series A Preferred Units) will be divided into three classes, with each class including two independent directors and one designated director. The initial terms for the three classes will be set to expire in 2018, 2019 and 2020, with each class having a three-year term following its initial term. For more information regarding the members of the PAGP GP board following the Closing, please see "Directors of PAGP GP Following the Transactions."

Beginning in 2018, PAGP will hold an annual meeting of Shareholders for the election of "eligible PAGP GP directors", which will include all directors with expiring terms other than (i) any director subject to designation, (ii) PAGP GP's chief executive officer and (iii) any director subject to appointment by the holders of PAA's Series A Preferred Units. For more information on how the annual meetings of PAGP Shareholders will be conducted, including nomination and meeting procedures and limitations on voting, please see "Comparison of the Rights of Our Shareholders Before and After the Transactions."

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In connection with the Closing, PAGP will create a new class of non-economic limited partner interests, designated as Class C shares, and will issue one Class C share to PAA for (i) each outstanding PAA Common Unit, excluding PAA Common Units held by AAP, and (ii) each PAA Common Unit that would be issued to holders of Series A Preferred Units assuming conversion on a one-to-one basis, in each case, as of the Closing. PAGP currently expects to issue approximately 465,091,197 Class C shares at the Closing. The Class C shares will be non-economic shares that will provide PAA, as the sole holder, the right to nominate individuals for election as PAGP GP directors and to vote in elections of eligible PAGP GP directors together with the holders of PAGP's Class A and Class B shares. The issuance of the Class C shares will have the effect of substantially diluting the nominating and voting rights currently held by the holders of the Class A and Class B shares. Please see "Comparison of the Rights of Our Shareholders Before and After the Transactions."

PAA will hold an annual meeting of its limited partners in advance of PAGP's annual meeting of its limited partners. The purpose of PAA's annual meeting will be to allow its limited partners other than AAP to cast a "pass-through vote" instructing PAA how to vote its Class C Shares in such election. PAA will vote (or refrain from voting) its Class C shares for the election of eligible PAGP GP directors in the same proportion as the votes received from or withheld by its limited partners. At the PAA annual meeting, PAA Common Units held by AAP will not be voted.

Pursuant to the Omnibus Agreement to be entered into at the Closing (the "*Omnibus Agreement*"), PAGP will be required to issue additional Class C shares to PAA and PAA will be required to surrender Class C shares to PAGP, in each case to the extent necessary to ensure that the holder of a PAA Common Unit (other than AAP) or a Series A Preferred Unit (on an as-converted basis) has essentially the same voting power for the election of eligible PAGP GP directors on a per unit basis as the holder of a Class A share or Class B share. We refer to this relationship as "*Voting Parity*."

Executive Officers. No changes to the executive management team of PAA are expected as a result of, or in connection with, the Closing of the Transactions.

Economic Parity Between PAGP and PAA

At the Closing, (i) AAP will effect a reverse split of the outstanding AAP Units and AAP Management Units, (ii) PAGP will effect a reverse split of the outstanding Class A shares and Class B shares, and (iii) PAGP GP will effect a reverse split of the outstanding company units of PAGP GP ("*PAGP GP Units*"), in each case, at a ratio of approximately 1-to-2.663, subject to certain adjustments. These reverse equity splits are designed to ensure that (i) in the case of AAP, the number of outstanding AAP Units (including AAP Units issuable upon conversion of AAP Management Units) equals the number of PAA Common Units held by AAP immediately following the PAA Recapitalization and (ii) in the case of PAGP, the number of outstanding Class A Shares following the Closing will equal the number of AAP Units owned by PAGP, and will also equal the number of PAA Common Units attributable to PAGP's interest in AAP. Following the Closing, each split-adjusted Class A share will represent indirect ownership of one PAA Common Unit. We refer to the resulting one-to-one relationship between our Class A shares and underlying PAA Common Units in which PAGP has an economic interest as "*Economic Parity*."

Cost Allocations

Pursuant to the Omnibus Agreement, for periods following the Closing, all direct or indirect expenses of any of the Plains Entities will be paid by PAA, other than income taxes of the PAGP Entities. These direct or indirect expenses include, but are not limited to, (i) compensation for the directors of PAGP GP, (ii) director and officer liability insurance, (iii) listing exchange fees, (iv) investor relations expenses, and (v) fees related to legal, tax, financial advisory and accounting services.

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Amendments of Organizational Documents of the Plains Entities

A&R PAGP GP LLC Agreement

The A&R PAGP GP LLC Agreement will, among other things:

Increase the size of the PAGP GP board. The A&R PAGP GP LLC Agreement increases the size of the PAGP GP board from seven to ten members as of the Closing and sets forth the initial members of the board. Additionally, the A&R PAGP GP LLC Agreement requires that the PAGP GP board must include at least three independent directors at all times following the Closing and, to the extent there are fewer than two independent directors available to serve on the conflicts committee of GP LLC, permits the board to take such actions necessary to cause the PAGP GP board to have at least two independent directors that are available to serve on such conflicts committee.

Accelerate the occurrence of the "trigger date." Under our current partnership agreement, our Shareholders do not have the ability to elect the eligible PAGP GP directors until the trigger date, following which the PAGP GP board is required to be classified. The first election of directors by our Shareholders would occur following the end of the last initial term of our classified board. The A&R PAGP GP LLC Agreement effectively accelerates the "trigger date" to the Closing of the Transactions, and, as a result, our Shareholders will have the right to vote for eligible PAGP GP directors beginning in 2018.

Classify the PAGP GP board. The A&R PAGP GP LLC Agreement provides that the directors of the PAGP GP board (other than the Chief Executive Officer and any director subject to appointment by the holders of PAA's Series A Preferred Units as described below) will be divided into three classes. The initial terms for the three classes will expire in 2018, 2019 and 2020, with each class serving a three-year term following its initial term. Each class will include two independent directors and one designated director.

Clarify the definition of "Qualifying Interest." Each Original Designating Party will continue to have the right to designate a director to the PAGP GP board for as long as such party holds at least a 10% Qualifying Interest. Pursuant to the A&R PAGP GP LLC Agreement, the definition of "Qualifying Interest" will be modified for purposes of calculating a Qualifying Interest to include, in addition to any AAP Units and Class A shares such designating party and its affiliates own, PAA Common Units such designating party and its affiliates receive and hold as a result of an exercise of its Redemption Right (as described below).

Incorporate the Series A Designation Right. The holders of PAA's Series A Preferred Units currently have the right to designate a director to the GP LLC board in the event that PAA does not declare and pay distributions on its Series A Preferred Units for three quarters, whether or not consecutive (the "**Series A Designation Right**"). In contemplation of the elimination of the GP LLC board and the negation of the Series A Designation Right, the A&R PAGP GP LLC Agreement will incorporate a replacement Series A Designation Right at the PAGP GP board level.

A&R PAGP Partnership Agreement

The A&R PAGP Partnership Agreement will, among other things:

Establish the Class C shares. The A&R PAGP Partnership Agreement establishes the Class C shares and sets forth the rights of PAA as the holder of the Class C shares. The Class C shares represent a non-economic limited partner interest in PAGP, and are therefore not entitled to participate in distributions of available cash or distributions upon liquidation. PAA, as the sole

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holder of the Class C shares, will have the right to vote at any meeting of Shareholders held for the purpose of electing eligible PAGP GP directors.

Amend the definition of "Outstanding" to permit nominations and voting for election of eligible directors by Restricted PAGP Holders. Our Shareholders' voting rights are restricted by the provision in our partnership agreement generally providing that any equity interests held by a person or group that owns 20% or more of any class of PAGP's outstanding equity interests (other than PAGP GP and its affiliates, the Initial Owners or their permitted transferees and affiliates, their respective affiliates and persons who acquired such equity interests with the prior approval of PAGP GP's board of directors) (such holders, "**Restricted PAGP Holders**"), cannot be voted on any matter and will not be considered outstanding for purposes of determining whether a quorum exists. The A&R PAGP Partnership Agreement will provide that this limitation will not apply with respect to the nomination of persons to serve as eligible PAGP GP directors. In addition, 19.9% of the outstanding Class A shares, Class B shares and Class C shares, taken together as a single class, that are held by Restricted PAGP Holders will be counted for purposes of determining a quorum for the election of eligible PAGP GP directors, and will be eligible to be voted at a meeting for the election of eligible PAGP GP directors.

Limit amendments to the A&R PAGP Partnership Agreement adverse to Class C shareholders. The A&R PAGP Partnership Agreement will require consent of the holders of a majority of the outstanding Class C Shares, voting as a single class, with respect to certain amendments to the A&R PAGP Partnership Agreement that would have a material adverse effect on the rights or preferences of the Class C shareholders. PAA will own all of the Class C shares at the Closing, and the Omnibus Agreement will restrict (i) the transfer by PAA of the Class C shares to any party other than PAGP and (ii) the issuance by PAGP of Class C shares to any party other than PAA.

Authorize PAA to nominate eligible PAGP GP directors on behalf of its unitholders. Our partnership agreement currently contemplates that, for any election of eligible PAGP GP directors by the Shareholders, nominations may be made by any shareholder that is a record holder of at least 10% of the outstanding Class A shares and Class B shares. The A&R PAGP Partnership Agreement modifies this concept by providing that the nomination rights will extend to any shareholder that is the record holder of at least 10% of the outstanding Class A, Class B and Class C shares, taken together as a single class. In addition, the A&R PAGP Partnership Agreement will entitle PAA, the sole holder of the Class C shares, to nominate persons on behalf of its unitholders as necessary to effectuate the "pass-through" nomination rights provided under the A&R PAA Partnership Agreement (as described below).

A&R GP LLC Agreement

The A&R GP LLC Agreement will, among other things:

Grant authority to PAGP to manage the business and affairs of GP LLC. The A&R GP LLC Agreement provides broad authority to PAGP to manage the business and affairs of GP LLC, as its sole member.

Eliminate the board of directors of GP LLC. The A&R GP LLC Agreement eliminates the board of directors as the party responsible for managing the business and affairs of PAA in order to give effect to the unified governance structure described above.

Grant authority to PAGP to establish a conflicts committee of GP LLC. The A&R GP LLC Agreement grants PAGP the authority, in its sole discretion, to establish a conflicts committee of GP LLC for, among other reasons, considering any conflict matters between PAGP and PAA,

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including any matter with respect to which PAGP seeks to obtain "Special Approval" (as defined in the A&R PAA Partnership Agreement).

A&R AAP Partnership Agreement

The A&R AAP Partnership Agreement will, among other things:

Implement a Redemption Right for holders of AAP Units. Subject to certain limitations during the first twelve months following the Closing as described below, the A&R AAP Partnership Agreement provides that a holder of AAP Units (other than PAGP and GP LLC) will have the right (a "***Redemption Right***") to cause AAP to redeem any or all of such holder's AAP Units in exchange for the distribution of an equivalent number of PAA Common Units held by AAP ("***AAP Unit Redemption***"). In connection with any AAP Unit Redemption, the redeeming holder will transfer the AAP Units to AAP and a corresponding number of our Class B shares and PAGP GP Units (if any), in each case, to PAGP. The AAP Units transferred to AAP will be cancelled, the Class B shares transferred to PAGP will be cancelled and the PAGP GP Units transferred to PAGP will remain outstanding and increase PAGP's ownership percentage in PAGP GP.

The A&R AAP Partnership Agreement will generally restrict, subject to certain exceptions, each holder of AAP Units (other than PAGP and GP LLC, which have not been granted Redemption Rights) from exercising its Redemption Rights with respect to approximately 22% of its AAP Units for a period of twelve months following the Closing. Greg Armstrong and Harry Pefanis, our general partner's Chief Executive Officer and Chief Operating Officer, respectively, will be restricted from directly or indirectly (through PAA Management, L.P.) exercising their respective Redemption Rights with respect to 100% of their AAP Units during the same period. These restrictions are designed to reduce, but not eliminate, the risk that any redemptions during the first 12 months following Closing, combined with public trading of PAA Common Units, will cause a technical tax termination of PAA. The holders of AAP Units (other than PAGP and GP LLC) will continue to be permitted to exchange units for Class A shares without restriction.

Modify certain tax provisions. The A&R AAP Partnership Agreement modifies the contribution, distribution and tax allocation provisions to accommodate the Redemption Rights and to account for the fact that the general partner interest in PAA will no longer be an economic interest and the fact that following Closing, AAP will cease to have any indebtedness for borrowed money.

A&R PAA Partnership Agreement

The A&R PAA Partnership Agreement will, among other things:

Reflect and effectuate the GP Conversion and the IDR Redemption and related amendments. The A&R PAA Partnership Agreement will reflect and effectuate the GP Conversion and IDR Redemption, by, among other things, removing references to the IDRs and concepts associated therewith (including conversion and transfers of IDRs), and replacing references to and concepts associated with the 2% general partner interest with corresponding references to and concepts associated with the non-economic general partner interest.

Adjust tax allocations to promote fungibility. The A&R PAA Partnership Agreement adjusts certain tax allocation provisions to ensure to the maximum extent possible the fungibility of (i) the PAA Common Units issued in the PAA Recapitalization and (ii) the other outstanding PAA Common Units.

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Revise certain definitions to reflect a unified governance structure. The A&R PAA Partnership Agreement will revise certain definitions to reflect the unified governance structure contemplated by the Transactions, including "Board of Directors" to, among other things, indicate that it refers to the PAGP GP board, and "Conflicts Committee" to indicate that membership on the PAGP GP board does not disqualify a person from serving on the conflicts committee of GP LLC that is established pursuant to the A&R PAA Partnership Agreement.

Revise the definition of "Conflicts Committee" to add restrictions to promote the independence of members of the conflicts committee. The A&R PAA Partnership Agreement will revise the definition of "Conflicts Committee" to add restrictions that are designed to ensure that the members of the conflicts committee of GP LLC are independent from PAGP and aligned with PAA.

Implement the rights of PAA limited partners to direct PAA to vote for eligible PAGP GP directors. The A&R PAA Partnership Agreement will establish a right for the limited partners of PAA (excluding AAP) to effectively vote for eligible PAGP GP directors by directing PAA to vote (or abstain from voting) its Class C shares for the election of eligible PAGP GP directors in the same proportion as PAA's securities are voted (or abstained from voting) at the annual meeting of PAA limited partners.

Establish pass-through nomination rights of PAA limited partners. The A&R PAA Partnership Agreement provides that a holder of limited partner interests in PAA (other than AAP) that is equal to or greater than 10% of the total number of outstanding Class A shares, Class B shares and Class C shares, collectively, may effectively direct PAA to nominate one person for election as an eligible PAGP GP director.

Revise the definition of "Outstanding" to permit nominations and voting for election of eligible PAGP GP directors by Restricted PAA Holders. The voting rights of PAA's limited partners are restricted by the provision in its partnership agreement generally providing that any equity interests held by a person or group that owns 20% or more of any class of PAA's outstanding equity interests (other than PAA GP or its affiliates, any person who acquires equity interests from PAA GP or its affiliates and the Series A Preferred Unitholders) (such holders, "**Restricted PAA Holders**"), cannot be voted on any matter and will not be considered outstanding for purposes of determining whether a quorum exists. The A&R PAA Partnership Agreement will provide that this limitation will not exist with respect to the nomination of persons by PAA's limited partners to serve as eligible PAGP GP directors. In addition, equity interests that represent up to 19.9% of the voting power of the outstanding Class A shares, Class B shares and Class C shares, taken together as a single class, that are held by Restricted PAA Holders will be counted for purposes of determining a quorum for the election of eligible PAGP GP directors, and will be eligible to be voted at a meeting for the election of eligible PAGP GP directors.

Eliminate pre-emptive rights of PAA GP or its affiliates. Under the current PAA limited partnership agreement, as the owner of the 2% general partner interest in PAA, PAA GP has the right, which it may from time to time assign in whole or in part to any of its affiliates, to purchase PAA Common Units or other equity securities of PAA whenever, and on the same terms that, PAA issues those securities to persons other than PAA GP and its affiliates, to the extent necessary to maintain its percentage interest in PAA that existed immediately prior to the issuance. Given that such 2% general partner interest will be converted to a non-economic general partner interest pursuant to the GP Conversion, the A&R PAA Partnership Agreement will eliminate this pre-emptive right with respect to future issuances of partnership securities by PAA.

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Omnibus Agreement and A&R Administrative Agreement

The Plains Entities will also enter into the Omnibus Agreement, which will provide for the following:

that, for periods following the Closing, all direct or indirect expenses of any of the Plains Entities will be paid by PAA, other than income taxes of the PAGP Entities. Such direct or indirect expenses include, but are not limited to (i) compensation for the directors of PAGP GP, (ii) director and officer liability insurance, (iii) listing exchange fees, (iv) investor relations expenses, and (v) fees related to legal, tax, financial advisory and accounting services;

the methods by which Economic Parity and Voting Parity will be maintained for periods following the Closing;

the ability of PAGP to issue additional Class A shares and use the net proceeds therefrom to purchase a like number of AAP Units from AAP, and the corresponding ability of AAP to use the net proceeds therefrom to purchase a like number of PAA Common Units from PAA; and

the ability of PAGP to lend proceeds of any future indebtedness incurred by it to AAP, and AAP's corresponding ability to lend such proceeds to PAA, in each case on substantially the same terms as incurred by PAGP. PAA will reimburse the net fees and expenses in connection with the incurrence of such debt; provided that PAA will only be required to reimburse such net fees and expenses on one occasion with respect to each incurrence of indebtedness by PAA from AAP.

The Omnibus Agreement will provide that, in the event that (i) PAGP GP ceases to own the general partner interest in PAGP, (ii) PAGP ceases to own all of the membership interests in GP LLC, (iii) GP LLC ceases to own the general partner interest in AAP, (iv) AAP ceases to own all of the membership interests in PAA GP, (v) PAA GP ceases to own the general partner interest in PAA, (vi) the PAGP Entities (x) engage in any business other than owning PAA and its subsidiaries, (y) make any investment in any person other than PAA and its subsidiaries or (z) incur any liabilities other than those resulting from its investment and management of PAA and its subsidiaries (excluding, in the case of (x), (y) and (z), such actions that are not material) or (vii) any event occurs that materially frustrates the intent of the Plains Entities to achieve or maintain Economic Parity and Voting Parity, the Plains Entities will re-negotiate the terms of the Omnibus Agreement in good faith to maintain the economic and governance alignment between PAA, PAGP and AAP. If the Plains Entities are unable to reach agreement within 60 days, then PAA or PAGP may terminate the Omnibus Agreement. In the event that the Omnibus Agreement is terminated, each party will refund or reimburse PAA any expenses (including interest expenses) paid by PAA on or after any of the events described in (i) - (vii) above.

The Plains Entities will also amend and restate the existing Administrative Agreement (as amended and restated, the "*A&R Administrative Agreement*") to remove the expense allocation provisions; such provisions will be provided for in the Omnibus Agreement.

Registration Rights Agreement

The holders of AAP Units other than PAGP and GP LLC will enter into a Registration Rights Agreement with PAA, pursuant to which PAA will agree to use commercially reasonable efforts to file, and cause to be continuously effective, a shelf registration statement to permit the public resale of the PAA Common Units to be held by AAP immediately following the Closing that are distributable to such holders following an AAP Unit Redemption. Additionally, PAA will agree to register the resale of any PAA Common Units issued to AAP following the Closing pursuant to the Omnibus Agreement in respect of certain AAP Management Units. In certain circumstances, the holders will have piggyback registration rights on offerings initiated by persons (other than PAA) for whom PAA has the obligation to undertake an underwritten offering (including the holders of its Series A Preferred Units), and

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certain holders will collectively have the right to request up to a total of twelve underwritten offerings, subject to size limitations and customary rights of PAA to delay such offerings.

PAA will be obligated to maintain the effectiveness of any such registration statement until the earlier of (i) the date on which all PAA Common Units covered by such shelf registration statement have been sold thereunder in accordance with the plan and method of distribution disclosed in the prospectus included in the registration statement, or (ii) the date on which such PAA Common Units cease to be "Registrable Securities" as that term is defined in the Registration Rights Agreement.

Voting Agreement

Concurrently with the execution of the Simplification Agreement, certain of our Shareholders that owned approximately 51.3% of the Class A and Class B shares outstanding as of July 11, 2016 (the "**Covered Shareholders**"), executed a Voting Agreement. Under the Voting Agreement, the Covered Shareholders agreed to appear at any meeting of the shareholders of PAGP, however called, including adjournment or postponement thereof, and in connection with any written consent of the shareholders of PAGP (provided, that no Covered Shareholder is required to act by written consent with respect to matters specifically subject to this proxy statement) or otherwise cause the Class A and Class B shares it owned as of the date of the Voting Agreement, as well as any Class A or Class B shares it may acquire prior to the date of such vote or consent (collectively, the "**Covered Shares**") to be counted as present for purposes of calculating a quorum. In addition, the Covered Shareholders have each conditionally agreed to vote, in person or by proxy, or deliver (or cause to be delivered) a written consent covering, all of the Covered Shares in the following manner:

in favor of the approval or adoption of, or consent to, the Simplification Agreement, the Transactions and any other action requested by PAGP in furtherance thereof submitted for the vote or written consent of shareholders of PAGP, provided, that no Covered Shareholder is required to act by written consent with respect to matters specifically subject to this proxy statement;

against the approval or adoption of any action, agreement, transaction or proposal that is intended, or would reasonably be expected, to result in a material breach of any covenant, agreement, representation, warranty or any other obligation of PAGP contained in the Simplification Agreement or of such Shareholder contained in the Voting Agreement; and

against any action, agreement, transaction or proposal that is intended, would reasonably be expected, or the result of which would reasonably be expected, to materially impede, interfere with, delay, postpone, discourage, frustrate the purposes of or adversely affect any of the Transactions or any action contemplated by the Simplification Agreement.

The Covered Shareholders have granted PAA an irrevocable proxy to vote or execute its written consent in the place of such Covered Shareholder if and to the extent the Covered Shareholders do not comply with their obligations described above.

Under the Voting Agreement, the Covered Shareholders have agreed not to (i) transfer any of the Covered Shares, beneficial ownership thereof or any other interest therein (excluding transfers involving the exchange of Class B shares for Class A shares or, when certain conditions are met, transfers to affiliates), (ii) enter into any agreement or take any other action that would reasonably be expected to violate or conflict with such Covered Shareholder's representations, warranties, covenants and obligations under the Voting Agreement, or (iii) take any action that would restrict or otherwise affect such Covered Shareholder's authority to comply with its obligations under the Voting Agreement. Any transfer in violation of the Voting Agreement will be null and void.

The voting and other obligations of the Shareholders pursuant to the Voting Agreement will terminate upon the earliest to occur of: (a) the date of the Closing, (b) the valid termination of the

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Simplification Agreement in accordance with the terms thereof, and (c) the mutual written consent of all of the parties thereto to terminate the Voting Agreement, upon which, in each case, the Voting Agreement shall terminate and be of no further force and effect with respect to all parties thereto. In addition, PAGP and PAA may mutually agree to terminate the Voting Agreement with respect to all or any portion of any Shareholder's Covered Shares by written notice to such Covered Shareholder.

The Simplification Agreement

The Simplification Agreement requires the Plains Entities to effect the Transactions by requiring the applicable entities to: (i) consummate the PAA Recapitalization; (ii) execute and deliver the A&R PAA Partnership Agreement, the A&R AAP Partnership Agreement, the A&R PAGP Partnership Agreement, the A&R GP LLC Agreement, the A&R PAGP GP LLC Agreement, the Registration Rights Agreement, the Omnibus Agreement, and the A&R Administrative Agreement; (iii) effect the reverse equity splits required to achieve Economic Parity; and (iv) issue the Class C shares to PAA to achieve Voting Parity, in each case, at the Closing, subject to the satisfaction of the conditions set forth in the Simplification Agreement.

The Parties to the Simplification Agreement

PAGP

We are a Delaware limited partnership (NYSE:PAGP) formed in July 2013 to own an indirect interest in the general partner and the IDRs of PAA, a publicly traded Delaware limited partnership. Although formed as a limited partnership, we have elected to be taxed as a corporation for United States federal income tax purposes.

For a more detailed description of our business, see our Annual Report on Form 10-K for the year ended December 31, 2015 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016, each of which is incorporated into this proxy statement by reference. Our principal executive office is located at 333 Clay Street, Suite 1600, Houston, Texas, and our telephone number is (713) 646-4100.

PAGP GP

PAGP GP manages our operations and activities and is responsible for exercising on our behalf any rights we have as the sole and managing member of GP LLC. PAGP GP's principal executive office is located at 333 Clay Street, Suite 1600, Houston, Texas, and its telephone number is (713) 646-4100.

GP LLC

GP LLC manages the business and affairs of PAA and AAP; however, through our current rights as the sole and managing member of GP LLC (including the right to appoint the members of the GP LLC board), we indirectly control the business and affairs of AAP and PAA. Following the Closing and the implementation of the unified governance structure described above, the PAGP GP board will have control over the business and affairs of AAP and PAA. GP LLC's principal executive office is located at 333 Clay Street, Suite 1600, Houston, Texas, and its telephone number is (713) 646-4100.

AAP

AAP is a Delaware limited partnership that directly owns all of PAA's IDRs and indirectly owns the 2% general partner interest in PAA. AAP is the sole member of PAA GP, which directly holds the 2% general partner interest in PAA. AAP's principal executive office is located at 333 Clay Street, Suite 1600, Houston, Texas, and its telephone number is (713) 646-4100.

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PAA GP

PAA GP is a Delaware limited liability company that holds the 2% general partner interest in PAA. PAA GP's principal executive office is located at 333 Clay Street, Suite 1600, Houston, Texas, and its telephone number is (713) 646-4100.

PAA

PAA is a publicly traded master limited partnership (NYSE:PAA) that owns and operates midstream energy infrastructure and provides logistics services for crude oil, natural gas liquids ("*NGL*"), natural gas and refined products. PAA owns an extensive network of pipeline transportation, terminalling, storage and gathering assets in key crude oil and NGL producing basins and transportation corridors and at major market hubs in the United States and Canada.

For a more detailed description of PAA's business, see PAA's Annual Report on Form 10-K for the year ended December 31, 2015 and PAA's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016, each of which is incorporated into this proxy statement by reference. PAA's principal executive office is located at 333 Clay Street, Suite 1600, Houston, Texas, and its telephone number is (713) 646-4100.

Representations and Warranties

The Simplification Agreement contains representations and warranties made by the Plains Entities regarding aspects of their organizational structure and capitalization, as well as other facts pertinent to the Transactions, including with respect to the following matters:

existence, good standing and qualification to conduct business;

capitalization, including ownership of subsidiary equity and the absence of restrictions or encumbrances with respect to equity of any subsidiary;

power and authorization to enter into and carry out the obligations of the Transactions and the enforceability of the Transaction Documents;

absence of any conflict, violation or termination of, or default under, organizational documents, third party agreements or applicable laws or regulations, as applicable, as a result of entering into and carrying out the obligations of the Simplification Agreement;

absence of fees payable to brokers;

absence of any material regulatory approvals or consents required to complete the Transactions;

due authorization and valid issuance of the PAA Common Units pursuant to the PAA Recapitalization and the Class C shares;

material compliance as to the form requirements of this proxy statement when filed, and the associated absence of material statements or omissions contained herein; and

status as an "accredited investor" under federal securities laws.

The representations and warranties contained in the Simplification Agreement will survive for a period of one year following the Closing.

Covenants

Pursuant to the Simplification Agreement, we have agreed to (i) prepare and file this proxy statement and include the PAGP GP board's recommendations herein (unless a change in recommendation has occurred prior to the filing), (ii) transmit this proxy statement to our

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Shareholders, (iii) call, hold and convene a meeting of our Shareholders and (iv) submit the Simplification Proposal to our Shareholders. The PAGP GP board has also agreed to recommend the approval of the Simplification Proposal to our Shareholders, subject to a potential change in recommendation as described below.

In addition, each of the Plains Entities has agreed (i) to cooperate to prepare and file this proxy statement, (ii) to file all tax returns and other reports consistent with the intended tax treatment of the PAA Recapitalization and use reasonable efforts to cause the PAA Recapitalization to qualify for such intended tax treatment, (iii) to use commercially reasonable efforts to take all actions necessary to consummate the Transactions; (iv) to not issue any press releases relating to the Transactions without the consent of the other Plains Entities except as required by law or NYSE rules and regulations and (v) to use reasonable best efforts to effect the reverse equity splits required to create the Economic Parity.

Except as contemplated by the Simplification Agreement, as required by law, or with the prior written consent of the other Plains Entities, the Plains Entities have agreed (i) to refrain from taking any action that would be reasonably likely to have a material adverse effect on its ability to perform any of its obligations under the Simplification Agreement; (ii) to not split, combine, reclassify, repurchase, redeem any of its equity interests, subject to limited exceptions; (iii) to not take any action that would reasonably be likely to result in a material delay or failure of any condition to the Closing without the consent of the Plains Entities; and (iv) to notify each other Plains Entity in the event that a material breach of the Simplification Agreement has occurred or is likely to occur.

In addition:

AAP has agreed, to the extent that (i) the Closing does not occur prior to the record date for PAA's distribution of available cash in respect of the third quarter of 2016 (the "**PAA Third Quarter Distribution**"), and (ii) the Third Quarter Distribution is below the current quarterly per unit level of \$0.70, (a) to borrow under the AAP Credit Agreement an amount equal to the excess, if any, between (x) the product of the number of PAA Common Units that will be issued to AAP at the Closing of the Transactions, and the distributions per PAA Common Unit paid in respect of the Third Quarter Distribution and (y) the distributions to be paid to PAA GP and AAP in respect of their 2% general partner interests and IDRs, respectively, pursuant to the Third Quarter Distribution, and (b) to distribute such borrowings to AAP's unitholders (the "**Third Quarter Distribution True-up Amount**"). We expect this amount to be approximately \$40 million if the PAA Third Quarter Distribution is reduced to \$0.55 per PAA Common Unit, as has been previously announced;

AAP has also agreed to not incur additional indebtedness under the AAP Credit Agreement prior to the Closing, subject to limited exceptions that include additional indebtedness as necessary to fund any capital contributions required to be made by PAA GP in order to maintain its 2% general partner interest in connection with any PAA equity issuance, to pay certain expenses and, if applicable, to pay the Third Quarter Distribution True-up Amount;

PAA GP has agreed to use its authority and discretion in order to ensure that the PAA Common Units issued to AAP at the Closing have materially identical economic and federal income tax characteristics to the PAA Common Units outstanding immediately prior to the Closing;

PAA has agreed to (i) submit an application to the NYSE for the listing of the Common Units to be issued in the Transactions, (ii) prepare for filing as promptly as practicable following the Closing the shelf registration statement contemplated by the Registration Rights Agreement and (iii) not issue or sell additional equity interests in excess of \$600 million without the prior written consent of PAGP, subject to certain exceptions; and

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PAGP will take all action necessary to cause the current members of the GP LLC board who are not currently members of the PAGP GP board to be appointed to the PAGP GP board effective as of the Closing.

Conditions to the Closing

The respective obligations of each Plains Entity to consummate the Transactions contemplated by the Simplification Agreement will be subject to the prior satisfaction (or waiver) of the following conditions:

the Simplification Proposal shall have been approved by the holders of a Share Majority;

each applicable Plains Entity shall have taken all actions necessary to effect the reverse equity splits at the Closing;

no law shall have been enacted or promulgated, and no action shall have been taken, by any governmental authority of competent jurisdiction that seeks to or does temporarily, preliminarily or permanently restrain, preclude, enjoin or otherwise prohibit the consummation of the Transactions or makes any of the Transactions illegal or materially alters the conclusions in the tax opinion of Vinson & Elkins L.L.P. described below;

each Plains Entity shall have performed or complied in all material respects with the covenants and agreements contained in the Simplification Agreement;

the representations and warranties of each Plains Entity shall be true and correct in all material respects on the date of the Closing (or earlier date, as applicable);

the representations set forth in the tax opinion certificate issued to Vinson & Elkins L.L.P. to render its opinion as of July 11, 2016, to the effect that the PAA Recapitalization should result in no gain or loss by PAA or its partners under the specified circumstances set forth therein, shall be true and correct in all material respects on the date of the Closing (or earlier date, as applicable); and

each other Plains Entity shall have executed and delivered all necessary documentation required under the Simplification Agreement, including the Transaction Documents.

The respective obligations of PAA and PAGP to consummate the Transactions will be further subject to the receipt of an opinion of counsel that none of PAGP, AAP or PAA will be an "investment company" as defined in the Investment Company Act of 1940, in each case, as a result of the consummation of the Transactions.

The respective obligations of AAP and PAGP to consummate the Transactions will be further subject to the PAA Common Units to be issued in the Transactions being approved for listing on the NYSE, subject only to official notice of issuance thereof.

Termination

The Simplification Agreement may be terminated and the Transactions abandoned at any time prior to the Closing:

(i) by the mutual consent of the Plains Entities;

(ii) by any Plains Entity if:

the Closing has not occurred by January 15, 2017;

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any governmental authority has issued a law, order or regulation or taken any other action, in each case permanently restraining, enjoining or otherwise prohibiting the consummation of any of the Transactions or making any of the Transactions illegal, and such action has become final and nonappealable; or

the Simplification Proposal is not approved by the holders of a Share Majority;

(iii) by PAA if there has been a material breach of, or any inaccuracy in, any of the representations or warranties, or a material breach of any of the covenants or agreements, in each case, by any PAGP Entity other than GP LLC, which breach is not cured within 30 days following receipt by the breaching party of written notice of such breach from the terminating party, or which breach, by its nature, cannot be cured prior to January 15, 2017; or

(iv) by PAGP or AAP if there has been a material breach of, or any inaccuracy in, any of the representations or warranties, or a material breach of any of the covenants or agreements, in each case, by PAA or GP LLC, which breach is not cured within 30 days following receipt by the breaching party of written notice of such breach from the terminating party, or which breach, by its nature, cannot be cured prior to January 15, 2017.

The termination of the Simplification Agreement does not trigger any break-up fees or other liquidated damage payments; however, no termination will relieve any Plains Entity from liability for damages for any willful and material breach of any agreement or covenant contained in the Simplification Agreement. The parties to the Simplification Agreement are also entitled to injunctive relief to prevent breaches of the Simplification Agreement and to enforce specifically the terms and provisions thereof.

Recommendation of the Board of Directors

At a special meeting held on July 11, 2016, after consideration, the PAGP GP board:

determined that the Transactions, on the terms and conditions set forth in the Transaction Documents, are (a) fair and reasonable to PAGP and the holders of Class A Shares, (b) in, or not opposed to, the best interests of PAGP and (c) in, or not opposed to, the best interests of the holders of Class A Shares;

approved, on behalf of PAGP GP and PAGP, (i) the Transactions upon the terms and conditions set forth in the Transaction Documents and (ii) the Transaction Documents; and

recommended that the Shareholders approve the Simplification Proposal.

Change in Recommendation by the PAGP GP Board

The PAGP GP board may withdraw, modify or qualify its recommendation to our Shareholders that they approve the Simplification Proposal if it has concluded in good faith, after consultation with its outside legal advisors and financial advisors, that the change in recommendation is necessary to comply with its duties under the our partnership agreement or that the failure to make such a change in recommendation would result in the violation of applicable law. However, prior to making a change in recommendation, PAGP must give PAA five business days prior written notice that the PAGP GP board intends to change its recommendation and specifying the reasons for the change in reasonable detail.

Required Approval of the Simplification Agreement and the Transactions

Our partnership agreement requires that we obtain the approval of the holders of a Share Majority prior to a transaction that would involve the sale or exchange of all or substantially all of our assets. The GP Conversion and the IDR Redemption may be deemed to be a sale or exchange of all or

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substantially all of our assets. In addition, the approval of the Simplification Proposal by the holders of a Share Majority is a condition to Closing under the Simplification Agreement. Therefore, the failure to receive the approval of the holders of a Share Majority for the Simplification Proposal would effectively prevent the closing of the Transactions from occurring as currently contemplated under the Simplification Agreement.

Concurrently with the execution of the Simplification Agreement, certain of our Shareholders that owned approximately 51.3% of the Class A and Class B shares outstanding as of July 11, 2016, executed a Voting Agreement, pursuant to which such Shareholders agreed to vote for the Simplification Proposal. Please see " Voting Agreement."

Background of the Transactions

The senior management of PAA regularly reviews market conditions and opportunities to improve the competitive positioning of PAA with the PAGP GP board and the GP LLC board (together with the PAGP GP board, the "**Boards**"). These reviews often include a discussion of upstream and midstream market conditions, acquisition and organic growth opportunities, capital market conditions and an assessment of PAA's competitive positioning within the midstream market and from the standpoint of PAA's access to, and cost of, capital.

During the last half of 2015, the energy industry continued to experience a downturn as North American oil and gas producers significantly reduced their drilling and completion activities in response to lower commodity prices, and the rate of growth of North American crude oil production slowed significantly and began to decline in some areas. Energy capital markets were generally in a state of distress, the depth and availability of public equity and debt capital contracted significantly and the cost of equity capital increased significantly. During the fourth quarter of 2015, PAA management was engaged in a dialogue with the Boards regarding the overall energy and capital market environment, PAA's near-term capital needs and the best way to position PAA for future growth.

PAA management's efforts regarding PAA's near-term capital needs focused on a convertible preferred issuance and resulted in the issuance by PAA of \$1.6 billion of Series A Preferred Units in January 2016. With respect to long-range solutions that would lower PAA's cost of capital and position it for future growth, beginning in early November 2015, PAA management began gathering information and, with assistance from the law firm of Vinson & Elkins L.L.P. ("**V&E**"), conducting preliminary analysis regarding potential simplification transactions that could significantly reduce and/or eliminate PAA's IDRs. This preliminary analysis involved the evaluation of several different potential structures and the tax, governance, regulatory and other implications of each alternative.

On November 4, 2015, during PAA's quarterly earnings conference call for the third quarter of 2015, in response to an analyst's question as to whether a simplification transaction would ever make sense for PAA, Mr. Armstrong commented on PAA's elevated cost of capital and the incremental impact of the "general partner burden" (*i.e.*, IDR structure) on PAA's overall cost of capital. He also acknowledged that PAA was open to exploring alternatives that would lower its cost of capital.

On November 12, 2015, at a regularly scheduled meeting of the Boards, members of PAA's management provided the Boards with an overview of recent simplification transactions by other midstream entities, a summary of PAA's cost of capital relative to its peers and a high-level preliminary overview of various structuring alternatives for a potential simplification transaction. The overview materials noted that PAA's midstream peers without an IDR structure had an average cost of equity (based on current yield) at the time of approximately 6.1%, versus approximately 9.5% for PAA. Such overview also included a discussion of selected benefits and other considerations relating to each of the alternatives discussed, in addition to an illustration of the potential impact of a simplification transaction on PAA's cost of capital.

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On December 8, 2015, Mr. Armstrong made a presentation at the 2015 Wells Fargo Energy Symposium in New York City, where he indicated that, given then current market conditions, PAA management was in the early stages of evaluating potential simplification transactions. He gave no assurance that any transaction would be proposed or consummated, but indicated that the primary focus was on improving PAA's cost of capital.

On December 15, 2015, the Boards held a joint telephonic meeting for the purpose of having PAA management provide the directors with a general update regarding PAA's equity financing plans for 2016. Mr. Armstrong discussed the current situation in the capital markets for midstream entities, the intermediate to long-term outlook for the industry and PAA's positioning and equity capital needs. Together, Mr. Armstrong and Al Swanson, PAA's chief financial officer, reviewed the status of PAA's efforts to raise equity capital through a private placement of preferred units. In addition, as a follow-up to the general discussions at the November meeting of the Boards regarding potential simplification transactions, Mr. Armstrong noted that PAA and PAGP share a common interest in analyzing simplification transactions that would lower PAA's incremental cost of capital and thereby enhance PAA's ability to sustainably compete for accretive acquisitions and projects. Considering such common interest, Mr. Armstrong suggested that it would be both prudent and efficient for the Boards to jointly engage a financial advisor to work with management to help identify and analyze potential simplification transactions for consideration by the Boards. In response, the Boards authorized PAA management to jointly engage a financial advisor to identify and analyze potential simplification transactions for consideration by the Boards, recognizing that approval of a specific transaction would require separate consideration by each Board in accordance with the requirements of their respective underlying governing documents. Shortly thereafter, GP LLC and PAGP GP jointly engaged Barclays Capital Inc. ("**Barclays**") to provide such advice and services.

Beginning in late December 2015, Barclays worked closely with PAA management and V&E to consider potential simplification transaction structures. As a part of such effort, PAA management, with input from Barclays and V&E, considered several structures, including (i) an IDR reset and/or modification transaction ("**IDR Modification Transactions**"), whereby PAA's minimum quarterly distribution would be increased to its current distribution level, thus "re-setting" the remaining sharing levels or "splits", or removing or capping the maximum split level, and (ii) various transactions that would eliminate the IDRs altogether ("**IDR Elimination Transactions**"). The primary potential IDR Elimination Transactions considered included (i) the acquisition by PAGP of AAP and PAA in exchange for Class A shares ("**PAGP Roll-Up**"), (ii) the acquisition by PAA of the IDRs and economic portion of the 2% general partner interest in exchange for PAA Common Units and the assumption of AAP's outstanding debt ("**PAA Simplification**") and (iii) the acquisition by AAP of PAA in exchange for AAP limited partner units ("**AAP Simplification**").

On January 12, 2016, PAA announced that it had received binding commitments for the purchase of approximately \$1.5 billion of Series A Convertible Preferred Units, and on January 28, 2016, the sale of such preferred units was consummated (the final amount of convertible securities sold totaled approximately \$1.6 billion).

On February 9, 2016, PAA and PAGP held their fourth quarter and year-end earnings call for the periods ended December 31, 2015. In response to a question during the call as to the status of the simplification review, Mr. Armstrong reaffirmed that management was committed to evaluating a potential simplification, but that nothing had been concluded at that time, that it could be middle of the year before an evaluation was completed and that there was no certainty that PAGP and PAA would undertake a simplification transaction.

On February 17, 2016, PAA management met with Barclays to discuss Barclays' preliminary analysis of the potential transaction structures. In general, such analysis concluded that while IDR Modification Transactions could reduce the overall cost of equity capital, such transactions were

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temporary fixes that often led to a future IDR Elimination Transaction; PAA management viewed the IDR Elimination Transactions as the preferred outcome for PAA and PAGP given their interest in pursuing a long term solution that would enhance PAA's competitive position and be in the best interests of both PAA and PAGP.

On the evening of February 17, 2016, at the regular joint dinner meeting of the Boards preceding the February 18, 2016 meeting of the Boards, members of PAA's senior management team and the directors of both Boards engaged in a wide-ranging discussion that covered a variety of factors impacting current and near term markets, including, among other factors: excess transportation capacity, production declines and volumetric over-commitments; recent rating agency actions and posturing; cost and/or lack of availability of public equity and debt capital near term; and private equity capital and project finance.

On February 18, 2016, in a joint executive session of the Boards, Mr. Armstrong led a discussion regarding general market conditions, PAA's market valuation, challenges PAA's valuation posed with respect to making attractive and strategic acquisitions and critical factors impacting valuations for PAA and PAGP. Factors discussed included challenging crude oil market conditions and associated uncertainties, PAA's less than one-to-one distribution coverage and the real and perceived burdens associated with the IDRs. Mr. Armstrong also shared with the Boards his view that based on comments made by investors, there appeared to be a general sense that the financial community would support a potential simplification transaction, but was hesitant to invest in, or increase their positions in, either PAA or PAGP due to the uncertainty about how such a transaction would impact each entity. Mr. Armstrong also led a discussion of valuations of competitors/peers who had previously simplified their capital structures by eliminating their incentive distribution rights, which in turn led to a discussion about potential benefits of simplifying PAA's structure in a way that would optimally position PAA for future profitability and growth. The directors of both Boards expressed their support of, and encouraged management to accelerate, management's effort to analyze and assess potential simplification transactions that would be fair and reasonable from the perspective of both entities, taking into account the various constituencies involved. The directors also requested that the analysis include an assessment of PAA's performance under various industry and market conditions.

Throughout the balance of February 2016 and early March 2016, PAA management, with input from Barclays and V&E, continued to evaluate the various alternative structures from an economic, tax, governance and regulatory perspective and refine their respective analyses of the potential simplification transactions. During this period, V&E distributed a draft memorandum outlining the structuring steps for a proposed simplification transaction that included commentary regarding tax impacts, required consents and approvals, proposed governance and related matters. During this period, PAA management also developed an initial range of financial forecasts (consisting of three different cases) that were designed to estimate the likely performance of PAA in a variety of industry and market conditions (such forecasts, as supplemented and modified over time, the "**Financial Forecasts**").

On March 4, 2016, PAA management sent a summary of the initial Financial Forecasts to Messrs. Sinnott, Raymond and Figlock in their capacity as representatives of KAFU Holdings, L.P. (an affiliate of Kayne Anderson Investment Management Inc. ("**KA**")), EMG Investment, LLC (an affiliate of the Energy & Minerals Group ("**EMG**")) and Oxy Holding Company (Pipeline), Inc. (an affiliate of Occidental Petroleum Corporation ("**Oxy**")), respectively (collectively, the "**Principal GP Owners**"). The initial Financial Forecasts consisted of financial forecast scenarios that management intended to use in evaluating a potential simplification transaction. The initial Financial Forecasts incorporated multiple assumptions regarding the timing and velocity of a recovery in drilling and completion activity, among other factors, in order to quantify the estimated impact of a range of U.S. production forecasts on PAA's financial performance. Given the many near term uncertainties and pressure points with respect to distribution coverage and credit metrics, PAA management also generated comparative cases and

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sensitivity analyses that incorporated assumptions to right-size the PAA Common Unit distribution level, coverage and overall leverage.

On March 9, 2016, PAA management sent the initial Financial Forecasts to the Boards.

On March 17, 2016, PAA management sent an initial presentation (the "**Preliminary Presentation**") to the Principal GP Owners that outlined potential alternative structures to modify or eliminate PAA's IDRs along with related economic, tax structuring and other considerations. The Preliminary Presentation included an overview of the current market environment for midstream entities, a peer cost of equity capital comparison and an overview of the preliminary analyses of the various alternative simplification structures and transactions. The peer cost of equity capital comparison demonstrated that the cost of equity capital (based on current yield) for PAA's midstream peers without an IDR structure had risen to approximately 8% (versus 6.1% in November 2015), while PAA's cost of equity capital had risen to approximately 15.6% (versus 9.5% in November 2015). The analyses in the Preliminary Presentation also included a summary that contained an overview of four Financial Forecasts (the three initial cases, plus an initial "hybrid" case that for expediency and illustration was generated by combining discrete time periods from each of the three initial cases) and additional related information, including an explanation of the modeled distribution reduction and related distribution policy considerations, cash flow contribution analysis and accretion/dilution sensitivities for each case assuming various exchange ratios, which exchange ratios represented a range of implied ownership splits between PAA's limited partner owners and the owners of its general partner interest and IDRs based on the relative contribution analyses.

From approximately March 18, 2016 through April 19, 2016, Mr. Armstrong and various members of PAA management met separately with the representatives of the Principal GP Owners to discuss the Preliminary Presentation, solicit their feedback on the analyses set forth therein, and engage in follow-up discussions to further explain and discuss the materials.

Throughout this period, PAA management continued to refine its analyses, respond to inquiries from the Principal GP Owners and provide the Principal GP Owners information that included the following:

a new "hybrid" Financial Forecast case, which replaced the initial hybrid case and incorporated refined assumptions regarding both the timing and velocity of a resumption in drilling and completion activity, as well as a reallocation of future activity increases in select onshore crude oil basins (the "**Hybrid Forecast Case**"); and

a detailed "Industry Overview" presentation, which included certain of PAA management's observations about the current cycle, the implications for future production scenarios and the resulting impact on midstream performance and opportunities (the "**Industry Overview**").

On March 29, 2016, Mr. Armstrong provided to the Boards a general update covering a number of matters, including PAA's performance, financial position and activities. The update also included a status report on discussions with the Principal GP Owners related to a potential simplification transaction, noting the challenges associated with developing a consensus regarding a transaction given the variances in views on the extent and duration of the industry recession and the inherent valuation risks and uncertainties associated with the IDRs.

On April 21, 2016, Mr. Armstrong provided a general update to both Boards that covered a variety of topics and attachments, including (i) a copy of the Industry Overview, (ii) a copy and explanation of the Hybrid Forecast Case and related distribution scenarios, (iii) a summary of recent rating agency developments and dialogue, and (iv) an overview of the simplification process and discussions through such date.

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On April 28, 2016, representatives of PAA management met with Barclays and V&E to review the ongoing efforts to evaluate a potential simplification transaction. This meeting included a review of alternative transaction structures and summary valuation analyses. The parties also discussed various process and timing considerations. Regarding alternative transaction structures, the parties discussed various potential IDR Modification Transactions and IDR Elimination Transactions. Specifically, the IDR Modification Transactions discussed included an IDR reset, which would involve increasing PAA's minimum quarterly distribution to the current distribution level, thus "re-setting" the IDR sharing levels or "splits," as well as possible IDR modifications such as removing, reducing or capping the maximum split level. The IDR Elimination Transactions discussed included a PAGP Roll-Up, PAA Simplification and AAP Simplification. The parties also discussed the merits and potential drawbacks associated with IDR Modification Transactions relative to IDR Elimination Transactions, noting that while both forms of transactions could reduce PAA's cost of capital, the IDR Modification Transactions were temporary solutions that did not foreclose the possibility of adverse consequences over the long term, as IDRs would continue to limit future common unit distribution growth. It was also noted that several other master limited partnerships had initially completed IDR Modification Transactions but ultimately pursued IDR Elimination Transactions in order to permanently reduce their cost of capital. By contrast, the parties discussed the fact that IDR Elimination Transactions represented a long-term, permanent solution that would improve alignment between the limited partner and general partner owners, more effectively lower the cost of equity capital by permanently eliminating the IDR burden, and more significantly enhance the ability of PAA to deploy incremental capital towards potential acquisition and development projects that could drive distributable cash flow growth for PAA. In consideration of these factors, PAA management confirmed its prior preliminary conclusion that an IDR Elimination Transaction was the preferred outcome for PAA relative to potential IDR Modification Transaction structures. The parties also considered the tax attributes for each of the potential IDR Elimination Transaction structures, the extent to which the structures would minimize post transaction taxes, the ability of the resulting entity to issue equity securities pursuant to a short-form, S-3 shelf registration statement following the consummation of the transaction, the ability of the resulting entity to raise equity capital from institutional and other investors who desired to invest in corporations rather than partnerships, and the ability of PAA to reset its common unit distribution level in connection with or as a part of any such simplification transaction. Taking into account these factors, PAA management preliminarily concluded that of the IDR Elimination Transaction structures considered, the PAA Simplification structure appeared to be the most favorable.

On May 4 and 5, 2016, PAA management distributed discussion materials to the representatives of the Principal GP Owners. Such materials included (i) an illustrative transaction framework for an IDR Elimination Transaction (using the PAA Simplification structure) that set forth various governance, structure, process and other considerations, (ii) valuation materials, including a contribution analysis setting forth the relative distributions to PAA's limited partners and its general partner owners (*i.e.*, AAP's equity owners) under various Financial Forecasts, and (iii) an overview presentation and illustrative framework for a "contingent value right" or "**CVR**" that could be used as a potential earn-out currency to provide additional contingent equity value to the holder of the IDRs in the event that such mechanisms were ultimately required to bridge a potential valuation gap between PAA's limited partners and its general partner owners.

Also on May 5, 2016, PAA management also provided representatives of KA with certain information they had requested, including various sensitivities involving different exchange ratios and distribution cut levels as well as additional Permian Basin production case sensitivities.

On May 5, 2016, PAA and PAGP held their quarterly earnings call for the quarter ended March 31, 2016. During this call, Mr. Armstrong noted that PAA management's evaluation of potential simplification alternatives was ongoing and that there had been frequent discussions regarding same with the Principal GP Owners and the Boards. He reiterated the overall objective of trying to identify a

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"win/win" transaction that would better position PAA to perform and prosper over the long term, and stressed that no decision had been made regarding whether PAA and PAGP would enter into a simplification transaction.

On May 6, 2016, PAA management distributed an illustrative preliminary simplification process and timeline to the representatives for the Principal GP Owners that summarized the key steps that would need to be taken in connection with a PAA Simplification and set forth an illustrative timeline for such steps.

On May 12, 2016, Mr. Armstrong sent a memorandum to the Boards informing them of Moody's decision to downgrade PAA's credit rating from Baa2 (negative outlook) to Baa3 (negative outlook) and noting Moody's references in their statement to the potential for a GP/LP simplification as well as PAA's less than one-to-one distribution coverage.

On May 15, 2016, in advance of the scheduled May 18, 2016 Board dinner and May 19, 2016 meetings of the Boards, Mr. Armstrong notified the members of the Boards that a meeting would be held immediately prior to the May 18th Board dinner for the purpose of discussing the potential simplification transaction; Mr. Armstrong attached a presentation prepared by PAA management that provided an overview of the rationale and considerations involved with such a transaction as well as the various actions taken to date. The presentation included an overview of the proposed governance provisions, an illustrative timeline and a summary of the directors' duties in evaluating such a transaction.

On May 18, 2016, the Boards held a joint meeting at the offices of PAA to discuss a potential simplification transaction. In addition to all of the directors of both Boards, various members of PAA's management team, a representative of Barclays and John Rutherford, a consultant to PAA and PAGP, were in attendance. Mr. Armstrong, other members of PAA management, the Barclays representative and Mr. Rutherford reviewed the materials distributed to the Boards on May 15, 2016. In particular, Mr. Armstrong provided a summary of PAA's then current situation, noting that while PAA had one of the best crude oil asset platforms and business models in the sector with meaningful upside in the event of a recovery in U.S. production growth, as a result of the recent industry downturn PAA was over-distributing cash to its equity holders and operating above targeted leverage metrics, which adversely impacted its equity valuation and credit spreads and endangered its investment grade credit ratings. Mr. Armstrong also noted that in the current environment, the need for a strong balance sheet and low cost of capital had become increasingly important to compete for acquisitions, which were viewed as one of the primary means for achieving future growth given the general overbuilt status of the midstream sector. Various presenters then reviewed the results of the analysis that had been completed to date on alternative transaction structures and PAA management reiterated its view that an IDR Elimination Transaction was the preferred outcome for PAA relative to potential IDR Modification Transactions and that of the various IDR Elimination Transaction structures considered, the PAA Simplification structure appeared to be the most favorable taking into account the various factors considered. Mr. Armstrong summarized management's view that combining an IDR Elimination Transaction with a reset of PAA's distribution would improve PAA's positioning for the future by (i) restoring healthy distribution coverage, (ii) accelerating the strengthening of PAA's credit profile and credit rating, (iii) reducing PAA's reliance on external equity capital for organic growth needs, and (iv) improving PAA's overall cost of and access to capital and positioning PAA to generate incremental growth opportunities. After considering the materials prepared for the meeting and taking into account the various points made by Mr. Armstrong and the other meeting participants, there was a general consensus among the directors that an IDR Elimination Transaction using the PAA Simplification structure coupled with a distribution reduction appeared to present the best long-term solution for PAA and PAGP of the various alternatives considered, assuming that the parties could reach agreement on the specific terms for a simplification transaction. No action was taken at the meeting, but it was agreed that formal consideration of necessary next steps would take place on May 19, 2016.

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On May 19, 2016, each of the Boards held their regularly-scheduled, quarterly board meetings. During these meetings, the Boards continued to discuss matters related to a potential simplification transaction. The following formal actions were taken:

The PAGP GP board authorized a sub-group of its members consisting of Messrs. John Raymond, Robert Sinnott and Bernard Figlock to hire financial and legal advisors on behalf of PAGP and PAGP GP in connection with any proposed simplification transaction; and

The GP LLC board identified Messrs. Christopher M. Temple, Gary R. Petersen and J. Taft Symonds, as qualified to participate as potential members of a conflicts committee of GP LLC (the "*PAA Conflicts Committee*") in connection with the evaluation of a simplification transaction, and in order to be prepared to act promptly if a formal proposal was received, authorized them to interview potential financial and legal advisors.

The Boards also acknowledged that if a transaction was going to be agreed upon, it would be ideal from a timing standpoint to finalize and announce the transaction and the distribution reduction on or before July 11, 2016, which was the time when PAA would normally announce the amount of its quarterly distribution for the second quarter of 2016.

On May 25, 2016, PAA management hosted its annual "PAA Investor Day," during which members of management provided presentations on several topics, including PAA's strategy, assets, financial position and performance outlook. A portion of the presentation included management's views on several production forecast scenarios and comments regarding a potential simplification of PAA, including comments that:

PAA's general partner and limited partner structure is unique within the MLP universe and while that made for a more complex analysis of potential simplification transactions, such a structure also provided more flexibility to investors (including in terms of which entity is more tax efficient for investors) than is generally available to a typical MLP structure;

PAA management had approached its analysis of a potential simplification transaction with a clear bias for a non-taxable transaction that would retain PAA's existing flow-through tax structure; and

PAA management's analysis involved a detailed assessment of PAA's future performance, opportunities, and financial considerations under various industry scenarios and the impact of alternative structures on PAA's equity and debt stakeholders.

During the week of May 23, 2016, the authorized sub-group of the PAGP GP board interviewed representatives of three different investment banking firms to serve as financial advisors to the PAGP GP board for a potential simplification transaction. In order to facilitate such interviews, at the request of the authorized sub-group of the PAGP GP board, prior to their meetings with the sub-group, PAA management provided to the advisor candidates general background information regarding a potential simplification transaction.

Also during the week of May 23, 2016, Messrs. Temple, Petersen and Symonds, acting pursuant to the authority given to them by the GP LLC board, interviewed multiple law firms and selected Richards, Layton & Finger, P.A. ("*RLF*") as independent counsel, conditional on the formation of a conflicts committee by the GP LLC board.

During the week of May 30, 2016, Messrs. Temple, Petersen and Symonds, acting pursuant to the authority given to them by the GP LLC board, interviewed representatives of five different investment banking firms to serve as financial advisors to the PAA Conflicts Committee for a potential simplification transaction, conditional on the formation of a conflicts committee by the GP LLC board. In order to facilitate such interviews, PAA management provided to the advisor candidates general background information regarding a potential simplification transaction.

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On June 1, 2016, the PAGP GP board retained Baker Botts L.L.P. ("**Baker Botts**") as its independent legal counsel and on June 3, 2016 hired Jefferies as its financial advisor. Shortly thereafter, PAA management provided Jefferies and Baker Botts with diligence materials that included, among other items, all the materials presented to the PAGP GP board since November 2015 in connection with its review of a potential transaction and alternatives thereto, as well as an explanation of PAA management's key considerations regarding PAA's forward distribution policy and a steps memorandum that outlined the various specific and discrete transactions that would need to be taken, as well as related approval, tax and governance considerations, in connection with a potential IDR Elimination Transaction using the PAA Simplification structure (the "**Steps Memo**").

From June 3 through June 6, 2016, PAA management, at the request of the PAGP GP board, held due diligence meetings with representatives of Jefferies, which meetings included detailed reviews of well performance and activity levels in key oil and gas producing regions that formed the partial basis for the Financial Forecasts. On June 6, 2016, PAA management and representatives of V&E met at the offices of V&E with representatives of Baker Botts, Latham & Watkins LLP (as counsel to Oxy), Jefferies, and the Principal GP Owners to review various potential IDR Modification Transactions and IDR Elimination Transactions, the Steps Memo and related matters considered in connection with the simplification evaluation activities through such date.

On June 6, 2016, the PAGP GP board held a telephonic meeting for the purpose of (i) obtaining a status update on the hiring of Baker Botts and Jefferies, (ii) discussing the duties and functions of the PAGP GP board and (iii) discussing the process and timing regarding Jefferies' analysis. All members of the PAGP GP board were in attendance, as well as members of PAA management and representatives of Jefferies and Baker Botts. The authorized sub-group of the PAGP GP board provided an update to the full board regarding their process in selecting legal and financial advisors. Baker Botts advised the board on its fiduciary duties and provided preliminary thoughts on the process by which the board should evaluate the transaction. The PAGP GP board then discussed with representatives of Jefferies the financial analysis undertaken by Jefferies to date. At the meeting, the PAGP GP board agreed that each meeting of the PAGP GP board during the process should include an executive session without Mr. Armstrong or other members of management present. Following such discussion, all members of PAA management, including Mr. Armstrong, left the meeting, and the remaining PAGP GP board members, representatives of Baker Botts and representatives of Jefferies further discussed the process and timing regarding Jefferies' analysis. The meeting concluded with the PAGP GP board requesting Jefferies to continue its work and to provide an update to the board on June 13, 2016.

On June 7, 2016, on behalf of the PAGP GP board, Jefferies requested a sensitivity analysis (the "**June Sensitivity Analysis**") to the Hybrid Forecast Case to better understand how recent improvements in well performance and increases in activity in specific oil producing basins impacted the Hybrid Forecast Case. The June Sensitivity Analysis was provided by PAA management to Jefferies on June 9, 2016.

During the week of June 6, 2016, Messrs. Temple, Petersen and Symonds selected Tudor, Pickering, Holt & Co. ("**TPH**") as financial advisor to the PAA Conflicts Committee, conditioned upon the formation of the PAA Conflicts Committee by the GP LLC board. From June 9 through June 16, 2016, PAA management provided due diligence materials, including the Steps Memo, the June Sensitivity Analysis and the other Financial Forecasts, to TPH and RLF, and held due diligence meetings with representatives of TPH and RLF at the request of the PAA Conflicts Committee.

On June 13, 2016, the PAGP GP board held a telephonic meeting. All members of the PAGP GP board were in attendance, as well as representatives of management, Baker Botts and Jefferies. At the meeting, representatives of Jefferies delivered a presentation regarding the results of certain of Jefferies' financial analyses to date, and the PAGP GP board discussed the results of Jefferies' analyses

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and related considerations. Following such discussion, all members of PAA management, including Mr. Armstrong, left the meeting, and the remaining PAGP GP board members met in executive session with Baker Botts and Jefferies. While in executive session, the PAGP GP board discussed the key terms of a potential proposal for a PAA Simplification to be submitted to the GP LLC board, as well as the optimum strategy to achieve the desired result. Mr. Armstrong then rejoined the meeting and the non-management directors presented a summary of their desired terms to be included in an initial proposal to the PAA Conflicts Committee. The PAGP GP board also requested that Jefferies prepare additional financial analyses relating to the "Downside" case contained in the Financial Forecasts.

Also on June 13, 2016, after its meeting, the PAGP GP board submitted a written proposal for a PAA Simplification to the GP LLC board (the "**Initial Proposal**"). The Initial Proposal provided that (i) AAP would agree to the GP Conversion and IDR Redemption in exchange for the issuance by PAA of 0.415 PAA Common Units in respect of each outstanding AAP Unit (on a fully diluted basis assuming the conversion of all outstanding AAP Management Units), which equated to 271,309,837 PAA Common Units, with the understanding that if the GP LLC board desired to pursue a PAA Simplification with a lower exchange ratio, the PAGP GP board would only be willing to consider such a transaction with the addition of CVRs that provided future upside for AAP's equity owners; (ii) PAA would reduce its targeted distribution level for its units to an annualized amount of \$2.20 per PAA Common Unit and would manage future distribution amounts with the goal of maintaining minimum distributable cash flow coverage levels of 1.15x; and (iii) PAGP, AAP and PAA would negotiate and agree upon other related terms, as well as definitive documentation that would not include a "lock-up" agreement that would restrict holders of AAP units from redeeming and selling their proportionate share of the PAA Common Units to be received by AAP in connection with the simplification transaction and would include registration rights in favor of the existing AAP equity owners with respect to such PAA Common Units. Consistent with the Steps Memo, the Initial Proposal presumed the assumption by PAA of up to \$593 million of debt (less any cash on the balance sheet of AAP at the time of closing) pursuant to the AAP Credit Agreement, though this was not explicitly stated in the Initial Proposal. It was further understood by the PAGP GP board that the PAGP GP board designation rights of existing owners and the "trigger date" concept for the election of directors was to be preserved, with the "trigger date" defined as the date at which the overall direct and indirect economic interest of the Initial Owners and their permitted transferees in AAP falls below 40%, though this was not explicitly stated in the Initial Proposal.

On June 14, 2016, a special meeting of the GP LLC board was held to establish the PAA Conflicts Committee and make appropriate delegations to the PAA Conflicts Committee regarding the Initial Proposal. The members of the GP LLC board discussed the role of, and the criteria for membership on, the PAA Conflicts Committee. Richard McGee, General Counsel of GP LLC, led a discussion regarding the establishment of the PAA Conflicts Committee, which included: (a) a review of the requirements under the PAA partnership agreement and GP LLC limited liability company agreement; and (b) confirmation of pertinent information relating to the independence of each of the independent directors of GP LLC. After confirming the independence and qualification of Messrs. Temple, Petersen and Symonds, the GP LLC board appointed each of such individuals as members of the PAA Conflicts Committee, with Mr. Temple as chairman, and delegated full power and authority of the GP LLC board to the PAA Conflicts Committee to, among other things:

review and evaluate the Initial Proposal, on behalf of PAA and the public holders of PAA Common Units;

negotiate, or delegate to any person or persons the authority to negotiate on behalf of PAA, the terms and conditions of the Initial Proposal and the simplification transaction contemplated thereunder;

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determine whether or not to grant Special Approval pursuant to Section 7.9 of the PAA partnership agreement, and approval pursuant to Section 5.5(b) of the limited liability company agreement of GP LLC, with respect to the proposed simplification transaction; and

if applicable and as appropriate, exercise the full authority of the GP LLC board with respect to the approval of any potential simplification transaction, including the authorization of the execution and delivery of any documents, instruments or agreements with respect the proposed transaction.

On June 16, 2016, PAA management and V&E provided a tax presentation to TPH and Jefferies that outlined the risk of a termination of PAA for tax purposes as well as some potential structural mitigants that would lessen the chances that a termination would take place. On June 17, 2016, PAA management sent an illustrative tax model to TPH and Jefferies further describing the risks and impacts of a tax termination.

On June 16, 2016, PAA management and V&E met with the PAA Conflicts Committee, TPH and RLF and discussed, and answered questions with respect to, the Steps Memo, the Financial Forecasts and other aspects of the proposed simplification transaction.

On June 17, 2016, V&E circulated to Baker Botts initial drafts of a simplification agreement and certain other transaction documents that would be entered into in connection with the potential simplification transaction using the PAA Simplification structure (the "**Definitive Agreements**"). Between June 17, 2016 and July 11, 2016, Baker Botts and V&E had several discussions and legal negotiations regarding the drafts of such Definitive Agreements.

From June 15 to June 20, the PAA Conflicts Committee held a series of meetings to discuss and consider the Initial Proposal and the proposed simplification transaction with TPH and RLF in attendance. On June 20, 2016, the PAA Conflicts Committee responded to the PAGP GP board's Initial Proposal with a written counter-proposal (the "**First Counter Proposal**"). The First Counter Proposal provided that (i) PAA would agree to issue 210,854,271 PAA Common Units (while the First Counter Proposal did not specify an exchange ratio, it implied an exchange ratio of 0.3225 PAA Common Units for each AAP Unit) and to assume up to \$593 million of debt (less any cash on the balance sheet of AAP at the time of closing) under the AAP Credit Agreement in exchange for AAP agreeing to the GP Conversion and IDR Redemption, (ii) no CVRs would be issued, (iii) to the extent that new redemption rights were to be created to enable AAP owners to redeem their AAP Units in exchange for their pro rata interest in PAA Common Units held by AAP, the Definitive Agreements would contain "lock up" provisions that would require AAP to retain (A) at least 80% of the PAA Common Units received by AAP for one year following the closing of the simplification transaction and (B) at least 45% of the PAA Common Units received by AAP for the second year following the closing of the simplification transaction; (iv) to the extent that PAGP GP desired to have a unified board structure such that the PAGP GP board would also function as the board of directors of PAA, the PAA Conflicts Committee was still considering the merits of such a structure but provided the following observations: (A) the independent members of the GP LLC board should become members of the PAGP GP board and (B) following the "trigger date" (as defined in the organizational documents of PAGP GP), the holders of PAA Common Units would have the right to participate in the election of directors to the PAGP GP board and (v) the PAA Conflicts Committee acknowledged that certain parties to the simplification transaction would enter into an omnibus agreement providing for economic alignment among PAA, PAGP and AAP and appropriate documentation to ensure that the approval of PAGP shareholders would be obtained.

On June 21, 2016, PAA management circulated a presentation outlining potential benefits of a simplification transaction to Jefferies and TPH, with such benefits including (i) improved alignment between the PAGP and PAA equityholders, (ii) lowered equity cost of capital and enhanced ability to deploy incremental capital, (iii) valuations and trading multiples being more in line with peer

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companies, and (iv) improved perception of the combined entities by credit rating agencies. The presentation also included a framework for quantifying the potential benefits of a simplification transaction to both sets of equity holders at various exchange ratios.

Later in the day on June 21, 2016, the PAGP GP board held a telephonic meeting. All members of the PAGP GP board were in attendance, as well as representatives of management, Baker Botts and Jefferies. The PAGP GP board, with the assistance of Baker Botts and Jefferies, reviewed the terms of the Initial Proposal and the First Counter Proposal. Representatives of Jefferies then delivered a presentation regarding the results of certain of Jefferies' financial analyses, including analyses relating to the First Counter Proposal, and the PAGP GP board discussed the results of Jefferies' analyses and related considerations. Baker Botts then provided the PAGP GP board with (i) an overview of the proposed simplification transaction, including a discussion of transaction steps, governance issues and key documentation, (ii) an overview of material tax matters related to the proposed simplification transaction, including an overview of the tax treatment of possible alternative transactions considered by PAGP, and (iii) advice regarding the fiduciary duties of the PAGP GP board. Following such discussion, all members of PAA management, including Mr. Armstrong, left the meeting, and the remaining PAGP GP board members met in executive session with representatives of Baker Botts and Jefferies. While in executive session, the non-management directors of the PAGP GP board discussed reactions to the First Counter Proposal and the strategy for responding to the First Counter Proposal. After this discussion, Mr. Armstrong returned to the meeting and the full board continued its discussion. After a discussion, the full PAGP GP board agreed to present the Second Counter Proposal described below to the PAA Conflicts Committee.

After its meeting, the PAGP GP board responded with a written counter-proposal (the "**Second Counter Proposal**"). The Second Counter Proposal provided that while the PAGP GP board did not consider the First Counter Proposal received from the PAA Conflicts Committee to be a constructive starting point for negotiations, the PAGP GP board was willing to modify its Initial Proposal to provide that AAP would agree to the GP Conversion and IDR Redemption in exchange for the issuance by PAA of 0.405 PAA Common Units in respect of each outstanding AAP Unit, which equated to 264,772,251 PAA Common Units. The Second Counter Proposal assumed a reduction in the PAA quarterly distribution to \$2.20 per PAA Common Unit on an annualized basis and a target minimum distributable cash flow coverage level of 1.15x. The PAGP GP board noted in the Second Counter Proposal (i) that it reserved the right to introduce CVRs as a form of earn-out currency to bridge any additional requests for reduction to the exchange ratio, (ii) that its proposal assumed the assumption by PAA of up to \$593 million of debt outstanding (less any cash on the balance sheet of AAP at the time of closing) pursuant to the AAP Credit Agreement; and (iii) its belief that time was of the essence and its desire to reach agreement regarding a simplification on or before July 11, 2016. To the extent that a further reduction in the exchange ratio was to be requested, the PAGP GP board requested a meeting with the PAA Conflicts Committee and a representative of TPH as soon as possible, and as early as June 22, 2016.

On June 22, 2016, at the request of Jefferies and TPH, PAA management prepared and circulated to such advisors a presentation (i) clarifying management's view regarding the financial projections that should be considered by the PAGP GP board, the PAA Conflicts Committee and their respective advisors in connection with the proposed simplification transaction (such projections being four Financial Forecast cases consisting of the "Downside," "Hybrid," "June Sensitivity," and "Upside" cases previously provided), (ii) setting forth PAA management's beliefs regarding the appropriate long-term (post-2021) perpetual distributable cash flow growth rate range to assume in the status quo case scenario (i.e., assuming no simplification transaction), and (iii) setting forth PAA management's thoughts regarding appropriate assumptions for post-simplification benefits in the form of incremental investment opportunities and a reduced trading yield.

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On June 22 and June 23, 2016, the PAA Conflicts Committee held multiple meetings to discuss and consider the Second Counter Proposal and the potential simplification transaction with TPH and RLF in attendance. On June 23, 2016, the PAA Conflicts Committee responded to the Second Counter Proposal with a written counter proposal (the "*Third Counter Proposal*"). The Third Counter Proposal provided that PAA would agree to issue 217,432,617 PAA Common Units (while the Third Counter Proposal did not specify an exchange ratio, it implied an exchange ratio of 0.3326 PAA Common Units for each AAP Unit) and to assume up to \$593 million of debt (less any cash on the balance sheet of AAP at the time of closing) under the AAP Credit Agreement in exchange for AAP agreeing to the GP Conversion and IDR Redemption. In the Third Counter Proposal, the PAA Conflicts Committee noted that its offer assumed the simplification transaction (i) would not include the issuance of any CVRs and (ii) would be consummated in connection with a reduction in the current PAA distribution to an annualized amount in the range of \$2.00 to \$2.20 per PAA Common Unit and a target minimum distributable cash flow coverage level of 1.15x. In its response, the PAA Conflicts Committee advised that it did not believe a meeting with representatives of the PAGP GP board would be productive at that time.

Also on June 23, 2016, while in Los Angeles on other business, Mr. Armstrong and two other members of PAA management met with Mr. Sinnott and another KA principal and briefly discussed the status of discussions between the PAGP GP board and the PAA Conflicts Committee regarding a potential simplification transaction. Mr. Armstrong indicated that if current discussions did not result in meaningful progress soon, he was considering recusing himself from participating in PAGP GP board deliberations and devoting his efforts to working with both parties to advance the discussions.

Also on June 23, 2016, V&E circulated revised drafts of the Definitive Agreements to Baker Botts and representatives and advisors of the Principal GP Owners. Such parties and V&E reviewed and discussed various drafts.

On June 24, 2016, Jefferies provided the PAGP GP board with supplemental materials that included a contribution analysis under each of the Financial Forecast cases on a status quo basis and an analysis of the aggregate benefits to both PAA and AAP equityholders that could potentially result from a simplification transaction. In addition, Jefferies undertook to analyze potential CVR structures in the event that CVRs were ultimately required to bridge a potential valuation gap between the PAA Conflicts Committee and the PAGP GP board.

On June 26, 2016, in recognition of the fact that negotiations between the PAGP GP board and the PAA Conflicts Committee had reached an impasse and in an effort to identify a path forward, Mr. Armstrong contacted Mr. Raymond of EMG. Mr. Armstrong indicated to Mr. Raymond that while the parties were at an impasse regarding the consideration to be paid by PAA for the proposed transaction, it appeared both parties were in agreement regarding the need to reduce PAA's common unit distribution to an annualized level of \$2.20 per unit and the need to manage distributions going forward with the goal of maintaining minimum distributable cash flow coverage levels of 1.15x. Accordingly, Mr. Armstrong indicated to Mr. Raymond that these adjustments would address his key concerns as Chief Executive Officer of PAA responsible for looking out for the best interests of the organization as a whole, and that he believed it made more sense at that point in the process for Mr. Armstrong to excuse himself from any PAGP GP board deliberations or votes on the proposed simplification transaction and instead focus his efforts on trying to help both parties determine whether there was a mutually acceptable transaction that they could agree upon. Mr. Raymond expressed his support for Mr. Armstrong assuming such a role in the discussions between the parties. Through contacts made by Mr. McGee to representatives of RLF on June 24, 2016, the idea of Mr. Armstrong assuming such a role and the rationale therefor was communicated to the PAA Conflicts Committee; the PAA Conflicts Committee convened a telephonic meeting, and following discussions with representatives of TPH and RLF, concluded that it supported the proposed approach. RLF communicated this support to PAA management through Mr. McGee, and RLF and Mr. McGee

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tentatively agreed, subject to confirmation of schedules, that Mr. Armstrong would meet with the PAA Conflicts Committee and its advisors telephonically on the afternoon of June 27, 2016 to begin discussions regarding resolution of the impasse between the parties.

On June 27, 2016, Mr. Armstrong sent separate e-mails to the PAGP GP board and the PAA Conflicts Committee formally advising them that in light of the impasse between the parties and in an effort to facilitate a potential solution, he would be focusing his efforts on trying to help both parties determine whether there was a mutually acceptable transaction that they could agree upon. The e-mails repeated the background and rationale for the assumption of such role by Mr. Armstrong as separately discussed with Mr. Raymond and the PAA Conflicts Committee (via communications between Mr. McGee and RLF). Mr. Armstrong also included in each email an attachment that set forth his thoughts on the most critical considerations for each party and its stakeholders (which included certain considerations shared by both parties as well as considerations specific to the applicable party) and indicated that he would be reaching out to each party to discuss and provide his thoughts as Chief Executive Officer on the materials provided.

Also on June 27, 2016, following up on his desire to meet with each of the parties and their respective advisors, Mr. Armstrong met with representatives of Jefferies, had separate conversations with certain members of the PAGP GP board and, together with other members of PAA management, had a telephonic meeting with the PAA Conflicts Committee and their legal and financial advisors. In each case, he discussed the impasse in the negotiation process as well as the materials previously provided regarding the most critical considerations for each of the parties, and he tried to gain a better understanding of the priorities and potential flexibility of each party regarding the key deal points. The parties also agreed to have a mediated negotiation session with Mr. Armstrong on the afternoon of June 28, 2016.

During the week of June 27, 2016, V&E circulated drafts of the Definitive Agreements to RLF. RLF and V&E subsequently reviewed and discussed such drafts.

On the morning of June 28, 2016, in preparation for the mediated negotiation session scheduled for later that day, Mr. Armstrong sent both parties and their respective advisors an outline of proposed transaction terms (the "**June 28 Transaction Outline**") that he believed were fair to the constituencies of both parties and good for the combined organization as a whole. The June 28 Transaction Outline set forth the following proposed terms for consideration by the parties:

the assumption that any simplification transaction would take place in the context of a reduction by PAA of its targeted PAA Common Unit distribution to an annualized amount of \$2.20 per PAA Common Unit and, beginning in 2018 and subject to the applicable duties and judgment of the GP LLC board at the time, an intent to manage future distributions with the goal of maintaining a minimum coverage ratio of 1.15x;

the exchange by AAP of its IDRs and the economic portion of its 2% general partner interest in exchange for either (A) 250 million PAA Common Units (which implied an exchange ratio of 0.3824 PAA Common Units per AAP Unit) or (B) 240 million PAA Common Units (which implied an exchange ratio, excluding the impact of any CVRs, of 0.3671 PAA Common Units per AAP Unit) plus 25 million CVRs that would vest and be convertible into PAA Common Units on a one for one basis over a 3-5 year period based on either distribution (target distribution per PAA unit) or market based (\$ per PAA unit) mechanisms, as applicable, with the thresholds being based on the June Sensitivity Case forecasts for the third, fourth and fifth years following the closing;

the assumption by PAA of AAP's debt (less any available cash at closing);

the retention by the holders of the AAP Units of their existing right to exchange their units for Class A shares on a one for one basis, and the receipt by such owners (other than PAGP) of a

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redemption right that would allow them to cause AAP to redeem their AAP Units in exchange for their pro rata interest in PAA Common Units held by AAP; provided that such owners would agree, for the first twelve month period following closing, to refrain from exercising such redemption right with respect to at least 57% of the total number of PAA Common Units to be issued to AAP at closing (with the ownership interest of PAGP counting towards such 57% requirement); and

governance arrangements that included (A) a unified governance structure under which the PAGP GP board would essentially function as the governing body of both PAGP and PAA, with the size of the PAGP GP board being expanded to a size of at least 10 members and such board retaining the flexibility to convene a conflicts committee of PAA in the event of conflicts between PAA and PAGP, (B) the right on the part of PAA Common Unitholders to participate in the election of directors of the PAGP GP board following the "trigger date" (defined generally in the current governing documents for PAGP as the date on which the economic interest of the initial private owners of AAP Units as of the date of PAGP's initial public offering in 2013 dropped below 40%, subject to certain adjustments), (C) the amendment of the trigger date definition to provide that such date would not occur any later than two years following the closing date, and (D) the retention by the Principal GP Owners of their board designation rights.

On the afternoon of June 28, 2016, the parties convened at PAA's offices for a negotiation session mediated by Mr. Armstrong. Messrs. Raymond, Shackouls and Burk, together with representatives of Jefferies and Baker Botts, were present in person on behalf of the PAGP GP board, while Mr. Figlock participated by phone. Messrs. Sinnott and Goyanes did not attend but had been briefed before the meeting and provided authorization to Mr. Raymond to speak on their behalf as to the terms they would be willing to support. Messrs. Temple and Symonds, together with representatives of TPH, were present in person on behalf of the PAA Conflicts Committee, while Mr. Petersen and representatives of RLF participated by phone. Other than Mr. Armstrong, no members of PAA management participated in the meetings. Throughout the afternoon, Mr. Armstrong met separately with each group, shuttling back and forth as discussions warranted in an effort to break the impasse between the parties and assess their willingness to agree to the terms set forth in the June 28 Transaction Outline. During the course of such back-and-forth discussions, the PAA Conflicts Committee indicated a willingness to accept the terms set forth in the June 28 Transaction Outline, provided that the PAA Common Unit consideration to be paid by PAA would total 240 million PAA Common Units (with no CVRs), and the trigger date would be modified to occur upon closing of the transaction (accelerating the right of PAA's Common Unitholders to participate in director elections at the PAGP GP board level). Following extensive deliberations, the PAGP GP board countered that it would be willing to accept the terms set forth in the June 28 Transaction Outline as proposed to be modified by the PAA Conflicts Committee provided that the PAA Common Unit consideration to be paid by PAA as a part of the transaction totaled 245.5 million PAA Common Units (which implied an exchange ratio of 0.3755 PAA Common Units per AAP Unit). The PAA Conflicts Committee indicated it would be willing to agree to such terms. The parties agreed to instruct their respective advisors and counsel to work to negotiate and finalize Definitive Agreements consistent with such terms and as otherwise outlined in the Steps Memo.

From June 30, 2016 through July 11, 2016, all parties, including the PAA Conflicts Committee, the PAGP GP board and the Principal GP Owners, and their representatives exchanged multiple drafts of the Transaction documents and negotiated definitive terms of the agreements to effect the proposed transaction.

On July 7 and July 11, 2016, the PAA Conflicts Committee held telephonic meetings with its advisors in attendance to discuss the simplification transaction and the Transaction Documents. On July 11, 2016, following a discussion regarding the simplification transaction and the Transaction Documents among the members of the PAA Conflicts Committee with the assistance of TPH and RLF, the PAA Conflicts Committee approved the proposed simplification transaction (including the Transaction Documents) on behalf of PAA upon the terms and conditions set forth in the Transaction Documents.

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On July 8, 2016, the PAGP GP board held a telephonic meeting. All members of the PAGP GP board were in attendance, as well as representatives of management, Baker Botts and Jefferies. At the meeting, representatives of Jefferies delivered a presentation regarding the financial analyses underlying Jefferies' fairness opinion, which analyses and opinion are discussed in more detail in "Opinion of the Financial Advisor to the PAGP GP Board". Baker Botts then provided the PAGP GP board with an update to Baker Botts' June 21, 2016 presentation based on the revised drafts of the Transaction Documents and continued discussion among the parties and discussed (i) key features of the proposed simplification transaction, (ii) the tax treatment of the proposed simplification transaction and (iii) a summary of the key Transaction Documents including the various amendments to the governing documents of the Plains Entities. After such discussions, representatives of Jefferies delivered Jefferies' oral opinion to the PAGP GP board, which was confirmed by delivery of its written opinion on July 11, 2016, to the effect that, based upon and subject to the various assumptions made, procedures followed, matters considered and limitations on the review undertaken as set forth in its written opinion, as of the date of such opinion, the PAA Common Unit Consideration was fair, from a financial point of view, to each of PAGP, the holders of Class A shares (other than PAGP GP and such holders who are also holders of Class B shares) and the holders of AAP Units. For purposes of Jefferies' opinion, "PAA Common Unit Consideration" refers to the 245,500,000 common units of PAA representing limited partner interests in PAA to be issued by PAA to AAP.

On July 11, 2016, the PAGP GP board held a telephonic meeting with representatives of Baker Botts and Jefferies present, in addition to members of management. Jefferies delivered its written opinion to the PAGP GP board to the effect that, based upon and subject to the various assumptions made, procedures followed, matters considered and limitations on the review undertaken as set forth in its written opinion, as of July 11, 2016, the PAA Common Unit Consideration was fair, from a financial point of view, to each of PAGP, the holders of Class A shares (other than PAGP GP and such holders who are also holders of Class B shares) and the holders of AAP Units. Jefferies' fairness opinion is discussed in more detail in "Opinion of the Financial Advisor to the PAGP GP Board". Baker Botts provided an update on the final resolution of the key Transaction Documents and reviewed the resolutions that the PAGP GP board would be asked to approve in connection with the Transactions.

The PAGP GP board then unanimously (i) determined in good faith that the Transactions, including the Simplification Agreement and the transactions contemplated thereby on the terms and conditions set forth in the Transaction Documents, are (a) fair and reasonable to PAGP and the holders of Class A shares, (b) in, or not opposed to, the best interests of PAGP and (c) in, or not opposed to, the best interests of the holders of Class A shares; (ii) (a) approved, on behalf of PAGP GP, in its individual capacity and in its capacity as the general partner of PAGP, in its individual capacity and in its capacity as the sole member of GP LLC, the Transactions upon the terms and conditions set forth in the Transaction Documents, and the Transaction Documents, and (b) recommended that the holders of Class A shares and Class B shares approve the Simplification Agreement and the Transactions; (iii) on behalf of PAGP GP, in its capacity as the general partner of PAGP, in its capacity as the sole member of GP LLC, consented to and approved the Transactions, upon the terms and conditions set forth in the Transaction Documents, to the extent required by the GP LLC Agreement (including Section 5.9 thereof) and for all other purposes; and (iv) on behalf of PAGP GP, in its capacity as the general partner of PAGP, determined that each of the amendments to the PAGP Partnership Agreement set forth in the A&R PAGP Partnership Agreement either (a) does not adversely affect the limited partners of PAGP (including any particular class of Partnership Interests (as such term is defined in the PAGP Partnership Agreement) as compared to other classes of Partnership Interests) in any material respect (taking into account the overall net impact of the proposed change or amendment), (b) is necessary or appropriate in connection with the authorization of issuance of the Class C shares, which constitute a class or series of Partnership Interests authorized and issued pursuant to Section 5.5 of the PAGP Partnership Agreement or (c) is required to effect the intent expressed in the Registration Statement (as such term is defined in the PAGP Partnership

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Agreement) or the intent of the provisions of the PAGP Partnership Agreement or is otherwise contemplated by the PAGP Partnership Agreement, and in such capacity approved and adopted each of the amendments to the PAGP Partnership Agreement set forth in the A&R PAGP Partnership Agreement.

On July 11, 2016, the Simplification Agreement and Voting Agreement were executed and on the same day, PAA and PAGP issued a joint press release announcing the Transactions.

Unaudited Financial Projections of PAA

Neither PAA nor PAGP routinely publishes projections as to long-term future performance or earnings. However, in light of the Plains Entities' evaluation of a potential simplification transaction, management of PAA and PAGP prepared and provided to the PAGP GP board and its financial advisor, Jefferies, certain financial forecast cases relating to the future performance of PAA. Summary information relating to these forecasts is included in this proxy statement only because the information was considered by the PAGP GP board and its financial advisor in performing due diligence and evaluating the PAA Recapitalization and the related Transactions. For a discussion of Jefferies' fairness opinion and certain of the analyses underlying that fairness opinion, please read "Opinion of the Financial Advisor to the PAGP GP Board" beginning on page 60 below.

The forecast cases presented below are forward-looking statements and are subject to material risks and uncertainties. Neither PAGP nor PAA intends to make publicly available any update or other revisions to the forecast cases to reflect circumstances existing after the date of their preparation. The inclusion of the forecast cases in this proxy statement should not be regarded as an indication that PAGP, PAA, the PAGP GP board, PAGP's financial advisor or their respective representatives considered the forecast cases as predictive of actual or future events or that the forecast cases should be relied on for that purpose. In light of the uncertainties inherent in any projected data, PAGP shareholders are cautioned not to place undue reliance on the forecasts presented below.

The forecasts presented below were not prepared with a view toward public disclosure or toward compliance with generally accepted accounting principles ("**GAAP**"), the published guidelines of the Securities and Exchange Commission (the "**SEC**") or the guidelines established by the American Institute of Certified Public Accountants regarding projections or forecasts, but, in the view of PAGP and PAA management, were prepared on a reasonable basis that reflects appropriate estimates and judgments based on the facts and circumstances existing at the time the forecasts were prepared, and presented as of such time, in the good faith opinion of PAGP and PAA management, the expected course of action and the expected future financial performance of PAA, based on the assumptions underlying the related forecast case.

The prospective financial information included in this proxy statement has been prepared by, and is the responsibility of, PAGP and PAA management. Neither PricewaterhouseCoopers LLP ("**PwC**") nor any other independent registered public accounting firm has compiled, examined or performed any procedures with respect to the forecasts, nor has PwC expressed any opinion or any other form of assurance on such information or its achievability, and PwC assumes no responsibility for, and disclaims any association with, the forecasts. The PwC reports incorporated by reference into this proxy statement relate to historical financial information of PAA and PAGP, respectively. Such reports do not extend to the forecasts included below and should not be read to do so.

The financial forecasts were prepared solely for internal use to assist in the evaluation of a potential simplification transaction. Such internal financial forecasts are inherently subjective in nature, susceptible to interpretation and accordingly such forecast results may not be achieved. While presented with numerical specificity, the unaudited financial projections reflect numerous estimates and assumptions made by PAGP and PAA management with respect to PAA's future performance under various industry scenarios as well as assumptions for competition, general business, economic, market

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and financial conditions and matters specific to PAA's business, all of which are difficult to predict and many of which are beyond the preparing parties' control. Accordingly, there can be no assurance that the assumptions made in preparing any particular financial forecast case upon which the foregoing projected financial information was based will prove accurate. There will be differences between actual and forecasted results, and the differences may be material. The risk that these uncertainties and contingencies could cause the assumptions to fail to be reflective of actual results is further increased due to the length of time in the future over which these assumptions apply. The assumptions in early periods have a compounding effect on the projections shown for the later periods. Thus, any failure of an assumption to be reflective of actual results in an early period would have a greater effect on the projected results failing to be reflective of actual events in later periods. While the PAGP GP board and its advisors used the following forecasts as a tool in evaluating the various simplification transactions and performing due diligence related thereto, it and its advisors did so with a thorough understanding of the foregoing limitations.

In order to provide the PAGP GP board and its financial advisor with management's view of the likely performance of PAA in a variety of industry and market conditions, management of PAGP and PAA developed four separate forecast cases, referred to as the "Downside Case," the "Hybrid Case," the "June Sensitivity Case" and the "Upside Case." In addition to the general caution applicable to financial forecasts described in the paragraph above, these different cases should generally be viewed as mutually exclusive; to the extent that one case proves to have been more accurate at the time prepared, the other cases will naturally prove to be less accurate.

In developing each forecast case, PAGP and PAA management made numerous material assumptions with respect to PAA's business and operations and the broader oil and gas industry for the periods covered by such projections, including:

timing of a recovery in oil and gas drilling and completion activity under a variety of commodity price scenarios;

the level of oil and gas drilling and completion activity under a variety of commodity price scenarios, including completion of drilled but uncompleted wells;

potential productivity gains associated with improvement in drilling and completion techniques;

cash flow from existing assets and business activities;

organic growth capital investments and the amount and timing of related costs and potential economic returns as well as the impact of potential asset sales;

the amount of maintenance and growth capital expenditures;

outstanding debt during applicable period and the availability and cost of equity and debt capital;

expected distribution payment methods and the impact of potential conversion of PAA's Series A Preferred Units;

appropriate levels of distribution coverage and total leverage at PAA; and

other general business, market and financial assumptions.

In developing each financial forecast case, management made various key assumptions regarding the timing and velocity of a resumption in domestic drilling and completion activity and resulting crude oil production levels in order to analyze a variety of potential operating environments. In all cases, it was assumed that the crude oil focused drilling rig count recovered from March and April 2016 levels of around 350 rigs to approximately 850 to 1,000 rigs. However, each case assumed a different pace and timing of recovery in both rig activity as well as in the rate of completion of the current drilled and uncompleted well inventory. The various financial forecasts therefore reflect management's view of

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PAA's potential financial performance under a variety of crude oil and natural gas production scenarios. A summary of the material assumptions made by management for each forecast case, including assumptions regarding the timing and velocity of a resumption in domestic drilling activity and resulting crude oil production levels, is provided below. Material assumptions that are common to each financial forecast case include (i) a forward distribution policy based on targeted distribution coverage of at least 1.15x and targeted long-term debt to EBITDA multiple of 3.75x, (ii) except as otherwise noted below for the Upside Case, no acquisitions were forecasted and organic growth capital expenditures of \$523 million, \$283 million, \$237 million, \$167 million, and \$81 million were assumed for the years 2017-2021, respectively, (iii) maintenance capital expenditures were held relatively constant at a level of approximately \$215-230 million per year, and (iv) a cost of debt at approximately 5.5-6.0% was assumed.

"Downside Case": reflects assumptions that the recovery in activity occurred over an eight quarter period beginning in the first quarter of 2018 (essentially a "lower for longer" scenario).

"Hybrid Case": reflects assumptions that the recovery in activity occurred over a six quarter period beginning in the third quarter of 2017.

"June Sensitivity Case": developed in June 2016 and modified the Hybrid Case primarily to (i) include updates to projected well performance assumptions and (ii) increase near-term activity levels in select onshore crude oil basins.

"Upside Case": reflects assumptions that the recovery in activity occurred over a four quarter period beginning in the first quarter of 2017, resulting in the highest relative long-term crude oil production forecast. This case also included an incremental \$250 million of capital investment opportunities beginning in 2018 relative to the other cases.

PAA Unaudited Financial Projections**Downside Case**

	Year Ending December 31,				
	2017	2018	2019	2020	2021
	(\$ in billions)				
Adjusted EBITDA	\$ 2.4	\$ 2.6	\$ 2.7	\$ 2.8	\$ 2.9
Implied DCF	\$ 1.6	\$ 1.9	\$ 1.9	\$ 2.0	\$ 2.1
DCF per LP Unit	\$ 2.67	\$ 2.70	\$ 2.78	\$ 2.86	\$ 2.96

Hybrid Case

	Year Ending December 31,				
	2017	2018	2019	2020	2021
	(\$ in billions)				
Adjusted EBITDA	\$ 2.4	\$ 2.7	\$ 2.9	\$ 3.1	\$ 3.2
Implied DCF	\$ 1.7	\$ 2.0	\$ 2.1	\$ 2.3	\$ 2.4
DCF per LP Unit	\$ 2.75	\$ 2.81	\$ 2.98	\$ 3.12	\$ 3.23

June Sensitivity Case

	Year Ending December 31,				
	2017	2018	2019	2020	2021
	(\$ in billions)				
Adjusted EBITDA	\$ 2.5	\$ 2.8	\$ 3.0	\$ 3.1	\$ 3.3
Implied DCF	\$ 1.8	\$ 2.0	\$ 2.2	\$ 2.3	\$ 2.5
DCF per LP Unit	\$ 2.82	\$ 2.87	\$ 3.07	\$ 3.21	\$ 3.33

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	Year Ending December 31,				
	2017	2018	2019	2020	2021
	(\$ in billions)				
Adjusted EBITDA	\$ 2.6	\$ 3.2	\$ 3.3	\$ 3.5	\$ 3.6
Implied DCF	\$ 1.9	\$ 2.4	\$ 2.5	\$ 2.6	\$ 2.8
DCF per LP Unit	\$ 3.01	\$ 3.26	\$ 3.40	\$ 3.53	\$ 3.67

In addition to the forecast cases described above, PAA and PAGP management also shared with the PAGP GP board and its financial advisor that it believed PAA will have the ability to capture additional investment opportunities (acquisitions and organic investments) following the closing of a mutually beneficial simplification transaction relative to the status quo due to the anticipated material reduction in PAA's pro forma marginal cost of capital. To estimate these potential benefits, management suggested that the PAGP GP board and its financial advisor consider the following incremental investment sensitivities:

\$500 million to \$1.0 billion of incremental annual investment opportunities (organic investment, acquisitions, or a combination thereof) at an 8.5x unlevered DCF multiple in 2018+; or

a \$5.0 billion acquisition in 2018 at various LP yields; and

at least a 1.0% post-closing reduction in PAA's distribution yield.

As used in the tables above, (i) Adjusted EBITDA represents earnings (total net revenue, less operating expenditures and general and administrative expenses) before interest expense, taxes, depreciation and amortization, and equity indexed compensation plan charges, (ii) implied distributable cash flow ("*Implied DCF*") is defined as Adjusted EBITDA less cash interest expense, maintenance capital expenditures, current income taxes, equity earnings net of distributions, and distributions to non-controlling interests and (iii) DCF per LP Unit is defined as Implied DCF per outstanding PAA common unit, assuming the conversion of all of PAA's Series A Preferred Units on January 1, 2018 and calculated on a fully-distributed basis in accordance with the contractual terms of PAA's partnership agreement.

Rationale for the Transactions

In reaching its decision to approve the Transactions and the Transaction Documents, the PAGP GP board consulted with its legal and financial advisors and considered the following factors, among others:

as a result of the elimination of the IDRs, PAA's cost of equity capital will be reduced, which should improve PAA's valuation relative to its peers and enhance PAA's ability to compete for incremental capital opportunities (including organic investments and third party acquisitions) to drive future growth;

the Transactions simplify PAA's capital structure, improve alignment between equity classes of each of PAA and PAGP and reduce the complexity of the governance structure of the Plains Entities, thereby enhancing understanding and transparency for PAA and PAGP investors;

together with PAA's proposed reduction of its common unit distribution to \$0.55 per common unit commencing with the distribution to be paid in November 2016, the PAA Recapitalization will significantly improve PAA's annual distribution coverage and enhance PAA's credit profile;

the mitigating effect of the Transactions on the planned reductions in distributions of available cash to Class A Shareholders beginning in the third quarter of 2016;

the Transactions will allow the Plains Entities to maintain the tax efficient flexibility of their current organizational structure;

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the financial analysis reviewed and discussed with the PAGP GP board by representatives of Jefferies as well as the opinion rendered by Jefferies to the PAGP GP board (orally on July 8, 2016 and in writing on July 11, 2016) to the effect that, based upon and subject to the various assumptions made, procedures followed, matters considered and limitations on the review undertaken as described more fully in " Opinion of the Financial Advisor to the PAGP GP Board" beginning on page 60 below, as of the date of such written opinion, the issuance of 245,500,000 PAA Common Units to AAP pursuant to the PAA Recapitalization was fair, from a financial point of view, to each of PAGP, the holders of Class A Shares (other than PAGP GP and such holders who are also holders of Class B Shares) and the holders of AAP Units;

the proposed unified governance structure, including the amendment of the "trigger date" definition to provide that it would occur at the Closing, which accelerates to 2018 the timetable for participation by our Shareholders in the election of eligible PAGP GP directors, and the enfranchisement of PAA Common Unitholders so that they participate in such elections together with our Shareholders;

the Transactions are not expected to be taxable to PAGP, our Shareholders or PAA's Common Unitholders, and have been structured so that the Transactions, by themselves, will not cause a technical tax termination of PAA;

the terms of the Simplification Agreement permit the PAGP GP board to withdraw, modify or qualify its recommendation of the Simplification Proposal if the PAGP GP board has concluded in good faith, after consultation with its outside legal and financial advisors, that the change in recommendation is necessary to comply with its duties under the our partnership agreement or that the failure to make such a change in recommendation would result in the violation of applicable law;

PAGP's ability to terminate the Simplification Agreement under certain conditions;

information concerning the businesses, assets, liabilities, results of operations, financial conditions and competitive positions and prospects of PAA and PAGP, in each case, before and after the Transactions; and

the terms of the Transactions as set forth in the applicable Transaction Documents.

The PAGP GP board also considered the following factors that weighed against the approval of the Transactions:

the potential that the benefits to our Class A shareholders from ownership of PAA common units and any future growth of PAA would be less than the benefits such Class A shareholders would realize through the ownership of the IDRs if PAA was able to materially increase its distributions in the absence of the PAA Recapitalization;

the uncertainty of the unaudited financial projections of PAA and the bases on which the PAGP GP board made its determination;

the uncertainty and/or potential timing delays with respect to realizing or capitalizing on the anticipated benefits of the Transactions;

the lack of assurances that capital required to facilitate the continued growth of PAA can be funded, even with a lower cost of capital through the simplified capital structure; and

the risk that the Transactions might not be completed in a timely manner, or at all, as a result of the failure to satisfy the conditions contained in the Simplification Agreement and the resulting potential adverse effects on PAA's and PAGP's business, operations and financial condition.

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In the view of the PAGP GP board, these factors did not outweigh the advantages of the Transactions. The PAGP GP board also reviewed a number of procedural factors relating to the Transactions, including, without limitation, the following factors:

the terms and conditions of the Transactions and Transaction Documents were determined through arm's-length negotiations between the PAGP GP board and the PAA Conflicts Committee on behalf of PAA and their respective representatives and advisors;

the PAGP GP board retained legal and financial advisors with knowledge and experience with respect to public company recapitalization transactions, the energy industry generally and PAGP and PAA particularly, as well as substantial experience advising midstream MLPs and other companies with respect to transactions similar to the proposed Transactions;

the PAGP GP board reviewed and discussed financial analyses with respect to the Transactions with representatives of Jefferies; and

the PAGP GP board received the opinion of Jefferies (orally on July 8, 2016 and in writing on July 11, 2016) to the effect that, based upon and subject to the various assumptions made, procedures followed, matters considered and limitations on the review undertaken as described more fully in "Opinion of the Financial Advisor to the PAGP GP Board" beginning on page 60 below, as of the date of such opinion, the issuance of 245,500,000 PAA Common Units to AAP pursuant to the PAA Recapitalization was fair, from a financial point of view, to each of PAGP, the holders of Class A Shares (other than PAGP GP and such holders who are also holders of Class B Shares) and the holders of AAP Units.

The foregoing discussion of the factors considered by the PAGP GP board is not intended to be exhaustive, but it does set forth the principal factors considered by the PAGP GP board.

The PAGP GP board reached its unanimous conclusion to recommend the approval and adoption of the Simplification Agreement and the Transactions, in light of various factors described above and other factors that each member of the PAGP GP board believed were appropriate.

In view of the complexity of and wide variety of factors considered by the PAGP GP board in connection with its evaluation of these matters, the PAGP GP board did not consider it practical, and did not attempt to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decisions and did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to the ultimate determinations. Rather, the PAGP GP board made its recommendations based on the totality of the information presented to it and the investigations conducted by it. In considering the factors discussed above, individual directors may have given different weight to different factors.

It should be noted that portions of this explanation of the reasoning of the PAGP GP board and certain information presented in this section is forward-looking in nature and, therefore, should be read along with the factors discussed under the heading "Forward-Looking Statements."

For the reasons set forth above, after consideration, the PAGP GP board has:

determined that the Transactions, on the terms and conditions set forth in the Transaction Documents, are (a) fair and reasonable to PAGP and the holders of Class A Shares, (b) in, or not opposed to, the best interests of PAGP and (c) in, or not opposed to, the best interests of the holders of Class A Shares; and

approved, on behalf of PAGP GP and PAGP, (i) the Transactions upon the terms and conditions set forth in the Transaction Documents and (ii) the Transaction Documents; and

recommended that the Shareholders approve the Simplification Proposal.

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Opinion of the Financial Advisor to the PAGP GP Board

In connection with PAGP's simplification transaction proposal to PAA, the PAGP GP board retained Jefferies to provide PAGP with financial advisory services and to render an opinion as to the fairness, from a financial point of view, to each of PAGP, the holders of Class A Shares other than PAGP GP and such holders who are also holders of Class B Shares and the holders of AAP Units, of the consideration to be paid in a possible simplification transaction. At the meeting of the PAGP GP board on July 8, 2016, representatives of Jefferies rendered its oral opinion (subsequently confirmed in writing on July 11, 2016) to the PAGP GP board to the effect that, based upon and subject to the various assumptions made, procedures followed, matters considered and limitations on the review undertaken as set forth in its written opinion, as of July 11, 2016, the PAA Common Unit Consideration (as defined below) to be paid pursuant to the PAA Recapitalization was fair, from a financial point of view, to each of PAGP, the holders of Class A Shares (other than PAGP GP and such holders who are also holders of Class B Shares) and the holders of AAP Units. Solely for purposes of this section, "**PAA Common Unit Consideration**" refers to the 245,500,000 common units of PAA representing limited partner interests in PAA to be issued by PAA to AAP.

Jefferies expressed no opinion as to (i) the contribution to GP LLC of 1% of all of the AAP Class A Units then held by PAGP, (ii) GP LLC's election to be treated as a corporation for federal income tax purposes, (iii) the adoption by each of PAA, AAP, GP LLC, PAGP and PAGP GP of certain amendments to their respective governing documents, (iv) the receipt by the holders of AAP Units (other than PAGP) of certain redemption and registration rights, (v) the entry into an omnibus agreement among PAGP, PAA and AAP for the purpose of achieving certain economic alignments among their respective equityholders, or (vi) the alignment of the governance of PAGP and PAA.

The full text of Jefferies' written opinion, dated as of July 11, 2016, is attached to this proxy statement as Annex B. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Jefferies in rendering its opinion, all of which are summarized below. PAGP encourages holders of Class A and Class B shares to read the opinion carefully and in its entirety. Jefferies' opinion addresses only the fairness, from a financial point of view and as of the date of the opinion, of the PAA Common Unit Consideration to be paid pursuant to the PAA Recapitalization. It does not address any other aspects of the Simplification Agreement or the Transactions, and does not constitute a recommendation as to how any holder of Class A or Class B shares should vote on the Simplification Proposal or any matter relating thereto. The summary of the opinion of Jefferies set forth in the preceding paragraphs and below is qualified in its entirety by reference to the full text of the opinion.

In arriving at its opinion, Jefferies, among other things:

reviewed a draft dated July 11, 2016 of the Simplification Agreement;

reviewed a draft dated July 11, 2016 of the form A&R PAA Partnership Agreement, to be entered into at the Closing;

reviewed a draft dated July 11, 2016 of the form A&R AAP Partnership Agreement, to be entered into at the Closing;

reviewed a draft dated July 11, 2016 of the form A&R PAGP Partnership Agreement, to be entered into at the Closing;

reviewed a draft dated July 11, 2016 of the form A&R GP LLC Agreement, to be entered into at the Closing;

reviewed a draft dated July 11, 2016 of the form A&R PAGP GP LLC Agreement, to be entered into at the Closing;

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reviewed a draft dated July 11, 2016 of the form Registration Rights Agreement, to be entered into at the Closing;

reviewed a draft dated July 11, 2016 of the form Omnibus Agreement, to be entered into at the Closing;

reviewed a draft dated July 11, 2016 of the form A&R Administrative Agreement, to be entered into at the Closing;

reviewed a draft dated July 11, 2016 of the Voting Agreement;

reviewed certain publicly available financial and other information relating to PAGP, PAA and AAP;

reviewed certain information furnished by management of PAA and PAGP relating to the business, operations and prospects of PAGP, PAA and AAP;

held discussions with members of senior management of PAA and PAGP and their financial advisors concerning the matters described in the preceding two bullet points;

reviewed the relative trading performance of the listed equity securities of PAGP and PAA over time;

reviewed the share or unit (as applicable) trading price history and valuation multiples for certain other publicly traded companies that Jefferies deemed relevant;

analyzed the pro forma ownership of PAGP and PAA on a post-Closing basis, and analyzed the relative contributions of PAGP and PAA;

analyzed certain economic aspects of the PAA Common Unit Consideration and the IDRs;

considered the capital structure of PAGP and PAA on both a pre-Closing and a post-Closing basis, including the assumption of AAP debt by PAA as part of the PAA Recapitalization;

analyzed the discounted cash flows of PAGP and PAA under various cases;

compared the proposed financial terms of the PAA Recapitalization with the financial terms of certain other transactions that Jefferies deemed relevant;

considered the potential pro forma impact to PAGP of the PAA Recapitalization;

reviewed financial forecasts prepared by various market analysts; and

conducted such other financial studies and analyses as Jefferies deemed appropriate.

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In Jefferies' review and analysis and in rendering its opinion, Jefferies assumed and relied upon, but did not assume any responsibility to independently investigate or verify, the accuracy and completeness of all financial and other information that was supplied or otherwise made available by PAGP management and PAA management and their respective financial advisors or that was publicly available to Jefferies (including, without limitation, the information described above), or that was otherwise reviewed by Jefferies. Jefferies relied on assurances of PAA management that they are not aware of any facts or circumstances that would make such information inaccurate or misleading or of any relevant information that has been omitted or that remains undisclosed to Jefferies. In its review, Jefferies did not perform or obtain any independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise) of, nor did Jefferies conduct a physical inspection of any of the properties or facilities of, PAGP, PAA or AAP, nor was Jefferies furnished with any such evaluations or appraisals of such properties or facilities, nor did Jefferies assume any responsibility to obtain any such evaluations, appraisals or physical inspections.

With respect to the financial forecasts provided to and examined by Jefferies, Jefferies' opinion noted that projecting future results of any business is inherently subject to uncertainty. For purposes of

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rendering its opinion, Jefferies assumed that such financial forecasts were reasonably prepared on bases reflecting the best currently available estimates. Jefferies expressed no opinion as to such financial forecasts or the assumptions on which they were made.

Jefferies' opinion was based on economic, monetary, regulatory, market and other conditions existing and that could be evaluated as of the date of its opinion. Jefferies did not undertake to reaffirm or revise its opinion or otherwise comment on events occurring after the date of its opinion, and Jefferies expressly disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting its opinion of which Jefferies becomes aware after the date of its opinion.

Jefferies made no independent investigation of any legal, accounting or tax matters affecting the IDRs, PAA's general partner interest, the PAA Common Units, any class of PAGP equity interests or any of the other Transactions, and Jefferies assumed the correctness in all respects material to its analysis of all legal, accounting and tax advice given to PAGP, including, without limitation, advice as to the legal, accounting and tax consequences of the terms of, and transactions contemplated by, the agreements governing and effecting the PAA Recapitalization to PAGP, the PAGP public Class A Shareholders and the AAP Unitholders, and to the other participants in the PAA Recapitalization. In addition, in preparing its opinion, Jefferies did not take into account, and expressed no view with regards to, any tax consequences of the transactions to any PAGP public Class A Shareholders, any AAP Unitholders or to other participants in the PAA Recapitalization. Jefferies assumed that the final form of the agreements governing and effecting the PAA Recapitalization would be substantially similar to the last drafts reviewed by Jefferies in all respects material to Jefferies' analyses and opinion. Jefferies assumed that the representations and warranties of each party in the Simplification Agreement and in all related documents and instruments referred to in the Simplification Agreement were true and correct, and that each party to the Simplification Agreement and all related documents would perform all of the covenants and agreements required to be performed by such party under such documents. Jefferies also assumed that the PAA Recapitalization would be consummated in accordance with its terms or as otherwise described to Jefferies by representatives of PAGP and PAA without waiver, modification or amendment of any term, condition or agreement that would be material in any respect to Jefferies' analyses or opinion and that, in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the PAA Recapitalization, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on PAGP, PAA or AAP or the contemplated benefits of the PAA Recapitalization in any respect material to Jefferies' opinion.

Jefferies' opinion was addressed to the PAGP GP board for use in its consideration of the PAA Recapitalization. Jefferies' opinion did not address the relative merits of the Simplification and related transactions as compared to any alternative transaction or opportunity that might be available to PAGP or PAA, nor did it address the underlying business decisions by PAGP and PAA to engage in the PAA Recapitalization. Jefferies was not engaged by the PAGP GP board regarding potential transactions alternative to the PAA Recapitalization. In addition, the PAGP GP board did not ask Jefferies to address, and Jefferies' opinion did not address, the fairness to, or any other consideration involving, the holders of any class of securities, creditors or other constituencies of PAGP or PAA, other than the PAGP public Class A Holders and the AAP Unitholders as set forth therein. Jefferies expressed no opinion as to the price at which the equity interests of PAGP or PAA would trade at any time. Jefferies did not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable to, or to be received by, any officer, employee or director of any party to the PAA Recapitalization, or any class of such persons, in connection with the PAA Recapitalization relative to the compensation to the PAGP public Class A Shareholders or the AAP Unitholders. Jefferies' opinion was authorized by the Fairness Committee of Jefferies LLC.

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Throughout the course of advising the PAGP GP board, Jefferies performed financial analyses, reviewed extensive market-based data and prepared comparative analytics. Some of the analyses performed by Jefferies, such as contribution analysis, historical exchange ratio analysis and accretion/dilution analysis, were prepared for the informational benefit or at the request of the PAGP GP board but did not represent fundamental valuation methodologies relied upon by Jefferies for purposes of its fairness opinion. Other analyses performed by Jefferies, such as selected public companies analysis and discounted cash flow analysis, were the fundamental valuation methodologies that provided the analytical basis for Jefferies' fairness opinion.

The contribution analysis prepared by Jefferies compared (i) the pro forma ownership percentage of AAP in PAA based on the 245,500,000 PAA common units to be issued to AAP in the transaction, assuming the conversion of PAA's preferred equity, against (ii) AAP's percentage share of the present value of the total amount of distributions projected to be made by PAA under each of the Downside, June Sensitivity and Upside cases on a status quo basis (i.e., assuming the simplification transaction does not take place but that PAA's annualized common unit distribution level is reset to \$2.20 per unit), using a 10% discount rate. This analysis resulted in pro forma ownership of AAP of 34.8% as compared to 30.2% under the "Downside" Case, 32.0% under the June Sensitivity Case and 33.9% under the "Upside" Case. The historical exchange ratio analysis performed by Jefferies compared the implied exchange ratio over the preceding 12 months of PAGP and PAA based on relative market trading values. This analysis showed a 12-month high exchange ratio of 0.617x, a 12-month low exchange ratio of 0.325x and one, three, six and 12-month average exchange ratios of 0.3844x, 0.3992x, 0.3837x and 0.4528x, respectively, in each case as compared to an exchange ratio implied by the 245,500,000 PAA common units issued in the proposed transaction of 0.3755x. The accretion/dilution analysis prepared by Jefferies analyzed the impact of the proposed simplification transaction on the pro forma distribution per share to AAP's equity holders (including PAGP) on a per unit basis, assuming a \$2.20 per unit annualized distribution at PAA through 2017 and distributions thereafter based on a 1.15x targeted minimum distribution coverage under all three cases analyzed by Jefferies. This analysis also included sensitivities for additional organic growth expenditures, acquisitions by PAA and pro forma trading yield, among others. Based on the assumptions made, this analysis showed that the proposed transaction would be accretive to estimated Distributed Cash Flow per AAP unit for 2018-2021 by a range of approximately 11-19% per year under the Downside Case, 3-14% per year under the June Sensitivity Case and a negative 2.6% to a positive 5% per year under the Upside Case. Adding the sensitivities to each of these cases increased the level of accretion under all three cases. Jefferies did not base its fairness opinion on the contribution analysis, historical exchange ratio analysis or accretion/dilution analysis described above, but instead based its fairness opinion on selected public companies analysis and discounted cash flow analysis, both of which are summarized below.

The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant quantitative and qualitative methods of financial analysis and the applications of those methods to the particular circumstances and, therefore, is not necessarily susceptible to partial analysis or summary description. Jefferies believes that its analyses must be considered as a whole. Considering any portion of Jefferies' analyses or the factors considered by Jefferies, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying the conclusion expressed in Jefferies' opinion. With respect to the material analyses that formed the primary bases for Jefferies fairness opinion (selected public companies analysis and discounted cash flow analysis), Jefferies did not give any one form of analysis any more weight than the other form of analysis. With respect to such analyses, Jefferies may have deemed various assumptions more or less probable than other assumptions. The range of valuations resulting from any particular analysis described below should not be taken to be Jefferies' view of the actual value of the IDRs, PAA's general partner interest or the PAA Common Unit Consideration. Accordingly, the conclusions reached by Jefferies are based on all material analyses and factors taken as a whole and also on the application of Jefferies' own experience and judgment.

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In performing its analyses, Jefferies made numerous assumptions with respect to industry performance, general business, economic, monetary, regulatory, market and other conditions and other matters, many of which are beyond PAGP's, AAP's, PAA's and Jefferies' control. The analyses performed by Jefferies are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than suggested by such analyses. In addition, analyses relating to the per unit value of Class A Shares or PAA Common Units do not purport to be appraisals or to reflect the prices at which Class A Shares or PAA Common Units may actually be sold or trade. The analyses performed were prepared solely as part of Jefferies' analysis of the fairness, from a financial point of view, of the PAA Common Unit Consideration to be paid to each of PAGP, the holders of Class A Shares other than PAGP GP and such holders who are also holders of Class B Shares and the holders of AAP Units in connection with the PAA Recapitalization, and were provided to the PAGP GP board in connection with the delivery of Jefferies' opinion.

In arriving at its opinion, Jefferies was not authorized to solicit, and did not solicit, interest from any third party with respect to the acquisition of any or all of the Class A Shares or any business combination or other extraordinary transaction involving PAGP.

Except as described above, the PAGP GP board did not impose any other restrictions or limitations on Jefferies with respect to the investigations made or the procedures followed by Jefferies in rendering its opinion.

The following is a summary of the material financial and comparative analyses performed by Jefferies in connection with Jefferies' delivery of its opinion to the PAGP GP board on July 11, 2016. The financial analyses summarized below include information presented in tabular format. In order to fully understand Jefferies' financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data described below without considering the full narrative descriptions of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Jefferies' financial analyses.

Transaction Overview

Based upon the proposed PAA Common Unit Consideration of 245,500,000 PAA Common Units in exchange for the IDR Redemption and the GP Conversion, Jefferies noted that the implied simplification exchange ratio was approximately 0.3755 PAA common units for each outstanding AAP Unit based on the closing price of PAA Common Units on July 7, 2016.

Selected Public Companies Analysis

Jefferies compared certain financial data for PAGP and selected general partners of master limited partnerships with publicly traded equity securities that Jefferies deemed relevant. These general partners, which are referred to as the "***PAGP Selected Public Companies***," were selected because they were deemed to be similar to PAGP in one or more respects, including the nature of their business, size, diversification and financial performance. No specific numeric or other similar criteria were used to select the PAGP Selected Public Companies and all criteria were evaluated in their entirety without application of definitive qualifications or limitations to individual criteria. As a result, a significantly larger or smaller general partner with substantially similar lines of business and business focus may have been included while a similarly sized general partner with less similar lines of business and greater diversification may have been excluded. Jefferies identified a number of general partners for purposes of its analysis but may not have included all general partners that might be deemed comparable to PAGP.

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The PAGP Selected Public Companies were:

Spectra Energy Corp.

Williams Companies, Inc.

Energy Transfer Equity, L.P.

ONEOK Inc.

Western Gas Equity Partners, LP

EQT GP Holdings, LP

EnLink Midstream, LLC

Tallgrass Energy GP, LP

NuStar GP Holdings, LLC

Jefferies also compared certain financial data for PAA and selected master limited partnerships with publicly traded equity securities that Jefferies deemed relevant. These partnerships, which are referred to as the "**PAA Selected Public Companies**," were selected because they were deemed to be similar to PAA in one or more respects, including the nature of their business, size, diversification and financial performance. No specific numeric or other similar criteria were used to select the PAA Selected Public Companies and all criteria were evaluated in their entirety without application of definitive qualifications or limitations to individual criteria. As a result, a significantly larger or smaller partnership with substantially similar lines of business and business focus may have been included while a similarly sized partnership with less similar lines of business and greater diversification may have been excluded. Jefferies identified a number of partnerships for purposes of its analysis but may not have included all partnerships that might be deemed comparable to PAA.

The PAA Selected Public Companies were:

Enterprise Products Partners L.P.

Energy Transfer Partners, L.P.

Williams Partners L.P.

ONEOK Partners LP

Enbridge Energy Partners, L.P.

MPLX LP

Magellan Midstream Partners, L.P.

Buckeye Partners, L.P.

For each PAGP Selected Public Company and each PAA Selected Public Company, Jefferies calculated and compared various financial multiples and ratios based on publicly available information as of July 7, 2016. For each of the following analyses performed by Jefferies, estimated financial data for the selected companies were based on (except as otherwise noted) PAA management's projections and information obtained from Capital IQ and selected equity research reports (in the case of the other selected companies). The information Jefferies calculated for each of the selected companies included:

Current distributable cash flow per unit or share, as applicable, divided by current closing unit price, which is referred to as Current DCF Yield;

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2016E distributable cash flow per unit or share, as applicable, divided by current closing unit or share price, which is referred to as 2016E DCF Yield;

2017E distributable cash flow per unit or share, as applicable, divided by current closing unit or share price, which is referred to as 2017E DCF Yield; and

2018E distributable cash flow per unit or share, as applicable, divided by current closing unit or share price, which is referred to as 2018E DCF Yield.

Results of the analyses for PAGP and PAA, respectively, are as follows:

PAGP. The selected public companies analysis for PAGP indicated the following average and median distributable cash flow yields for the PAGP Selected Public Companies as of July 7, 2016:

PAGP Selected Public Companies

	Distributable Cash Flow Yield PAGP Comparables			
	Current DCF Yield	2016E DCF Yield	2017E DCF Yield	2018E DCF Yield
Average	6.8%	6.4%	7.0%	7.8%
Median	7.0%	6.9%	6.4%	7.3%

Jefferies also calculated the same financial yields for PAGP, based on the closing price of Class A Shares as of July 7, 2016, based on Wall Street consensus estimates:

PAGP	Distributable Cash Flow Yield PAGP			
	Current DCF Yield	2016E DCF Yield	2017E DCF Yield	2018E DCF Yield
	9.3%	9.2%	9.2%	9.4%

PAA. The selected public companies analysis for PAA indicated the following average and median distributable cash flow yields for the PAA Selected Public Companies as of July 7, 2016:

PAA Selected Public Companies

	Distributable Cash Flow Yield PAA Comparables			
	Current DCF Yield	2016E DCF Yield	2017E DCF Yield	2018E DCF Yield
Average	8.0%	8.1%	9.0%	9.4%
Median	8.0%	8.0%	8.5%	9.3%

Jefferies also calculated the same financial yields for PAA, based on the closing price of PAA Common Units as of July 7, 2016, based on Wall Street consensus estimates:

PAA	Distributable Cash Flow Yield PAA			
	Current DCF Yield	2016E DCF Yield	2017E DCF Yield	2018E DCF Yield
	10.6%	7.8%	9.6%	10.0%

Analysis Performed. Jefferies applied the yield ranges based on the selected public companies analysis to corresponding financial data for PAGP (based on publicly available data and guidance from PAGP management) and PAA (based on publicly available data and guidance from PAA management) to calculate implied exchange ratio reference ranges with reference to each of the June Sensitivity Case, the Downside Case and the Upside Case. Jefferies determined that because the June Sensitivity Case was an update to the Hybrid Case accounting for more recent developments in well performance

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and activity in specific oil producing basins, the June Sensitivity Case was more relevant to Jefferies' analysis than the Hybrid Case. The creation of the June Sensitivity Case and its basis in and differences from the Hybrid Case are described in more detail above on page 46 under " Background of the Transactions" and page 56 under " Unaudited Financial Projections of PAA."

The selected public companies analysis indicated the following implied exchange ratio reference ranges for the June Sensitivity Case:

June Sensitivity Case	
	Implied Exchange Ratio Reference Ranges
Benchmark	
2016 3QE Annualized Yield	0.317 - 0.406
2017E Yield	0.238 - 0.305
2018E Yield	0.326 - 0.412

The selected public companies analysis indicated the following implied exchange ratio reference ranges for the Downside Case:

Downside Case	
	Implied Exchange Ratio Reference Ranges
Benchmark	
2016 3QE Annualized Yield	0.299 - 0.384
2017E Yield	0.251 - 0.322
2018E Yield	0.306 - 0.386

The selected public companies analysis indicated the following implied exchange ratio reference ranges for the Upside Case:

Upside Case	
	Implied Exchange Ratio Reference Ranges
Benchmark	
2016 3QE Annualized Yield	0.283 - 0.363
2017E Yield	0.223 - 0.285
2018E Yield	0.371 - 0.469

Jefferies compared the results of this analysis to the implied PAA Recapitalization exchange ratio of 0.3755 PAA Common Units for each outstanding AAP Unit based on the closing price of PAA Common Units on July 7, 2016.

None of the PAGP Selected Public Companies utilized in the selected public companies analysis is identical to PAGP, and none of the PAA Selected Public Companies utilized in the selected public companies analysis is identical to PAA. In evaluating the selected public companies that would comprise the PAGP Selected Public Companies and the PAA Selected Public Companies, Jefferies made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond PAGP's, PAA's and Jefferies' control. Mathematical analysis, such as determining the mean or median, is not in itself a meaningful method of using comparable company data.

Table of Contents***Discounted Cash Flow Analysis***

Jefferies performed a discounted cash flow analysis by calculating the net present value of PAGP's and PAA's estimated distributable cash flow per Class A share through the fiscal year ending December 31, 2021, based on the three financial forecasts contained in the PAA financial projections and publicly available data, and the net present value of PAA's estimated distributable cash flow per PAA Common Unit through the fiscal year ending December 31, 2021, based on the three financial forecasts contained in the PAA financial projections and publicly available data.

In performing the discounted cash flow analysis, Jefferies applied discount rates ranging from 11.32% to 12.32% to the projected distributable cash flow from PAGP per Class A Share and 10.46% to 11.46% to the projected distributable cash flow from PAA per PAA Common Unit, based on the respective estimated weighted average cost of capital of PAGP and PAA. Jefferies estimated the weighted average cost of capital for PAGP and PAA by applying the capital asset pricing model to determine the cost of equity capital of PAGP's and PAA's respective common equity securities, calculating the average cost of debt of PAGP and PAA with reference to applicable borrowing rates, and calculating a weighted average cost of debt and equity capital based on the foregoing. Jefferies also applied terminal value yield ranges of 6.50% to 7.50% to the projected distributed cash flow from PAGP per Class A Share for 2021 and 9.0% to 10% to the projected distributed cash flow from PAA per PAA Common Unit for 2021, based on respective trading metrics of similar companies.

The implied value per Class A Share and PAA Common Unit reference ranges and the implied exchange ratio reference ranges were indicated to be as follows:

Discounted Cash Flow Analysis**Implied Reference Share/Unit Prices**

	Class A Share	PAA Common Unit	Implied Reference Exchange Ratio
June Sensitivity Case	\$10.58 - \$12.22	\$28.45 - \$31.48	0.336 - 0.429
Upside Case	\$12.42 - \$14.48	\$31.14 - \$34.47	0.363 - 0.465
Downside Case	\$8.67 - \$9.96	\$25.83 - \$28.53	0.304 - 0.386

Jefferies determined to perform the foregoing analysis using the June Sensitivity Case, but not the Hybrid Case, because the June Sensitivity Case was an update to the Hybrid Case accounting for more recent developments in well performance and activity in specific oil producing basins, and thus the June Sensitivity case was more relevant to Jefferies' analysis than the Hybrid Case. The creation of the June Sensitivity Case and its basis in and differences from the Hybrid Case are described in more detail above on page 46 under " Background of the Transactions" and page 56 under " Unaudited Financial Projections of PAA."

Jefferies compared the results of this analysis to the implied Simplification exchange ratio of 0.3755 PAA Common Units for each outstanding AAP Class A Unit based on the closing price of PAA Common Units on July 7, 2016.

Premiums Paid Analysis

Jefferies reviewed the premiums offered or paid in (i) eight third-party master limited partnership midstream transactions since December 15, 2003 relative to the target unit prices one trading day, seven trading days and 30 trading days prior to announcement, which indicated a mean offer premium of 17.0% to 18.0% per common unit, (ii) seven affiliate master limited partnership transactions since June 29, 2009 relative to the target unit prices on one trading day, seven trading days and 30 trading days prior to announcement, which indicated a mean offer premium of 10.8% to 12.4% per common unit and (iii) nine affiliate general partner simplification transactions since March 3, 2009 relative to

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the target unit prices on one trading day, seven trading days and 30 trading days prior to announcement, which indicated a mean offer premium of 15.2% to 18.7% per common unit.

The eight third-party master limited partnership midstream transactions reviewed by Jefferies consisted of the following:

Selected Third-Party Master Limited Partnership Midstream Transactions

Date	Buyer	Seller
7/13/15	MPLX LP	MarkWest Energy Partners, L.P.
10/13/14	Targa Resources Partners LP	Atlas Pipeline Partners, L.P.
10/10/13	Regency Energy Partners LP	PVR Partners, L.P.
5/6/13	Inergy Midstream, L.P.	Crestwood Midstream Partners LP
1/29/13	Kinder Morgan Energy Partners, L.P.	Copano Energy, L.L.C.
6/12/06	Plains All American Pipeline, L.P.	Pacific Energy Partners, L.P.
11/1/04	Valero L.P.	Kaneb Pipe Line Partners, L.P.
12/15/03	Enterprise Products Partners L.P.	GulfTerra Energy Partners, L.P.

The seven affiliate master limited partnership transactions reviewed by Jefferies consisted of the following:

Selected Affiliate Master Limited Partnership Midstream Transactions

Date	Buyer	Seller
1/26/15	Energy Transfer Partners, L.P.	Regency Energy Partners LP
11/10/14	Enterprise Products Partners L.P.	Oiltanking Partners, L.P.
10/26/14	Access Midstream Partners, L.P.	Williams Partners L.P.
8/27/13	Plains All American Pipeline, L.P.	PAA Natural Gas Storage, L.P.
7/11/11	Vanguard Natural Resources, LLC	Encore Energy Partners LP
2/23/11	Enterprise Products Partners L.P.	Duncan Energy Partners L.P.
6/29/09	Enterprise Products Partners L.P.	TEPPCO Partners LP

The nine affiliate general partner simplification transactions reviewed by Jefferies consisted of the following:

Selected Affiliate General Partner Simplification Master Limited Partnership Midstream Transactions

Date	Buyer	Seller
5/31/16	SemGroup Corporation	Rose Rock Midstream LP
11/3/15	Targa Resources Corp.	Targa Resources Partners LP
5/6/15	Crestwood Equity Partners LP	Crestwood Midstream Partners LP
8/10/14	Kinder Morgan, Inc.	El Paso Pipeline Partners, L.P., Kinder Morgan Energy Partners LP, Kinder Morgan Management, LLC
9/21/10	Penn Virginia Resource Partners, L.P.	Penn Virginia GP Holdings, L.P.
9/3/10	Enterprise Products Partners L.P.	Enterprise GP Holdings L.P.
8/9/10	Inergy Midstream, L.P.	Inergy Holdings, L.P.
6/11/10	Buckeye Partners, L.P.	Buckeye GP Holdings L.P.
3/3/09	Magellan Midstream Partners, L.P.	Magellan Midstream Holdings LP

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Jefferies applied the mean of the relevant range of premiums to the relevant closing prices of PAGP as of July 7, 2016. Using a reference range of the 25th percentile to the 75th percentile premiums for each time period listed above, Jefferies performed a premiums paid analysis using the closing price of Class A shares on July 7, 2016 (representing the one day prior spot price), the average of the closing prices for the seven prior trading days from July 7, 2016 and the average closing prices for the 30 prior trading days from July 7, 2016.

First, based on Jefferies' premiums paid analysis with respect to the third-party master limited partnership transactions, the implied value per Class A share was indicated at the 25th and 75th percentiles to range from \$11.38 to \$12.70. In turn, applying a current price of PAA Common Units of \$26.83 as of July 7, 2016, the implied exchange ratio reference range was 0.424 to 0.473, as compared to the implied PAA Recapitalization exchange ratio of 0.3755.

Second, based on Jefferies' premium paid analysis with respect to the affiliate master limited partnership transactions, the implied value per Class A Share was indicated at the 25th and 75th percentiles to range from \$10.84 to \$11.78. In turn, applying a current price of PAA Common Units of \$26.83 as of July 7, 2016, the implied exchange ratio reference range was 0.404 to 0.439, as compared to the implied PAA Recapitalization exchange ratio of 0.3755.

Finally, based on Jefferies' premium paid analysis with respect to the affiliate general partner simplification transactions, the implied value per Class A share was indicated at the 25th and 75th percentiles to range from \$11.33 to \$12.41. In turn, applying a current price of PAA Common Units of \$26.83 as of July 7, 2016, the implied exchange ratio reference range was 0.422 to 0.462, as compared to the implied PAA Recapitalization exchange ratio of 0.3755.

No selected master limited partnership merger transaction, affiliate master limited partnership transaction or affiliate general partner simplification transaction utilized as a comparison in the selected premiums paid analysis is identical to the Simplification.

General

Jefferies' opinion was one of many factors taken into consideration by the PAGP GP board in making its determination to approve the Simplification Agreement and the Transactions and should not be considered determinative of the views of the PAGP GP board or PAGP management with respect to the PAA Recapitalization or the PAA Common Unit Consideration to be paid in connection therewith. Jefferies did not recommend any specific exchange ratio or consideration to the PAGP GP board or that any given exchange ratio or consideration constituted the only appropriate exchange ratio or consideration for the PAA Recapitalization.

Jefferies was selected by the PAGP GP board based on Jefferies' qualifications, expertise and reputation. Jefferies is an internationally recognized investment banking and advisory firm with a leading energy group, and has significant experience in midstream advisory assignments similar to the PAA Recapitalization. Jefferies, as part of its investment banking business, is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements, financial restructurings and other financial services.

The PAGP GP board engaged Jefferies on June 3, 2016 to advise the PAGP GP board with respect to a potential simplification transaction in consideration for a \$1.0 million engagement fee paid by PAGP. PAGP also paid to Jefferies, upon the delivery of Jefferies' opinion to the PAGP GP board, an opinion fee of \$2.0 million. PAGP is also obligated to pay Jefferies a fee of \$1.0 million contingent upon the closing of the PAA Recapitalization. Jefferies will also be reimbursed by PAGP for certain expenses reasonably incurred. PAGP, through the PAGP GP board, has also agreed to indemnify

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Jefferies against certain liabilities arising out of or in connection with the services rendered and to be rendered, and the opinion given, by Jefferies under such engagement.

Within the two years prior to the date of its opinion, Jefferies performed investment banking services on behalf of PAA in connection with two matters unrelated to the PAA Recapitalization, and received customary compensation therefor. The unrelated matters involved acting as agent for a period of time under PAA's continuous offering program and the sale by PAA of certain Gulf Coast assets; the aggregate commission and fees paid to Jefferies for its services in connection with such matters totaled approximately \$2.65 million. Jefferies may perform investment banking and other financial services for PAA and for PAGP in the future, and expects to receive customary fees for such services. Jefferies has from time to time in the past maintained a market in the securities of PAGP and PAA and may do so in the future, and, in the ordinary course of its business, Jefferies and its affiliates may trade or hold securities of PAGP and PAA for its or their own account and for the accounts of its and their customers and, accordingly, may at any time hold long or short positions in those securities. In addition, in the future, Jefferies may seek to provide financial advisory and financing services to PAA, PAA GP, GP LLC, AAP and PAGP GP, or entities that are affiliated therewith or with PAGP, for which Jefferies would expect to receive compensation. Jefferies has consented to the inclusion of its opinion in this proxy statement.

Regulatory Approvals

There are no federal or state regulatory requirements that must be complied with or approvals that must be obtained in connection with the Transactions.

Accounting Treatment of the Transactions

The Transactions are between and among consolidated subsidiaries of PAGP that are considered entities under common control. These equity transactions did not result in a change in the carrying value of the underlying assets and liabilities and the estimated costs incurred to complete the transactions of approximately \$15 million will be charged to partners' capital during the year ending December 31, 2016. In addition, the PAA Recapitalization will result in a modification in the net income allocation by PAA to AAP and by AAP to PAGP resulting in a decrease in net income attributable to PAGP. On a pro forma basis after giving effect to the Transactions, net income attributable to PAGP decreased by \$56 million for the year ended December 31, 2015 and decreased by \$28 million and \$46 million for the three and six months ended June 30, 2016, respectively.

Dissenters' Rights

Under the Delaware Revised Uniform Limited Partnership Act and our Partnership Agreement, there are no dissenters' or appraisal rights for Shareholders with respect to the Simplification Agreement or the Transactions.

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THE SPECIAL MEETING

PAGP is providing this proxy statement to its Shareholders in connection with the solicitation of proxies to be voted at the special meeting of Shareholders that PAGP has called for, among other things, the purpose of holding a vote upon (i) the Simplification Proposal, (ii) the Adjournment Proposal and (iii) any proposal to transact such other business as may properly come before the special meeting and any adjournment or postponement thereof. This proxy statement is first being mailed to Shareholders on or about [•], 2016, and provides Shareholders with the information they need to know to be able to vote or instruct their vote to be cast at the special meeting.

Date, Time and Place

The special meeting will be held at [•] [a.m./p.m.] Central Time, in [The Senate Room, located on the 12th Floor of Two Allen Center, 1200 Smith Street, Houston, Texas 77002.]

Recommendation of the PAGP GP Board

The PAGP GP board recommends that our Shareholders vote "FOR" the Simplification Proposal and "FOR" the Adjournment Proposal.

In the course of reaching its decision to approve the Simplification Proposal, the PAGP GP board considered a number of factors in its deliberations. For a more complete discussion of these factors, see "The Transactions and Transaction Documents Rationale for the Transactions" on page 58.

In considering the recommendation of the PAGP GP board with respect to the Simplification Proposal, you should be aware that some of PAGP GP's directors and executive officers may have interests that are different from, or in addition to, the interests of our Shareholders more generally. See "Interests of Certain Persons in the Transactions."

Record Date; Outstanding Shares; Shares Entitled to Vote

The record date for the special meeting is [•], 2016. Only Shareholders of record at the close of business on the record date will be entitled to receive notice of and to vote at the special meeting or any adjournment or postponement of the meeting.

As of the close of business on the record date of [•], 2016, there were approximately [•] Class A shares and [•] Class B shares outstanding and entitled to vote at the meeting. Each Class A share and Class B share is entitled to one vote.

A complete list of Shareholders entitled to vote at the special meeting will be available for inspection at the principal place of business of PAGP during regular business hours for a period of no less than ten days before the special meeting and at the place of the special meeting during the meeting.

Quorum

A quorum of Shareholders represented in person or by proxy at the special meeting is required to vote on adoption of the Simplification Proposal at the special meeting. At least a majority of Class A shares and Class B shares, voting together as a single class, must be represented in person or by proxy at the special meeting in order to constitute a quorum. Any proxies received but marked as abstentions and broker non-votes will be counted as present in determining whether a quorum is present at the special meeting. The Voting Agreement binds a sufficient number of shares to ensure a quorum will be established at the special meeting.

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Required Vote

Simplification Proposal

To adopt the Simplification Proposal, holders of at least a majority of the outstanding Class A shares and Class B shares, together as a single class, must vote in favor of adoption of the Simplification Proposal.

Concurrently with the execution of the Simplification Agreement, certain of our Shareholders that owned approximately 51.3% of the Class A and Class B shares outstanding as of July 11, 2016, executed a Voting Agreement, pursuant to which such Shareholders agreed to vote their Class A and Class B shares in favor of the Simplification Proposal. The Voting Agreement binds sufficient votes to ensure that the Simplification Proposal will be approved at the special meeting.

Adjournment Proposal

The affirmative vote of the holders of a majority of the outstanding Class A and Class B shares entitled to vote as of the record date is required to adopt the Adjournment Proposal; provided, that, in the absence of a quorum, the affirmative vote of at least a majority of outstanding Class A and Class B shares entitled to vote as of the record date present in person or represented by proxy at the special meeting would be required to adopt the Adjournment Proposal.

A Shareholder's failure to submit a proxy card or to vote in person at the special meeting or an abstention from voting, or the failure of a Shareholder who holds his or her shares in "street name" through a broker or other nominee to give voting instructions to such broker or other nominee, will have the same effect as a vote "AGAINST" the adoption of the Simplification Proposal and the Adjournment Proposal.

Voting of Shares by Holders of Record

If you are entitled to vote at the special meeting and hold your shares in your own name, you can submit a proxy or vote in person by completing a ballot at the special meeting. However, we encourage you to submit a proxy before the special meeting even if you plan to attend the special meeting in order to ensure that your shares are voted. A proxy is a legal designation of another person to vote your shares on your behalf. If you hold shares in your own name, you may submit a proxy for your shares by:

calling the toll-free number specified on the enclosed proxy card and follow the instructions when prompted;

accessing the Internet website specified on the enclosed proxy card and follow the instructions provided to you; or

filling out, signing and dating the enclosed proxy card and mailing it in the prepaid envelope included with these proxy materials.

When a Shareholder submits a proxy by telephone or through the Internet, his or her proxy is recorded immediately. We encourage our Shareholders to submit their proxies using these methods whenever possible. If you submit a proxy by telephone or the Internet website, please do not return your proxy card by mail.

All Class A shares and Class B shares represented by each properly executed and valid proxy received before the special meeting will be voted in accordance with the instructions given on the proxy. If a Shareholder executes a proxy card without giving instructions, the Class A shares or Class B shares represented by that proxy card will be voted as the PAGP GP board recommends, which is "FOR" the adoption of the Simplification Proposal and "FOR" the Adjournment Proposal.

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Your vote is important. Accordingly, please submit your proxy by telephone, through the Internet or by mail, whether or not you plan to attend the meeting in person. Proxies must be received by 11:59 p.m., Eastern Time, on [•], 2016.

Voting of Shares Held in Street Name; Broker Non-Votes

If your shares are held in an account at a broker or through another nominee, you must instruct the broker or other nominee on how to vote your shares by following the instructions that the broker or other nominee provides to you with these proxy materials. Most brokers offer the ability for Shareholders to submit voting instructions by mail by completing a voting instruction form, by telephone and via the Internet.

If you do not provide voting instructions to your broker, your shares will not be voted on any proposal on which your broker does not have discretionary authority to vote. This is referred to in this proxy statement and in general as a broker non-vote. In these cases, the broker or other nominee can register your shares as being present at the special meeting for purposes of determining a quorum, but will not be able to vote your shares on those matters for which specific authorization is required. Under the current rules of the NYSE, brokers do not have discretionary authority to vote on the Simplification Proposal or the Adjournment Proposal. A broker non-vote of a Class A share or Class B share will have the same effect as a vote "AGAINST" the Simplification Proposal and "AGAINST" the Adjournment Proposal.

If you hold shares through a broker or other nominee and wish to vote your shares in person at the special meeting, you must obtain a proxy from your broker or other nominee and present it to the inspector of election with your ballot when you vote at the special meeting.

Revocability of Proxies; Changing Your Vote

You may revoke your proxy and/or change your vote at any time before your proxy is voted at the special meeting. If you are a Shareholder of record, you can do this by:

submitting a proxy with new voting instructions using the Internet or telephone voting system (please note, however, that the deadline for voting through the Internet or by telephone is 11:59 p.m. Eastern Time on [•]);

delivering a later-dated, executed proxy card to American Stock Transfer & Trust Company, LLC, 6201 15th Avenue, Brooklyn, New York 11219;

delivering a written notice of revocation of your proxy to American Stock Transfer & Trust Company, LLC, 6201 15th Avenue, Brooklyn, New York 11219; or

attending the special meeting and voting in person. Please note that attendance at the special meeting will not by itself (i.e., without also voting) revoke a previously granted proxy.

If you are a beneficial owner of shares held in street name and you have instructed your broker or other nominee to vote your shares, you must follow the procedure your broker or other nominee provides to change those instructions. You may also vote in person at the special meeting if you obtain a "legal" proxy from your broker or other nominee.

Solicitation of Proxies

This proxy statement is furnished in connection with the solicitation of proxies by the PAGP GP board to be voted at the special meeting. We will bear all costs and expenses in connection with the solicitation of proxies. We have engaged Georgeson LLC to assist in the solicitation of proxies for the meeting and we will pay Georgeson LLC a fee of approximately \$9,500 for these services. We have also agreed to reimburse Georgeson LLC for reasonable out-of-pocket expenses and disbursements incurred

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in connection with the proxy solicitation and to indemnify Georgeson LLC against certain losses, costs and expenses. In addition, we may reimburse brokerage firms and other persons representing beneficial owners of PAGP's Class A shares for their reasonable expenses in forwarding solicitation materials to such beneficial owners. Proxies may also be solicited by certain PAGP GP directors and officers, as well as employees of GP LLC, by telephone, electronic mail, letter, facsimile or in person, but no additional compensation will be paid to them.

No Other Business

Under our partnership agreement, the business to be conducted at the special meeting will be limited to the purposes stated in the notice to Shareholders provided with this proxy statement.

Assistance

If you need assistance in completing your proxy card or have questions regarding the special meeting, please contact Georgeson LLC toll-free at 1-866-431-2105.

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SELECTED HISTORICAL FINANCIAL INFORMATION OF PAGP AND PAA

PAGP

The following tables set forth selected historical consolidated financial and other information for PAGP as of the dates and for the periods indicated. The selected consolidated statements of operations data for the year ended December 31, 2013 include results attributable to PAGP from October 21, 2013 (the date of closing of PAGP's initial public offering) through December 31, 2013, plus results for GP LLC, the predecessor entity to PAGP, prior to October 21, 2013.

The selected historical statements of operations and cash flow data for the years ended December 31, 2015, 2014 and 2013 and balance sheet data as of December 31, 2015 and 2014 is derived from the audited financial statements of PAGP (and GP LLC as discussed above) included in the PAGP's Annual Report on Form 10-K for the year ended December 31, 2015, which is incorporated by reference into this proxy statement. The selected historical statements of operations and cash flow data for the years ended December 2012 and 2011 and the balance sheet data as of December 31, 2013, 2012 and 2011 is derived from the audited financial statements of GP LLC that are not included elsewhere, or incorporated by reference, in this document.

PAGP's balance sheet data as of June 30, 2016 and 2015 and the statements of operations and cash flow data for the six months ended June 30, 2016 and 2015 are derived from the unaudited

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consolidated financial statements included in PAGP's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, which is incorporated by reference into this proxy statement.

	Year Ended December 31,					Six Months Ended June 30,	
	2015	2014	2013	2012	2011	2016	2015
	(unaudited)						
	(in millions, except per share data and as otherwise indicated)						
Statement of Operations Data:							
Total revenues	\$ 23,152	\$ 43,464	\$ 42,249	\$ 37,797	\$ 34,275	\$ 9,060	\$ 12,605
Operating income	\$ 1,258	\$ 1,791	\$ 1,734	\$ 1,433	\$ 1,305	\$ 425	\$ 580
Net income	\$ 809	\$ 1,328	\$ 1,374	\$ 1,118	\$ 987	\$ 259	\$ 365
Net income attributable to PAGP	\$ 118	\$ 70	\$ 15	\$ 3	\$ 2	\$ 78	\$ 61
Per share data:							
Basic net income per Class A share(1)	\$ 0.53	\$ 0.48	\$ 0.10	N/A	N/A	\$ 0.30	\$ 0.28
Diluted net income per Class A share(1)	\$ 0.53	\$ 0.47	\$ 0.10	N/A	N/A	\$ 0.29	\$ 0.27
Declared distributions per Class A share(2)	\$ 0.88	\$ 0.67	N/A	N/A	N/A	\$ 0.462	\$ 0.425
Balance sheet data (at end of period):							
Property and equipment, net	\$ 13,493	\$ 12,292	\$ 10,841	\$ 9,664	\$ 7,763	\$ 13,617	\$ 13,048
Total assets	\$ 24,142	\$ 23,923	\$ 21,411	\$ 19,219	\$ 15,388	\$ 25,075	\$ 24,697
Long-term debt	\$ 10,932	\$ 9,238	\$ 7,188	\$ 6,480	\$ 4,694	\$ 10,077	\$ 9,640
Total debt	\$ 11,931	\$ 10,525	\$ 8,301	\$ 7,566	\$ 5,380	\$ 11,379	\$ 10,555
Partners' capital/Members' Equity:							
Partners' capital/members' equity (excluding noncontrolling interests)	\$ 1,762	\$ 1,657	\$ 1,035	\$	\$	\$ 1,802	\$ 1,801
Noncontrolling interests	\$ 7,472	\$ 7,724	\$ 7,244	\$ 6,968	\$ 5,794	\$ 8,487	\$ 8,213
Total Partners' capital/Members' equity	\$ 9,234	\$ 9,381	\$ 8,279	\$ 6,968	\$ 5,794	\$ 10,289	\$ 10,014
Other data:							
Net cash provided by operating activities	\$ 1,333	\$ 1,988	\$ 1,948	\$ 1,232	\$ 2,357	\$ 379	\$ 654
Net cash used in investing activities	\$ (2,530)	\$ (3,296)	\$ (1,653)	\$ (3,392)	\$ (2,020)	\$ (522)	\$ (1,343)
Net cash provided by/(used in) financing activities	\$ 827	\$ 1,672	\$ (274)	\$ 2,159	\$ (337)	\$ 146	\$ 316
Capital expenditures:							
Acquisition capital	\$ 105	\$ 1,099	\$ 19	\$ 2,286	\$ 1,404	\$ 85	\$ 64
Expansion capital	\$ 2,170	\$ 2,026	\$ 1,622	\$ 1,185	\$ 531	\$ 709	\$ 1,188
Maintenance capital	\$ 220	\$ 224	\$ 176	\$ 170	\$ 120	\$ 81	\$ 102

(1) Basic and diluted net income per Class A share for 2013 were calculated based on net income attributable to PAGP for the period following the closing of our initial public offering on October 21, 2013 and basic weighted average Class A shares outstanding weighted for the same period.

(2) Represents cash distributions declared and paid during the period presented.

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PAA

The following tables set forth selected historical consolidated financial and other information for PAA as of the dates and for the periods indicated.

The selected historical statements of operations and cash flow data for the years ended December 31, 2015, 2014 and 2013 and balance sheet data as of December 31, 2015 and 2014 is derived from the audited financial statements of PAA included in PAA's Annual Report on Form 10-K for the year ended December 31, 2015, which is incorporated by reference into this proxy statement. The selected historical statements of operations and cash flow data for the years ended December 2012 and 2011 and the balance sheet data as of December 31, 2013, 2012 and 2011 is derived from the audited financial statements of PAA that are not included elsewhere, or incorporated by reference, in this document.

PAA's balance sheet data as of June 30, 2016 and 2015 and the statements of operations and cash flow data for the six months ended June 30, 2016 and 2015 are derived from the unaudited

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consolidated financial statements included in PAA's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, which is incorporated by reference into this proxy statement.

	Year Ended December 31,					Six Months Ended June 30,	
	2015	2014	2013	2012	2011	2016	2015
(in millions, except per unit data and as otherwise indicated)							
Statement of Operations Data:							
Total revenues	\$ 23,152	\$ 43,464	\$ 42,249	\$ 37,797	\$ 34,275	\$ 9,060	\$ 12,605
Operating income	\$ 1,262	\$ 1,799	\$ 1,738	\$ 1,434	\$ 1,306	\$ 427	\$ 583
Net income	\$ 906	\$ 1,386	\$ 1,391	\$ 1,127	\$ 994	\$ 304	\$ 408
Net income attributable to PAA	\$ 903	\$ 1,384	\$ 1,361	\$ 1,094	\$ 966	\$ 302	\$ 407
Per unit data:							
Basic net income/(loss) per common unit	\$ 0.78	\$ 2.39	\$ 2.82	\$ 2.41	\$ 2.46	\$ (0.13)	\$ 0.29
Diluted net income/(loss) per common unit	\$ 0.77	\$ 2.38	\$ 2.80	\$ 2.40	\$ 2.44	\$ (0.13)	\$ 0.29
Declared distributions per common unit(1)	\$ 2.76	\$ 2.55	\$ 2.33	\$ 2.11	\$ 1.95	\$ 1.40	\$ 1.36
Balance sheet data (at end of period):							
Property and equipment, net	\$ 13,474	\$ 12,272	\$ 10,819	\$ 9,643	\$ 7,740	\$ 13,598	\$ 13,028
Total assets	\$ 22,288	\$ 22,198	\$ 20,320	\$ 19,196	\$ 15,355	\$ 23,163	\$ 22,829
Long-term debt	\$ 10,375	\$ 8,704	\$ 6,675	\$ 6,281	\$ 4,494	\$ 9,486	\$ 9,082
Total debt	\$ 11,374	\$ 9,991	\$ 7,788	\$ 7,367	\$ 5,173	\$ 10,788	\$ 9,997
Partners' capital	\$ 7,939	\$ 8,191	\$ 7,703	\$ 7,146	\$ 5,974	\$ 8,970	\$ 8,705
Other data:							
Net cash provided by operating activities	\$ 1,344	\$ 2,004	\$ 1,954	\$ 1,240	\$ 2,365	\$ 387	\$ 660
Net cash used in investing activities	\$ (2,530)	\$ (3,296)	\$ (1,653)	\$ (3,392)	\$ (2,020)	\$ (522)	\$ (1,343)
Net cash provided by/(used in) financing activities	\$ 814	\$ 1,657	\$ (281)	\$ 2,151	\$ (345)	\$ 138	\$ 309
Capital expenditures:							
Acquisition capital	\$ 105	\$ 1,099	\$ 19	\$ 2,286	\$ 1,404	\$ 85	\$ 64
Expansion capital	\$ 2,170	\$ 2,026	\$ 1,622	\$ 1,185	\$ 531	\$ 709	\$ 1,188
Maintenance capital	\$ 220	\$ 224	\$ 176	\$ 170	\$ 120	\$ 81	\$ 102
Volumes(2)(3):							
Transportation segment (average daily volumes in thousands of barrels per day)							
Tariff activities	4,340	3,952	3,595	3,373	2,942	4,584	4,272
Trucking	113	127	117	106	105	110	115
Transportation segment total volumes	4,453	4,079	3,712	3,479	3,047	4,694	4,387
Facilities segment:							
Crude oil, refined products and NGL terminalling and storage (average monthly capacity in millions of barrels)							
	100	95	94	90	70	105	99
Rail load / unload volumes (average volumes in thousands of barrels per day)							
	210	231	221			109	220
Natural gas storage (average monthly working capacity in billions of cubic feet)							
	97	97	96	84	71	97	97
NGL fractionation (average volumes in thousands of barrels per day)							
	103	96	96	79	14	110	103

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Facilities segment total volumes (average monthly volumes in millions of barrels)	126	121	120	106	82	128	125
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Supply and Logistics segment (average daily volumes in thousands of barrels per day):							
Crude oil lease gathering purchases	943	949	859	818	742	899	974
NGL sales	223	208	215	182	103	242	222
Waterborne cargos	2		4	3	21	6	
Supply and Logistics segment total volumes	1,168	1,157	1,078	1,003	866	1,147	1,196

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- (1) Represents cash distributions declared and paid during the period presented. PAA's general partner is entitled, directly or indirectly, to receive 2% proportional distributions, as well as incentive distributions if the amount PAA distributes with respect to any quarter exceeds levels specified in PAA's partnership agreement.
- (2) Average volumes are calculated as the total volumes (attributable to PAA's interest) for the period divided by the number of days or months in the period.
- (3) Facilities segment total is calculated as the sum of: (i) crude oil, refined products and NGL terminalling and storage capacity; (ii) rail load and unload volumes multiplied by the number of days in the period and divided by the number of months in the period; (iii) natural gas storage working capacity divided by 6 to account for the 6:1 mcf of natural gas to crude Btu equivalent ratio and further divided by 1,000 to convert to monthly volumes in millions; and (iv) NGL fractionation volumes multiplied by the number of days in the period and divided by the number of months in the period.

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COMPARISON OF THE RIGHTS OF OUR SHAREHOLDERS BEFORE AND AFTER THE TRANSACTIONS

The following is a summary description of our partnership interests and the associated rights of our Shareholders before and after the effectiveness of the Transactions.

Before	After
Outstanding Partnership Interests	
We have three separate classes of partnership interests:	We will have four separate classes of partnership interests:
Class A Shares;	Class A Shares;
Class B Shares; and	Class B Shares;
a non-economic general partner interest. Please see page 14 for a diagram of our current ownership structure.	Class C Shares; and a non-economic general partner interest. The Class C shares represent a non-economic limited partner interest in PAGP, and are therefore not entitled to participate in distributions of available cash or distributions upon liquidation. The Class C shares will give PAA, as the sole holder of the Class C shares, the right to vote in the election of eligible PAGP GP directors as described below under "Election of Directors." Please see page 16 for a diagram of our ownership structure following the Transactions.

Distributions of Available Cash

Our current partnership agreement requires that, within 55 days after the end of each quarter, we distribute all of our available cash (after the establishment of applicable reserves as discussed in the definition of "available cash" below) to shareholders of record on the applicable record date. This cash is distributed among the holders of Class A Shares on a pro rata basis.	The distribution mechanics will remain the same.
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Before

"Available cash," for any quarter, consists of (a) (i) all cash on hand at the end of that quarter, plus (ii) all cash expected to be received from AAP or its subsidiaries (other than PAA or its subsidiaries) with respect to such quarter, plus (iii) if our general partner so determines, all or a portion of cash on hand on the date of determination of available cash for the quarter, less (b) the amount of cash reserves established by our general partner to (i) provide for the proper conduct of our business, (ii) comply with applicable law, any of our debt instruments or other agreements, (iii) provide for our general, administrative and other expenses, (iv) provide for future capital expenditures, debt service and other credit needs and tax obligations or (v) permit PAA GP to make capital contributions to maintain its 2% general partner interest in PAA.

After

"Available cash," for any quarter remains the same, except that since PAA GP will no longer be required to maintain a 2% general partner interest in PAA, cash reserves will no longer be established for PAA GP to maintain such interest.

Sources of Cash Flow

Our only cash-generating assets consist of 268,352,408 AAP Units, which represent an approximate 41.8% limited partner interest in AAP. Therefore, our cash flows are generated solely from the cash distributions we receive from AAP. AAP currently receives all of its cash flows from distributions on its direct ownership of PAA's IDRs and its indirect ownership of PAA's 2% general partner interest.

Our only cash generating assets will continue to be the limited partner interests we own in AAP. AAP will receive all of its cash flows from distributions in respect of the 245,500,000 PAA Common Units it will own immediately after the Closing, subject to certain adjustments.

Economic Alignment with PAA Common Unitholders

As of August 31, 2016 there are 268,352,408 Class A shares outstanding and 401,964,866 PAA Common Units outstanding.

AAP will execute a reverse split to adjust the number of AAP Units such that the number of outstanding AAP Units (assuming the conversion of all AAP Management Units into AAP Units) equals the number of PAA Common Units received by AAP at the Closing. Simultaneously, PAGP will execute a reverse split to adjust the number of Class A and Class B shares outstanding to equal the number of AAP Units it owns following AAP's reverse unit split. As a result of these reverse splits, each Class A share will correspond, on a one-to-one basis, to an underlying PAA Common Unit held by AAP which is attributable to PAGP's ownership in AAP.

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Before

After

Following completion of and giving effect to the Simplification Transactions, we expect that there will be 100,771,924 Class A shares outstanding, 140,388,428 Class B shares outstanding, and 465,091,197 Class C shares outstanding. These amounts are based on the capital structures of PAA, AAP and PAGP as of August 31, 2016, and assume that (i) no additional Class A shares or Class B shares are issued prior to Closing, (ii) no additional AAP Management Units are converted to AAP Units prior to Closing, (iii) no AAP Units are exchanged for Class A shares prior to Closing, and (iv) no additional PAA Common Units or Series A Preferred Units are issued prior to Closing.

Composition of the Board of Directors

PAGP GP's board consists of seven members, including:

(i) PAGP GP's chief executive officer, (ii) three designated directors and (iii) three independent directors.

At the Closing, the current members of the GP LLC board who are not members of the PAGP GP board will be appointed to the PAGP GP board. As a result, the PAGP GP board will consist of: (i) PAGP GP's chief executive officer, (ii) three designated directors and (iii) six independent directors. Please see "Directors of Our General Partner Following the Transactions."

The holders of PAA's Series A Preferred Units will have the right to appoint a director to the PAGP GP board in the event that PAA does not declare and pay distributions on its Series A Preferred Units for three quarters, whether or not consecutive, subject to the designated director satisfying certain qualification standards.

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Before

After

Election of Directors

Our Shareholders do not currently have the ability to elect the members of the PAGP GP board. However, when the overall direct and indirect economic interest of the Initial Owners and their permitted transferees in AAP falls below 40%, subject to certain time and other limitations, which we refer to as the "trigger date," our Shareholders will have the limited right to elect the PAGP GP directors (other than the designated directors and the chief executive officer of PAGP GP). The 40% threshold referred to above is calculated on a fully diluted basis that takes into account any Class A shares owned by the Initial Owners and their affiliates and permitted transferees, and assumes the exchange of all AAP Management Units for AAP Units based on the applicable conversion factor and attributes the ownership of such AAP Units to the Initial Owners.

The trigger date will be accelerated to the Closing of the Transactions, and, as a result, we will hold an annual meeting for the election of eligible PAGP GP directors beginning in 2018.

The mechanics for meetings of our limited partners and voting requirements are unchanged. The issuance of the Class C shares has the effect of substantially diluting the voting power of record holders of Class A shares and Class B shares, since the eligible PAGP GP directors will be elected by a plurality of votes cast in respect of outstanding Class A shares, Class B shares and Class C shares.

The presence in person or by proxy of the holders of a majority of our outstanding Class A shares, Class B shares, and Class C shares, together as a single class, will constitute a quorum.

After the trigger date and once the PAGP GP board has been divided into classes as described below, our partnership agreement provides that, prior to the expiration of the term of each class of directors (at such time as is determined by PAGP GP), we would hold a meeting of our shareholders for the purpose of electing successors for any eligible PAGP GP directors whose terms are about to expire. Voting at any such shareholder meetings is non-cumulative. Notice of such meeting would be given not less than 10 days nor more than 60 days prior to the date of such meeting.

The presence in person or by proxy of the holders of a majority of our outstanding Class A shares and Class B shares, together as a single class, constitutes a quorum.

The eligible PAGP GP directors are elected by a plurality of the votes cast. The designating parties are entitled to vote in any election of elected directors in respect of any Class A shares or Class B shares they own.

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Before

After

Classification of the Board of Directors

Commencing no earlier than 180 days after and no later than the end of the calendar year (as determined by PAGP GP's board) following the trigger date, the PAGP GP board would be divided into three classes of directors such that each class would be comprised of one designated director and one independent director.

At Closing, the directors of the PAGP GP board (other than the Chief Executive Officer and any director subject to appointment by the holders of PAA's Series A Preferred Units) will be divided into three classes. The initial terms for the three classes will be set to expire in 2018, 2019 and 2020, with each class having a three-year term following its initial term. Each class will include two independent directors and one designated director. Please see "Directors of Our General Partner Following The Transactions" for the class that each PAGP GP director will occupy.

Voting and Quorum Limitations

Our Shareholders' voting rights are restricted by the provision in our partnership agreement generally providing that any shares held by a person or group that owns 20% or more of any class of equity interests then outstanding, (other than PAGP GP and its affiliates, the Initial Owners or their permitted transferees and affiliates, their respective affiliates and persons who acquired such shares with the prior approval of PAGP GP's board of directors) (such holders, "**Restricted Holders**"), cannot be voted on any matter and are not counted for purposes of determining whether a quorum exists.

The current limitations remain generally unchanged. However, for the purposes of determining whether a quorum exists for the election of eligible PAGP GP directors, 19.9% of the Class A shares, Class B shares and Class C Shares, taken together a single class, held by Restricted Holders will be counted. In addition, such Restricted Holders will be eligible to vote up to 19.9% of the Class A shares, Class B shares and Class C shares, taken together as a single class, for election of eligible PAGP GP directors.

Nomination Rights

The individuals to stand for election as elected directors are subject to nomination by a majority of the directors of the PAGP GP board, except that any director whose term is about to expire would not be eligible to vote on such nomination. In addition, any shareholder (other than any designating party holding a designation right) that owns of record at least 10% of the combined Class A and Class B shares following the trigger date, has the right to nominate a single director for inclusion on the ballot at the applicable shareholder meeting.

Holders of a number of Class A shares and/or Class B shares, and holders of a number of PAA limited partner interests representing the voting power equivalent, in each case, equal to 10% or more of the number of Class A, Class B and Class C shares outstanding will have the right directly, or indirectly through PAA, to nominate, or direct PAA to nominate, a director in accordance with the terms of the A&R PAGP Partnership Agreement or the A&R PAA Partnership Agreement, as applicable. Although the Qualifying Interest threshold for the nomination of eligible PAGP GP directors remains at 10%, the issuance of the Class C shares at Closing substantially dilutes the nomination rights of holders of Class A shares and Class B shares.

In addition, under our current partnership agreement, equity interests held by Restricted Holders are not considered "outstanding" for purposes of voting to nominate a person for the election of eligible PAGP GP directors.

Restricted Holders will no longer be restricted from nominating a person for the election of eligible PAGP GP directors.

Table of Contents**MARKET PRICES AND DISTRIBUTION INFORMATION**

PAGP's Class A shares are traded on the NYSE under the symbol "PAGP," and the PAA Common Units are traded on the NYSE under the symbol "PAA." As of August 31, 2016, PAGP had 268,352,408 Class A shares and 373,849,892 Class B shares outstanding. The Class B shares are not publicly traded. As of August 31, 2016, PAA had 401,964,866 PAA Common Units and 63,126,331 Series A Preferred Units outstanding. The Series A Preferred Units are not publicly traded.

The following table sets forth, for the periods indicated, the range of high and low sales prices per Class A share and PAA Common Unit, as well as information concerning quarterly cash distributions for the Class A shares and PAA Common Units. The sales prices are as reported in published financial sources.

	Class A Shares			PAA Common Units		
	High	Low	Distributions(1)	High	Low	Distributions(1)
2014						
First Quarter	\$ 29.00	\$ 24.38	\$ 0.171	\$ 55.30	\$ 49.25	\$ 0.630
Second Quarter	32.58	27.00	0.183	60.05	54.54	0.645
Third Quarter	32.26	28.48	0.191	61.09	55.98	0.660
Fourth Quarter	30.75	22.51	0.203	59.75	43.61	0.675
2015						
First Quarter	\$ 28.96	\$ 24.01	\$ 0.222	\$ 52.70	\$ 45.81	\$ 0.685
Second Quarter	29.87	25.81	0.227	51.71	43.00	0.695
Third Quarter	26.64	16.28	0.231	44.29	26.71	0.700
Fourth Quarter	19.49	7.18	0.231	34.98	17.83	0.700
2016						
First Quarter	\$ 9.69	\$ 4.72	\$ 0.231	\$ 25.39	\$ 14.82	\$ 0.700
Second Quarter	11.53	7.88	0.231	28.50	19.76	0.700
Third Quarter (through August 31, 2016)(2)	11.93	9.61		30.34	26.11	

(1) Represents cash distributions per Class A share or PAA Common Unit declared with respect to the quarter and paid in the following quarter.

(2) Cash distributions for Class A shares and PAA Common Units for the third quarter of 2016 have not yet been declared or paid.

Table of Contents**DIRECTORS OF OUR GENERAL PARTNER FOLLOWING THE TRANSACTIONS**

The following table sets forth certain information with respect to the persons that we expect will serve as directors of PAGP GP following the Closing. At the Closing, the directors (other than Mr. Armstrong and any director subject, in certain circumstances, to appointment by the holders of PAA's Series A Preferred Units) will be divided into three classes, with each class serving a three-year term.

Name	Age (as of 8/31/2016)	Position	Class	Expiration of Initial Term
Chief Executive Officer:				
Greg L. Armstrong	58	Chairman of the Board, Chief Executive Officer and Director	n/a	n/a
Designated Directors:				
John T. Raymond	46	Director	I	2020
Robert V. Sinnott	67	Director	II	2019
Bernard (Ben) Figlock	55	Director	III	2018
Independent Directors:				
Victor Burk	66	Director	[•]	[•]
Everardo Goyanes	72	Director	[•]	[•]
Gary R. Petersen	70	Director	[•]	[•]
Bobby S. Shackouls	65	Director	[•]	[•]
J. Taft Symonds	77	Director	[•]	[•]
Christopher M. Temple	49	Director	[•]	[•]

Greg L. Armstrong has served as Chairman of the Board and Chief Executive Officer of our general partner since July 2013 and as Chairman of the Board and Chief Executive Officer of GP LLC since PAA's formation in 1998. He has also served as a director of GP LLC or PAA's former general partner since PAA's 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 a director of the Federal Reserve Bank of Dallas, and a director of National Oilwell Varco, Inc. Mr. Armstrong is also a member of the advisory board of the Maguire Energy Institute at the Cox School of Business at Southern Methodist University, the National Petroleum Council and the Foundation for The Council on Alcohol and Drugs Houston.

John T. Raymond has served as a director of our general partner since October 2013. He has also served as a director of GP LLC since December 2010. Mr. Raymond is an owner and founder of The Energy & Minerals Group, which is the management company for a series of specialized private equity funds. EMG was founded in 2006 and focuses on investing across various facets of the global natural resource industry including the upstream and midstream segments of the energy complex. As of March 31, 2016, EMG has approximately \$13.6 billion of regulatory assets under management and approximately \$9.8 billion in commitments have been allocated across the energy sector since inception. Previous to that time, Mr. Raymond held leadership positions with various energy companies, including President and CEO of Plains Resources Inc. (the predecessor entity for Vulcan Energy), President and Chief Operating Officer of Plains Exploration and Production Company and Director of Development for Kinder Morgan, Inc. Mr. Raymond has been a direct or indirect owner of PAA's general partner since 2001 and served on the board of PAA's general partner from 2001 to 2005. Mr. Raymond serves

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on numerous other boards, including NGL Energy Holdings LLC, the general partner of NGL Energy Partners, L.P., Tallgrass MLP GP, LLC, the general partner of Tallgrass Energy Partners, L.P. and Tallgrass Management, LLC, the general partner of Tallgrass Energy GP, LP. Mr. Raymond received a BSM degree from the A.B. Freeman School of Business at Tulane University with dual concentrations in finance and accounting. We believe that Mr. Raymond's experience with investment in and management of a variety of upstream and midstream assets and operations provides a valuable resource to the board.

Robert V. Sinnott has served as a director of our general partner since October 2013. He has also served as a director of GP LLC or PAA's former general partner since September 1998. Mr. Sinnott is Co-Chairman of Kayne Anderson Capital Advisors, L.P. (an investment management firm). He also served as a Managing Director from 1992 to 1996, Senior Managing Director from 1996 until 2010 and Chief Executive Officer and Chief Investment Officer from 2010 until 2016. He is also President of Kayne Anderson Investment Management, Inc., the general partner of Kayne Anderson Capital Advisors, L.P. Mr. Sinnott served as a director of Kayne Anderson Energy Development Company from 2006 through June 2013. He was Vice President and Senior Securities Officer of the Investment Banking Division of Citibank from 1986 to 1992, and previously held positions with United Energy Resources, a pipeline company, and Bank of America in its oil and gas finance department. Mr. Sinnott also serves as a director of California Resources Corporation. Mr. Sinnott received a BA from the University of Virginia and an MBA from Harvard. Mr. Sinnott's extensive investment management background includes his current role of managing approximately \$17 billion of energy-related investments. Coupled with his direct involvement in the energy sector, spanning more than 30 years, the breadth of his current market and industry knowledge is enhanced by the depth of his knowledge of the various cycles in the energy sector. We believe that as a result of his background and knowledge, as well as the attributes of leadership demonstrated by his executive experience, Mr. Sinnott brings substantial experience and skill to the board.

Bernard (Ben) Figlock has served as a director of our general partner since January 2015. He has also served as a director of GP LLC since January 2015. Mr. Figlock currently serves as Vice President and Treasurer at Occidental Petroleum Corporation ("Oxy"), where he directs and oversees management of Oxy's treasury and risk management functions including finance, investments, insurance and operational risk, commodities trading credit and market risk, and currencies. Mr. Figlock joined Oxy in 1987, advancing to positions of increasing responsibility in Internal Audit, Corporate Finance Planning & Analysis, Corporate Development, and Treasury. Mr. Figlock holds a BS in Accounting from Wake Forest University and an MBA from Loyola Marymount University. We believe that Mr. Figlock's financial and analytical background provides the board a distinctive and valuable perspective.

Victor Burk has served as a director of our general partner since January 2014. He has been a Managing Director for Alvarez and Marsal, a privately owned professional services firm since April 2009. From 2005 to 2009, Mr. Burk was the global energy practice leader for Spencer Stuart, a privately owned executive recruiting firm. Prior to joining Spencer Stuart, Mr. Burk served as managing partner of Deloitte & Touche's global oil and natural gas group from 2002 to 2005. He began his professional career in 1972 with Arthur Andersen and served as managing partner of Arthur Andersen's global oil and natural gas group from 1989 until 2002. Mr. Burk is on the board of directors of EV Management, LLC, the ultimate general partner of EV Energy Partners, L.P., a publicly traded limited partnership engaged in the acquisition, development and production of oil and natural gas. Mr. Burk served as a director and as chairman of the audit committee of PNGS GP LLC, the general partner of PAA Natural Gas Storage, L.P., from April 2010 through December 2013. Mr. Burk also serves as a board member of the Independent Petroleum Association of America (Southeast Texas Region) and the Sam Houston Area Council of the Boy Scouts of America. He received a BBA in Accounting from Stephen F. Austin State University, graduating with highest honors. The board of directors of our

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general partner has determined that Mr. Burk is "independent" under applicable NYSE rules. We believe that Mr. Burk's background, spanning over 30 years of extensive public accounting and consulting in the energy industry, coupled with his demonstrated leadership abilities, brings valuable expertise and insight to the board.

Everardo Goyanes has served as a director of our general partner since October 2013. He has served as a director of PAA's general partner or former general partner since May 1999. He is Founder of Ex Cathedra LLC (a consulting firm). Mr. Goyanes served as Chairman of Liberty Natural Resources from April 2009 until August 2011. From May 2000 to April 2009, he was President and Chief Executive Officer of Liberty Energy Holdings, LLC (an energy investment firm). 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 1967 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 Master's degree in Finance (honors) from Babson Institute. The board of directors of our general partner has determined that Mr. Goyanes is "independent" under applicable NYSE rules. Mr. Goyanes has extensive experience comprising direct involvement in the energy sector over a span of more than 30 years. We believe that this experience, coupled with the leadership qualities demonstrated by his executive background bring important experience and skill to the board.

Gary R. Petersen has served as a director of GP LLC since June 2001. Mr. Petersen is a Managing Partner 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. He is a member of the Independent Petroleum Association of America, the Houston Producers Forum and the Petroleum Club of Houston. Mr. Petersen holds BBA and MBA degrees in finance from Texas Tech University. The GP LLC board has determined that Mr. Petersen is "independent" under applicable NYSE rules. Mr. Petersen has been involved in the energy sector for a period of more than 35 years, garnering extensive knowledge of the energy sectors' various cycles, as well as the current market and industry knowledge that comes with management of approximately \$18 billion of energy-related investments. In tandem with the leadership qualities evidenced by his executive background, we believe that Mr. Petersen brings numerous valuable attributes to the board.

Bobby S. Shackouls has served as a director of our general partner since January 2014. Mr. Shackouls served as Chairman of Burlington Resources Inc. from 1997 until its acquisition by ConocoPhillips in 2006, and continued to serve on the ConocoPhillips Board of Directors until his retirement in May 2011. Prior thereto, Mr. Shackouls served as President and Chief Executive Officer of Meridian Oil, Inc, a wholly owned subsidiary of Burlington Resources, from 1994-1995, and as President and Chief Executive Officer of Burlington Resources from 1995 until 2006. Mr. Shackouls currently serves as a director and member of the audit and corporate governance committees of The Kroger Co. and as a director and member of the compensation committee of Oasis Petroleum. He served as a director and member of the audit committee of PNGS GP LLC, the general partner of PAA Natural Gas Storage, L.P., from April 2010 through December 2013. The board of directors of our general partner has determined that Mr. Shackouls is "independent" under applicable NYSE rules. We believe that Mr. Shackouls' extensive experience within the energy industry offers valuable perspective and, in tandem with his long history of leadership as the CEO of a public company, make him highly qualified to serve as a member of the board.

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J. Taft Symonds has served as a director of GP LLC since June 2001. Mr. Symonds is Chairman of the Board of Symonds Investment Company, Inc. (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 was Chairman of the Houston Arboretum and Nature Center and currently serves as a director of Howard Supply Company LLC and Free Flow Wines LLC. Mr. Symonds previously served as a director of Tetra Technologies Inc. and Schilling Robotics LLC, where he served on the audit committee. Mr. Symonds received a BA from Stanford University and an MBA from Harvard. The GP LLC board has determined that Mr. Symonds is "independent" under applicable NYSE rules. Mr. Symonds has a broad background in both commercial and investment banking, as well as investment management, all with a heavy emphasis on the energy sector. We believe that Mr. Symonds' background offers to the board a distinct and valuable knowledge base representative of both the capital and physical markets and refined by the leadership qualities evident from his executive experience.

Christopher M. Temple has served as a director of GP LLC since May 2009. He is President of DelTex Capital LLC (a private investment firm) and served as Chairman of Brawler Industries, LLC, a Midland, Texas based distributor of engineered plastics used in the exploration and production of oil and gas from September 2012 to July 2016. Mr. Temple served as the President of Vulcan Capital, the private investment group of Vulcan Inc., from May 2009 until December 2009 and as Vice President of Vulcan Capital from September 2008 to May 2009. Mr. Temple has served on the board of directors and audit committee of Clear Channel Outdoor Holdings since April 2011. Mr. Temple previously served on the board of directors and audit committee of Charter Communications, Inc. from November 2009 through January 2011. Prior to joining Vulcan in September 2008, Mr. Temple served as a managing director at Tailwind Capital LLC from May to August 2008. Prior to joining Tailwind, Mr. Temple was a managing director at Friend Skoler & Co., Inc. from May 2005 to May 2008. From April 1996 to December 2004, Mr. Temple was a managing director at Thayer Capital Partners. Additionally, Mr. Temple was a licensed CPA serving clients in the energy sector with KPMG in Houston, Texas from 1989 to 1993. Mr. Temple holds a BBA, magna cum laude, from the University of Texas and an MBA from Harvard. The GP LLC board has determined that Mr. Temple is "independent" under applicable NYSE rules. Mr. Temple has a broad investment management background across a variety of business sectors, as well as experience in the energy sector. We believe that this background, along with the leadership attributes indicated by his executive experience, provide an important source of insight and perspective to the board.

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INTERESTS OF CERTAIN PERSONS IN THE TRANSACTIONS

In considering the recommendations of the PAGP GP board, our Shareholders should be aware that some of the executive officers and directors of PAGP GP have interests in the Transactions that may differ from, or may be in addition to, the interests of our Shareholders generally. These interests include:

Redemption Rights. Following the Closing of the Transactions, holders of AAP Units (other than PAGP and GP LLC) will have Redemption Rights. These holders include affiliates of certain PAGP GP directors and certain members of our management. Certain members of our management also own AAP Management Units, each of which represents a "profits interest" in AAP. Each vested AAP Management Unit may be converted into AAP Units and a like number of Class B shares based on a conversion ratio calculated in accordance with AAP's partnership agreement. These members of our management team will have a Redemption Right with respect to the AAP Units issued to them pursuant to such conversion.

The A&R AAP Partnership Agreement will generally restrict, subject to certain exceptions, each holder of AAP Units (other than PAGP and GP LLC, which have not been granted Redemption Rights) from exercising its Redemption Rights with respect to approximately 22% of its AAP Units for a period of twelve months following the Closing. Greg Armstrong and Harry Pefanis, our general partner's Chief Executive Officer and Chief Operating Officer, respectively, will be restricted from directly or indirectly (through PAA Management, L.P.) exercising their respective Redemption Rights with respect to 100% of their AAP Units during the same period. These restrictions are designed to reduce, but not eliminate, the risk that any redemptions during the first 12 months following Closing, combined with public trading of PAA Common Units, will cause a technical tax termination of PAA. The holders of AAP Units (other than PAGP and GP LLC) will continue to be permitted to exchange units for Class A shares without restriction.

Calculation of Qualifying Interest. In addition, the A&R PAGP GP LLC Agreement will provide that the calculation of a Qualifying Interest will include, in addition to any AAP Units and Class A shares such designating party and its affiliates own, PAA Common Units that a designating party and its affiliates receive and hold in connection with an AAP Unit Redemption, and that the current designating parties will have the continuing right to designate a director for as long as they maintain a 10% Qualifying Interest

Registration Rights. Certain PAGP GP executive officers and affiliates of certain PAGP GP directors will enter into a Registration Rights Agreement with PAA, pursuant to which PAA will agree to register the resale of PAA Common Units issued to AAP at the Closing, as well as PAA Common Units issued following the Closing pursuant to the Omnibus Agreement, in respect of certain AAP Management Units. In certain circumstances, such holders will have piggyback registration rights on offerings initiated by persons (other than PAA) for whom PAA has the obligation to undertake an underwritten offering (including the holders of its Series A Preferred Units), and affiliates of certain PAGP GP directors will have the collective right to request up to a total of twelve underwritten offerings, subject to size limitations and customary rights of PAA to delay such offering.

Ownership of Class B Shares. Certain of PAGP GP's executive officers and affiliates of certain PAGP GP directors own our Class B shares. The Class B shares represent a non-economic limited partner interest in PAGP, and carry with them the right to vote on all matters submitted to a vote of the limited partners of PAGP, including voting to approve the Simplification Proposal and voting in the election of eligible PAGP GP directors beginning in 2018.

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Director and Executive Officer Interlock. Certain of PAGP GP's directors and all of PAGP GP's executive officers are currently directors and executive officers, respectively, of GP LLC and are expected to remain directors and executive officers of PAGP GP following the Transactions. In addition, the directors of GP LLC who are not currently members of the PAGP GP board will be added to the PAGP GP board as of the Closing.

Voting Agreement. Affiliates of certain PAGP GP directors and certain of PAGP GP's executive officers have entered into a Voting Agreement, pursuant to which they agreed to vote their Class A and Class B shares in favor of the Simplification Proposal.

Management of PAA and PAGP prepared projections with respect to PAA's expected future financial and operating performance. These projections were considered by the PAGP GP board and its financial advisor in performing due diligence and evaluating the PAA Recapitalization and the related Transactions.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT****Beneficial Ownership of Plains GP Holdings, L.P.**

The following tables set forth certain information regarding the beneficial ownership of our Class A shares and Class B shares as of August 31, 2016 (except as otherwise noted) by:

each person who is known to us to beneficially own more than 5% of the Class A shares;

each person who is known to us to beneficially own more than 5% of the Class B shares;

the Named Executive Officers of our general partner;

each of the directors of our general partner; and

all of the directors and executive officers of our general partner as a group.

Except as otherwise noted, all information with respect to beneficial ownership has been furnished by the respective directors, officers or 5% or more shareholders, as the case may be. Unless otherwise noted, the address of each beneficial owner named in the chart below is 333 Clay Street, Suite 1600, Houston, Texas 77002.

Name and Address of Beneficial Owner	Class A Shares Beneficially Owned(1)	Percentage of Class A Shares Beneficially Owned	Class B Shares Beneficially Owned(1)(2)	Percentage of Class B Shares Beneficially Owned(2)
Chickasaw Capital Management LLC(3) 6075 Poplar Ave, Suite 720 Memphis, TN 38119	21,045,691	7.8%		
Kayne Anderson Capital Advisors, L.P./ Richard A. Kayne(4) 1800 Avenue of the Stars, 3rd Floor Los Angeles, CA 90067	20,290,551	7.6%		
Tortoise Capital Advisors, L.L.C.(5) 11550 Ash Street, Suite 300 Leawood, KS 66221	17,597,644	6.6%		
Salient Capital Advisors(6) 4265 San Felipe, 8 th Floor Houston, TX 77027	15,883,779	5.9%		
EMG Investment, LLC 811 Main, Suite 4200 Houston, TX 77002			121,516,879	31.5%
KAFU Holdings, L.P. et. al 1800 Avenue of the Stars, 3rd Floor Los Angeles, CA 90067			81,060,157	21.0%
Oxy Holding Company (Pipeline), Inc.(7) 5 Greenway Plaza, Suite 110 Houston, TX 77046			79,830,161	20.7%
Greg L. Armstrong	1,200,000	*	15,331,420(8)	4.0%
Harry N. Pefanis	489,065	*	10,036,694(9)	2.6%
Al Swanson	2,445,189	*	1,154,716(10)	*
W. David Duckett	2,345,327	*	3,149,819(11)	*

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John P. vonBerg	3,423,264	1.3%	917,262(12)	*
Wilfred (Willie) C. Chiang	200,000	*	941,332(13)	*
Victor Burk	19,000	*		

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Name and Address of Beneficial Owner	Class A Shares Beneficially Owned(1)	Percentage of Class A Shares Beneficially Owned	Class B Shares Beneficially Owned(1)(2)	Percentage of Class B Shares Beneficially Owned(2)
Ben Figlock				
Everardo Goyanes	54,600	*		
John T. Raymond	573,954	*	129,993,681(14)	33.7%
Bobby S. Shackouls	16,000	*		
Robert V. Sinnott	3,274,488	1.2%	74,903,838(15)	19.4%
All directors and executive officers of our general partner as a group (16 persons)(17)	16,242,533	6.0%	240,196,409(16)	62.3%

*
Represents less than 1.0%.

(1)
Class A shares beneficially owned do not include any Class A shares issuable in connection with the exchange of any Class B shares, whether such Class B shares are currently outstanding or issuable following the conversion of any AAP Management Units. Although holders of our Class B shares have the right, at any time and from time to time, to immediately exchange (the "Exchange Right") their Class B shares, together with a like number of AAP Units and general partner units, for our Class A shares on a one-for-one basis, the fact that such Exchange Right may be settled in cash at AAP's option results in such Class A shares not being deemed to be beneficially owned by the holders of our Class B shares.

(2)
As long as our Class A shares are publicly traded, a holder of vested AAP Management Units will be entitled to convert such AAP Management Units into Class B shares and a like number of AAP Units based on a conversion ratio calculated in accordance with the AAP limited partnership agreement (which conversion ratio was approximately 0.941 AAP Units (and Class B shares) for each AAP Management Unit as of August 31, 2016). Accordingly, figures presented for Class B shares beneficially owned and percentage of Class B shares beneficially owned are presented on a fully diluted basis and include Class B shares to be issued upon the conversion of all outstanding AAP Management Units based on such 0.941 conversion ratio.

(3)
This information has been derived from a Form 13F filed with the SEC on August 4, 2016. The holdings reported in such Form 13F may or may not be deemed to be beneficially owned by the institutional investment manager filing such report.

(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 under the management or control of KACALP own 18,826,140 Class A shares. Mr. Kayne may be deemed to beneficially own such shares. In addition, Mr. Kayne directly owns or has sole voting and dispositive power over 1,464,411 Class A shares. Mr. Kayne disclaims beneficial ownership of any of our Class A shares other than Class A shares held by him or attributable to him by virtue of his interests in the accounts that own our Class A shares.

(5)
This information has been derived from a Form 13F filed with the SEC on August 11, 2016. The holdings reported in such Form 13F may or may not be deemed to be beneficially owned by the institutional investment manager filing such report.

(6)
This information has been derived from a Schedule 13G filed with the SEC on January 12, 2016.

(7)
Oxy Holding Company (Pipeline), Inc. is an indirect wholly owned subsidiary of Oxy. The voting and disposition of any Class B shares held by Oxy Holding Company (Pipeline), Inc. is controlled by the board of directors of Oxy. The board of directors of Oxy, which acts by majority approval, consists of twelve members. Each of the members of Oxy's board of directors disclaims beneficial ownership of any of our Class B shares held by Oxy Holding Company (Pipeline), Inc.

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- (8) Represents the number of Class B shares beneficially owned by Mr. Armstrong through his (i) direct and indirect ownership of an approximately 25.3% interest in PAA Management, L.P., which entity owns 21,835,922 Class B shares, and (ii) direct ownership of 9,814,127 AAP Units and Class B shares.
- (9) Represents the number of Class B shares beneficially owned by Mr. Pefanis through his (i) direct and indirect ownership of an approximately 14.4% interest in PAA Management, L.P., which entity owns 21,835,922 Class B shares, and (ii) direct ownership of 6,889,930 AAP Units and Class B shares.
- (10) Represents the number of Class B shares beneficially owned by Mr. Swanson through his direct and indirect ownership of an approximately 5.3% interest in PAA Management, L.P., which entity owns 21,835,922 Class B shares.
- (11) Represents the number of Class B shares beneficially owned by Mr. Duckett through his (i) direct and indirect ownership of an approximately 6.1% interest in PAA Management, L.P., which entity owns 21,835,922 Class B shares, and (ii) beneficial ownership of 1,817,675 AAP Units and Class B shares, based on a conversion ratio of approximately 0.941 AAP Units and Class B shares for each AAP Management Unit.
- (12) Represents the number of Class B shares beneficially owned by Mr. vonBerg through his direct and indirect ownership of an approximately 4.2% interest in PAA Management, L.P., which entity owns 21,835,922 Class B shares.
- (13) Represents the number of Class B shares beneficially owned by Mr. Chiang through his beneficial ownership of 941,332 AAP Units and Class B shares, based on a conversion ratio of approximately 0.941 AAP Units and Class B shares for each AAP Management Unit.
- (14) Mr. Raymond is (i) the sole member of the general partner of the manager of EMG Investment, LLC, which entity owns 121,516,879 Class B shares, and (ii) the sole member of Lynx Holdings I, LLC, which entity owns 8,476,802 Class B shares. As such, Mr. Raymond has sole voting and dispositive power over the Class B shares owned by each of EMG Investment, LLC and Lynx Holdings I, LLC. Mr. Raymond disclaims any deemed beneficial ownership of the interests owned by EMG Investment, LLC beyond his pecuniary interest therein.
- (15) Mr. Sinnott has shared voting and dispositive power over the Class B shares owned by (i) KAFU Holdings, L.P. ("KAFU"), which entity owns 3,305,189 Class B shares, (ii) KAFU Holdings (QP), L.P. ("KAFU QP"), which entity owns 64,803,104 Class B shares, and (iii) KAFU Holdings II, L.P. ("KAFU II"), which entity owns 6,795,545 Class B shares. Mr. Sinnott disclaims any deemed beneficial ownership of the interests owned by KAFU, KAFU QP and KAFU II beyond his pecuniary interest therein.
- (16) The executive officers of our general partner as a group directly and indirectly own (i) an approximately 65.1% interest in PAA Management, L.P., which entity owns 21,835,922 Class B shares, (ii) 16,704,057 AAP Units and Class B shares and (iii) 4,372,326 AAP Units and Class B shares based on a conversion ratio of approximately 0.941 AAP Units and Class B shares for each AAP Management Unit. Amount shown in table represents the number of Class B shares beneficially owned by this group by virtue of such interests.
- (17) As of August 31, 2016, no Class A shares or Class B shares were pledged by directors or Named Executive Officers.

Table of Contents**Beneficial Ownership of Plains AAP, L.P.**

The following table sets forth the percentage ownership of each of the Class A limited partners of AAP and the resulting economic interest of each such limited partner and the holders of the AAP Management Units as a group, in each case as of August 31, 2016:

Name of Owner and Address (in the case of Owners of more than 5%)	Percentage Ownership of Plains AAP, L.P. Class A LP Interest	Economic Interest in Plains AAP, L.P.(1)
Plains GP Holdings, L.P. 333 Clay Street, Suite 1600 Houston, TX 77002	41.8%	41.0%
EMG Investment, LLC 811 Main, Suite 4200 Houston, TX 77002	19.0%	18.6%
KAFU Holdings, L.P. and Affiliates 1800 Avenue of the Stars, 3rd Floor Los Angeles, CA 90067	12.6%	12.4%
Oxy Holding Company (Pipeline), Inc. 5 Greenway Plaza, Suite 110 Houston, TX 77046	12.4%	12.2%
PAA Management, L.P.(2)	3.4%	3.3%
Strome PAA, L.P. and Affiliate	2.8%	2.8%
Windy, L.L.C.	2.8%	2.7%
Lynx Holdings I, LLC	1.3%	1.3%
Various Individual Investors(3)	3.9%	3.9%
AAP Management Unitholders(4)		1.8%

- (1) AAP owns a 100% member interest in PAA GP, which owns PAA's 2% general partner interest. AAP has pledged its member interest, as well as its interest in PAA's IDRs, as security for its obligations under the AAP Credit Agreement. A default by AAP under the AAP Credit Agreement could result in a change in control of PAA's general partner. At the Closing, PAA will assume the net amount of debt outstanding under the AAP Credit Agreement.
- (2) PAA Management, L.P. is owned entirely by certain current and former members of PAA senior management, including Messrs. Armstrong (approximately 25%), Pefanis (approximately 14%), Duckett (approximately 6%), vonBerg (approximately 4%) and Swanson (approximately 5%). Other than Mr. Armstrong, none of our directors own any interest in PAA Management, L.P. Executive officers of PAA as a group own approximately 65% of PAA Management, L.P. Mr. Armstrong disclaims any beneficial ownership of the general partner interest except to the extent of his ownership interest in PAA Management, L.P.
- (3) Includes certain current and former members of management who have converted AAP Management Units into AAP Units and our Class B shares.
- (4) Represents a profits interest in AAP in the form of AAP Management Units owned by certain members of management. On January 1, 2016, a significant number of AAP Management Units vested and a portion thereof was converted into AAP Units and our Class B shares. Additionally, a portion of the resulting AAP Units and Class B shares was exchanged for our Class A shares. As a result of such conversions and exchanges as well as open market purchases, as of August 31, 2016, Named Executive Officers and executive officers as a group owned the following AAP

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Management Units, AAP Units and Class A shares (other than Mr. Armstrong, none of our directors own any AAP Management Units):

Name of Owner	AAP Management Units	AAP Units	Class A Shares
Greg L. Armstrong		9,814,127	1,200,000
Harry N. Pefanis		6,889,930	489,065
Wilfred (Willie) C. Chiang	1,000,000		200,000
Al Swanson			2,445,189
W. David Duckett	1,930,961		2,345,327
John vonBerg			3,423,264
All executive officers as a group	4,644,830	16,704,057	12,304,491

Beneficial Ownership of Plains All American Pipeline, L.P.

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, in each case, of PAA as of August 31, 2016 (unless otherwise noted).

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All information with respect to beneficial ownership has been furnished by the respective directors, officers or 5% or more shareholders, as the case may be. Unless otherwise noted, the address of each beneficial owner named in the chart below is 333 Clay Street, Suite 1600, Houston, Texas 77002.

Name and Address of Beneficial Owner	Common Units Beneficially Owned(1)	Percentage of Common Units Beneficially Owned	Series A Preferred Units Beneficially Owned(1)	Percentage of Series A Preferred Units Beneficially Owned
EnCap Partners, LLC(2)			22,516,402	35.7%
EMG Fund IV PAA Holdings, LLC(3)			18,093,537	28.7%
FR KA Plains Holdings LLC(4)			11,258,201	17.8%
Stonepeak Partners LLC(5)			5,629,100	8.9%
Tortoise Capital Advisors, L.L.C.(6)	32,738,697	8.1%		
ALPS Advisors, Inc.(7)	24,410,107	6.1%		
Alerian MLP ETF(7)	24,299,462	6.0%		
Richard A. Kayne/Kayne Anderson Capital Advisors, L.P.(8)	11,658,848	2.9%	5,629,091	8.9%
Greg L. Armstrong	1,507,871(9)	*		
Harry N. Pefanis	847,532(9)	*		
Wilfred (Willie) C. Chiang	(9)			
Al Swanson	165,998(9)	*		
W. David Duckett	(9)			
John P. vonBerg	122,359(9)	*		
Ben Figlock				
Everardo Goyanes	88,400(9)	*		
Gary R. Petersen(2)	49,450(9)	*	22,516,402	35.7%
John T. Raymond(3)	1,599,616(9)	*	18,093,537	28.7%
Robert V. Sinnott	346,393(9)(10)	*		
J. Taft Symonds	104,050(9)	*		
Christopher M. Temple	31,250(9)	*		
All directors and executive officers of our general partner as a group (17 persons)	5,405,887(9)(11)	1.3%	40,609,939	64.4%

*

Represents less than 1.0%.

(1)

The Series A Preferred Units will vote on an as-converted basis with the PAA Common Units and will have certain other class voting rights with respect to any amendment to our partnership agreement that would adversely affect any rights, preferences or privileges of the Series A Preferred Units. The Series A Preferred Units are convertible, generally on a one-for-one basis and subject to customary anti-dilution adjustments, (i) by the holders after January 28, 2018, and (ii) by us after January 28, 2019.

(2)

The Series A Preferred Units are owned by funds managed by EnCap Partners, LLC, whose address is 1100 Louisiana, Suite 4900, Houston, Texas 77002. Gary R. Petersen may be deemed to be the beneficial owner of the Series A Preferred Units owned by these holders by virtue of being a member of EnCap Partners, LLC, the managing member of each holder's general partner. Mr. Petersen disclaims beneficial ownership of the Series A Preferred Units except to the extent of his pecuniary interest therein.

(3)

The address for this holder is 811 Main Street, Suite 4200, Houston, Texas 77002. John T. Raymond has sole voting and dispositive power over the Series A Preferred Units and may be deemed to be the beneficial owner of the Series A Preferred Units owned by the holder by virtue

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of being the sole member of the general partner of the holder's manager. Mr. Raymond disclaims beneficial ownership of the Series A Preferred Units except to the extent of his pecuniary interest therein.

- (4) The address for this holder is 600 Travis, Suite 6000, Houston, Texas 77002.
- (5) The Series A Preferred Units are owned by a fund managed by Stonepeak Partners LLC, whose address is 717 Fifth Avenue, 25th Floor, New York, New York 10022.
- (6) This information has been derived from a Schedule 13G filed with the SEC on February 9, 2016. The address for this holder is 11550 Ash Street, Suite 300, Leawood, Kansas 66211.
- (7) This information has been derived from a Schedule 13G filed with the SEC on February 3, 2016. ALPS Advisors, Inc. ("AAI"), an investment adviser registered under Section 203 of the Investment Advisors Act of 1940, furnishes investment advice to investment companies registered under the Investment Company Act of 1940 (collectively referred to as the "Funds"). Alerian MLP ETF is an investment company registered under the Investment Company Act of 1940 and is one of the Funds to which AAI provides investment advice. In its role as investment advisor, AAI has voting and/or investment power over the securities of the Issuer that are owned by the Funds, and may be deemed to be the beneficial owner of the shares of the Issuer held by the Funds. AAI disclaims beneficial ownership of such securities. The address for these holders is 1290 Broadway, Suite 1100, Denver, Colorado 80203.
- (8) 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 under the management or control of KACALP own 10,381,608 PAA Common Units and 5,629,091 Series A Preferred 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 1,277,240 PAA Common Units. Mr. Kayne disclaims beneficial ownership of any of PAA's partner interests other than units held by him or interests attributable to him by virtue of his interests in the accounts that own PAA's partner interests. The address for Mr. Kayne and Kayne Anderson Investment Management, Inc. is 1800 Avenue of the Stars, 3rd Floor, Los Angeles, California 90067.
- (9) Does not include unvested phantom units granted under PAA's Long-Term Incentive Plans, none of which will vest within 60 days of the date hereof.
- (10) Pursuant to the GP LLC Agreement, Mr. Sinnott is one of our directors by virtue of his designation as a member of the board of directors of PAGP GP 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, 3rd Floor, Los Angeles, California 90067.
- (11) As of August 31, 2016, no units were pledged by PAA's directors or named executive officers.

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MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE TRANSACTIONS TO PAGP AND THE SHAREHOLDERS

The Transactions are not expected to be taxable to PAGP or the Shareholders.

Neither PAGP nor PAA has sought a ruling from the U.S. Internal Revenue Service, or "IRS," with respect to any of the tax consequences of the PAA Recapitalization or the Transactions. Instead, in connection with the execution of the Simplification Agreement, PAA and PAGP received the opinion of Vinson & Elkins L.L.P. (the "*Tax Opinion*") that the PAA Recapitalization should result in no gain or loss recognized by PAA or its partners, other than (i) gain resulting from any decrease in partnership liabilities of an existing PAA Common Unitholder pursuant to Section 752 of the Internal Revenue Code of 1986, as amended (the "*Code*"); and (ii) gain recognized by AAP resulting from (A) PAA's assumption of Non-Contribution Revolver Borrowings (as such term is defined in the Simplification Agreement), or (B) a net decrease in the liabilities allocable to AAP pursuant to Section 752 of the Code. Vinson & Elkins L.L.P. relied on representations made by us and PAA in rendering the Tax Opinion. Opinions of counsel are not binding on the IRS and no assurance can be given that the IRS would not successfully assert a contrary position regarding the U.S. federal income tax consequences of the PAA Recapitalization and this opinion of counsel. To the extent PAGP is required to recognize any income or gain with respect to the PAA Recapitalization as a result of (A) PAA's assumption of Non-Contribution Revolver Borrowings (as such term is defined in the Simplification Agreement), or (B) a net decrease in the liabilities allocable to AAP pursuant to Section 752 of the Code, such gain is not expected to be significant in relation to the net operating losses available to PAGP.

A termination of PAA under Section 708(b)(1)(B) of the Code could significantly reduce the depreciation and amortization deductions available to us through our interest in AAP. The Transactions have been structured in a manner to reduce, but not eliminate, the risk that any redemptions pursuant to the Redemption Rights during the first 12 months following Closing, combined with public trading of PAA Common Units, will cause a technical tax termination of PAA.

The exercise of the Redemption Right by holders of AAP units is not expected to cause PAGP to recognize any gain or loss.

In addition, PAGP does not expect the Transactions to directly result in any material change to PAGP's deferred tax asset. As of June 30, 2016, PAGP had a deferred tax asset of approximately \$1.9 billion. Accordingly, assuming that current tax laws remain in effect, we estimate that PAGP will not have any federal income tax liability or current or accumulated earnings and profits for tax purposes for a period of more than five years following the Closing of the Transactions. During this period, none of the distributions paid to our Class A shareholders should be treated as taxable dividend income, but instead should be treated as a return of capital. Distributions not treated as taxable dividends will reduce a Class A shareholder's tax basis, or will be taxable as capital gain to the extent they exceed a Class A shareholder's tax basis.

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SHAREHOLDER PROPOSALS

Under applicable Delaware law and our partnership agreement, we are not required to hold an annual meeting of Shareholders. Ownership of our Class A or Class B shares does not entitle Shareholders to make proposals at the special meeting. Under our partnership agreement, only our general partner can make a proposal at the meeting. Our partnership agreement establishes a procedure for calling meetings whereby Shareholders owning 20% or more of the outstanding shares of the class for which a meeting is proposed may call a meeting. In any case, Shareholders are not allowed to vote on matters that would cause the limited partners to be deemed to be taking part in the management and control of the business and affairs of PAGP. Doing so would jeopardize the Shareholders' limited liability under the Delaware Act or the law of any other state in which we are qualified to do business.

HOUSEHOLDING MATTERS

Shareholders who share a single address will receive only one proxy statement at that address unless we have received instructions to the contrary from any Shareholder at that address. This practice, known as "householding," is designed to reduce our printing and postage costs. However, if a Shareholder of record residing at such an address wishes to receive a separate copy of this proxy statement or of future proxy statements (as applicable), he or she may contact our Corporate Secretary at (713) 646-4100, or write to Plains GP Holdings, L.P., 333 Clay Street, Suite 1600, Houston, Texas 77002, attention: Corporate Secretary. We will deliver separate copies of this proxy statement promptly upon written or oral request. If you are a Shareholder of record receiving multiple copies of our proxy statement, you can request householding by contacting us in the same manner. If you own your Shares through a bank, broker or other Shareholder of record, you can request additional copies of this proxy statement or request householding by contacting the Shareholder of record.

WHERE YOU CAN FIND MORE INFORMATION ABOUT US

We file annual, quarterly and current reports and other information with the SEC. You may read and copy any of these documents at the SEC's public reference room at 100 F Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our filings also are available to the public at the SEC's website at www.sec.gov. Our Class A shares are listed on the NYSE under the ticker symbol "PAGP." Reports and other information concerning us may be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

The SEC allows us to "incorporate by reference" information into this proxy statement. This means that we may disclose important information by referring to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this proxy statement. This proxy statement and the information that we file later with the SEC may update and supersede the information incorporated by reference. Similarly, the information that we later file with the SEC may update and supersede the information in this proxy statement. In addition to such documents specifically incorporated by reference in this proxy statement, we incorporate by reference in this proxy statement each document that PAGP and PAA files under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the initial filing of this proxy statement and before the special meeting, other than information furnished pursuant to Item 2.02 or Item 7.01 of Form 8-K. We also incorporate by reference into this proxy statement the following documents filed by us and PAA with the SEC under the Exchange Act:

our Annual Report on Form 10-K for the year ended December 31, 2015, filed on February 25, 2016;

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our Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, filed on May 10, 2016;

our Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, filed on August 8, 2016;

our Current Reports on Form 8-K, filed on February 2, 2016, May 18, 2016, July 14, 2016, August 17, 2016 and August 31, 2016;

PAA's Annual Report on Form 10-K for the year ended December 31, 2015, filed on February 25, 2016;

PAA's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, filed on May 10, 2016; and

PAA's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, filed on August 8, 2016;

PAA's Current Reports on Form 8-K, filed on January 19, 2016, February 2, 2016, May 18, 2016, July 14, 2016, August 9, 2016, August 17, 2016 and August 31, 2016.

You may request a copy of the above filings and our other filings with the SEC by contacting our Corporate Secretary at (713) 646-4100 or by writing to Plains GP Holdings, L.P., 333 Clay Street, Suite 1600, Houston, Texas 77002, attention: Corporate Secretary. Our filings are also available on our website at <http://ir.pagp.com/>.

In order to receive timely delivery of the documents in advance of our special meeting, your request should be received no later than [•], 2016.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF
PROXY MATERIALS FOR THE SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON [•], 2016**

The Notice of Special Meeting of Class A and Class B shareholders and the Proxy Statement for the Special Meeting of Class A and Class B shareholders are available on our Internet website at <http://ir.pagp.com/> under "Investor Relations."

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Introduction

Plains GP Holdings, L.P. ("**PAGP**") has entered into a Simplification Agreement (the "**Simplification Agreement**") by and among Plains All American Pipeline, L.P. ("**PAA**"), PAA GP Holdings LLC ("**PAGP GP**"), PAGP, Plains All American GP LLC ("**GP LLC**"), Plains AAP, L.P. ("**AAP**") and PAA GP LLC ("**PAA GP**"). Pursuant to the Simplification Agreement, upon closing, in exchange for the issuance by PAA to AAP of 245,500,000 common units of PAA ("**PAA Common Units**"), subject to certain adjustments, and the assumption by PAA of AAP's outstanding debt (approximately \$593 million as of June 30, 2016), AAP will contribute to PAA the incentive distribution rights it owns in PAA (the "**IDRs**") and PAA GP's 2% economic general partner interest in PAA will be converted into a non-economic general partner interest in PAA. Following the closing (the "**Closing**") of the transactions contemplated by the Simplification Agreement (the "**Transactions**"), both PAA and PAGP will continue to be publicly traded.

The Transactions will be accounted for as equity transactions and no gain or loss will be recognized as a result of the Transactions. The unaudited pro forma condensed consolidated balance sheet is presented giving effect to the Transactions as if they had occurred on June 30, 2016. The unaudited pro forma condensed consolidated statements of operations for the three and six months ended June 30, 2016 and the year ended December 31, 2015 give effect to the Transactions as if they had occurred on January 1, 2015. The historical consolidated financial information has been adjusted to give effect to pro forma events that are directly attributable to the proposed Transactions and are factually supportable.

These unaudited pro forma condensed consolidated financial statements should be read in conjunction with the historical audited consolidated financial information and accompanying notes of PAGP, which have been incorporated by reference into this proxy statement.

The unaudited pro forma condensed consolidated financial statements are intended for informational purposes. These statements do not necessarily reflect the results of operations or financial position of PAGP that would have resulted had the Transactions been consummated as of the dates indicated, and are not necessarily indicative of the future results of operations or the future financial position of PAGP following completion of the proposed Transactions.

Table of Contents**PLAINS GP HOLDINGS, L.P.****UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET**

(in millions, except share data)

	Historical	As of June 30, 2016 Pro Forma Adjustments	Pro Forma
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 37	\$	\$ 37
Trade accounts receivable and other receivables, net	2,014		2,014
Inventory	1,085		1,085
Other current assets	469		469
Total current assets	3,605		3,605
PROPERTY AND EQUIPMENT			
Accumulated depreciation	15,890		15,890
	(2,273)		(2,273)
Property and equipment, net	13,617		13,617
OTHER ASSETS			
Goodwill	2,396		2,396
Investments in unconsolidated entities	2,161		2,161
Deferred tax asset	1,893		1,893
Linefill and base gas	902		902
Long-term inventory	184		184
Other long-term assets, net	317		317
Total assets	\$ 25,075	\$	\$ 25,075
LIABILITIES AND PARTNERS' CAPITAL			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$ 2,334	\$	\$ 2,334
Short-term debt	1,302		1,302
Other current liabilities	395		395
Total current liabilities	4,031		4,031
LONG-TERM LIABILITIES			
Senior notes, net of unamortized discounts and debt issuance costs	9,128		9,128
Other long-term debt, net of unamortized debt issuance costs	949	13 (a)	962
Other long-term liabilities and deferred credits	678		678
Total long-term liabilities	10,755	13	10,768
COMMITMENTS AND CONTINGENCIES			
PARTNERS' CAPITAL			

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Class A Shareholders (267,032,219 and 100,276,165 shares outstanding, respectively)	1,802	(3) (a)	1,799
Noncontrolling interests	8,487	(10) (a)	8,477
Total partners' capital	10,289	(13)	10,276
Total liabilities and partners' capital	\$ 25,075	\$	\$ 25,075

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Table of Contents**PLAINS GP HOLDINGS, L.P.****UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**

(in millions, except per share data)

	Three Months Ended June 30, 2016		
	Historical	Pro Forma Adjustments	Pro Forma
REVENUES			
Supply and Logistics segment revenues	\$ 4,648	\$	\$ 4,648
Transportation segment revenues	170		170
Facilities segment revenues	132		132
Total revenues	4,950		4,950
COSTS AND EXPENSES			
Purchases and related costs	4,224		4,224
Field operating costs	303		303
General and administrative expenses	73		73
Depreciation and amortization	205		205
Total costs and expenses	4,805		4,805
OPERATING INCOME	145		145
OTHER INCOME/(EXPENSE)			
Equity earnings in unconsolidated entities	40		40
Interest expense (net of capitalized interest of \$12)	(118)		(118)
Other income/(expense), net	25		25
INCOME BEFORE TAX	92		92
Current income tax expense	(9)		(9)
Deferred income tax (expense)/benefit	(1)	16 (c)	15
NET INCOME	82	16	98
Net income attributable to noncontrolling interests	(40)	(44) (b)	(84)
NET INCOME ATTRIBUTABLE TO PAGP	\$ 42	\$ (28)	\$ 14
BASIC NET INCOME PER CLASS A SHARE	\$ 0.16		\$ 0.14
DILUTED NET INCOME PER CLASS A SHARE	\$ 0.15		\$ 0.12
BASIC WEIGHTED AVERAGE CLASS A SHARES OUTSTANDING	267	(167) (d)	100

DILUTED WEIGHTED AVERAGE CLASS A SHARES OUTSTANDING	624	(390)	(d)	234
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Table of Contents**PLAINS GP HOLDINGS, L.P.****UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (Continued)**

(in millions, except per share data)

	Six Months Ended June 30, 2016		
	Historical	Pro Forma Adjustments	Pro Forma
REVENUES			
Supply and Logistics segment revenues	\$ 8,467	\$	\$ 8,467
Transportation segment revenues	323		323
Facilities segment revenues	270		270
Total revenues	9,060		9,060
COSTS AND EXPENSES			
Purchases and related costs	7,571		7,571
Field operating costs	603		603
General and administrative expenses	141		141
Depreciation and amortization	320		320
Total costs and expenses	8,635		8,635
OPERATING INCOME	425		425
OTHER INCOME/(EXPENSE)			
Equity earnings in unconsolidated entities	87		87
Interest expense (net of capitalized interest of \$26)	(233)		(233)
Other income/(expense), net	30		30
INCOME BEFORE TAX	309		309
Current income tax expense	(40)		(40)
Deferred income tax (expense)/benefit	(10)	27 (c)	17
NET INCOME	259	27	286
Net income attributable to noncontrolling interests	(181)	(73) (b)	(254)
NET INCOME ATTRIBUTABLE TO PAGP	\$ 78	\$ (46)	\$ 32
BASIC NET INCOME PER CLASS A SHARE	\$ 0.30		\$ 0.33
DILUTED NET INCOME PER CLASS A SHARE	\$ 0.29		\$ 0.31
BASIC WEIGHTED AVERAGE CLASS A SHARES OUTSTANDING	260	(162) (d)	98

DILUTED WEIGHTED AVERAGE CLASS A SHARES OUTSTANDING	652	(418)	(d)	234
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Table of Contents**PLAINS GP HOLDINGS, L.P.****UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (Continued)**

(in millions, except per share data)

	Year Ended December 31, 2015		
	Historical	Pro Forma Adjustments	Pro Forma
REVENUES			
Supply and Logistics segment revenues	\$ 21,927	\$	\$ 21,927
Transportation segment revenues	697		697
Facilities segment revenues	528		528
Total revenues	23,152		23,152
COSTS AND EXPENSES			
Purchases and related costs	19,726		19,726
Field operating costs	1,454		1,454
General and administrative expenses	281		281
Depreciation and amortization	433		433
Total costs and expenses	21,894		21,894
OPERATING INCOME	1,258		1,258
OTHER INCOME/(EXPENSE)			
Equity earnings in unconsolidated entities	183		183
Interest expense (net of capitalized interest of \$57)	(443)		(443)
Other income/(expense), net	(7)		(7)
INCOME BEFORE TAX	991		991
Current income tax expense	(84)		(84)
Deferred income tax expense	(98)	32 (c)	(66)
NET INCOME	809	32	841
Net income attributable to noncontrolling interests	(691)	(88) (b)	(779)
NET INCOME ATTRIBUTABLE TO PAGP	\$ 118	\$ (56)	\$ 62
BASIC AND DILUTED NET INCOME PER CLASS A SHARE	\$ 0.53		\$ 0.74
BASIC AND DILUTED WEIGHTED AVERAGE CLASS A SHARES OUTSTANDING	222	(139) (d)	83

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PLAINS GP HOLDINGS, L.P.

NOTES TO UNAUDITED PRO FORMA CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Basis of Presentation and Background

These unaudited pro forma condensed consolidated financial statements and underlying pro forma adjustments are based upon currently available information and certain estimates and assumptions made by management; therefore, actual results could materially differ from the pro forma information. However, management believes that the assumptions provide a reasonable basis for presenting the significant effects of the transactions noted herein. Management believes the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the pro forma information.

As described in the section of this proxy statement entitled "The Transactions and the Transaction Documents," the Transactions include the issuance of 245,500,000 PAA Common Units, subject to certain adjustments, and the assumption of AAP's outstanding debt (as of June 30, 2016, approximately \$593 million) in exchange for the contribution by AAP of the IDRs and the conversion of PAA GP's 2% general partner interest in PAA into a non-economic general partner interest in PAA. We refer to these transactions collectively as the "**PAA Recapitalization**."

The Transactions are between and among consolidated subsidiaries of PAGP that are considered entities under common control. These equity transactions did not result in a change in the carrying value of the underlying assets and liabilities and the estimated costs incurred to complete the Transactions of approximately \$15 million will be charged to partners' capital during the year ending December 31, 2016 of which \$2 million had been recognized as of June 30, 2016. In addition, the PAA Recapitalization will result in a modification in the net income allocation by PAA to AAP and by AAP to PAGP resulting in a decrease in net income attributable to PAGP.

At the closing of the Transactions, (i) AAP will effect a reverse split of the outstanding Class A units ("**AAP Units**") and Class B Units of AAP, (ii) PAGP will effect a reverse split of the outstanding Class A shares and Class B shares, and (iii) PAGP GP will effect a reverse split of company units in PAGP GP ("**PAGP GP Units**"), in each case, at a ratio of approximately 1-to-2.663, subject to certain adjustments. These reverse equity splits are designed to ensure that the number of outstanding Class A Shares following the Closing of the Transactions will equal the number of AAP Units owned by PAGP, and will also equal the number of PAA Common Units held by AAP immediately following the PAA Recapitalization that are attributable to PAGP's interest in AAP, along with the corresponding reverse splits to the Class B shares and PAGP GP Units. Following the Closing of the Transactions, each split-adjusted Class A share will represent indirect ownership of one PAA Common Unit.

Note 2. Pro Forma Adjustments

The pro forma adjustments included in the unaudited pro forma condensed consolidated financial statements are as follows:

- (a) Reflects the borrowing for and payment of the estimated transaction costs associated with completing the Transactions, including financial advisory, legal and accounting expenses.
- (b) Reflects the decrease in net income attributable to PAGP (and increase in net income attributable to noncontrolling interests) associated with the PAA Recapitalization.
- (c) Reflects the decrease in deferred income tax expense associated with the decrease in net income attributable to PAGP and was determined based on an estimated statutory rate of approximately 37%.
- (d) Reflects the decrease in the weighted average Class A Shares outstanding resulting from the reverse share split described above and a change in units that have a dilutive effect on net income per Class A Share.

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Annex A

Execution Version

SIMPLIFICATION AGREEMENT

BY AND AMONG

**PAA GP HOLDINGS LLC,
PLAINS GP HOLDINGS, L.P.,
PLAINS ALL AMERICAN GP LLC,
PLAINS AAP, L.P.,
PAA GP LLC**

AND

PLAINS ALL AMERICAN PIPELINE, L.P.

DATED JULY 11, 2016

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Exhibit B	Form of A&R AAP Partnership Agreement
Exhibit C	Form of A&R PAGP Partnership Agreement
Exhibit D	Form of A&R GP LLC Agreement
Exhibit E	Form of A&R PAGP GP LLC Agreement
Exhibit F	Form of Registration Rights Agreement
Exhibit G	Form of Omnibus Agreement
Exhibit H	Form of A&R Administrative Agreement
Exhibit I	Tax Opinion Certificate

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SIMPLIFICATION AGREEMENT

This Simplification Agreement (this "**Agreement**") is entered into as of July 11, 2016 by and among PAA GP Holdings LLC, a Delaware limited liability company ("**PAGP GP**"), Plains GP Holdings, L.P., a Delaware limited partnership ("**PAGP**"), Plains All American GP LLC, a Delaware limited liability company ("**GP LLC**"), Plains AAP, L.P., a Delaware limited partnership ("**AAP**"), PAA GP LLC, a Delaware limited liability company ("**PAA GP**"), and Plains All American Pipeline, L.P., a Delaware limited partnership ("**PAA**"). Each of the parties hereto is sometimes individually referred to herein as a "**Party**" and are collectively referred to herein as the "**Parties**."

RECITALS:

A. PAA GP is the general partner of PAA and holds a 2.0% General Partner Interest (as defined in the PAA Partnership Agreement) in PAA (the "**PAA General Partner Interest**").

B. AAP is the sole member of PAA GP and a limited partner of PAA and holds (i) 100% of the limited liability company interests in PAA GP (the "**PAA GP Membership Interests**") and (ii) all of the outstanding Incentive Distribution Rights (as defined in the PAA Partnership Agreement) in PAA (the "**PAA IDRs**").

C. GP LLC is the general partner of AAP and holds a non-economic general partner interest in AAP (the "**AAP General Partner Interest**").

D. PAGP is the sole member of GP LLC, a limited partner of AAP and a member of PAGP GP and holds (i) 100% of the limited liability company interests in GP LLC (the "**GP LLC Membership Interests**"), (ii) 267,032,219 Class A Units (as defined in the AAP Partnership Agreement) representing limited partner interests in AAP and having the rights and obligations specified in the AAP Partnership Agreement ("**AAP Class A Units**"), representing approximately 41.7% of the outstanding AAP Class A Units and (iii) 254,037,317 Company Units (as defined in the PAGP GP LLC Agreement) representing limited liability company interests in PAGP GP and having the rights and obligations specified in the PAGP GP LLC Agreement ("**PAGP GP Company Units**"), representing approximately 41.9% of the outstanding PAGP GP Company Units.

E. PAGP GP is the general partner of and holds a non-economic general partner interest in PAGP (the "**PAGP General Partner Interest**").

F. The Parties desire to enter into this Agreement to evidence their agreement to consummate a series of transactions that includes, among other related transactions, the issuance by PAA of PAA Common Units to AAP and the assumption by PAA of the outstanding debt under the AAP Credit Agreement in exchange for (i) AAP's direct interest in the PAA IDRs and (ii) AAP's indirect interest in the economic rights associated with the PAA General Partner Interest.

G. The GP LLC Conflicts Committee (as defined below) has approved the Transactions on behalf of PAA pursuant to the terms of the PAA Partnership Agreement.

H. The Board of Directors of GP LLC has approved the Transactions on behalf of GP LLC, AAP and PAA GP pursuant to the organizational documents of such entities.

I. The Board of Directors of PAGP GP (the "**PAGP GP Board**") has, subject to receipt of the Required Shareholder Approval, approved the Transactions pursuant to the terms of the PAGP Partnership Agreement.

J. Concurrently with the execution of this Agreement, Existing Owners holding a Share Majority (as such term is defined in the PAGP Partnership Agreement) have entered into a Voting Agreement irrevocably obligating such Existing Owners to vote the PAGP Class A Shares and PAGP Class B

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Shares held by them in favor of this Agreement and the Transactions, subject to the terms and conditions set forth therein (the "**Voting Agreement**").

AGREEMENT:

NOW, THEREFORE, for and in consideration of the premises and mutual covenants herein contained, the parties hereto hereby agree as follows:

**ARTICLE I
DEFINITIONS**

1.1 Definitions. As used in this Agreement, the following terms have the meanings specified or referred to in this *Section 1.1*.

"**A&R AAP Partnership Agreement**" is defined in *Section 2.6(b)*.

"**A&R Administrative Agreement**" is defined in *Section 2.9(a)(iii)*.

"**A&R GP LLC Agreement**" is defined in *Section 2.6(d)*.

"**A&R PAA Partnership Agreement**" is defined in *Section 2.5(c)*.

"**A&R PAGP GP LLC Agreement**" is defined in *Section 2.6(e)*.

"**A&R PAGP Partnership Agreement**" is defined in *Section 2.6(c)*.

"**AAP**" is defined in the Preamble.

"**AAP Assumed Debt**" means the AAP debt issued pursuant to the AAP Credit Agreement that is assumed by PAA pursuant to *Section 2.5(d)*.

"**AAP Class A Units**" is defined in the Recitals.

"**AAP Class B Units**" means Class B Units representing limited partner interests in AAP and having the rights and obligations specified in the AAP Partnership Agreement.

"**AAP Credit Agreement**" means the Second Amended and Restated Credit Agreement dated as of September 26, 2013 among AAP, Citibank, N.A. and the lenders party thereto.

"**AAP General Partner Interest**" is defined in the Recitals.

"**AAP Partnership Agreement**" means the Seventh Amended and Restated Limited Partnership Agreement of AAP, dated as of October 21, 2013, as amended by Amendment No. 1 thereto, dated as of December 31, 2013.

"**AAP Reverse Unit Split**" means a reverse split (a) of the outstanding AAP Class A Units such that each holder of outstanding AAP Class A Units will hold following the completion of such reverse split (after taking into account any rounding mechanics utilized in such split), a number of outstanding AAP Class A Units equal to the product of (i) the number of AAP Class A Units held by such holder immediately prior to the split and (ii) the Exchange Ratio, and (b) of the outstanding AAP Class B Units such that each holder of outstanding AAP Class B Units will hold following the completion of such reverse split (after taking into account any rounding mechanics utilized in such split), a number of outstanding AAP Class B Units equal to the product of (i) the number of AAP Class B Units held by such holder immediately prior to the split and (ii) the Exchange Ratio.

"*AAP Revolving Credit Facility*" means the revolving credit facility under the AAP Credit Agreement.

"*AAP Term Loan*" means the term loan under the AAP Credit Agreement.

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"**Affiliate**" means, with respect to any Person, any other Person that, directly or indirectly, Controls, is Controlled by or is under common Control with, such specified Person through one or more intermediaries or otherwise.

"**Agreement**" is defined in the Preamble.

"**Barclays**" is defined in *Section 3.1(f)*.

"**Business Day**" means each day of the week except Saturdays, Sundays and days on which banking institutions are authorized or required to close in the State of Texas.

"**Change in Recommendation**" is defined in *Section 4.1(c)*.

"**Closing**" is defined in *Section 2.1*.

"**Closing Date**" means the date on which Closing occurs.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Commitments**" means (a) options, warrants, convertible securities, exchangeable securities, subscription rights, conversion rights, exchange rights or other contracts or agreements that could require a Person to issue any of its Equity Interests or to sell any Equity Interests it owns in another Person; (b) any other securities convertible into, exchangeable or exercisable for, or representing the right to subscribe for any Equity Interest of a Person or owned by a Person; (c) statutory pre-emptive rights or pre-emptive rights granted under a Person's organizational documents; and (d) stock appreciation rights, phantom stock, profit participation or other similar rights with respect to a Person.

"**Common Unit Fungibility**" is defined in *Section 2.10(c)*.

"**Contributed AAP Units**" is defined in *Section 2.3*.

"**Control**" means, where used with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "Controlling" and "Controlled" have correlative meanings.

"**Delaware LLC Act**" means the Delaware Limited Liability Company Act.

"**Delaware LP Act**" means the Delaware Revised Uniform Limited Partnership Act.

"**Encumbrance**" means any mortgage, pledge, lien, encumbrance, charge, or other security interest.

"**Equity Interests**" means (a) with respect to a corporation, any and all shares of capital stock and any Commitments with respect thereto, (b) with respect to a partnership, limited liability company, trust or similar Person, any and all units, interests or other partnership/limited liability company interests, and any Commitments with respect thereto, and (c) any other direct or indirect equity ownership or participation in a Person.

"**Exchange Act**" means the Securities Exchange Act of 1934.

"**Exchange Ratio**" means the quotient resulting from the division of (a) 245,500,000 by (b) 653,758,644 (as such figure may be reduced prior to Closing to account for the forfeiture of any AAP Class B Units during the period between the date hereof and the Closing Date).

"**Existing Owners**" means the Persons identified on *Schedule 1.1(a)*.

"**Governmental Authority**" means any legislature, agency, bureau, branch, department, division, commission, court, tribunal, magistrate, justice, multi-national organization, quasi-governmental body, or other similar recognized organization or body of any federal, state, county, municipal, local, or

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foreign government or other similar recognized organization or body exercising similar powers or authority having competent jurisdiction.

"**GP LLC**" is defined in the Preamble.

"**GP LLC Agreement**" means the Sixth Amended and Restated Limited Liability Company Agreement of GP LLC, dated as of October 21, 2013, as amended by Amendment No. 1 thereto, dated as of January 28, 2016.

"**GP LLC Conflicts Committee**" means a committee of the board of directors of GP LLC satisfying the requirements of a "Conflicts Committee" set forth in the PAA Partnership Agreement and in the GP LLC Agreement.

"**GP LLC Membership Interests**" is defined in the Recitals.

"**IDR Redemption and Exchange**" is defined in *Section 2.5(b)*.

"**Indirect PAA GP Capacity**" means the capacity in which GP LLC is acting when it takes action as the general partner of AAP, in AAP's capacity as the sole member of PAA GP, in PAA GP's capacity as the general partner of PAA.

"**Intended Tax Treatment**" is defined in *Section 2.10(a)*.

"**Jefferies**" is defined in *Section 3.5(f)*.

"**Law**" means any law (statutory, common, or otherwise), constitution, treaty, convention, ordinance, equitable principle, code, rule, regulation, executive order, or other similar authority enacted, adopted, promulgated, or applied by any Governmental Authority, each as amended and now and hereinafter in effect.

"**Non-Contribution Revolver Borrowings**" means amounts included in the AAP Assumed Debt that are attributable to the outstanding balance of the AAP Revolving Credit Facility to the extent not attributable under Temporary Treasury Regulations Section 1.163-8T solely to capital contributions to PAA to satisfy PAA GP's contribution obligations under the PAA Partnership Agreement.

"**Non-Economic PAA General Partner Interest**" is defined in *Section 2.5(c)*.

"**NYSE**" means the New York Stock Exchange.

"**Omnibus Agreement**" is defined in *Section 2.9(a)(ii)*.

"**Order**" means any order, writ, injunction, decree, ruling, compliance or consent order or decree, settlement agreement, schedule and similar binding legal agreement issued by or entered into with a Governmental Authority.

"**Outside Date**" is defined in *Section 6.1(b)(i)*.

"**PAA**" is defined in the Preamble.

"**PAA Common Unit**" means a common unit representing a limited partner interest in PAA and having the rights and obligations specified in the PAA Partnership Agreement.

"**PAA Common Unit Consideration**" is defined in *Section 2.5(a)*.

"**PAA General Partner Interest**" is defined in the Recitals.

"**PAA General Partner Interest Recapitalization**" is defined in *Section 2.5(c)*.

"**PAA GP**" is defined in the Preamble.

"PAA GP LLC Agreement" means the Limited Liability Company Agreement of PAA GP, dated as of December 28, 2007.

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"**PAA GP Membership Interests**" is defined in the Recitals.

"**PAA IDRs**" is defined in the Recitals.

"**PAA Partnership Agreement**" means the Fifth Amended and Restated Agreement of Limited Partnership of PAA dated as of January 28, 2016, as amended by Amendment No. 1 thereto, dated as of July 10, 2016.

"**PAA SEC Reports**" means the forms, reports, schedules, registration statements and other documents filed with or furnished to the SEC by PAA and PAGP on or after January 1, 2015 and prior to the date of this Agreement.

"**PAA Series A PIK Units**" has the meaning given to the term "Series A PIK Units" in the PAA Partnership Agreement.

"**PAA Series A Preferred Unit**" means a Series A Preferred Unit representing a limited partner interest in PAA and having the rights and obligations specified in the PAA Partnership Agreement.

"**PAA/AAP Interest Restructuring**" means collectively the PAA General Partner Interest Recapitalization, the IDR Redemption and Exchange and the assumption of the AAP Assumed Debt pursuant to *Section 2.5(d)*.

"**PAGP**" is defined in the Preamble.

"**PAGP Class A Shares**" means Class A Shares representing limited partner interests in PAGP and having the rights and obligations specified in the PAGP Partnership Agreement.

"**PAGP Class B Shares**" means Class B Shares representing limited partner interests in PAGP and having the rights and obligations specified in the PAGP Partnership Agreement.

"**PAGP Class C Share Issuance**" is defined in *Section 2.8*.

"**PAGP Class C Shares**" is defined in *Section 2.8*.

"**PAGP General Partner Interest**" is defined in the Recitals.

"**PAGP GP**" is defined in the Preamble.

"**PAGP GP Board**" is defined in the Recitals.

"**PAGP GP Board Recommendation**" is defined in *Section 4.1(c)*.

"**PAGP GP Company Units**" is defined in the Recitals.

"**PAGP GP LLC Agreement**" means the Amended and Restated Limited Liability Company Agreement of PAGP GP, dated as of October 21, 2013, as amended by Amendment No. 1 thereto, dated as of December 31, 2013.

"**PAGP GP Reverse Unit Split**" means a reverse split of the outstanding PAGP GP Company Units at a ratio such that, to the greatest extent possible, following the completion of such reverse split (after taking into account any rounding mechanics utilized in such split), the number of outstanding PAGP GP Company Units held by each holder of such units shall equal the product of (i) the number of PAGP GP Company Units held by such holder immediately prior to the split and (ii) the Exchange Ratio.

"**PAGP Partnership Agreement**" means the Amended and Restated Agreement of Limited Partnership of PAGP, dated as of October 21, 2013.

"**PAGP Reverse Stock Split**" means a reverse split of the outstanding PAGP Class A Shares and PAGP Class B Shares at a ratio such that, to the greatest extent possible, following the completion of such reverse split (after taking into account any rounding mechanics utilized in such split), the number

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of outstanding PAGP Class A Shares or PAGP Class B Shares, as applicable, held by each holder of such partnership interests shall equal the product of (i) the number of PAGP Class A Shares or PAGP Class B Shares, as applicable, held by such holder immediately prior to the split and (ii) the Exchange Ratio.

"**PAGP Reverse Stock Split Effective Time**" is defined in Section 2.7(a).

"**Party**" and "**Parties**" is defined in the Preamble.

"**Person**" means any individual or entity, including any firm, corporation, partnership (general or limited), limited liability company, trust, joint venture, Governmental Authority or other entity.

"**Proxy Statement**" is defined in Section 4.1(a).

"**Q3 Distribution Record Date**" is defined in Section 4.10(a).

"**Q3 Distribution True-Up Amount**" is defined in Section 4.10(a).

"**Registration Rights Agreement**" is defined in Section 2.9(a)(i).

"**Representative**" shall mean with respect to a Person, its directors, officers, employees, agents and representatives, including any investment banker, financial advisor, attorney, accountant or other advisor, agent or representative.

"**Required Shareholder Approval**" means the affirmative vote of holders of a Share Majority (as such term is defined in the PAGP Partnership Agreement) in favor of the Shareholder Proposal.

"**Rights**" shall mean, with respect to any Person, securities or obligations convertible into or exchangeable for, or giving any person any right to subscribe for or acquire, or any options, calls or commitments relating to, Equity Interests of such Person.

"**SEC**" means the United States Securities and Exchange Commission.

"**Securities Act**" means the Securities Act of 1933.

"**Series A Conversion Rate**" has the meaning given such term in the PAA Partnership Agreement.

"**Shareholder Meeting**" is defined in Section 4.1(b).

"**Shareholder Proposal**" is defined in Section 4.1(b).

"**Subsidiary**" means, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which a majority of the Voting Interests are at the time owned or Controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof.

"**Tax Opinion**" is defined in Section 2.10(b).

"**Tax Opinion Certificate**" is defined in Section 2.10(b).

"**Transaction Documents**" means this Agreement, the Omnibus Agreement, the Registration Rights Agreement, the A&R PAA Partnership Agreement, the A&R AAP Partnership Agreement, the A&R GP LLC Agreement, the A&R PAGP Partnership Agreement, the A&R PAGP GP LLC Agreement, the A&R Administrative Agreement, the Voting Agreement, and each of the other documents and agreements to be delivered by the Parties in connection with the consummation of the Transactions.

"**Transactions**" means the transactions contemplated by this Agreement and the other Transaction Documents, including each of the Transactions contemplated by Section 2.3 through Section 2.8.

"Tudor Pickering" is defined in *Section 3.1(f)*.

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"**Voting Agreement**" is defined in the Recitals.

"**Voting Interests**" of any Person as of any date means (i) the equity interests of such Person pursuant to which the holders thereof have the general voting power under ordinary circumstances and are entitled to vote in the election of at least a majority of the board of directors, managers or trustees of such Person (regardless of whether, at the time, equity interests of any other class or classes shall have, or might have, voting power by reason of the occurrence of any contingency) or (ii) with respect to a partnership (whether general or limited), any general partner interest in such partnership.

1.2 Certain Interpretive Matters. In this Agreement:

- (a) Any reference to a statute, regulation or Law will be deemed also to refer to any amendment thereto and all rules and regulations promulgated thereunder, in each case as of the date of such reference but not thereafter, unless the context expressly requires otherwise;
- (b) Any reference to an agreement, instrument or document will be deemed to refer to that agreement, instrument or document as amended, restated, supplemented and otherwise modified from time to time, unless the context expressly requires otherwise;
- (c) The words "include," "includes," and "including" will be deemed to be followed by "without limitation";
- (d) Examples will not be construed to limit, expressly or by implication, the matter they illustrate;
- (e) Any pronoun will include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs will include the plural and vice versa, unless the context otherwise expressly requires;
- (f) The words "this Agreement," "herein," "hereof," "hereby," "hereunder," and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited;
- (g) The term "cost" includes expense and the term "expense" includes cost;
- (h) The headings and titles herein are for convenience only and will have no significance in the interpretation hereof;
- (i) Currency amounts referenced herein are in U.S. Dollars;
- (j) Unless the context otherwise requires, all references to time mean time in Houston, Texas;
- (k) Whenever this Agreement refers to a number of days, such number refers to calendar days unless Business Days are specified; and
- (l) If a term is defined as one part of speech (such as a noun), it has a corresponding meaning when used as another part of speech (such as a verb).

**ARTICLE II
THE CLOSING; CLOSING TRANSACTIONS**

2.1 The Closing. Upon the terms and subject to the conditions of this Agreement, the closing of the Transactions (the "**Closing**") shall take place at 8:30 a.m., Houston, Texas time, on the first Business Day after satisfaction (or waiver in accordance with this Agreement) of the last to occur of the conditions set forth in *Article V* (other than any such conditions which by their nature cannot be satisfied until the Closing Date, which shall be required to be so satisfied or (to the extent permitted by applicable law and this Agreement) waived on the Closing Date), at the offices of Vinson & Elkins L.L.P., in Houston, Texas, unless another date or place is agreed to in writing by the Parties.

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2.2 Closing Transactions; Order of Closing Transactions. At the Closing, upon the terms and subject to the conditions of this Agreement, the Transactions shall be consummated as set forth in this *Article II*. The Transactions provided for in this *Article II* shall be completed in the order set forth below, with each Transaction in *Section 2.3* through *Section 2.8* occurring immediately following and conditioned upon the consummation of the prior Transaction (except in the case of the adoption of the governance documents pursuant to *Section 2.6*, which shall be deemed to have occurred at such time, if any, as is necessary to consummate any earlier Transaction), and the deliveries set forth in *Section 2.9* occurring immediately thereafter or, to the extent necessary to consummate any earlier Transaction contemplated by *Section 2.3* through *Section 2.8*, at the time of such earlier Transaction.

2.3 Contribution of AAP Class A Units from PAGP to GP LLC. PAGP shall, and effective as of and contingent upon the Closing, hereby does, contribute and assign to GP LLC a number of AAP Class A Units representing 1.0% of all of the AAP Class A Units then held by PAGP (the "**Contributed AAP Units**"). GP LLC shall, and effective as of and contingent upon the Closing, hereby (a) accepts such Contributed AAP Units as a contribution to the capital of GP LLC, (b) agrees to be bound by the AAP Partnership Agreement as a limited partner of AAP and (c) is admitted as a limited partner of AAP with respect to the Contributed AAP Units.

2.4 Election to Treat GP LLC as a Corporation for U.S. Federal Income Tax Purposes. GP LLC shall file a valid election on Internal Revenue Service Form 8832 for GP LLC to be treated for U.S. federal income tax purposes as an entity that is regarded as separate from its owner, to be effective on the Closing Date or as promptly as practicable thereafter.

2.5 Redemption of PAA IDRs by PAA in Exchange for PAA Common Units; Recapitalization of PAA General Partner Interest.

(a) As consideration for the IDR Redemption and Exchange contemplated by Section 2.5(b), the PAA General Partner Interest Recapitalization contemplated by Section 2.5(c) and the performance by the other Parties hereto of their respective obligations hereunder and under the various Transaction Documents, PAA agrees to (i) perform its obligations hereunder and under the various Transaction Documents to which it is a party and (ii) issue to AAP a total of up to 245,500,000 PAA Common Units (the "**PAA Common Unit Consideration**"). Effective as of and contingent upon the Closing, PAA shall issue to AAP a number of PAA Common Units equal to the PAA Common Unit Consideration less a number of PAA Common Units equal to the number of PAA Common Units that are issuable pursuant to Section 4.2(c)(i) of the Omnibus Agreement (assuming that each AAP Class B Unit issued and outstanding as of the Closing Date that is not an AAP Earned Unit (as defined in the Omnibus Agreement) as of the Closing Date becomes an AAP Earned Unit after the Closing Date).

(b) PAA shall, and effective as of and contingent upon the Closing, and concurrently with the issuance of the PAA Common Unit Consideration, hereby does, exchange the PAA IDRs for PAA Common Units by redeeming all of AAP's right, title and interest in and to the PAA IDRs, free and clear of all liens in exchange for the issuance and delivery by PAA of the PAA Common Unit Consideration (together, the "**IDR Redemption and Exchange**"). Upon the consummation of the IDR Redemption and Exchange, the PAA IDRs shall be automatically and permanently cancelled without any further action by any Party.

(c) The PAA General Partner Interest shall, effective as of and contingent upon the Closing, and concurrently with the IDR Redemption and Exchange, be automatically converted into a non-economic general partner interest in PAA (the "**Non-Economic PAA General Partner Interest**"), as set forth in the Sixth Amended and Restated Agreement of Limited Partnership of PAA (in substantially the form attached as *Exhibit A* hereto, the "**A&R PAA Partnership Agreement**") in exchange for the issuance and delivery by PAA of the PAA Common Unit Consideration as

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contemplated in *Section 2.5(a)* (such conversion and issuance, together, the "**PAA General Partner Interest Recapitalization**").

(d) Concurrently with the other transactions contemplated by this *Section 2.5*, (i) AAP shall, after establishing such reserves as may be necessary to satisfy any expenses payable by AAP, PAGP or PAGP GP in connection with the Transactions, apply any remaining cash balances towards the balance then due and payable under the AAP Credit Agreement, and (ii) PAA shall assume all remaining outstanding indebtedness, obligations and liabilities under the AAP Credit Agreement and any related collateral or other agreements and shall cause to be terminated and released all applicable obligations and liabilities of AAP related to the AAP Credit Agreement and such other agreements.

2.6 Adoption of Amended and Restated Governance Documents. Effective as of and contingent upon the Closing:

(a) PAA GP, as the general partner of PAA, shall execute and deliver, and together with GP LLC, AAP, PAGP and PAGP GP, shall cause to be adopted, the A&R PAA Partnership Agreement, which shall reflect and give effect to, among other things, the PAA General Partner Interest Recapitalization and the cancellation of the PAA IDRs in accordance with *Section 2.5*.

(b) GP LLC, as the general partner of AAP, shall execute and deliver and cause to be adopted the Eighth Amended and Restated Limited Partnership Agreement of AAP, in substantially the form attached hereto as *Exhibit B* (the "**A&R AAP Partnership Agreement**").

(c) PAGP GP, as the general partner of PAGP, shall execute and deliver and cause to be adopted the Second Amended and Restated Agreement of Limited Partnership of PAGP, in substantially the form attached hereto as *Exhibit C* (the "**A&R PAGP Partnership Agreement**").

(d) PAGP, as the sole member of GP LLC, shall execute and deliver and cause to be adopted the Seventh Amended and Restated Limited Liability Company Agreement of GP LLC, in substantially the form attached as *Exhibit D* hereto (the "**A&R GP LLC Agreement**").

(e) PAGP GP shall execute and deliver and cause to be adopted the Second Amended and Restated Limited Liability Company Agreement of PAGP GP, in substantially the form attached hereto as *Exhibit E* (the "**A&R PAGP GP LLC Agreement**").

2.7 Reverse Unit/Stock Splits. Effective as of and contingent upon the Closing:

(a) PAGP GP and PAGP shall take all actions necessary to complete the PAGP Reverse Stock Split, to be effective upon the opening of trading of the PAGP Class A Shares on the NYSE on the Closing Date or as promptly as practicable thereafter (the "**PAGP Reverse Stock Split Effective Time**").

(b) GP LLC and AAP shall take all actions necessary to complete the AAP Reverse Unit Split to be effective at the PAGP Reverse Stock Split Effective Time.

(c) The Board of Directors of PAGP GP and PAGP GP shall take all actions necessary to complete the PAGP GP Reverse Unit Split, to be effective at the PAGP Reverse Stock Split Effective Time.

2.8 Issuance of PAGP Class C Shares. PAGP shall, and effective as of and contingent upon the Closing hereby does, issue to PAA newly created Class C shares representing limited partner interests in PAGP, having the rights and preferences of "Class C Shares" as contemplated by the A&R PAGP Partnership Agreement (the "**PAGP Class C Shares**"). The number of PAGP Class C Shares issued at Closing pursuant to this *Section 2.8* shall equal the sum of (a) the number of outstanding PAA Common Units at such time (excluding any PAA Common Units constituting part of the PAA Common Unit Consideration) and (b) the number of PAA Common Units issuable as of such time assuming the

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conversion of all outstanding PAA Series A Preferred Units at the then applicable Series A Conversion Rate (such issuance, the "**PAGP Class C Share Issuance**"). PAGP GP shall, as the registrar with respect to such PAGP Class C Shares, cause the issuance thereof and the admission of PAA as a limited partner of PAGP with respect to such PAGP Class C Shares to be recorded in the books and records of PAGP and PAGP GP.

2.9 Closing Deliverables. At or prior to the Closing, the applicable Parties will deliver or cause to be delivered, the documents as set forth herein.

(a) PAA shall deliver:

(i) to the other parties thereto, a counterpart of the Registration Rights Agreement, in substantially the form attached as *Exhibit F* hereto (the "**Registration Rights Agreement**"), duly executed by PAA;

(ii) to the other parties thereto, a counterpart of the Omnibus Agreement, in substantially the form attached as *Exhibit G* hereto (the "**Omnibus Agreement**") duly executed by PAA;

(iii) to the other parties thereto, a counterpart of the Amended and Restated Administrative Agreement, in substantially the form attached as *Exhibit H* hereto (the "**A&R Administrative Agreement**"), duly executed by PAA;

(iv) to AAP, evidence reasonably satisfactory to AAP of the book-entry issuance of the portion of the PAA Common Unit Consideration to be issued and delivered at Closing, which book-entry issuances may reflect customary legends or similar notations that such PAA Common Units are subject to trading restrictions under applicable Law;

(v) to AAP, evidence reasonably satisfactory to AAP that PAA has assumed AAP's obligations under the AAP Credit Agreement and that AAP's obligations thereunder have been terminated, in each case in accordance with *Section 2.5(d)*; and

(vi) to the other Parties, an officer's certificate, dated the Closing Date, to the effect that (i) the representations and warranties of PAA set forth in this Agreement are true and correct in all material respects on the Closing Date as though made at and as of the Closing Date (unless expressly made as of an earlier date, in which case, as of such earlier date) and (ii) PAA has complied in all material respects with each of the covenants in this Agreement required to be complied with by such Party prior to the Closing.

(b) PAA GP shall deliver:

(i) to the other parties thereto, a counterpart of the Omnibus Agreement, duly executed by PAA GP;

(ii) to the other parties thereto, a counterpart of the A&R Administrative Agreement, duly executed by PAA GP;

(iii) the A&R PAA Partnership Agreement, duly executed by PAA GP (in its capacity as the general partner of PAA and on behalf of the limited partners of PAA pursuant to powers of attorney granted to PAA GP); and

(iv) to the other Parties, an officer's certificate, dated the Closing Date, to the effect that (i) the representations and warranties of PAA GP set forth in this Agreement are true and correct in all material respects on the Closing Date as though made at and as of the Closing Date (unless expressly made as of an earlier date, in which case, as of such earlier date) and (ii) PAA GP has complied in all material respects with each of the covenants in this Agreement required to be complied with by such Party prior to the Closing.

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(c) AAP shall deliver:

- (i) to the other parties thereto, a counterpart of the Registration Rights Agreement, duly executed by AAP;
- (ii) to the other parties thereto, a counterpart of the Omnibus Agreement, duly executed by AAP;
- (iii) to the other parties thereto, a counterpart of the A&R Administrative Agreement, duly executed by AAP;
- (iv) to PAA, evidence reasonably satisfactory to PAA that AAP has applied any cash balances towards the repayment of the amount owed by AAP under the AAP Credit Agreement as contemplated by Section 2.5(d) and that, except as disclosed in *Section 3.3(f)* or as incurred in accordance with *Section 4.4(b)*, there are no outstanding indebtedness, obligations and liabilities under the AAP Credit Agreement; and
- (v) to the other Parties, an officer's certificate, dated the Closing Date, to the effect that (i) the representations and warranties of AAP set forth in this Agreement are true and correct in all material respects on the Closing Date as though made at and as of the Closing Date (unless expressly made as of an earlier date, in which case, as of such earlier date), (ii) AAP has complied in all material respects with each of the covenants in this Agreement required to be complied with by such Party prior to the Closing and (iii) all of the approvals required under the AAP Credit Agreement in order to consummate the Transactions have been obtained.

(d) GP LLC shall deliver:

- (i) to the other parties thereto, a counterpart of the Omnibus Agreement, duly executed by GP LLC;
- (ii) to the other parties thereto, a counterpart of the A&R Administrative Agreement, duly executed by GP LLC;
- (iii) to the other parties thereto, the A&R AAP Partnership Agreement, duly executed by GP LLC; and
- (iv) to the other Parties, an officer's certificate, dated the Closing Date, to the effect that (i) the representations and warranties of GP LLC set forth in this Agreement are true and correct in all material respects on the Closing Date as though made at and as of the Closing Date (unless expressly made as of an earlier date, in which case, as of such earlier date) and (ii) GP LLC has complied in all material respects with each of the covenants in this Agreement required to be complied with by such Party prior to the Closing.

(e) PAGP shall deliver:

- (i) to the other parties thereto, a counterpart of the Omnibus Agreement, duly executed by PAGP;
- (ii) to the other parties thereto, a counterpart of the A&R Administrative Agreement, duly executed by PAGP;
- (iii) the A&R GP LLC Agreement, duly executed by PAGP;
- (iv) to PAA, evidence reasonably satisfactory to PAA of the book-entry issuance to PAA of the PAGP Class C Shares issuable in the PAGP Class C Share Issuance;

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(v) to GP LLC, documentation reasonably satisfactory to GP LLC necessary to reflect the contribution of the Contributed AAP Units to GP LLC in accordance with *Section 2.3*; and

(vi) to the other Parties, an officer's certificate, dated the Closing Date, to the effect that (i) the representations and warranties of PAGP set forth in this Agreement are true and correct in all material respects on the Closing Date as though made at and as of the Closing Date (unless expressly made as of an earlier date, in which case, as of such earlier date) and (ii) PAGP has complied in all material respects with each of the covenants in this Agreement required to be complied with by such Party prior to the Closing.

(f) PAGP GP shall deliver:

(i) to the other parties thereto, a counterpart of the Omnibus Agreement, duly executed by PAGP GP;

(ii) to the other parties thereto, a counterpart of the A&R Administrative Agreement, duly executed by PAGP GP;

(iii) the A&R PAGP GP LLC Agreement, duly executed by PAGP;

(iv) the A&R PAGP Partnership Agreement, duly executed by PAGP GP (in its capacity as the general partner of PAGP); and

(v) to the other Parties, an officer's certificate, dated the Closing Date, to the effect that (i) the representations and warranties of PAGP GP set forth in this Agreement are true and correct in all material respects on the Closing Date as though made at and as of the Closing Date (unless expressly made as of an earlier date, in which case, as of such earlier date) and (ii) PAGP GP has complied in all material respects with each of the covenants in this Agreement required to be complied with by such Party prior to the Closing.

2.10 Intended Tax Treatment, Tax Opinion and Common Unit Fungibility.

(a) The Parties intend that the PAA/AAP Interest Restructuring will be treated for U.S. federal income tax purposes as set forth below in this *Section 2.10(a)* (the "**Intended Tax Treatment**"). Each Party shall, and shall cause its controlled Affiliates to, file all tax returns and other reports consistent with the Intended Tax Treatment, unless required by Law to do otherwise.

(i) The PAA/AAP Interest Restructuring will be treated as either (A) a transaction described in Section 721 of the Code in a manner consistent with Revenue Ruling 84-52, 1984-1 C.B. 157, and the AAP Assumed Debt will be treated as "qualified liabilities" under Treas. Reg. § 1.707-5(a)(6), or (B) a readjustment of partnership items among existing partners of a partnership not involving a sale or exchange. As a result, no gain or loss will be recognized by PAA or its partners except (A) in the case of the existing owners of PAA Common Units, to the extent any gain is recognized as a result of the PAA/AAP Interest Restructuring causing a decrease in their share of PAA liabilities under Section 752 of the Code and (B) in the case of AAP, to the extent (1) any gain results from the assumption of the Non-Contribution Revolver Borrowings, or (2) the AAP Assumed Debt exceeds AAP's basis in its PAA Common Units received in the PAA/AAP Interest Restructuring after taking into account any adjustments resulting from the PAA/AAP Interest Restructuring in its share of PAA liabilities under Section 752 outstanding after the completion of all of the Transactions.

(ii) The PAA/AAP Interest Restructuring will result in an adjustment to the capital accounts of PAA's partners and the carrying values of PAA's properties in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(f).

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(iii) Following the Transactions, AAP's aggregate basis in its PAA Common Units and non-economic PAA general partner interest received in the PAA/AAP Interest Restructuring will equal its aggregate basis in the PAA General Partner Interest and PAA IDRs immediately prior to Closing, decreased by the AAP Assumed Debt, increased by its share of PAA liabilities under Section 752 (after taking into account any adjustments resulting from the Transactions), and increased by gain, if any, recognized by AAP as a result of the PAA/AAP Interest Restructuring.

(b) PAA and PAGP have received the opinion of Vinson & Elkins LLP dated as of the date hereof (the "*Tax Opinion*") that the PAA/AAP Interest Restructuring should receive the Intended Tax Treatment. Such opinion is based upon, among other things, the representations set forth in the "*Tax Opinion Certificate*" attached as *Exhibit I* hereto.

(c) Upon a subsequent transfer in a fully taxable transaction to a transferee that is unrelated to the transferor, it is contemplated that each PAA Common Unit issued pursuant to the PAA/AAP Interest Restructuring should in the hands of such transferee have, as a substantive matter, like intrinsic economic and federal income tax characteristics, in all material respects, to the intrinsic economic and federal income tax characteristics of any other PAA Common Unit the transferee otherwise may have acquired at the same time and at the same price ("*Common Unit Fungibility*") and PAA GP (i) will exercise its authority and discretion to the maximum extent permitted under the PAA Partnership Agreement in order to ensure Common Unit Fungibility and (ii) upon a subsequent transfer in a fully taxable transaction will treat each PAA Common Unit issued pursuant to the PAA/AAP Interest Restructuring acquired by such transferee as having, as a substantive matter, like intrinsic economic and federal income tax characteristics, in all material respects, to the intrinsic economic and federal income tax characteristics of any other PAA Common Unit the transferee otherwise may have acquired at the same time and at the same price.

(d) Each Party represents that neither it nor any of its Subsidiaries is aware of any fact that is in existence on the date hereof or may reasonably be expected to occur on or prior to the Closing, or has taken or agreed to take any action, that would reasonably be expected to prevent or impede (i) the PAA/AAP Interest Restructuring from qualifying for the Intended Tax Treatment, (ii) the representation in the Tax Opinion Certificate from being true and correct on the date hereof or on the Closing Date, or (iii) the achievement of Common Unit Fungibility.

(e) Each Party agrees to use its reasonable best efforts to cause the representations in the Tax Opinion Certificate to continue to be true and correct at Closing, including by not taking or failing to take any action which action or failure to act such party knows is reasonably likely to prevent the representations in the Tax Opinion Certificate to continue to be true and correct at Closing.

(f) Each Party agrees to use its reasonable best efforts to (i) cause the PAA/AAP Interest Restructuring to qualify for the Intended Tax Treatment, and (ii) cause the achievement of Common Unit Fungibility, including by not taking or failing to take any action which action or failure to act such party knows is reasonably likely to prevent such qualification or achievement.

**ARTICLE III
REPRESENTATIONS AND WARRANTIES**

3.1 Representations and Warranties of PAA. PAA hereby represents and warrants to the other Parties hereto as follows:

(a) *Organization, Standing and Authority.* PAA (i) is a limited partnership duly formed, validly existing and in good standing under the laws of the State of Delaware and has all requisite entity power and authority to own, operate and lease its properties and to carry on its business as

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now conducted, (ii) is duly qualified to do business, and is in good standing, in each of the jurisdictions where its ownership or leasing of property or the conduct of its business requires it to be so qualified and (iii) has in effect all federal, state, local and foreign governmental authorizations and permits necessary for it to own or lease its properties and assets and to carry on its business as it is now conducted; except, in the instance of clauses (ii) through (iii) above, where the failure to be so qualified or in good standing, or to have in effect all such governmental authorizations and permits would not, individually or in the aggregate, be material to PAA and its Subsidiaries, taken as a whole.

(b) *Capitalization.* As of the date hereof, there are 397,736,728 PAA Common Units (excluding 2,769,764 unvested phantom units issued under PAA's long-term incentive plan), 61,888,566 PAA Series A Preferred Units, the PAA IDRs, and the PAA General Partner Interest issued and outstanding, which collectively constitute all of the issued and outstanding Equity Interests of PAA. The limited partner interests represented by the PAA Common Units and the PAA Series A Preferred Units have been duly authorized and validly issued in accordance with the PAA Partnership Agreement and are fully paid (to the extent required under the PAA Partnership Agreement) and nonassessable (except as such nonassessability may be affected by Sections 17-303, 17-607, and 17-804 of the Delaware LP Act). The general partner interest represented by the PAA General Partner Interest has been duly authorized and validly issued in accordance with the PAA Partnership Agreement. Except as expressly contemplated by this Agreement, otherwise disclosed in the PAA SEC Reports or pursuant to PAA's long-term incentive plan, employee benefit plans, qualified stock option plans or employee compensation plans, there are no issued or outstanding Commitments of PAA GP or PAA with respect to any equity securities of PAA and neither PAA GP nor PAA has any commitment to authorize, issue or sell any such equity securities or Commitments.

(c) *Subsidiaries.* Each of PAA's Subsidiaries has the entity power and authority to carry on its business as it is now being conducted and to own all its properties and assets, except as would not (individually or in the aggregate) reasonably be expected to be material to PAA and its Subsidiaries, taken as a whole.

(d) *Authority.* Assuming the accuracy of the representations and warranties set forth in *Section 3.2(d)*, *Section 3.3(d)*, *Section 3.4(d)*, *Section 3.5(d)* and *Section 3.6(d)*, this Agreement and the matters contemplated hereby, including, to the extent applicable, the Transactions and the Transaction Documents, have been authorized by all necessary limited partnership action by PAA, and this Agreement has been, and each other Transaction Document to be executed or delivered by PAA will be at the time it is delivered, duly executed and delivered and is or, when delivered will be, a legal, valid and binding agreement of PAA, enforceable in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar Laws of general applicability relating to or affecting creditors' rights or by general equity principles).

(e) *No Defaults.* Subject to required filings under federal and state securities Laws and compliance with the rules and regulations of the NYSE, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the entrance by PAA into the Transaction Documents to which it is a party, do not and will not (i) constitute a breach or violation of, or result in a default (or an event that, with notice or lapse of time or both, would become a default) under, or result in the termination or in a right of termination or cancellation of, or accelerate the performance required by, any note, bond, mortgage, indenture, deed of trust, license, franchise, lease, contract, agreement, joint venture or other instrument or obligation to which PAA or any of its Subsidiaries is a party or by which PAA or any of its Subsidiaries or properties is subject or bound that is material to PAA and its Subsidiaries, taken as a whole, (ii) constitute a breach or violation of, or a default under the PAA Partnership Agreement, (iii) contravene or conflict with or constitute a violation of any provision of any Law or Order binding upon or applicable to PAA or any of its Subsidiaries, or (iv) result in the creation of any Encumbrance on any of PAA's (or any of its Subsidiaries') assets.

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(f) *No Brokers.* Except for the fees payable by PAA to Tudor Pickering Holt & Co LLC ("**Tudor Pickering**") and to Barclays Capital Inc. ("**Barclays**"), no action has been taken by or on behalf of PAA that would give rise to any valid claim against any party hereto for a brokerage commission, finder's fee or other like payment with respect to the matters contemplated hereby.

(g) *Regulatory Approvals.* There are no material approvals of any Governmental Authority required to be obtained by PAA to consummate the matters contemplated by this Agreement (other than filings with and approvals by the SEC and the NYSE).

(h) *Issuances of Common Units.* All PAA Common Units issued pursuant to this Agreement, including the PAA Common Unit Consideration, when so issued as provided in this Agreement or the Omnibus Agreement, will be duly authorized, validly issued, fully paid (to the extent required by the PAA Partnership Agreement or, upon its adoption, the A&R PAA Partnership Agreement, as applicable) and non-assessable (except as such non-assessability may be affected by Sections 17-303, 17-607, and 17-804 of the Delaware LP Act) and free of preemptive rights (except as provided in Section 5.9 of the PAA Partnership Agreement or, upon its adoption, the A&R PAA Partnership Agreement, as applicable) and will entitle such recipient thereof to all of the rights of a holder of PAA Common Units in accordance with the PAA Partnership Agreement (and, upon its adoption, the A&R PAA Partnership Agreement) and the Delaware LP Act.

3.2 Representations and Warranties of PAA GP. PAA GP hereby represents and warrants to the other Parties hereto as follows:

(a) *Organization, Standing and Authority.* PAA GP (i) is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware and has all requisite entity power and authority to own, operate and lease its properties and to carry on its business as now conducted, (ii) is duly qualified to do business, and is in good standing, in each of the jurisdictions where its ownership or leasing of property or the conduct of its business requires it to be so qualified and (iii) has in effect all federal, state, local and foreign governmental authorizations and permits necessary for it to own or lease its properties and assets and to carry on its business as it is now conducted; except, in the instance of clauses (ii) through (iii) above, where the failure to be so qualified or in good standing, or to have in effect all such governmental authorizations and permits would not, individually or in the aggregate, be material to PAA GP.

(b) *Capitalization.* The only Equity Interests of PAA GP issued and outstanding are the PAA GP Membership Interests. There are no issued or outstanding Commitments of PAA GP with respect to any equity securities of PAA GP and PAA GP does not have any commitment to authorize, issue or sell any such equity securities or Commitments. The limited liability company interests represented by the PAA GP Membership Interests have been duly authorized and validly issued in accordance with the PAA GP LLC Agreement and are fully paid (to the extent required under the PAA GP LLC Agreement) and nonassessable (except as such nonassessability may be affected by Sections 18-607 and 18-804 of the Delaware LLC Act).

(c) *Ownership.* PAA GP owns beneficially and of record the PAA General Partner Interest, free and clear of all Encumbrances. Upon the consummation of the PAA General Partner Interest Recapitalization in accordance with the terms of this Agreement, PAA GP will own beneficially and of record the Non-Economic PAA General Partner Interest free and clear of all Encumbrances.

(d) *Authority.* Assuming the accuracy of the representations and warranties set forth in Section 3.1(d), *Section 3.3(d)*, *Section 3.4(d)*, *Section 3.5(d)* and *Section 3.6(d)*, this Agreement and the matters contemplated hereby, including, to the extent applicable, the Transactions and the Transaction Documents, have been authorized by all necessary limited liability company action by

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PAA GP, and this Agreement has been, and each other Transaction Document to be executed or delivered by PAA GP will be at the time it is delivered, duly executed and delivered and is or, when delivered, will be a legal, valid and binding agreement of PAA GP, enforceable in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar Laws of general applicability relating to or affecting creditors' rights or by general equity principles).

(e) *No Defaults.* Subject to required filings under federal and state securities Laws and compliance with the rules and regulations of the NYSE, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the entrance by PAA GP into the Transaction Documents to which it is a party, do not and will not (i) constitute a breach or violation of, or result in a default (or an event that, with notice or lapse of time or both, would become a default) under, or result in the termination or in a right of termination or cancellation of, or accelerate the performance required by, any note, bond, mortgage, indenture, deed of trust, license, franchise, lease, contract, agreement, joint venture or other instrument or obligation to which PAA GP is a party or by which PAA GP is subject or bound that is material to PAA GP, (ii) constitute a breach or violation of, or a default under the PAA GP LLC Agreement, (iii) contravene or conflict with or constitute a violation of any provision of any Law or Order binding upon or applicable to PAA or PAA GP or any of their respective Subsidiaries, or (iv) result in the creation of any Encumbrance on any of PAA GP's assets.

(f) *No Brokers.* Excluding fees payable by any of the other Parties, no action has been taken by or on behalf of PAA GP that would give rise to any valid claim against any party hereto for a brokerage commission, finder's fee or other like payment with respect to the matters contemplated hereby.

(g) *Regulatory Approvals.* There are no material approvals of any Governmental Authority required to be obtained by PAA GP to consummate the matters contemplated by this Agreement (other than filings with and approvals by the SEC and the NYSE).

(h) *Private Placement.* PAA GP is an "accredited investor," as such term is defined in Regulation D promulgated under the Securities Act. PAA has made available and PAA GP has reviewed such information as PAA GP considers necessary or appropriate to evaluate the risks and merits of an investment in PAA Common Units or other securities of PAA and the consummation of the Transactions. Any securities of PAA acquired by PAA GP pursuant to the Transactions are, except as contemplated by the Transactions, being acquired for PAA GP's own account, not as a nominee or agent, and with no intention of distributing such securities or any part thereof, and PAA GP has no present intention of selling or granting any participation in or otherwise distributing the same in any transaction in violation of the securities laws of the United States or any State.

3.3 Representations and Warranties of AAP. AAP hereby represents and warrants to the other Parties hereto as follows:

(a) *Organization, Standing and Authority.* AAP (i) is a limited partnership duly formed, validly existing and in good standing under the laws of the State of Delaware and has all requisite entity power and authority to own, operate and lease its properties and to carry on its business as now conducted, (ii) is duly qualified to do business, and is in good standing, in each of the jurisdictions where its ownership or leasing of property or the conduct of its business requires it to be so qualified and (iii) has in effect all federal, state, local and foreign governmental authorizations and permits necessary for it to own or lease its properties and assets and to carry on its business as it is now conducted; except, in the instance of clauses (ii) through (iii) above,

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where the failure to be so qualified or in good standing, or to have in effect all such governmental authorizations and permits would not, individually or in the aggregate, be material to AAP.

(b) *Capitalization.* The only Equity Interests of AAP issued and outstanding are 640,730,181 AAP Class A Units, 13,840,461 AAP Class B Units and the AAP General Partner Interest, which collectively constitute all of the issued and outstanding Equity Interests of AAP. The limited partner interests represented by the AAP Class A Units and the AAP Class B Units have been duly authorized and validly issued in accordance with the AAP Partnership Agreement and are fully paid (to the extent required under the AAP Partnership Agreement) and nonassessable (except as such nonassessability may be affected by Sections 17-303, 17-607, and 17-804 of the Delaware LP Act). The general partner interest represented by the AAP General Partner Interest has been duly authorized and validly issued in accordance with the AAP Partnership Agreement. Except as expressly contemplated by this Agreement, otherwise disclosed in the PAA SEC Reports or pursuant to employee benefit plans, qualified stock option plans or employee compensation plans, there are no issued or outstanding Commitments of AAP with respect to any equity securities of AAP and AAP has no commitment to authorize, issue or sell any equity securities or Commitments.

(c) *Ownership.* AAP owns beneficially and of record all of the PAA IDRs, free and clear of all Encumbrances, other than Encumbrances under the AAP Credit Agreement which shall be eliminated immediately prior to Closing and Encumbrances provided for under the PAA Partnership Agreement. AAP owns beneficially and of record all of the PAA GP Membership Interests, free and clear of all Encumbrances, other than Encumbrances under the AAP Credit Agreement which shall be eliminated at Closing and Encumbrances provided for under the PAA GP LLC Agreement. Upon the consummation of the IDR Redemption and Exchange and the PAA General Partner Interest Recapitalization in accordance with the terms of this Agreement, AAP will own beneficially and of record the portion of the PAA Common Unit Consideration to be issued and delivered to AAP at Closing, free and clear of all Encumbrances (other than Encumbrances provided for under the PAA Partnership Agreement).

(d) *Authority.* Assuming the accuracy of the representations and warranties set forth in *Section 3.1(d)*, *Section 3.2(d)*, *Section 3.4(d)*, *Section 3.5(d)* and *Section 3.6(d)*, this Agreement and the matters contemplated hereby, including, to the extent applicable, the Transactions and the Transaction Documents, have been authorized by all necessary limited partnership action by AAP, and this Agreement has been, and each other Transaction Document to be executed or delivered by AAP will be at the time it is delivered, duly executed and delivered and is or, when delivered, will be a legal, valid and binding agreement of AAP, enforceable in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar Laws of general applicability relating to or affecting creditors' rights or by general equity principles). To the extent required in connection with the consummation of the Transactions, all approvals required to be obtained from the limited partners of AAP have been obtained.

(e) *No Defaults.* Subject to required filings under federal and state securities Laws, required approvals under the AAP Credit Agreement and compliance with the rules and regulations of the NYSE, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the entrance by AAP into the Transaction Documents to which it is a party, do not and will not (i) constitute a breach or violation of, or result in a default (or an event that, with notice or lapse of time or both, would become a default) under, or result in the termination or in a right of termination or cancellation of, or accelerate the performance required by, any note, bond, mortgage, indenture, deed of trust, license, franchise, lease, contract, agreement, joint venture or other instrument or obligation to which AAP is a party or by which AAP or its properties is subject or bound that is material to AAP, (ii) constitute a

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breach or violation of, or a default under the AAP Partnership Agreement, (iii) contravene or conflict with or constitute a violation of any provision of any Law or Order binding upon or applicable to AAP, or (iv) result in the creation of any Encumbrance on any of AAP's assets.

(f) *AAP Credit Agreement.* As of the date of this Agreement, the amount of indebtedness outstanding under the AAP Term Loan is \$550 million and the AAP Revolving Credit Facility is \$43 million. Except as set forth in the previous sentence and with respect to any indebtedness incurred in accordance with *Section 4.4(b)* or *Section 4.10*, AAP is not liable for any other indebtedness, obligations or liabilities under the AAP Credit Agreement or any related collateral or other agreements.

(g) *No Brokers.* Excluding fees payable by any of the other Parties, no action has been taken by or on behalf of AAP that would give rise to any valid claim against any party hereto for a brokerage commission, finder's fee or other like payment with respect to the matters contemplated hereby.

(h) *Regulatory Approvals.* There are no material approvals of any Governmental Authority required to be obtained by AAP to consummate the matters contemplated by this Agreement (other than filings with and approvals by the SEC and the NYSE).

(i) *Private Placement.* AAP is an "accredited investor," as such term is defined in Regulation D promulgated under the Securities Act. PAA has made available and AAP has reviewed such information as AAP considers necessary or appropriate to evaluate the risks and merits of an investment in PAA Common Units or other securities of PAA and the consummation of the Transactions. Any securities of PAA acquired by AAP pursuant to the Transactions are, except as contemplated by the Transactions, being acquired for AAP's own account, not as a nominee or agent, and with no intention of distributing such securities or any part thereof, and AAP has no present intention of selling or granting any participation in or otherwise distributing the same in any transaction in violation of the securities laws of the United States or any State.

3.4 Representations and Warranties of GP LLC. GP LLC hereby represents and warrants to the other Parties hereto as follows:

(a) *Organization, Standing and Authority.* GP LLC (i) is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware and has all requisite entity power and authority to own, operate and lease its properties and to carry on its business as now conducted, (ii) is duly qualified to do business, and is in good standing, in each of the jurisdictions where its ownership or leasing of property or the conduct of its business requires it to be so qualified and (iii) has in effect all federal, state, local and foreign governmental authorizations and permits necessary for it to own or lease its properties and assets and to carry on its business as it is now conducted; except, in the instance of clauses (ii) through (iii) above, where the failure to be so qualified or in good standing, or to have in effect all such governmental authorizations and permits would not, individually or in the aggregate, be material to GP LLC.

(b) *Capitalization.* The only Equity Interests of GP LLC issued and outstanding are the GP LLC Membership Interests. Except as expressly contemplated by this Agreement, otherwise disclosed in the PAA SEC Reports or pursuant to employee benefit plans, qualified stock option plans or employee compensation plans, there are no issued or outstanding Commitments of GP LLC with respect to any equity securities of GP LLC and GP LLC does not have any commitment to authorize, issue or sell any equity securities or Commitments. The limited liability company interests represented by the GP LLC Membership Interests have been duly authorized and validly issued in accordance with the GP LLC Agreement and are fully paid (to the extent required under the GP LLC Agreement) and nonassessable (except as such nonassessability may be affected by Sections 18-607 and 18-804 of the Delaware LLC Act).

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(c) *Ownership.* GP LLC owns beneficially and of record the AAP General Partner Interest, free and clear of all Encumbrances (other than Encumbrances provided for under the AAP Partnership Agreement). Upon the consummation of the Transaction set forth in *Section 2.3*, GP LLC will own beneficially and of record the Contributed AAP Units, free and clear of all Encumbrances (other than Encumbrances provided for under the AAP Partnership Agreement).

(d) *Authority.* Assuming the accuracy of the representations and warranties set forth in *Section 3.1(d)*, *Section 3.2(d)*, *Section 3.3(d)*, *Section 3.5(d)* and *Section 3.6(d)*, this Agreement and the matters contemplated hereby, including, to the extent applicable, the Transactions and the Transaction Documents, have been authorized by all necessary limited liability company action by GP LLC (including, to the extent applicable, in its capacity as the general partner of AAP and in its Indirect PAA GP Capacity), and this Agreement has been, and each other Transaction Document to be executed or delivered by GP LLC will be at the time it is delivered, duly executed and delivered and is or, when delivered, will be a legal, valid and binding agreement of GP LLC, enforceable in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar Laws of general applicability relating to or affecting creditors' rights or by general equity principles).

(e) *No Defaults.* Subject to required filings under federal and state securities Laws and compliance with the rules and regulations of the NYSE, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the entrance by GP LLC into the Transaction Documents to which it is a party, do not and will not (i) constitute a breach or violation of, or result in a default (or an event that, with notice or lapse of time or both, would become a default) under, or result in the termination or in a right of termination or cancellation of, or accelerate the performance required by, any note, bond, mortgage, indenture, deed of trust, license, franchise, lease, contract, agreement, joint venture or other instrument or obligation to which GP LLC is a party or by which GP LLC or its properties is subject or bound that is material to GP LLC, (ii) constitute a breach or violation of, or a default under the GP LLC Agreement, (iii) contravene or conflict with or constitute a violation of any provision of any Law or Order binding upon or applicable to GP LLC, or (iv) result in the creation of any Encumbrance on any of GP LLC's assets.

(f) *No Brokers.* Other than the fees owed by PAA or GP LLC to Tudor Pickering, as advisor to the GP LLC Conflicts Committee, and to Barclays, no action has been taken by or on behalf of GP LLC that would give rise to any valid claim against any party hereto for a brokerage commission, finder's fee or other like payment with respect to the matters contemplated hereby.

(g) *Regulatory Approvals.* There are no material approvals of any Governmental Authority required to be obtained by GP LLC to consummate the matters contemplated by this Agreement (other than filings with and approvals by the SEC and the NYSE).

3.5 Representations and Warranties of PAGP. PAGP hereby represents and warrants to the other Parties hereto as follows:

(a) *Organization, Standing and Authority.* PAGP (i) is a limited partnership duly formed, validly existing and in good standing under the laws of the State of Delaware and has all requisite entity power and authority to own, operate and lease its properties and to carry on its business as now conducted, (ii) is duly qualified to do business, and is in good standing, in each of the jurisdictions where its ownership or leasing of property or the conduct of its business requires it to be so qualified and (iii) has in effect all federal, state, local and foreign governmental authorizations and permits necessary for it to own or lease its properties and assets and to carry on its business as it is now conducted; except, in the instance of clauses (ii) through (iii) above,

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where the failure to be so qualified or in good standing, or to have in effect all such governmental authorizations and permits would not, individually or in the aggregate, be material to PAGP.

(b) *Capitalization.* As of the date hereof, the only Equity Interests of PAGP issued and outstanding are 267,032,219 PAGP Class A Shares (excluding 83,200 PAGP unvested phantom Class A Shares issued under PAGP's long-term incentive plan), 373,697,962 PAGP Class B Shares and the PAGP General Partner Interest, which collectively constitute all of the issued and outstanding Equity Interests of PAGP. The limited partner interests represented by the PAGP Class A Shares and the PAGP Class B Shares have been duly authorized and validly issued in accordance with the PAGP Partnership Agreement and are fully paid (to the extent required under the PAGP Partnership Agreement) and nonassessable (except as such nonassessability may be affected by Sections 17-303, 17-607, and 17-804 of the Delaware LP Act). The general partner interest represented by the PAGP General Partner Interest has been duly authorized and validly issued in accordance with the PAGP Partnership Agreement. Except as expressly contemplated by this Agreement, otherwise disclosed in the PAA SEC Reports or pursuant to PAGP's long-term incentive plan, employee benefit plans, qualified stock option plans or employee compensation plans, there are no issued or outstanding Commitments of PAGP with respect to any equity securities PAGP and PAGP has no commitment to authorize, issue or sell any equity securities or Commitments.

(c) *Ownership.* PAGP owns beneficially and of record 267,032,219 AAP Class A Units, free and clear of all Encumbrances (other than Encumbrances provided for under the AAP Partnership Agreement). PAGP owns beneficially and of record 254,037,317 PAGP GP Company Units, free and clear of all Encumbrances (other than Encumbrances provided for under the PAGP GP LLC Agreement). PAGP owns beneficially and of record all of the GP LLC Membership Interests, free and clear of all Encumbrances (other than Encumbrances provided for under the GP LLC Agreement).

(d) *Authority.* Assuming the accuracy of the representations and warranties set forth in *Section 3.1(d)*, *Section 3.2(d)*, *Section 3.3(d)*, *Section 3.4(d)* and *Section 3.6(d)*, this Agreement and the matters contemplated hereby, including, to the extent applicable, the Transactions and the Transaction Documents have, subject to receipt of the Required Shareholder Approval, been authorized by all necessary limited partnership action by PAGP, and this Agreement has been, and each other Transaction Document to be executed or delivered by PAGP will be at the time it is delivered, duly executed and delivered and is or, when delivered, will be a legal, valid and binding agreement of PAGP, enforceable in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar Laws of general applicability relating to or affecting creditors' rights or by general equity principles). Prior to the execution of this Agreement, limited partners of PAGP holding, in the aggregate, interests constituting a Share Majority (as such term is defined in the PAGP Partnership Agreement), have executed and delivered the Voting Agreement with respect to this Agreement and the Transactions.

(e) *No Defaults.* Subject to required filings under federal and state securities Laws and compliance with the rules and regulations of the NYSE, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the entrance by PAGP into the Transaction Documents to which it is a party, do not and will not (i) constitute a breach or violation of, or result in a default (or an event that, with notice or lapse of time or both, would become a default) under, or result in the termination or in a right of termination or cancellation of, or accelerate the performance required by, any note, bond, mortgage, indenture, deed of trust, license, franchise, lease, contract, agreement, joint venture or other instrument or obligation to which PAGP is a party or by which PAGP or its properties is subject or bound that is material to PAGP, (ii) constitute a breach or violation of, or a default

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under the PAGP Partnership Agreement, (iii) contravene or conflict with or constitute a violation of any provision of any Law or Order binding upon or applicable to PAGP, or (iv) result in the creation of any Encumbrance on any of PAGP's assets.

(f) *No Brokers.* Except for the fees payable to Jefferies LLC ("*Jefferies*") and Barclays, no action has been taken by or on behalf of PAGP that would give rise to any valid claim against any party hereto for a brokerage commission, finder's fee or other like payment with respect to the matters contemplated hereby.

(g) *Regulatory Approvals.* There are no material approvals of any Governmental Authority required to be obtained by PAGP to consummate the matters contemplated by this Agreement (other than filings with and approvals by the SEC and the NYSE).

(h) *Private Placement.* PAGP is an "accredited investor," as such term is defined in Regulation D promulgated under the Securities Act. PAA has made available and PAGP has reviewed such information as PAGP considers necessary or appropriate to evaluate the risks and merits of an investment in PAA Common Units or other securities of PAA and the consummation of the Transactions. Any securities of PAA acquired by PAGP pursuant to the Transactions are, except as contemplated by the Transactions, being acquired for PAGP's own account, not as a nominee or agent, and with no intention of distributing such securities or any part thereof, and PAGP has no present intention of selling or granting any participation in or otherwise distributing the same in any transaction in violation of the securities laws of the United States or any State.

(i) *Issuances of Class C Shares.* The PAGP Class C Shares issued pursuant to this Agreement, when so issued as provided in this Agreement, will be duly authorized, validly issued, fully paid (to the extent required by the PAGP Partnership Agreement or, upon its adoption, the A&R PAGP Partnership Agreement, as applicable) and non-assessable (except as such non-assessability may be affected by Sections 17-303, 17-607, and 17-804 of the Delaware LP Act) and free of preemptive rights and will entitle such recipient thereof to all of the rights of a holder of PAGP Class C Shares in accordance with the PAGP Partnership Agreement (or, upon its adoption, the A&R PAGP Partnership Agreement) and the Delaware LP Act.

(j) *Proxy Statement.* The Proxy Statement will, when definitively filed, comply as to form in all material respects with the applicable requirements of the Exchange Act. At the time the Proxy Statement and any amendments or supplements thereto are first mailed to the holders of PAGP Class A Shares and PAGP Class B Shares and at the time the Shareholder Proposal is submitted to such holders, the Proxy Statement, as supplemented or amended, if applicable, will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The representations and warranties contained in this Section 3.5(j) will not apply to statements or omissions included or incorporated by reference in the Proxy Statement based upon information supplied by the other Parties or any of their respective representatives or advisors specifically for use or incorporation by reference therein.

3.6 Representations and Warranties of PAGP GP. PAGP GP hereby represents and warrants to the other Parties hereto as follows:

(a) *Organization, Standing and Authority.* PAGP GP (i) is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware and has all requisite entity power and authority to own, operate and lease its properties and to carry on its business as now conducted, (ii) is duly qualified to do business, and is in good standing, in each of the jurisdictions where its ownership or leasing of property or the conduct of its business requires it to be so qualified and (iii) has in effect all federal, state, local and foreign governmental authorizations and permits necessary for it to own or lease its properties and assets and to carry

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on its business as it is now conducted; except, in the instance of clauses (ii) through (iii) above, where the failure to be so qualified or in good standing, or to have in effect all such governmental authorizations and permits would not, individually or in the aggregate, be material to PAGP GP.

(b) *Capitalization.* The only Equity Interests of PAGP GP issued and outstanding are 605,845,150 PAGP GP Company Units. Except as expressly contemplated by this Agreement, otherwise disclosed in the PAA SEC Reports or pursuant to employee benefit plans, qualified stock option plans or employee compensation plans, there are no issued or outstanding Commitments of PAGP GP with respect to any equity securities of PAGP GP and PAGP GP does not have any commitment to authorize, issue or sell any equity securities or Commitments. The limited liability company interests represented by the PAGP GP Company Units have been duly authorized and validly issued in accordance with the PAGP GP LLC Agreement and are fully paid (to the extent required under the PAGP GP LLC Agreement) and nonassessable (except as such nonassessability may be affected by Sections 18-607 and 18-804 of the Delaware LLC Act).

(c) *Ownership.* PAGP GP owns beneficially and of record the PAGP General Partner Interest, free and clear of all Encumbrances (other than Encumbrances provided for under the PAGP Partnership Agreement).

(d) *Authority.* Assuming the accuracy of the representations and warranties set forth in *Section 3.1(d)*, *Section 3.2(d)*, *Section 3.3(d)*, *Section 3.4(d)* and *Section 3.5(d)*, this Agreement and the matters contemplated hereby, including, to the extent applicable, the Transactions and the Transaction Documents, have been authorized by all necessary limited liability company action by PAGP GP (including, to the extent applicable, in its capacity as the general partner of PAGP), and this Agreement has been, and each other Transaction Document to be executed or delivered by PAGP GP will be at the time it is delivered, duly executed and delivered and is or, when delivered, will be a legal, valid and binding agreement of PAGP GP, enforceable in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar Laws of general applicability relating to or affecting creditors' rights or by general equity principles). The amendments to the provisions of PAGP GP LLC Agreement set forth in Article IV thereof contemplated by the A&R PAGP GP LLC Agreement have been approved by a majority of the Independent Directors (as such term is defined in the PAGP GP LLC Agreement) of PAGP GP. To the extent required in connection with the consummation of the Transactions, all approvals required to be obtained from the members of PAGP GP have been obtained.

(e) *No Defaults.* Subject to required filings under federal and state securities Laws and compliance with the rules and regulations of the NYSE, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including the entrance by PAGP GP into the Transaction Documents to which it is a party, do not and will not (i) constitute a breach or violation of, or result in a default (or an event that, with notice or lapse of time or both, would become a default) under, or result in the termination or in a right of termination or cancellation of, or accelerate the performance required by, any note, bond, mortgage, indenture, deed of trust, license, franchise, lease, contract, agreement, joint venture or other instrument or obligation to which PAGP GP is a party or by which PAGP GP or its properties is subject or bound that is material to PAGP GP, (ii) constitute a breach or violation of, or a default under the PAGP GP LLC Agreement, (iii) contravene or conflict with or constitute a violation of any provision of any Law or Order binding upon or applicable to PAGP GP, or (iv) result in the creation of any Encumbrance on any of PAGP GP's assets.

(f) *No Brokers.* Other than the fees owed by PAGP to Jefferies as advisor to the PAGP GP Board, and to Barclays, no action has been taken by or on behalf of PAGP GP that would give rise to any valid claim against any party hereto for a brokerage commission, finder's fee or other like payment with respect to the matters contemplated hereby.

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**ARTICLE IV
COVENANTS AND AGREEMENTS**

4.1 *The Proxy Statement and the Shareholder Meeting.*

(a) As promptly as reasonably practicable after the date hereof (and in any event within 20 Business Days after the date hereof), PAGP will prepare and file with the SEC a proxy statement containing the information specified in Schedule 14A of the Exchange Act with respect to the Transactions (the "*Proxy Statement*") in preliminary form. Unless the PAGP GP Board has made a Change of Recommendation in accordance with the provisions of this Agreement, the PAGP GP Board Recommendation shall be included in the Proxy Statement. The Parties will cooperate with each other in the preparation of the Proxy Statement, including with respect to any additional proxy soliciting materials of PAGP; without limiting the generality of the foregoing, the other Parties will furnish to PAGP the information relating to the other Parties required by the Exchange Act to be set forth in the Proxy Statement and such other information concerning such Party as may be reasonably requested by PAGP in connection with the preparation, filing and distribution of the Proxy Statement, and such Parties and their counsel will be given the opportunity to review and comment on the Proxy Statement (or any amendment or supplement thereto) prior to the filing thereof with the SEC. The Parties will each use their reasonable best efforts, after consultation with the other Parties, to respond promptly to any comments made by the SEC with respect to the Proxy Statement, and PAGP (i) shall provide the other Parties a reasonable opportunity to review and comment on such response and (ii) shall include in such response all comments reasonably proposed by the other Parties. PAGP will cause the Proxy Statement to be transmitted to the holders of PAGP Class A Shares and PAGP Class B Shares as promptly as practicable following the date on which the SEC confirms it has no further comments on the Proxy Statement.

(b) PAGP will advise the other Parties promptly after it receives notice of any request by the SEC for amendment of the Proxy Statement or comments thereon and responses thereto or requests by the SEC for additional information. If at any time prior to the date of the Shareholder Meeting, any information relating to the Parties, or any of their respective affiliates, officers or directors, should be discovered by any Party that should be set forth in an amendment or supplement to the Proxy Statement, so that any of such documents would not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading, the Party that discovers such information will promptly notify the other Parties and an appropriate amendment or supplement describing such information will be promptly filed with the SEC and, to the extent required by Law, disseminated to the holders of PAGP Class A Shares and PAGP Class B Shares. PAGP will not mail any Proxy Statement, or any amendment or supplement thereto, with respect to which any Party reasonably objects to disclosure therein specifically regarding such Party or any Representative of such Party. Once the Shareholder Meeting has been called and noticed, PAGP will not postpone or adjourn the Shareholder Meeting without the consent of the other Parties, which consent will not be unreasonably withheld, conditioned or delayed, other than (i) for the absence of a quorum, (ii) to allow reasonable additional time for the filing and mailing of any supplemental or amended disclosure that PAGP has determined in good faith, after consultation with its outside legal advisors, is necessary under applicable Law and for such supplemental or amended disclosure to be disseminated to and reviewed by the holders of PAGP Class A Shares and PAGP Class B Shares prior to the Shareholder Meeting, (iii) in the event PAGP has delivered any notice contemplated by Section 4.1(d) and the time periods contemplated by Section 4.1(d) have not expired or (iv) an adjournment or postponement of up to 10 Business Days to solicit additional proxies from holders

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of PAGP Class A Shares and PAGP Class B Shares; *provided* that in no event may the Shareholder Meeting be delayed to a date after the date that is two Business Days prior to the Outside Date.

(c) PAGP GP, as general partner of PAGP, will take, in accordance with applicable Law, NYSE rules and the PAGP Partnership Agreement, all action necessary to call, hold and convene an appropriate meeting of the holders of PAGP Class A Shares and PAGP Class B Shares (including any adjournment or postponement, the "**Shareholder Meeting**") to consider and vote upon a proposal to approve this Agreement and the Transactions and any other matters required to be approved by them for consummation of the matters contemplated hereby or thereby (the "**Shareholder Proposal**") as promptly as reasonably practicable after the filing of the Proxy Statement in definitive form with the SEC. Subject to any adjournment in accordance with *Section 4.1(b)*, PAGP will convene and hold the Shareholder Meeting not later than 20 Business Days following the mailing of the Proxy Statement to the holders of PAGP Class A Shares and PAGP Class B Shares. Subject to *Section 4.1(d)*, PAGP will take all reasonable lawful action to solicit approval of the Shareholder Proposal by the holders of PAGP Class A Shares and PAGP Class B Shares.

(d) The PAGP GP Board will recommend that the holders of PAGP Class A Shares and PAGP Class B Shares approve the Shareholder Proposal (the "**PAGP GP Board Recommendation**"). Notwithstanding the foregoing, at any time prior to obtaining the Required Shareholder Approval at the Shareholder Meeting, the PAGP GP Board may withdraw, modify or qualify in any manner adverse to PAA or any other Party the PAGP GP Board Recommendation (any such action a "**Change in Recommendation**") if the PAGP GP Board shall have concluded in good faith, after consultation with its outside legal advisors and financial advisors, that a Change in Recommendation is necessary to comply with its duties under the PAGP Partnership Agreement or that the failure to make a Change in Recommendation would otherwise result in a material violation of applicable Law; *provided, however*, that the PAGP GP Board shall not be entitled to exercise its rights to make a Change in Recommendation pursuant to this sentence unless PAGP has provided to PAA five Business Days' prior written notice advising PAA that the PAGP GP Board intends to take such action and specifying the reasons therefor in reasonable detail. For the avoidance of doubt, any Change in Recommendation will not (i) change the approval of this Agreement and the Transactions or any other approval of the PAGP GP Board or (ii) relieve PAGP GP or PAGP of any of its obligations under this Agreement (including under Section 4.1(a) or Section 4.1(b)), including their respective obligations to hold the Shareholder Meeting.

4.2 Further Assurances. Subject to the terms and conditions of this Agreement, each Party will use commercially reasonable efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper, desirable or advisable under applicable Laws, so as to enable consummation of the matters contemplated hereby, including obtaining any third party approval that is required to be obtained by the Party in connection with the Transactions and the other matters contemplated by this Agreement and the Transaction Documents (including, without limitation, obtaining any required approvals under the AAP Credit Agreement), and using commercially reasonable efforts to lift or rescind any injunction or restraining order or other order adversely affecting the ability of the Parties to consummate the matters contemplated hereby, and using commercially reasonable efforts to defend any litigation seeking to enjoin, prevent or delay the consummation of the matters contemplated hereby or seeking material damages, and each Party will cooperate fully with the other Parties to that end, and will furnish to the other Parties copies of all correspondence, filings and communications between it and its Affiliates, on the one hand, and any Governmental Authority, on the other hand, with respect to the matters contemplated hereby.

4.3 Press Releases. No Party will, without the prior approval of the other Parties, issue any press release or written statement for general circulation relating to the matters contemplated hereby, except

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as otherwise required by applicable Law or regulation or the rules of the NYSE, in which case it will consult with the other applicable Party before issuing any such press release or written statement.

4.4 Certain Business Activities. From the date hereof until the Closing and except as contemplated by the Transactions or as required by applicable Law, without the prior written consent of the other Parties hereto, each of the Parties shall not, and shall not take any action to cause any other Party to:

(a) take any action that would be reasonably likely to result in a material adverse effect on its ability to perform any of its obligations under this Agreement, including, without limitation, in the case of PAA GP, transferring the PAA General Partner Interest and, in the case of AAP, transferring the PAA GP Membership Interests or the PAA IDRs;

(b) in the case of AAP, except (i) as provided by *Section 4.10*, (ii) to fund capital contributions by PAA GP to PAA in accordance with Section 5.2(b) of the PAA Partnership Agreement, or (iii) to fund out-of-pocket fees and expenses incurred by or on behalf of AAP, PAGP GP or PAGP in connection with the Transactions, incur any additional indebtedness, obligations or liabilities under the AAP Credit Agreement or any related collateral or other agreement; *provided, however*, that any incurrence of indebtedness under clause (iii) shall only be permitted to fund out-of-pocket fees and expenses that do not exceed \$10 million (less any cash balances reserved for expenses payable by AAP, PAGP or PAGP GP for Transaction expenses pursuant to *Section 2.5(d)*);

(c) in the case of PAA, (i) issue, sell or otherwise permit to become outstanding, or authorize the creation of any additional Equity Interests, any appreciation rights or any Rights or (ii) enter into any agreement with respect to the foregoing, without the prior written consent of PAGP, such consent not to be unreasonably withheld conditioned or delayed; *provided, however*, that notwithstanding the restrictions set forth in (i) or (ii), PAA may issue (A) up to \$600 million of Equity Interests or Rights in PAA, (B) any PAA Series A PIK Units pursuant to the terms of the PAA Partnership Agreement or (C) Equity Interests or Rights under PAA's long-term incentive plans;

(d) split, combine or reclassify any of its Equity Interests or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for its Equity Interests;

(e) repurchase, redeem or otherwise acquire any of its Equity Interests (other than pursuant to employee benefit plans, qualified stock option plans or employee compensation plans); or

(f) take any action that would be reasonably likely to result in the material delay in or failure of any condition to Closing set forth herein to be satisfied.

4.5 Notification of Certain Matters. Each Party will give prompt notice to the other Parties of any fact, event or circumstance known to them that would, or is reasonably likely to, cause or constitute a material breach of any of their representations, warranties, covenants or agreements contained herein.

4.6 Listing of PAA Common Units. PAA GP and PAA shall use their respective reasonable best efforts to cause the PAA Common Units to be issued in the Transactions to be admitted for listing on the NYSE as promptly as practicable after the Closing.

4.7 AAP Reverse Unit Split; PAGP Reverse Stock Split; PAGP GP Reverse Unit Split. It is the intention of the Parties that, immediately following the completion of the AAP Reverse Unit Split, the PAGP Reverse Stock Split and the PAGP GP Reverse Unit Split, the number of outstanding PAGP Class A Shares shall equal the number of AAP Class A Units owned of record by PAGP, which shall also equal the number of PAA Common Units owned by AAP that are attributable to PAGP's ownership interest in AAP, in each case, to the fullest extent reasonably possible. It is also the intention of the Parties that, immediately following the completion of the AAP Reverse Unit Split, the PAGP

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Reverse Stock Split and the PAGP GP Reverse Unit Split, (a) the number of outstanding PAGP GP Company Units shall equal the number of AAP Class A Units held by the Existing Owners (excluding any Existing Owners who became holders of AAP Class A Units by virtue of the conversion of AAP Class B Units), which shall also equal the number of PAA Common Units owned by AAP that are attributable to such Existing Owners and (b) the number of outstanding AAP Class A Units and PAGP Class B Shares held by the Existing Owners shall be equal to the number of PAA Common Units owned by AAP that are attributable to the Existing Owners' ownership interest in AAP. The Parties shall use their respective reasonable best efforts to cooperate and take all necessary actions to cause the AAP Reverse Unit Split, the PAGP Reverse Stock Split and the PAGP GP Reverse Unit Split to be completed at Closing in a manner consistent with the foregoing. Consistent with the foregoing, in connection with the PAGP Reverse Stock Split, PAGP shall provide that holders of PAGP Class A Shares that would otherwise be entitled to fractional PAGP Class A Shares as a result of the PAGP Reverse Stock Split will instead be entitled to cash in lieu of fractional shares. In addition, in connection with the PAGP Reverse Stock Split, the AAP Reverse Unit Split and the PAGP GP Reverse Unit Split, fractional shares and/or units shall be handled in a manner that is consistent with the immediately preceding sentence and the expressions of intent otherwise set forth in this Section 4.7.

4.8 Shelf Registration Statement. Prior to the Closing Date, PAA shall use its reasonable best efforts to prepare for filing the shelf registration statement contemplated to be filed by PAA as promptly as