**Risk Factors Comparison 2024-02-29 to 2023-03-01 Form: 10-K**

**Legend:** **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Summary of Risk Factors Risks Inherent in an Investment in Us Our partnership structure carries inherent risks, including but not limited to: • our cash flow will be entirely dependent upon the ability of PAA to make cash distributions to AAP, and the ability of AAP to make cash distributions to us; • the distributions AAP is entitled to receive may fluctuate, which may reduce cash distributions to our Class A shareholders; • if distributions on our Class A shares are not paid with respect to any fiscal quarter, our Class A shareholders will not be entitled to receive that quarter' s payments in the future; • the amount of cash that we and PAA distribute each quarter may limit our ability to grow; • the Class B shareholders own a significant number of shares, which may make the removal of our general partner difficult; and • Our general partner may cause us to issue additional Class A shares or other equity securities, including equity securities that are senior to our Class A shares, or cause AAP to issue additional securities, in each case without shareholder approval, which may adversely affect our shareholders. Risks Related to Conflicts of Interest Our existing organizational structure and the current and future relationships among us, PAA, our respective general partners, the Legacy Owners and affiliated entities present the potential for conflicts of interest. Risks Related to PAA' s Business PAA' s business, results of operations, financial condition, cash flows and unit price can be adversely affected by many factors including but not limited to: • the volume of crude oil, natural gas and NGL shipped, processed, purchased, stored, fractionated and / or gathered at or through the use of PAA' s **pipelines and** facilities, which can be negatively impacted by a variety of factors outside of its control; • competition in PAA' s industry, including recontracting and other risks associated with the general capacity overbuild of midstream energy infrastructure in some of the areas where PAA operates; • changes in supply and demand for the products PAA handles and the services it provides, which can be caused by a variety of factors outside of its control; • natural disasters, catastrophes, terrorist attacks (including eco- terrorist attacks), process safety failures, equipment failures or other events, including pipeline or facility accidents and cyber or other attacks on PAA' s electronic and computer systems, could interrupt its operations, hinder PAA' s ability to fulfil its contractual obligations and / or result in severe personal injury, property damage and environmental damage; • cybersecurity attacks, data breaches and other disruptions affecting PAA or its service providers could materially and adversely affect its business, operations, reputation and financial results; • ~~pandemics~~ **risks arising from climate change** , ~~epidemics~~ **energy conservation measures, or initiatives that stimulate demand** ~~or~~ **for** ~~other public health events~~ **alternative forms of energy** ; • societal and political pressures from various groups, including opposition to the development or operation of PAA' s pipelines and facilities; • increased concern by financial stakeholders with respect to PAA' s governance structure and the perceived social and environmental cost of PAA' s industry; • the overall forward market for crude oil and NGL, and certain market structures, the absence of pricing volatility and other market factors; • an inability to fully implement or realize expected returns or other anticipated benefits associated with **acquisitions,** joint venture and joint ownership arrangements ~~, acquisitions~~ , divestitures and other projects; • entering into new businesses in connection with PAA' s strategy to participate in emerging energy opportunities; **Index to Financial Statements • pandemics, epidemics or other public health events;** • loss of PAA' s investment grade credit rating or a significant reduction in the ability of PAA to receive open credit; ~~Index to Financial Statements~~ • the credit risk of PAA' s customers and other counterparties it transacts with in the ordinary course of business activities; • tightened capital markets or other factors that increase PAA' s cost of capital or otherwise limit its access to capital; • the insufficiency of, or non- compliance with, PAA' s risk policies; • PAA' s insurance coverage may not fully cover its losses and it may in the future encounter increased costs related to, and lack of availability of, insurance; • PAA' s current or future debt levels, or inability to borrow additional funds or capitalize on business opportunities; • changes in **interest rates and** currency exchange rates; • difficulties recruiting and retaining PAA' s workforce; • an impairment of long- term assets; • significant under- utilization of certain assets due to fixed costs incurred to obtain the right to use such assets; • the cost to repair and maintain PAA' s assets; • PAA does not own all of the land on which its pipelines and facilities are located, which could result in disruptions to its operations; ~~and~~ • failure to obtain materials or commodities in the quantity and the quality PAA needs, and at commercially acceptable prices, whether due to supply disruptions, inflation, tariffs, quotas or other factors **; and • the pace of development of natural gas infrastructure could have an adverse impact on expected crude oil production growth in the Permian Basin** . Risks Related to Laws and Regulations Impacting PAA' s Business PAA' s business may be adversely impacted by existing or new laws, executive orders and regulations relating to protection of the environment and wildlife, operational safety ~~, pandemics~~ , cross- border import / export and tax matters, financial and hedging activities, climate change and related matters. Risks Inherent in an Investment in PAA PAA' s partnership structure carries inherent risks, including but not limited to: • cost reimbursements due to PAA' s general partner may be substantial and will reduce PAA' s cash available for distribution to its unitholders; • cash distributions are not guaranteed and may fluctuate with PAA' s performance and the establishment of financial reserves; and • PAA' s preferred units have rights, preferences and privileges that are not ~~held by~~ **the same as** , and are preferential to **,** the rights of ~~,~~ holders of PAA' s common units. Tax Risks Our shares are subject to tax risks, which may adversely impact the value of or market for our shares and may reduce our cash available for distribution or debt service, including but not limited to: • the tax treatment of PAA depends on its status as a partnership for U. S. federal income tax purposes and not being subject to a material amount of entity- level taxation. The cash available for distribution to us from PAA may be substantially reduced if PAA were to become subject to entity- level taxation as a result of the Internal Revenue Service (" IRS ") treating PAA as a corporation or legislative, judicial or administrative changes, and may also be reduced by any audit adjustments if imposed directly on PAA. Additionally, the treatment of PAA as a corporation would increase the portion of our distributions treated as taxable dividends; and • our current tax treatment may change, which could affect the value of our Class A shares or reduce our cash available for distribution, and any decrease in our Class A share price could adversely affect our amount of cash available for distribution. Our cash flow will be entirely dependent upon the ability of PAA to make cash distributions to AAP, and the ability of AAP to make cash distributions to us. The source of our earnings and cash flow currently consists exclusively of cash distributions from AAP, which currently consist exclusively of cash distributions from PAA. The amount of cash that PAA will be able to distribute to its partners, including AAP, each quarter principally depends upon the amount of cash it generates from its business. For a description of certain factors that can cause fluctuations in the amount of cash that PAA generates from its business, please read " — Risks Related to PAA' s Business ", " — Risks Related to Laws and Regulations Impacting PAA' s Business ", " — Risks Inherent in an Investment in PAA " and Item 7. " Management' s Discussion and Analysis of Financial Condition and Results of Operations. " PAA may not have sufficient available cash each quarter to continue paying distributions at its current level or at all. If PAA reduces its per unit distribution, either because of reduced operating cash flow, higher expenses, capital requirements or otherwise, we will have less cash available for distribution and would likely be required to reduce our per share distribution. The amount of cash PAA has available for distribution depends primarily upon PAA' s cash flow, including cash flow from the release of financial reserves as well as borrowings, and is not solely a function of profitability, which will be affected by non- cash items. As a result, PAA may make cash distributions during periods when it records losses and may not make cash distributions during periods when it records profits. Furthermore, AAP' s ability to distribute cash to us and our ability to distribute cash received from AAP to our Class A shareholders is limited by a number of factors, including: • our payment of any income taxes; • restrictions on distributions contained in PAA' s credit facilities and any future debt agreements entered into by AAP, PAA or us; and • reserves our general partner establishes for, among other things, the proper conduct of our business or to comply with applicable law or any agreement binding on us or our subsidiaries (exclusive of PAA and its subsidiaries). A material increase in amounts paid or reserved with respect to any of these factors could restrict our ability to pay quarterly distributions to our Class A shareholders. See Item 5. " Market for Registrant' s Shares, Related Shareholder Matters and Issuer Purchases of Equity Securities — Cash Distribution Policy. " The distributions AAP is entitled to receive may fluctuate, which may reduce cash distributions to our Class A shareholders. At December 31, ~~2022~~ **2023** , we owned an approximate ~~81~~ **84** % limited partner interest in AAP, which owned approximately ~~241~~ **232** . ~~0~~ **7** million PAA common units. All of the cash flow we receive from AAP is derived from its ownership of these PAA common units. Because distributions on PAA common units are dependent on the amount of cash PAA generates, distributions may fluctuate based on PAA' s performance. The actual amount of cash that is available to be distributed each quarter will depend on numerous factors, some of which are beyond our control and the control of PAA. Cash distributions are dependent primarily on cash flow, including cash flow from financial reserves and working capital borrowings, and not solely on profitability, which is affected by non- cash items. Therefore, PAA' s cash distributions might be made during periods when PAA records losses and might not be made during periods when PAA record profits. If distributions on our Class A shares are not paid with respect to any fiscal quarter, our Class A shareholders will not be entitled to receive that quarter' s payments in the future. Our distributions to our Class A shareholders are not cumulative. Consequently, if distributions on our Class A shares are not paid with respect to any fiscal quarter, our Class A shareholders will not be entitled to receive that quarter' s payments in the future. The amount of cash that we and PAA distribute each quarter may limit our ability to grow. Because we distribute all of our available cash, our growth may not be as fast as the growth of businesses that reinvest their available cash to expand ongoing operations. In fact, because currently our cash flow is generated solely from distributions we receive from AAP, which are derived from AAP' s partnership interests in PAA, our growth will be completely dependent upon PAA. The amount of distributions received by AAP is based on PAA' s per unit distribution paid on each PAA common unit and the number of PAA common units that AAP owns. If we issue additional Class A shares or we were to incur debt or are required to pay taxes, the payment of distributions on those additional Class A shares, or interest on such debt or payment of such taxes, could increase the risk that we will be unable to maintain or increase our cash distribution levels. Restrictions in PAA' s credit facilities could limit AAP' s ability to make distributions to us, thereby limiting our ability to make distributions to our Class A shareholders. PAA' s credit facilities contain various operating and financial restrictions and covenants. PAA' s ability to comply with these restrictions and covenants may be affected by events beyond its control, including prevailing economic, financial and industry conditions. If PAA is unable to comply with these restrictions and covenants, any indebtedness under these credit facilities may become immediately due and payable and PAA' s lenders' commitment to make further loans under these credit facilities may terminate. PAA might not have, or be able to obtain, sufficient funds to make these accelerated payments. For more information regarding PAA' s credit facilities, please read " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources. " For information regarding risks related to PAA' s credit facilities, please see " — Risks Related to PAA' s Business — The terms of PAA' s indebtedness may limit its ability to borrow additional funds or capitalize on business opportunities. In addition, PAA' s future debt level may limit its future financial and operating flexibility. " The Class B shareholders own a significant number of shares, which may make the removal of our general partner difficult. Our shareholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management' s decisions regarding our business. If our Class A shareholders are dissatisfied with the performance of our general partner, it may be difficult for them to remove our general partner. Our general partner may only be removed by vote of the holders of at least 66 2 / 3 % of our outstanding shares (including both Class A and Class B shares). At December 31, ~~2022~~ **2023** , the Legacy Owners owned approximately ~~19~~ **16** % of our outstanding Class A and Class B shares. Without the support of our Legacy Owners, such ownership level may make it more difficult for our Class A shareholders to obtain the requisite vote level required to remove our general partner. As a result of these provisions, the price at which our shares trade may be lower because of the absence or reduction of a control or takeover premium in the trading price. Our general partner may cause us to issue additional Class A shares or other equity securities, including equity securities that are senior to our Class A shares, or cause AAP to issue additional securities, in each case without shareholder approval, which may adversely affect our shareholders. Our general partner may cause us to issue an unlimited number of additional Class A shares or other equity securities of equal rank with the Class A shares, or cause AAP to issue additional securities, in each case without shareholder approval. In addition, we may issue an unlimited number of shares that are senior to our Class A shares in right of distribution, liquidation and voting. Except for Class A shares issued in connection with the exercise of an Exchange Right, which will result in the cancellation of an equivalent number of Class B shares and therefore have no effect on the total number of outstanding shares, the issuance of additional Class A shares or our other equity securities of equal or senior rank, or the issuance by AAP of additional securities, will have the following effects: • each shareholder' s proportionate ownership interest in us may decrease; • the amount of cash available for distribution on each Class A share may decrease; • the relative voting strength of each previously outstanding Class A share may be diminished; • the ratio of taxable income to distributions may increase; and • the market price of the Class A shares may decline. If PAA' s unitholders remove PAA GP as PAA " s general partner, AAP may be required to sell or exchange its indirect general partner interest and we may lose our ability to manage and control PAA. We currently manage our investment in PAA through our indirect ownership of PAA GP, which serves as PAA' s general partner. PAA' s partnership agreement gives unitholders of PAA the right to remove PAA GP as general partner upon the affirmative vote of holders of 66 2 / 3 % of PAA' s outstanding units. If PAA GP withdraws as general partner or is removed without cause (as defined in PAA' s partnership agreement) and a successor general partner is elected, AAP will receive cash in exchange for its indirect general partner interest. If PAA GP withdraws under circumstances other than those described in the preceding sentence and a successor general partner is elected, the successor general partner will purchase the general partner interest for its fair market value. If PAA GP' s interests are not purchased, they will be converted into common units. In either case, we could lose our ability to manage and control PAA. In addition, if PAA GP is removed or withdraws as general partner of PAA, we could face an increased risk of being deemed an investment company. Please read " — If in the future we cease to manage and control PAA, we may be deemed to be an investment company under the Investment Company Act of 1940. " Shareholders may not have limited liability if a court finds that shareholder action constitutes control of our business. Under Delaware law, our shareholders could be held liable for our obligations to the same extent as a general partner if a court determined that the right or the exercise of the right by our shareholders as a group to remove or replace our general partner, to approve some amendments to the partnership agreement or to take other action under our partnership agreement constituted participation in the " control " of our business. Additionally, the limitations on the liability of holders of limited partner interests for the liabilities of a limited partnership have not been clearly established in many jurisdictions. Furthermore, Section 17- 607 of the Delaware Revised Uniform Limited Partnership Act provides that, under some circumstances, a shareholder may be liable to us for the amount of a distribution for a period of three years from the date of the distribution. If we cease to indirectly manage and control PAA and are deemed to be an investment company under the Investment Company Act of 1940, we would either have to register as an investment company under the Investment Company Act of 1940, obtain exemptive relief from the SEC or modify our organizational structure or our contractual rights to fall outside the definition of an investment company. Registering as an investment company could, among other things, materially limit our ability to engage in transactions with affiliates, including the purchase and sale of certain securities or other property to or from our affiliates, restrict the ability of PAA and us to borrow funds or engage in other transactions involving leverage, require us to add additional directors who are independent of us and our affiliates, and adversely affect the price of our Class A shares. Our partnership agreement restricts the rights of shareholders owning 20 % or more of our shares. 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 shares then outstanding, other than our general partner, the Legacy Owners (or certain transferees in private, non- exchange transactions), their respective affiliates and persons who acquired such shares with the prior approval of our general partner' s board of directors, cannot be voted on any matter, except that such shares constituting up to 19. 9 % of the total shares outstanding may be voted in the election of directors. In addition, our partnership agreement contains provisions limiting the ability of our shareholders to call meetings or to acquire information about our operations, as well as other provisions limiting our shareholders' ability to influence the manner or direction of our management. As a result, the price at which our Class A shares will trade may be lower because of the absence or reduction of a takeover premium in the trading price. If PAA' s general partner, which is owned by AAP, is not fully reimbursed or indemnified for obligations and liabilities it incurs in managing the business and affairs of PAA, its value, and, therefore, the value of our Class A shares, could decline. AAP, GP LLC and their affiliates may make expenditures on behalf of PAA for which PAA GP will seek reimbursement from PAA. Under Delaware partnership law, PAA GP has unlimited liability for the obligations of PAA, such as its debts and environmental liabilities, except for those contractual obligations of PAA that are expressly made without recourse to the general partner. To the extent PAA GP incurs obligations on behalf of PAA, it is entitled to be reimbursed or indemnified by PAA. If PAA is unable or unwilling to reimburse or indemnify PAA GP, PAA GP may be required to satisfy those liabilities or obligations, which would reduce AAP' s cash flows to us. The price of our Class A shares may be volatile, and holders of our Class A shares could lose a significant portion of their investments. The market price of our Class A shares could be volatile, and our shareholders may not be able to resell their Class A shares at or above the price at which they purchased such Class A shares due to fluctuations in the market price of the Class A shares, including changes in price caused by factors unrelated to our operating performance or prospects or the operating performance or prospects of PAA. The following factors, among others, could affect our Class A share price: • PAA' s operating and financial performance and prospects and the trading price of its common units; • the level of PAA' s quarterly distributions and our quarterly distributions; • quarterly variations in the rate of growth of our financial indicators, such as distributable cash flow per Class A share, net income and revenues; • changes in revenue or earnings and distribution estimates or publication of research reports by analysts; • speculation by the press or investment community; • sales of our Class A shares by our shareholders; • the exercise by the

Legacy Owners of their exchange rights with respect to any retained AAP units; • announcements by PAA or its competitors of significant contracts, acquisitions, strategic partnerships, joint ventures, securities offerings or capital commitments; • general market conditions, including conditions in financial markets; • changes in accounting standards, policies, guidance, interpretations or principles; • adverse changes in tax laws or regulations; • domestic and international economic, legal and regulatory factors related to PAA' s performance; and • other factors described in these " Risk Factors. " An increase in interest rates may cause the market price of our shares to decline. Like all equity investments, an investment in our Class A shares is subject to certain risks. In exchange for accepting these risks, investors may expect to receive a higher rate of return than would otherwise be obtainable from lower- risk investments. Accordingly, as interest rates rise, the ability of investors to obtain higher risk- adjusted rates of return by purchasing government- backed debt securities may cause a corresponding decline in demand for riskier investments generally, including yield- based equity investments such as publicly traded limited partnership interests. Reduced demand for our Class A shares resulting from investors seeking other more favorable investment opportunities may cause the trading price of our Class A shares to decline. Future sales of our Class A shares in the public market could reduce our Class A share price, and any additional capital raised by us through the sale of equity or convertible securities may have a dilutive effect on our shareholders. Subject to certain limitations and exceptions, holders of AAP units may exchange their AAP units (together with a corresponding number of Class B shares) for Class A shares (on a one- for- one basis, subject to customary conversion rate adjustments for equity splits and reclassification and other similar transactions) and then sell those Class A shares. We may also issue additional Class A shares or convertible securities in subsequent public or private offerings. We cannot predict the size of future issuances of our Class A shares or securities convertible into Class A shares or the effect, if any, that future issuances and sales of our Class A shares will have on the market price of our Class A shares. Sales of substantial amounts of our Class A shares (including shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices of our Class A shares. The Legacy Owners hold a meaningful portion of the combined voting power of our Class A and Class B shares. At December 31, ~~2022~~ **2023** , through their ownership of Class B shares, the Legacy Owners held approximately ~~19~~ **16** % of the combined voting power of our Class A and Class B shares. The Legacy Owners are entitled to act separately in their own respective interests with respect to their partnership interests in us, and collectively they currently have the ability to influence (although not the ability to block outright) (i) the outcome of any matters requiring shareholder approval, including certain mergers and other material transactions and (ii) a change in the composition of our board of directors or a change in control of our company that could deprive our shareholders of an opportunity to receive a premium for their Class A shares as part of a sale of our company. So long as the Legacy Owners continue to own a meaningful amount of our outstanding shares, even if such amount is less than 50 %, they will continue to be able to influence any matters requiring shareholder approval, regardless of whether or not other shareholders believe that such matters are in their own best interests. A valuation allowance on our deferred tax asset could reduce our earnings. As of December 31, ~~2022~~ **2023** , we had a gross deferred tax asset of approximately $ 1. ~~4~~ **3** billion. Generally accepted accounting principles in the United States (" GAAP ") requires that a valuation allowance must be established for deferred tax assets when it is more likely than not that they will not be realized. We believe that the deferred tax asset we recorded through ~~2022~~ **2023** will be realized and that a valuation allowance is not required. However, if we were to determine that a valuation allowance was appropriate for our deferred tax asset, we would be required to take an immediate charge to earnings with a corresponding reduction of partners' capital and increase in balance sheet leverage as measured by debt- to- total capitalization. In light of the Tax Cuts and Jobs Act of 2017, a valuation allowance will not be required for any U. S. federal deferred tax asset created after 2017. We may incur liability as a result of our ownership of our and PAA' s general partner. Under Delaware law, a general partner of a limited partnership is generally liable for the debts and liabilities of the partnership for which it serves as general partner, subject to the terms of any indemnification agreements contained in the partnership agreement and except to the extent the partnership' s contracts are non- recourse to the general partner. As a result of our structure, we indirectly own and control the general partner of PAA and own a portion of our general partner' s membership interests. Our percentage ownership of our general partner is expected to increase over time as the Legacy Owners exercise their exchange rights. To the extent the indemnification provisions in the applicable partnership agreement or non- recourse provisions in our contracts are not sufficient to protect us from such liability, we may in the future incur liabilities as a result of our ownership of these general partner entities. Conflicts of interest may arise as a result of our organizational structure and the current and future relationships among us, PAA, our respective general partners, the Legacy Owners and affiliated entities. Our partnership agreement defines the duties of our general partner (and, by extension, its officers and directors). Our general partner' s board of directors or its conflicts committee will have authority on our behalf to resolve any conflict involving us and they have broad latitude to consider the interests of all parties to the conflict. Conflicts of interest may arise between us and our shareholders, on the one hand, and our general partner and its owners and affiliated entities, on the other hand, or between us and our shareholders, on the one hand, and PAA and its unitholders, on the other hand. The resolution of these conflicts may not always be in our best interest or that of our shareholders. Our partnership agreement defines our general partner' s duties to us and contains provisions that reduce the remedies available to our shareholders for actions that might otherwise be challenged as breaches of fiduciary or other duties under state law. Our partnership agreement contains provisions that substantially reduce the standards to which our general partner would otherwise be held by state fiduciary duty law. For example, our partnership agreement: • permits our general partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our general partner. This entitles our general partner to consider only the interests and factors that it desires, and it has no duty or obligation to give any consideration to any interest of, or factors affecting, us, the Legacy Owners, our affiliates or any limited partner. Examples include its right to vote membership interests in our general partner held by us, the exercise of its limited call right, its rights to transfer or vote any shares it may own, and its determination whether or not to consent to any merger or consolidation of our partnership or amendment to our partnership agreement; • generally provides that our general partner will not have any liability to us or our shareholders for decisions made in its capacity as a general partner so long as it acted in good faith which, pursuant to our partnership agreement, requires a subjective belief that the determination, or other action or anticipated result thereof is in, or not opposed to, our best interests; • generally provides that any resolution or course of action adopted by our general partner and its affiliates in respect of a conflict of interest will be permitted and deemed approved by all of our partners, and will not constitute a breach of our partnership agreement or any duty stated or implied by law or equity if the resolution or course of action in respect of such conflict of interest is: ◦ approved by a majority of the members of our general partner’ s conflicts committee after due inquiry, based on a subjective belief that the course of action or determination that is the subject of such approval is fair and reasonable to us; ◦ approved by majority vote of our Class A shares and Class B shares (excluding Class C shares and excluding shares owned by our general partner and its affiliates, but including shares owned by the Legacy Owners) voting together as a single class; ◦ determined by our general partner (after due inquiry) to be on terms no less favorable to us than those generally being provided to or available from unrelated third parties; or ◦ determined by our general partner (after due inquiry) to be fair and reasonable to us, which determination may be made taking into account the circumstances and the relationships among the parties involved (including our short- term or long- term interests and other arrangements or relationships that could be considered favorable or advantageous to us). • provides that, to the fullest extent permitted by law, in connection with any action or inaction of, or determination made by, our general partner or the conflicts committee of our general partner’ s board of directors with respect to any matter relating to us, it shall be presumed that our general partner or the conflicts committee of our general partner’ s board of directors acted in a manner that satisfied the contractual standards set forth in our partnership agreement, and in any proceeding brought by any limited partner or by or on behalf of such limited partner or any other limited partner or our partnership challenging any such action or inaction of, or determination made by, our general partner, the person bringing or prosecuting such proceeding shall have the burden of overcoming such presumption; and • provides that our general partner and its officers and directors will not be liable for monetary damages to us, our limited partners or assignees for any acts or omissions unless there has been a final and non- appealable judgment entered by a court of competent jurisdiction determining that our general partner or those other persons acted in bad faith or engaged in fraud or willful misconduct or, in the case of a criminal matter, acted with knowledge that such person’ s conduct was criminal. The Legacy Owners may have interests that conflict with holders of our Class A shares. At December 31, ~~2022~~ **2023** , the Legacy Owners owned approximately ~~19~~ **16** % of our outstanding Class A and Class B shares and approximately ~~19~~ **16** % of the AAP units. As a result, the Legacy Owners may have conflicting interests with holders of Class A shares. For example, the Legacy Owners may have different tax positions from us which could influence their decisions regarding whether and when to cause us to dispose of assets. Furthermore, conflicts of interest could arise in the future between us, on the one hand, and the Legacy Owners, on the other hand, concerning among other things, potential competitive business activities or business opportunities. These conflicts of interest may not be resolved in our favor. If we are presented with business opportunities, PAA has the first right to pursue such opportunities. Pursuant to the administrative agreement, we have agreed to certain business opportunity arrangements to address potential conflicts with respect to business opportunities that may arise among us, our general partner, PAA, PAA GP, AAP and GP LLC. If a business opportunity is presented to us, our general partner, PAA, PAA GP, AAP or GP LLC, then PAA will have the first right to pursue such business opportunity. We have the right to pursue and / or participate in such business opportunity if invited to do so by PAA, or if PAA abandons the business opportunity and GP LLC so notifies our general partner. Accordingly, the terms of the administrative agreement limit our ability to pursue business opportunities. Our general partner’ s affiliates and the Legacy Owners may compete with us. Our partnership agreement provides that our general partner will be restricted from engaging in any business activities other than acting as our general partner and those activities incidental to its ownership of interests in us. The restrictions contained in our general partner’ s limited liability company agreement are subject to a number of exceptions. Affiliates of our general partner and the Legacy Owners will not be prohibited from engaging in other businesses or activities that might be in direct competition with us except to the extent they compete using our confidential information. Our general partner has a call right that may require our shareholders to sell their Class A shares at an undesirable time or price. If at any time more than 80 % of our outstanding Class A shares and Class B shares on a combined basis (including Class A shares issuable upon the exchange of Class B shares) are owned by our general partner, the Legacy Owners (or certain transferees in private, non- exchange transactions) or their respective affiliates, our general partner will have the right (which it may assign to any of its affiliates, the Legacy Owners or us), but not the obligation, to acquire all, but not less than all, of the remaining Class A shares held by public shareholders at a price equal to the greater of (x) the current market price of such shares as of the date three days before notice of exercise of the call right is first mailed and (y) the highest price paid by our general partner, the Legacy Owners (or certain transferees in private, non- exchange transactions) or their respective affiliates for such shares during the 90 day period preceding the date such notice is first mailed. As a result, holders of our Class A shares may be required to sell such Class A shares at an undesirable time or price and may not receive any return of or on their investment. Class A shareholders may also incur a tax liability upon a sale of their Class A shares. At December 31, ~~2022~~ **2023** , the Legacy Owners owned approximately ~~19~~ **16** % of the Class A shares and Class B shares on a combined basis. PAA’ s profitability depends on the volume of crude oil, natural gas and NGL shipped, processed, purchased, stored, fractionated and / or gathered at or through the use of its **pipelines and** facilities, which can be negatively impacted by a variety of factors outside of its control. Drilling activity, crude oil production and benchmark crude oil prices can fluctuate significantly over time for a wide variety of reasons, including prevailing economic conditions, **geopolitical conflicts or events,** reduced demand by consumers for end products made with hydrocarbons, increased competition, adverse weather conditions, public health emergencies, and ~~government~~ **governmental** ~~laws~~ **actions** and regulations affecting prices and production levels. Crude oil prices may also decline due to actions of domestic or foreign oil producers — they may take actions that create an over- supply of crude oil, and decrease benchmark crude oil prices. If producers reduce drilling activity in response to future declines in such prices, reduced capital market access, increased capital raising costs or adverse governmental or regulatory action, including, for example, federal, state or local laws or regulations that restrict drilling activities for environmental, seismic or other reasons, it could adversely impact current or future production levels. In turn, such developments could lead to reduced throughput on PAA' s pipelines and at its other facilities, which, depending on the level of production declines, could have a material adverse effect on PAA' s business. Also, except with respect to some of PAA' s recently constructed long haul pipeline assets, third- party shippers generally do not have long- term contractual commitments to ship crude oil on PAA' s pipelines. A decision by a shipper to substantially reduce or cease to ship volumes of crude oil on PAA' s pipelines could cause a significant decline in its revenues. To maintain the volumes of crude oil PAA purchases in connection with its operations, PAA must continue to contract for new supplies of crude oil to offset volumes lost because of reduced drilling activity by producers, natural declines in crude oil production from depleting wells or volumes lost to competitors. If production declines, competitors with under- utilized assets could adversely impact PAA' s ability to secure additional supplies of crude oil. PAA' s profitability can be negatively affected by a variety of factors stemming from competition in its industry, including recontracting and other risks associated with the general capacity overbuild of midstream energy infrastructure in some of the areas where it operates. PAA faces competition in all aspects of its business and can give no assurances that it will be able to compete effectively against its competitors. In general, competition comes from a wide variety of participants in a wide variety of contexts, including new entrants and existing participants and in connection with day- to- day business, investment capital projects, acquisitions and joint venture activities. Some of PAA' s competitors have capital resources many times greater than PAA' s or control greater supplies of crude oil, natural gas or NGL. In addition, other competitors with significant excess capacity and high financial leverage may be motivated to reduce transportation rates to levels approaching variable operating costs, without regard to whether they are generating an acceptable return on their investment. These competitive risks make it more difficult for PAA to attract new customers and expose PAA to increased contract renewal and customer retention risk with respect to its existing customers and make recontracting at favorable rates and volumes more challenging, including, for example, with respect to certain of PAA' s long- haul Permian pipelines. A significant driver of competition in some of the markets where PAA operates (including, for example, the Eagle Ford, Permian Basin, and Rockies / Bakken areas) stems from the rapid development of new midstream energy infrastructure capacity that was driven by the combination of (i) significant increases in oil and gas production and development in the applicable production areas, both actual and anticipated, (ii) relatively low barriers to entry and (iii) generally widespread access to relatively low cost capital. While this environment presented opportunities for PAA, many of the areas where PAA operates have become overbuilt, resulting in an excess of midstream energy infrastructure capacity. In addition, as an established participant in some markets, PAA also faces competition from aggressive new entrants to the market who are willing to provide services at a lower rate of return in order to establish relationships and gain a foothold in the market. In addition, PAA' s crude oil and NGL merchant activities utilize many of its pipelines and facilities. Competition that impacts PAA' s merchant activities could result in a reduction in the use of its transportation and facilities assets. All of these competitive effects put downward pressure on PAA' s throughput and margins and, together with other adverse competitive effects, could have a significant adverse impact on PAA' s financial position, cash flows and ability to pay or increase distributions to its unitholders. With respect to PAA' s crude oil activities, its competitors include other crude oil pipelines, the major integrated oil companies, their marketing affiliates, refiners, private equity- backed entities, and independent gatherers, brokers and marketers of widely varying sizes, financial resources and experience. PAA competes against these companies on the basis of many factors, including geographic proximity to production areas, market access, rates, terms of service, connection costs and other factors. With regard to PAA' s NGL operations, it competes with large oil, natural gas and natural gas liquids companies that may, relative to PAA, have greater financial resources and access to supplies of natural gas and NGL. The principal elements of competition are rates, processing fees, geographic proximity to the natural gas or NGL mix, available processing and fractionation capacity, transportation alternatives and their associated costs, and access to end- user markets. Changes in supply and demand for the products PAA handles, which can be caused by a variety of factors outside of its control, can negatively affect its operating results. Supply and demand for crude oil and other hydrocarbon products PAA handles ~~is dependent upon~~ **can fluctuate based on** a variety of factors, including price, current and future economic conditions **, geopolitical conflicts or events** , fuel conservation measures, alternative fuel adoption, governmental regulation, including climate change regulations, and technological advances in fuel economy and energy generation and storage technologies. For example, legislative, regulatory or executive actions intended to reduce emissions of greenhouse gases could increase the cost of consuming crude oil and other hydrocarbon products or accelerate the adoption of alternative energy technologies, thereby causing a reduction in the demand for such products. Given that crude oil and petroleum products are global commodities, demand can also be significantly influenced by global market conditions, particularly in key consumption markets such as the United States and China, domestic and foreign political conditions and governmental or regulatory actions (including restrictions on the import or export of crude oil or petroleum products). Demand also depends on the ability and willingness of shippers having access to PAA' s transportation assets to satisfy their demand by deliveries through those assets. Decreases in demand for the products PAA handles, whether at a global level or in areas its assets serve, can negatively affect its operating results. The supply of crude oil depends on a variety of global political and economic factors, including the reliance of foreign governments on petroleum revenues. Excess global supply of crude oil may negatively impact PAA' s operating results by decreasing the price of crude oil and making production and transportation less profitable in areas PAA services. Fluctuations in demand for crude oil, such as those caused by refinery downtime or shutdowns, can have a negative effect on PAA' s operating results. Specifically, reduced demand in an area serviced by PAA' s transportation systems will negatively affect the throughput on such systems. Although the negative impact may be mitigated or overcome by PAA' s ability to capture differentials created by demand fluctuations, this ability is dependent on the availability of certain grades of crude oil at specific locations, and thus is largely unpredictable. Fluctuations in demand for NGL products, whether because of general or industry specific economic conditions, new government regulations, global competition, reduced demand by consumers for products made with NGL products, increased competition from petroleum- based feedstocks due to pricing differences, mild winter weather for some NGL products, particularly propane, or other reasons, could result in a decline in the volume of NGL products PAA handles or a reduction of the fees it charges for its services or margins it earns. Also, increased supply of NGL products could reduce the value of NGL PAA handles and reduce the margins realized by it. NGL and products produced from NGL also compete with products from global markets. Any reduced demand or increased supply for ethane, propane, normal butane, iso- butane or natural gasoline in the markets PAA accesses for any of the reasons stated above could adversely affect demand for the services PAA provides as well as NGL prices, which could negatively impact its operating results. Natural disasters, catastrophes, terrorist attacks (including eco- terrorist attacks), process safety failures, equipment failures or other events, including pipeline or facility accidents and cyber or other attacks on PAA' s electronic and computer systems, could interrupt its operations, hinder its ability to fulfil its contractual obligations and / or result in severe personal injury, property damage and environmental damage, which could have a material adverse effect on its financial position, results of operations and cash flows. Some of PAA' s operations involve risks of personal injury, property damage and environmental damage that could curtail its operations and otherwise materially adversely affect its cash flow. Virtually all of PAA' s operations are exposed to potential natural disasters or other natural events, including hurricanes, tornadoes, storms, floods, earthquakes, shifting soil and / or landslides. The location of some of PAA' s assets and its customers' assets in the U. S. Gulf Coast region makes them particularly vulnerable to hurricane or tropical storm risk. PAA' s facilities and operations are also vulnerable to accidents caused by process safety failures, equipment failures, or human error. In addition, the U. S. government has previously issued warnings that energy assets, specifically the nation' s pipeline infrastructure, may be targets of terrorist organizations. Terrorists may target PAA' s physical facilities and hackers may attack its electronic and computer systems. If one or more of PAA' s pipelines or other facilities, including electronic and computer systems, or any facilities or businesses that deliver products, supplies or services to PAA or that it relies on in order to operate its business, are damaged by severe weather or any other disaster, accident, catastrophe, terrorist attack or event, its operations could be significantly interrupted. In addition, PAA' s merchant activities **may** include purchasing crude oil and NGL that is carried on railcars, tankers or barges. Such cargos are at risk of being damaged or lost because of events such as derailment, marine disaster, inclement weather, mechanical failures, grounding or collision, fire, explosion, environmental accidents, piracy, terrorism and political instability. These incidents or interruptions could involve significant damage or injury to people, property or the environment, and repairs could take anywhere from a few days to several months or more depending on the severity and impact of the event. Any such event that interrupts the revenues generated by its operations, hinders its ability to fulfil its contractual obligations or which causes PAA to make significant expenditures not covered by insurance, could reduce its profitability, cash flows and cash available for paying distributions to its partners and, accordingly, adversely affect its financial condition and the market price of its securities. PAA may also suffer damage (including reputational damage) as a result of a disaster, accident, catastrophe, terrorist attack or other such event. The occurrence of such an event, or a series of such events, especially if one or more of them occurs in a highly populated or sensitive area, could negatively impact public perception of PAA' s operations and / or make it more difficult for PAA to obtain the approvals, permits, licenses or real property interests PAA needs in order to operate its assets or complete planned growth projects or other transactions. Cybersecurity attacks, data breaches and other disruptions affecting PAA, or its service providers, could materially and adversely affect PAA' s business, operations, reputation and financial results. PAA is reliant on the continuous and uninterrupted operation of its various technology systems. User access to PAA' s sites and information technology systems are critical elements of its operations, as is cloud security and protection against cyber security incidents. In the ordinary course of its business, PAA collects and stores sensitive data in its data centers and on its networks, including intellectual property, proprietary business information, critical operating information and data, information regarding its customers, suppliers, royalty owners and business partners, and personally identifiable information of its employees. PAA also engages third parties, such as service providers and vendors, who provide a broad array of software, technologies, tools and other products, services and functions that enables it to conduct, monitor and / or protect its business, operations systems and data assets. The secure processing, maintenance and transmission of this information is critical to PAA' s operations and business strategy. Despite PAA' s security measures, the information technology and infrastructure it relies on may be vulnerable to attacks by third parties, such as hackers, or breached due to human error, malfeasance or other disruptions. Any such breach could compromise PAA' s networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties for divulging shipper information, disruption of PAA' s operations, damage to its reputation, and loss of confidence in its services, which could adversely affect its business. PAA and certain of its service providers have, from time to time, been subject to cyberattacks. The frequency and magnitude of cyberattacks is expected to increase and attackers are becoming more sophisticated. PAA may be unable to anticipate, detect or prevent future attacks, particularly as the methodologies used by attackers change frequently or are not recognized until launched, and PAA may be unable to investigate or remediate incidents because attackers are increasingly using techniques and tools designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence. The information technology infrastructure PAA uses is critical to the efficient operation of its business and essential to its ability to perform day- to- day operations. Risks to PAA' s information technology systems include: unauthorized or inadvertent extraction of business sensitive, confidential or personal information; denial of access extortion; corruption of information; or disruption of business processes. Breaches of PAA' s information technology infrastructure or physical facilities, or other disruptions, could result in damage to its assets, safety incidents, damage to the environment, remediation costs, liability, regulatory enforcement, violation of privacy or securities laws and regulations, the loss of contracts or the inability to fulfil its contractual obligations, any of which could have a material adverse effect on its operations, financial position and results of operations. In addition, PAA may be required to invest significant additional resources to enhance its information security and controls or to comply with evolving cybersecurity laws or regulations. PAA self- insures and thus does not carry insurance specifically for cybersecurity events; however, certain of PAA’ s insurance policies may allow for coverage of associated damages resulting from such events. If PAA were to incur a significant liability for which it was not fully insured, or if PAA incurred costs in excess of reserves established for uninsured or self- insured risks, it could have a material adverse effect on PAA’ s financial position, results of operations and cash flows. PAA’ s ~~business, results of~~ **and its customers’** operations **are subject to various risks arising out of** ~~, financial condition, cash flows and unit price can be adversely affected by pandemics, epidemics or other~~ -- **the threat** ~~public health events. PAA’ s business, results~~ of **climate change. PAA’ s and its customers’** operations **are subject to a number of risks arising out of the threat of climate change** , ~~financial condition~~ **including the adoption of energy conservation measures** , **initiatives that stimulate demand** ~~cash flows and unit price can be adversely affected by pandemics, epidemics or~~ **for alternative forms of energy or limit production of petroleum products, or technological advances in fuel economy and energy generation devices. Any of these could result in increased operating costs, limits on** ~~other~~ -- **the** ~~public health events. Such events~~ **areas in which oil and natural gas production** may **occur,** ~~cause widespread economic disruption~~ and **reduced demand for PAA’ s services or the products it handles. Government initiatives or technological advances may also create new competitive conditions that** result in ~~material reductions~~ **reduced demand for products PAA’ s customers produce and,** in **turn, the services PAA provides. The potential impact of changing** demand for crude oil **and natural gas services and products may have a material adverse effect on PAA’ s business** , ~~NGL~~ **financial condition, results of operations and cash flows. Additionally, the threat of climate change may negatively impact PAA’ s business if it results in PAA restricting, delaying or canceling development activities and new projects. We are also subject to litigation risks related to climate change as investors, landowners, government agencies** and other **plaintiffs may target companies in the** petroleum ~~products~~ **industry with lawsuits seeking damages allegedly caused by climate change. Should Plains be targeted by any such litigation, PAA may incur liability** , which **, to the extent that societal pressures or political or other factors are involved, could be imposed without regard to causation or contribution to the asserted damage, or to other mitigating factors. Involvement** in ~~turn~~ **such a case could have adverse reputational impacts and an unfavorable ruling in any such case could adversely impact PAA’ s operations and financial condition. Climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, floods and other climatic events, as well as shifts in temperature and precipitation patterns have the potential to cause physical damage to PAA’ s assets or disrupt its supply chains and thus could have an adverse effect on its operations. PAA’ s ability to manage the adverse impacts of these events depends in part on the effectiveness its disaster preparedness and response and business continuity planning, which** may **not have considered or be prepared** ~~result in significant declines in the volume of crude oil and NGL shipped, processed, purchased, stored, fractionated and / or~~ **for every eventuality** ~~gathered at or through the use of many of PAA’ s assets~~ . The ~~effects~~ **full impact** of **climate change** ~~a public health event depend~~ on ~~a wide variety~~ **PAA’ s business, as well as the businesses of its customers and suppliers is unknown. Any** of factors **discussed above** ~~that are outside of PAA’ s control~~ , ~~including~~ **or any** ~~the~~ **other unanticipated** ~~clinical severity and transmissibility of the virus or pathogen; the development~~ **developments** , ~~deployment~~ **could have a material adverse effect on PAA’ s business** , **results** ~~adoption and effectiveness~~ of ~~treatments~~ **operations** and **financial condition** ~~vaccines; the capacity of healthcare systems and public health infrastructure; and the response of public health authorities, governments and individuals in areas impacted by such event~~ . PAA may face opposition from various groups to the development or operation of its pipelines and facilities and PAA’ s business may be subject to societal and political pressures. PAA may face opposition to the development or operation of its pipelines and facilities from environmental groups, landowners, indigenous groups, local groups and other advocates. Such opposition could take many forms, including organized protests, attempts to block or sabotage PAA’ s operations, intervention in regulatory or administrative proceedings involving its assets, or lawsuits or other actions designed to prevent, disrupt or delay the development or operation of PAA’ s assets and business. For example, repairing PAA’ s pipelines often involves securing consent from individual landowners to access their property; one or more landowners may resist PAA’ s efforts to make needed repairs, which could lead to an interruption in the operation of the affected pipeline or other facility for a period of time that is significantly longer than would have otherwise been the case. In addition, acts of sabotage or eco- terrorism could cause significant damage or injury to people, property or the environment or lead to extended interruptions of PAA’ s operations. Any such event that interrupts the revenues generated by PAA’ s operations, or which causes PAA to make significant expenditures not covered by insurance, could reduce PAA’ s cash available for paying distributions to its partners and, accordingly, adversely affect PAA’ s financial condition and the market price of its securities. PAA’ s business plans are based upon the assumption that societal sentiment and applicable laws and regulations will continue to allow and enable the future development, transportation and use of hydrocarbon- based fuels. Policy decisions relating to the production, refining, transportation and marketing of hydrocarbon- based fuels are subject to political pressures, the negative portrayal of the industry in which PAA operates by the media and others, and the influence and protests of environmental and other special interest groups. Such negative sentiment regarding the hydrocarbon energy industry could influence consumer preferences and government or regulatory actions, which could, in turn, have an adverse impact on PAA’ s business. Activists concerned about the potential effects of climate change have directed their attention towards sources of funding for hydrocarbon energy companies, which has resulted in certain financial institutions, funds and other sources of capital restricting or eliminating their investment in energy- related activities. Ultimately, this could make it more difficult to secure funding for exploration and production activities or energy infrastructure related projects and ongoing operations, and consequently could both indirectly affect demand for PAA’ s services and directly affect PAA’ s ability to fund construction or other capital projects and its ongoing operations. PAA is subject to **scrutiny** ~~increased concern~~ by ~~institutional investors~~ **financial stakeholders** with respect to the perceived social and environmental cost of its industry and its governance structure, which may adversely impact its ability to raise capital from such investors. ~~In recent years, certain~~ **Certain** financial stakeholders, including **certain** institutional investors such as public pension funds **and banks** , have placed ~~increased~~ importance on the implications and social cost of ~~ESG~~ **sustainability** matters. ~~ESG~~ **Sustainability** factors **play** ~~are playing~~ an ~~increasingly~~ important role in the investment decisions made by **certain** investors **and banks** , and companies involved in certain industries or with certain governance structures, such as master limited partnerships, are receiving increased scrutiny. ~~Investors~~ **Financial stakeholders** ' ~~increased~~ focus and activism related to ~~ESG~~ **sustainability** and similar matters could constrain PAA' s ability to raise capital. Any material limitations on its ability to access capital as a result of such scrutiny could limit its ability to obtain future financing on favorable terms, or at all, or could result in increased financing costs in the future. Similarly, such activism could negatively impact PAA' s unit price **or the price of its debt** , limiting its ability to raise capital through equity issuances or debt financing, or could negatively affect its ability to engage in, expand or pursue its business activities, and could also prevent it from engaging in certain transactions that might otherwise be considered beneficial to PAA. Businesses across all industries **receive** ~~are facing increasing~~ attention from stakeholders related to their ~~ESG~~ **sustainability** practices. Businesses that do not adapt to or comply with investor or stakeholder expectations and standards, which are continuing to evolve, or businesses that are perceived to have not responded appropriately to ~~the growing concern~~ **concerns** ~~for ESG issues~~ **related to sustainability matters** , regardless of whether there is a legal requirement to do so, may suffer ~~from~~ reputational damage and the business, financial condition, and / or equity value of such business entity could be materially and adversely affected. ~~Increasing attention to~~ **A focus on** climate change, societal expectations on companies to address climate change, investor expectations regarding voluntary ~~ESG~~ **sustainability-** related disclosures, increasing mandatory ~~ESG~~ **sustainability** disclosures, and consumer demand for alternative forms of energy may result in increased costs, reduced demand for PAA' s services or the products it handles, reduced profits, increased legislative and judicial scrutiny, investigations and litigation, reputational damage, and negative impacts on PAA' s access to capital markets. PAA could also be subject to additional governmental investigations, private litigation, or activist campaigns as unitholders may attempt to effect changes to PAA' s business or governance practices. In March 2022, the SEC issued a proposed rule that would mandate extensive disclosure of climate- related risks, including financial impacts, physical and transition risks, climate- related governance and strategy, and GHG emissions, for all U. S.- listed public companies. The SEC missed its self- imposed October 2022 deadline for issuing a final rule and ~~most~~ **many** commentators now expect a final rule to be issued in **the first half of** ~~2023~~ **2024** . Although the final form and substance of this rule and its requirements are not yet known and its ultimate impact on PAA' s business is uncertain, compliance with the proposed rule, if finalized, will result in additional legal, accounting and financial compliance costs. In addition, enhanced climate- related disclosure requirements could **influence** ~~accelerate the trend of certain~~ stakeholders and lenders **to** ~~restricting~~ --- **restrict** or ~~seeking~~ **seek** more stringent conditions with respect to their investments in certain carbon- intensive sectors. PAA' s crude oil and NGL merchant activities are influenced by the overall forward market for crude oil and NGL, and certain market structures, the absence of pricing volatility and other market factors may adversely impact its results. The profitability of PAA' s crude oil and NGL merchant activities are dependent on a variety of factors affecting the markets for crude oil and NGL, including regional and international supply and demand imbalances, takeaway availability and constraints, transportation costs and the overall forward market for crude oil and NGL products. Periods when differentials are wide or when there is volatility in the forward market structure are generally more favorable for PAA' s merchant activities. During periods where midstream infrastructure is over- built and / or there is a lack of volatility in the pricing structure, PAA' s results may be negatively impacted. Depending on the overall duration of these transition periods, how PAA has allocated its assets to particular strategies and the tenor of its crude oil purchase and sale contracts and storage agreements, these periods may have either an adverse or beneficial effect on the profitability of PAA' s merchant activities. In the past, the results of such activities have varied significantly based on market conditions and these activities may continue to experience highly variable results as a result of future changes to the markets for crude oil and NGL. Joint ventures, joint ownership arrangements and other projects pose unique challenges and PAA may not be able to fully implement or realize synergies, expected returns or other anticipated benefits associated with such projects. PAA is involved in many strategic joint ventures and other joint ownership arrangements. PAA may not always be in complete alignment with its joint venture or joint owner counterparties; PAA may have differing strategic or commercial objectives and may be outvoted by its joint venture partners or PAA may disagree on governance matters with respect to the joint venture entity or the jointly owned assets. When PAA enters into joint ventures or joint ownership arrangements it may be subject to the risk that its counterparties do not fund their obligations. In some joint ventures and joint ownership arrangements PAA may not be responsible for construction or operation of such projects and will rely on its joint venture or joint owner counterparties for such services. Joint ventures and joint ownership arrangements may also require PAA to expend additional internal resources that could otherwise be directed to other projects. If PAA is unable to successfully execute and manage its existing and proposed joint venture and joint owner projects, it could adversely impact PAA' s financial and operating results. PAA is undertaking, or is participating with various counterparties in, a number of projects that involve the expansion, modification, divestiture or combination of existing assets or the construction of new midstream energy infrastructure assets. Many of these projects involve numerous regulatory, environmental, commercial, economic, weather- related, political and legal uncertainties that are beyond its control, including the following: • PAA may be unable to realize its forecasted commercial, operational or administrative synergies in connection with its joint ventures and joint ownership arrangements, including the Plains Oryx Permian Basin LLC joint venture; • Joint ventures and other joint ownership arrangements may demand substantial internal resources and may divert resources and attention from other areas of PAA' s business; • PAA may construct pipelines, facilities or other assets in anticipation of market demand that dissipates or market growth that never materializes; • Despite the fact that PAA will expend significant amounts of capital during the construction phase of growth or expansion projects, revenues associated with these organic growth projects will not materialize until the projects have been completed and placed into commercial service, and the amount of revenue generated from these projects could be significantly lower than anticipated for a variety of reasons; • As these projects are undertaken, required approvals, permits and licenses may not be obtained, may be delayed, may be obtained with conditions that materially alter the expected return associated with the underlying projects or may be granted and then subsequently withdrawn; • PAA may face opposition to its planned projects from environmental groups, landowners, local groups and other advocates, including lawsuits or other actions designed to disrupt or delay PAA' s planned projects; • PAA may not be able to obtain, or PAA may be significantly delayed in obtaining, all of the rights of way or other real property interests it needs to complete such projects, or the costs PAA incurs in order to obtain such rights of way or other interests may be greater than PAA anticipated; • Due to unavailability or costs of materials, supplies, power, labor or equipment, including increased costs associated with any import duties or requirements to source certain supplies or materials from U. S. suppliers or manufacturers, the cost of completing these projects could turn out to be significantly higher than PAA budgeted and the time it takes to complete construction of these projects and place them into commercial service could be significantly longer than planned; and • The completion or success of PAA' s projects may depend on the completion or success of third- party facilities over which PAA has no control. As a result of these uncertainties, the anticipated benefits associated with PAA' s joint ventures and joint ownership arrangements may not be achieved or could be delayed. In turn, this could negatively impact PAA' s cash flow and its ability to make or increase cash distributions to its partners. PAA may enter into new businesses in connection with its strategy to participate in emerging energy opportunities. If PAA is unable to execute on this strategy or operate these new lines of business effectively, PAA' s future growth could be limited. These new lines of business may never develop or may present risks that PAA cannot effectively manage. As part of PAA' s strategy, it intends to evaluate the potential to repurpose certain under- utilized assets for an alternative use in emerging energy opportunities. This may involve entering into new lines of businesses, which present different challenges and risks. PAA may be unable to execute on its business plans, demand for these new services may not develop on a large or economic scale, or PAA may fail to operate these businesses effectively. In addition, PAA may not be able to compete with companies who also plan to enter into these new lines of business, and who may be larger than PAA and may have greater financial resources to devote to these businesses. These new businesses may also present novel issues in law, taxation, safety or environmental policy, and other areas that PAA may not be able to manage effectively. Management' s assessment of the risks in these new lines of business may be inexact and not identify or resolve all the problems that PAA would face. If PAA is not able to enter into these new lines of business effectively or at all, it could limit PAA' s future growth if such emerging energy businesses grow and become a more important part of the energy industry **. PAA' s business, results of operations, financial condition, cash flows and unit price can be adversely affected by pandemics, epidemics or other public health events. PAA' s business, results of operations, financial condition, cash flows and unit price can be adversely affected by pandemics, epidemics or other public health events. Such events may cause widespread economic disruption and result in material reductions in demand for crude oil, NGL and other petroleum products, which in turn may result in significant declines in the volume of crude oil and NGL shipped, processed, purchased, stored, fractionated and / or gathered at or through the use of many of PAA' s assets. The effects of a public health event depend on a wide variety of factors that are outside of PAA' s control, including the clinical severity and transmissibility of the virus or pathogen; the development, deployment, adoption and effectiveness of treatments and vaccines; the capacity of healthcare systems and public health infrastructure; and the response of public health authorities, governments and individuals in areas impacted by such event** . Loss of PAA' s investment grade credit rating or the ability to receive open credit could negatively affect its borrowing costs, ability to purchase crude oil, NGL and natural gas supplies or to capitalize on market opportunities. PAA' s business is dependent on its ability to maintain an attractive credit rating and continue to receive open credit from its suppliers and trade counterparties. PAA' s senior unsecured debt is currently rated as " investment grade " by Standard & Poor' s, Moody' s Investors Service and Fitch Ratings Inc. A downgrade by such agencies to a level below investment grade could increase its borrowing costs, reduce its borrowing capacity and cause its counterparties to reduce the amount of open credit it receives from them. This could negatively impact PAA' s ability to capitalize on market opportunities. For example, PAA' s ability to utilize its crude oil storage capacity for merchant activities to capture contango market opportunities is dependent upon having adequate credit facilities, both in terms of the total amount of credit facilities and the cost of such credit facilities, which enables PAA to finance the storage of the crude oil from the time it completes the purchase of the crude oil until the time it completes the sale of the crude oil. Accordingly, loss of PAA' s investment grade credit ratings could adversely impact its cash flows, its ability to make distributions and the value of its outstanding equity and debt securities. PAA is exposed to the credit risk of its customers and other counterparties it transacts with in the ordinary course of its business activities. Risks of nonpayment and nonperformance by customers or other counterparties are a significant consideration in PAA' s business. Although PAA has credit risk management policies and procedures that are designed to mitigate and limit its exposure in this area, there can be no assurance that PAA has adequately assessed and managed the creditworthiness of its existing or future counterparties or that there will not be an unanticipated deterioration in their creditworthiness or unexpected instances of nonpayment or nonperformance, all of which could have an adverse impact on PAA' s cash flow and its ability to pay or increase its cash distributions to its partners. PAA has a number of minimum volume commitment contracts that support its pipelines. In addition, certain of the pipelines in which PAA owns a joint venture interest have minimum volume commitment contracts. Pursuant to such contracts, shippers are obligated to pay for a minimum volume of transportation service regardless of whether such volume is actually shipped (typically referred to as a deficiency payment), subject to the receipt of credits that typically expire if not used by a certain date. While such contracts provide greater revenue certainty, if the applicable shipper fails to transport the minimum required volume and is required to make a deficiency payment, under applicable accounting rules, the revenue associated with such deficiency payment may not be recognized until the applicable transportation credit has expired or has been used. Deferred revenue associated with non- performance by shippers under minimum volume contracts could be significant and could adversely affect PAA' s profitability and earnings. In addition, in those cases in which PAA provides division order services for crude oil purchased at the wellhead, it may be responsible for distribution of proceeds to all parties. In other cases, PAA pays all of or a portion of the production proceeds to an operator who distributes these proceeds to the various interest owners. These arrangements expose PAA to operator credit risk, and there can be no assurance that PAA will not experience losses in dealings with such operators and other parties. Further, to the extent one or more of PAA' s major customers experiences financial distress or commences bankruptcy proceedings, contracts with such customers (including contracts that are supported by acreage dedications) may be subject to renegotiation or rejection under applicable provisions of the United States Bankruptcy Code. Any such renegotiation or rejection could have an adverse effect on PAA' s revenue and cash flows and its ability to make cash distributions to its unitholders. PAA has also undertaken numerous projects that require cooperation with and performance by joint venture co- owners. In addition, in connection with various acquisition, divestiture, joint venture and other transactions, PAA often receives indemnifications from various parties for certain risks or liabilities. Nonperformance by any of these parties could result in increased costs or other adverse consequences that could decrease PAA' s earnings and returns. PAA also relies to a significant degree on the banks that lend to it under its revolving credit facility for financial liquidity, and any failure of those banks to perform their obligations to PAA could significantly impair its liquidity. Furthermore, nonpayment by the counterparties to PAA' s interest rate and / or commodity derivatives could expose it to additional interest rate and / or commodity price risk. Acquisitions and divestitures involve risks that may adversely affect PAA' s business. PAA' s ability to execute its financial strategy is in part dependent on its ability to complete strategic transactions, including acquisitions, divestitures or sales of interests to strategic partners. If PAA is unable to successfully complete, integrate or realize the anticipated benefits of future acquisitions or planned divestitures (due to reduced investment in the energy sector, governmental action, litigation, counterparty non- performance or other factors), it may be more difficult for PAA to implement its business strategies, ~~achieve~~ **maintain** its desired leverage levels, increase returns to equity holders or otherwise accomplish its financial goals. In addition, in connection with its divestitures, PAA may agree to retain responsibility for certain liabilities that relate to PAA' s period of ownership, which could adversely impact its future financial performance. Acquisitions also involve potential risks, including: • performance from the acquired businesses or assets that is below the forecasts PAA used in evaluating the acquisition; • a significant increase in PAA' s indebtedness and working capital requirements; • the inability to timely and effectively integrate the operations of recently acquired businesses or assets; • the incurrence of substantial unforeseen environmental and other liabilities arising out of the acquired businesses or assets for which PAA is either not fully insured or indemnified, including liabilities arising from the operation of the acquired businesses or assets prior to PAA' s acquisition; • risks associated with operating in lines of business that are distinct and separate from PAA' s historical operations; • customer or key employee loss from the acquired businesses; and • the diversion of management' s attention from other business concerns. Any of these factors could adversely affect PAA' s ability to achieve anticipated levels of cash flows or other benefits from its acquisitions, pay distributions to its partners or meet its debt service requirements. Tightened capital markets or other factors that increase PAA' s cost of capital or otherwise limit its access to capital could impair its ability to achieve its strategic objectives. Any limitations on PAA' s access to capital or increase in the cost of that capital could significantly impair the implementation of its strategy. PAA' s inability to maintain its targeted credit profile, including maintaining its credit ratings, could adversely affect PAA' s cost of capital as well as its ability to execute its strategy. In addition, a variety of factors beyond its control could impact the availability or cost of capital, including domestic or international economic conditions, increases in key benchmark interest rates and / or credit spreads, the adoption of new or amended banking or capital market laws or regulations, the re- pricing of market risks and volatility in capital and financial markets. Due to these factors, PAA cannot be certain that funding for its capital needs will be available from bank credit arrangements, capital markets or other sources on acceptable terms. If funding is not available when needed, or is available only on unfavorable terms, PAA may be unable to implement its development plans, enhance its existing business, complete strategic projects and transactions, take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on its cash flows and results of operations. PAA' s risk policies cannot eliminate all risks and the insufficiency of, or non- compliance with its risk policies could result in significant financial losses. Generally, it is PAA' s policy to establish a margin for crude oil or other products it purchases by selling such products for physical delivery to third- party users, or by entering into a future delivery obligation under derivative contracts. Through these transactions, PAA seeks to maintain a position that is substantially balanced between purchases on the one hand, and sales or future delivery obligations on the other hand. PAA' s policy is not to acquire and hold physical inventory or derivative products for the purpose of speculating on commodity price changes. These policies and practices cannot, however, eliminate all risks. For example, any event that disrupts PAA' s anticipated physical supply of crude oil or other products could expose it to risk of loss resulting from price changes. PAA is also exposed to basis risk when crude oil or other products are purchased against one pricing index or benchmark and sold against a different index or benchmark. PAA may also face disruptions to futures markets for crude oil, NGL and other petroleum products, which may impair its ability to execute its commercial or hedging strategies. Margin requirements due to spikes or crashes in commodity prices may require PAA to exit hedge strategies at inopportune times. PAA is also exposed to some risks that are not hedged, including risks on certain of its inventory, such as linefill, which must be maintained in order to transport crude oil on its pipelines. In an effort to maintain a balanced position, specifically authorized personnel can purchase or sell crude oil, refined products and NGL, up to predefined limits and authorizations. Although this activity is monitored independently by PAA' s risk management function, it exposes PAA to commodity price risks within these limits. ~~In addition,~~ PAA ~~' s operations involve the risk of~~ **has taken steps within its organization to implement processes and procedures designed to detect unauthorized trading and** non- compliance with its risk policies ~~. PAA has taken steps within its organization to implement processes and procedures designed to detect unauthorized trading~~ ; however, PAA can provide no assurance that these steps will detect and prevent all violations of its risk policies and procedures, particularly if deception, collusion or other intentional misconduct is involved. PAA' s insurance coverage may not fully cover its losses and it may in the future encounter increased costs related to, and lack of availability of, insurance. While PAA maintains insurance coverage at levels that it believes to be reasonable and prudent, PAA can provide no assurance that its current levels of insurance will be sufficient to cover any losses that it has incurred or may incur in the future, whether due to deductibles, coverage challenges or other limitations. In addition, over the last several years, as the scale and scope of PAA' s business activities has expanded, the breadth and depth of available insurance markets has contracted. As a result of these factors and other market conditions, as well as the fact that PAA has experienced several incidents in the past, premiums and deductibles for certain insurance policies have increased substantially. Accordingly, PAA can give no assurance that it will be able to maintain adequate insurance in the future at rates or on other terms PAA considers commercially reasonable. In addition, although PAA believes that it currently maintains adequate insurance coverage, insurance will not cover many types of interruptions or events that might occur and will not cover all risks associated with its operations. In addition, the proceeds of any such insurance may not be paid in a timely manner and may be insufficient if such an event were to occur. The occurrence of a significant event, the consequences of which are either not covered by insurance or not fully insured, or a significant delay in, or denial of, the payment of a major insurance claim, could materially and adversely affect PAA' s financial position, results of operations and cash flows. For a discussion of our Line 901 Incident insurance receivable, please read Item 7. " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates — Line 901 Incident Insurance Receivable " and Note ~~19~~ **18** to our Consolidated Financial Statements. The terms of PAA' s indebtedness may limit its ability to borrow additional funds or capitalize on business opportunities. In addition, PAA' s current or future debt levels, or inability to borrow additional funds or capitalize on business opportunities, may limit its future financial and operating flexibility. As of December 31, ~~2022~~ **2023** , the face value of PAA' s consolidated debt outstanding was approximately $ **7.** 8 ~~. 5~~ billion (excluding unamortized discounts and debt issuance costs of approximately $ ~~46~~ **41** million), consisting of approximately $ 7. 3 billion face value of long- term debt (including senior notes and finance lease obligations) and approximately $ **446** ~~1. 2 billion~~ **million** of short- term borrowings. As of December 31, ~~2022~~ **2023** , PAA had ~~approximately~~ **over** $ ~~3~~ **2. 6** billion of liquidity available, including cash and cash equivalents and available borrowing capacity under its senior unsecured revolving credit facility and its senior secured hedged inventory facility, subject to continued covenant compliance. Lower Adjusted EBITDA could increase PAA' s leverage ratios and effectively reduce its ability to incur additional indebtedness. The amount of PAA' s current or future indebtedness could have significant effects on its operations, including, among other things: • a significant portion of PAA' s cash flow will be dedicated to the payment of principal and interest on its indebtedness and may not be available for other purposes, including the payment of distributions on its units and capital expenditures; • credit rating agencies may view PAA' s debt level negatively; • covenants contained in PAA' s existing debt arrangements will require it to continue to meet financial tests that may adversely affect its flexibility to plan for and react to changes in its business; • PAA' s ability to obtain additional financing for working capital, capital expenditures, acquisitions and general partnership purposes may be limited; • PAA may be at a competitive disadvantage relative to similar companies that have less debt; and • PAA may be more vulnerable to adverse economic and industry conditions as a result of its significant debt level. PAA' s credit agreements prohibit distributions on, or purchases or redemptions of, units if any default or event of default is continuing. In addition, the agreements contain various covenants limiting PAA' s ability to, among other things, incur indebtedness if certain financial ratios are not maintained, grant liens, engage in transactions with affiliates, enter into sale- leaseback transactions, and sell substantially all of its assets or enter into a merger or consolidation. PAA' s credit facilities treat a change of control as an event of default and also requires PAA to maintain a certain debt coverage ratio. PAA' s senior notes do not restrict distributions to unitholders, but a default under its credit agreements will be treated as a default under the senior notes. Please read Item 7. " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Credit Agreements, Commercial Paper Program and Indentures. " PAA' s ability to access capital markets to raise capital on favorable terms will be affected by its debt level, its operating and financial performance, the amount of its current maturities and debt maturing in the next several years, and by prevailing market conditions. In addition, if the rating agencies were to downgrade PAA' s credit ratings, then it could experience an increase in its borrowing costs, face difficulty accessing capital markets or incurring additional indebtedness, be unable to receive open credit from its suppliers and trade counterparties, be unable to benefit from swings in market prices and shifts in market structure during periods of volatility in the crude oil market or suffer a reduction in the market price of its common units. If PAA is unable to access the capital markets on favorable terms at the time a debt obligation becomes due in the future, it might be forced to refinance some of its debt obligations through more expensive and restrictive bank credit, as opposed to long- term public debt securities or equity securities, or the sale of assets. The price and terms upon which PAA might receive such extensions or additional bank credit, if at all, could be more onerous than those contained in existing debt agreements. Any such arrangements could, in turn, increase the risk that PAA' s leverage may adversely affect its future financial and operating flexibility and thereby impact its ability to execute its capital allocation strategies and priorities. Increases in interest rates could adversely affect PAA' s business and the trading price of its units. As of December 31, ~~2022~~ **2023** , the face value of PAA' s consolidated debt was approximately $ **7.** 8 ~~. 5~~ billion (excluding unamortized discounts and debt issuance costs of approximately $ ~~46~~ **41** million), substantially all of which was at fixed interest rates. ~~PAA is exposed to market risk due to the short- term nature of its commercial paper borrowings and the floating interest rates on its credit facilities. PAA' s results of operations, cash flows and financial position could be adversely affected by significant~~ **Significant** increases in interest rates above current levels ~~. Additionally, increases in interest rates~~ could adversely affect PAA' s ~~merchant~~ **results of operations, cash flows and financial position due to, among other things: • PAA' s exposure to market risk due to the short- term nature of its commercial paper borrowings and the floating interest rates on its credit** ~~activities~~ **facilities** ~~by~~ **; • Any potential refinancing of PAA' s indebtedness at rates higher than historical amounts; •** ~~increasing~~ **Increasing** interest costs associated with the storage of hedged crude oil and NGL inventory ~~. In addition,~~ **in PAA' s merchant activities; and •** ~~distributions~~ **Distributions payable** on PAA' s Series B preferred units **, which** accumulate for each distribution period at a percentage of the liquidation preference equal to the applicable three- month ~~LIBOR~~ **Secured Overnight Financing Rate** ( **SOFR** ~~or, if discontinued, a substitute or successor rate determined by the calculation~~

~~agent~~ ), plus a **credit** spread **adjustment** of **0. 2621 %, plus** 4. 11 % **per annum** . Further, the trading price of PAA' s common units may be sensitive to changes in interest rates and any rise in interest rates could adversely impact such trading price. Changes in currency exchange rates could adversely affect PAA' s operating results. Because PAA is a U. S. dollar reporting company and also conducts operations in Canada, it is exposed to currency fluctuations and exchange rate risks that may adversely affect the U. S. dollar value of its earnings, cash flow and partners' capital under applicable accounting rules. For example, if the U. S. dollar appreciates against the Canadian dollar, the U. S. dollar value of PAA' s Canadian dollar denominated earnings is reduced for U. S. reporting purposes. PAA' s business requires the retention and recruitment of a skilled workforce, and difficulties retaining and recruiting its workforce could result in a failure to implement PAA' s business plans. PAA' s operations and management require the retention and recruitment of a skilled workforce, including engineers, technical personnel and other professionals. PAA and its affiliates compete with other companies both within and outside the energy industry for this skilled workforce, and other employers may be able to offer potential employees higher salaries, more attractive benefits or work arrangements or opportunities to work in industries with greater perceived status or growth potential. If PAA is unable to (i) retain current employees; and / or (ii) recruit new employees of comparable knowledge and experience, PAA' s business could be negatively impacted. In addition, PAA could experience increased costs to retain current employees and recruit new employees. An impairment of long- term assets could reduce PAA' s earnings. At December 31, ~~2022~~ **2023** , PAA had approximately $ 15. ~~3~~ **8** billion of net property and equipment, $ ~~961~~ **976** million of linefill, $ ~~3~~ **2** . ~~1~~ **8** billion of investments accounted for under the equity method of accounting and approximately $ ~~2.~~ 1 **. 9** billion of net intangible assets capitalized on its balance sheet. GAAP requires an assessment for impairment in certain circumstances, including when there is an indication that the carrying value of property and equipment may not be recoverable. If PAA was to determine that any of its property and equipment, linefill, intangibles or equity method investments was impaired, it could be required to take an immediate charge to earnings, which could adversely impact its operating results, with a corresponding reduction of partners' capital and increase in balance sheet leverage as measured by debt- to- total capitalization. See Item 7. " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates " for additional discussion of our accounting policies and use of estimates associated with ~~impairments. During the year ended December 31, 2022, PAA recognized non- cash impairment charges of approximately $ 330 million related to the write- down of certain long- lived crude oil assets in California. See Note 6 to our Consolidated Financial Statements for additional information regarding these~~ impairments. PAA is dependent on the use or availability of third- party assets for certain of its operations. Certain of PAA' s business activities require the use or availability of third- party assets over which it may have little or no control. If at any time the availability of these assets is limited or denied, and if access to alternative assets cannot be arranged, it could have an adverse effect on PAA' s business, results of operations and cash flow. Significant under- utilization of certain assets could significantly reduce PAA' s profitability due to fixed costs incurred to obtain the right to use such assets. From time to time in connection with its business, PAA may lease or otherwise secure the right to use certain assets (such as railcars, trucks, barges, ships, pipeline capacity, storage capacity and other similar assets) with the expectation that the revenues it generates through the use of such assets will be greater than the fixed costs it incurs pursuant to the applicable leases or other arrangements. However, when such assets are not utilized or are under- utilized, PAA' s profitability could be negatively impacted because the revenues it earns are either non- existent or reduced, but it remains obligated to continue paying any applicable fixed charges, in addition to the potential of incurring other costs attributable to the non- utilization of such assets (such as maintenance, storage or other costs). Significant under- utilization of assets PAA leases or otherwise secures the right to use in connection with its business could have a significant negative impact on PAA' s profitability and cash flows. Many of PAA' s assets have been in service for many years and require significant expenditures to maintain them **or remove them from service** . As a result, its maintenance ~~or~~ **,** repair **or asset retirement** costs may increase in the future. PAA' s pipelines, terminals, storage and processing and fractionation assets are generally long- lived assets, and many of them have been in service for many years. The age and condition of its assets could result in increased maintenance ~~or~~ **,** repair **or asset retirement** expenditures in the future. Any significant increase in these expenditures could adversely affect PAA' s results of operations, financial position or cash flows, as well as its ability to make cash distributions to its unitholders. PAA does not own all of the land on which its pipelines and facilities are located, which could result in disruptions to its operations. PAA does not own all of the land on which its pipelines and facilities have been constructed, and therefore is potentially subject to more onerous terms and / or increased costs to retain necessary land use if PAA does not have valid rights- of- way or if such rights- of- way lapse or terminate. In some instances, PAA obtains the rights to construct and operate its pipelines on land owned by third parties and governmental agencies for a specific period of time. Following a decision issued in May 2017 by the Tenth Circuit Court of Appeals tribal ownership of even a very small fractional interest in tribal land owned or at one time owned by an individual ~~Indian~~ **Native American** landowner, bars condemnation of any interest in the allotment. Consequently, the inability to condemn such allotted lands under circumstances where existing pipeline rights- of- way may soon lapse or terminate serves as an additional potential impediment for pipeline operations. Additionally, parts of PAA' s operations cross land that has historically been apportioned to various Native American / First Nations tribes, who may exercise significant jurisdiction and sovereignty over their lands. For more information, see our regulatory disclosure entitled " Indigenous Protections. " PAA cannot guarantee that it will always be able to renew existing rights- of- way or obtain new rights- of- way on favorable terms without experiencing significant delays and costs. Any loss of rights with respect to real property, through PAA' s inability to renew right- of- way contracts or otherwise, could have a material adverse effect on its business, results of operations, and financial position. If PAA fails to obtain materials or commodities in the quantity and the quality it needs, and at commercially acceptable prices, whether due to supply disruptions, inflation, tariffs, quotas or other factors, PAA' s results of operations, financial condition and cash flows could be materially and adversely affected. PAA' s business requires access to steel and other materials to construct and maintain new and existing pipelines and facilities. If PAA experiences a shortage in the supply of these materials or is unable to source sufficient quantities of high quality materials at acceptable prices and in a timely manner, it could materially and adversely affect PAA' s ability to construct new infrastructure and maintain its existing assets. PAA' s business also depends on having access to significant amounts of electricity and other commodities. If PAA is unable to obtain commodities sufficient to operate and maintain its assets, or only able to do so at commercially unreasonable prices, it could materially and adversely affect its business. Supply chain disruptions and inflation of prices for commodities, materials, products and shipping may make it more challenging to obtain sufficient quantities of high quality materials at acceptable prices and in a timely manner. If PAA is unable to source such materials, it could materially and adversely affect its ability to construct new infrastructure and operate and maintain its existing assets. In addition, some of the materials used in PAA' s business are imported. Existing and future import duties and quotas could materially increase PAA' s costs of procuring imported or domestic steel and / or create shortages or difficulties in procuring sufficient quantities of steel meeting PAA' s required technical specifications. A material increase in PAA' s costs of construction and maintenance or any significant delays in its ability to complete its infrastructure projects could have a material adverse effect on PAA' s financial position, results of operations and cash flows. **The pace of development of natural gas infrastructure could have an adverse impact on expected crude oil production growth in the Permian Basin. In certain areas where PAA operates (e. g., the Permian Basin), development of natural gas infrastructure is or may be required to increase accessible supply in order to meet projected demand. Slowdowns in the development of such natural gas infrastructure, whether due to the regulatory environment, permitting process delays or lower financial investment by producers, could have an adverse impact on expected crude oil production growth. In turn, such limitations could lead to lower volumes of crude oil that PAA purchases in connection with its operations and reduced throughput on its pipelines and at its other facilities, which, depending on the impact to production growth, could have a material adverse effect on PAA' s financial position, results of operations and cash flows.** PAA' s operations are subject to laws and regulations relating to protection of the environment (people, property and natural resources), operational safety, climate change and related matters that may expose it to significant costs and liabilities. The current laws and regulations affecting PAA' s business are subject to change and in the future PAA may be subject to additional laws, executive orders and regulations, which could adversely impact PAA' s business. PAA' s operations involving the storage, treatment, processing, and transportation of liquid hydrocarbons, including crude oil, NGL and refined products, are subject to stringent federal, state, and local laws and regulations governing the discharge of materials into the environment. PAA' s operations are also subject to laws and regulations relating to protection of the environment, natural resources, operational safety, climate change and related matters. Compliance with these laws and regulations may increase its overall cost of doing business, including its capital costs to construct, maintain and upgrade equipment and facilities. Also, new or additional laws and regulations, new interpretations of existing requirements or changes in PAA' s operations could trigger new permitting requirements applicable to its operations, which could result in increased costs or delays of, or denial of rights to conduct, PAA' s development programs. The failure to comply with any such laws and regulations could result in the assessment of administrative, civil, and criminal penalties, the imposition of investigatory or remedial obligations or the incurrence of capital expenditures. Any such failure could also result in the imposition of restrictions, delays or cancellations in the permitting or performance of projects, or the issuance of injunctions that may subject PAA to additional operational requirements and constraints, or claims of damages to property or persons. The laws and regulations applicable to PAA' s operations are subject to change and interpretation by the relevant governmental agency, including the possibility that exemptions it currently qualifies for may be modified or changed in ways that require PAA to incur significant additional compliance costs. PAA' s business and operations may also become subject to new or additional laws or regulations. For example, President Biden has made the combat of climate change arising from GHG emissions a priority under his Administration and has issued, and may continue to issue, executive orders or other regulatory initiatives in pursuit of his regulatory agenda that could curtail oil and natural gas production and transportation. Potential examples include laws, rules, executive orders or regulations that limit fracturing of oil and natural gas wells, restrictions on flaring and venting during natural gas production on federal properties, limitations or bans on oil and gas leases on federal lands and offshore waters, increased requirements for construction and permitting of pipeline infrastructure and LNG export facilities, and further restrictions on GHG emissions from oil and gas facilities. Any new laws, executive orders or regulations, or changes to or interpretations of existing laws or regulations, adverse to PAA could have a material adverse effect on its **financial position, results of** operations ~~, revenues, expenses~~ and ~~profitability~~ **cash flows** . PAA has a history of making incremental additions to the miles of pipelines it owns, both through acquisitions and investment capital projects. PAA has also increased its terminal and storage capacity and operates several facilities on or near navigable waters and domestic water supplies. Although PAA has implemented programs intended to maintain the integrity of its assets (discussed below), as it increases the capacity of its existing assets or acquires additional assets it is at risk for an increase in the number and / or volume of releases of liquid hydrocarbons into the environment. These releases expose PAA to potentially substantial expense, including clean- up and remediation costs, fines and penalties, and third- party claims for personal injury or property damage related to past or future releases. Some of these expenses could increase by amounts disproportionately higher than the relative increase in pipeline mileage and the increase in revenues associated therewith. PAA' s refined products terminal assets are also subject to significant compliance costs and liabilities. In addition, because of the increased volatility of refined products and their tendency to migrate farther and faster than crude oil when released, releases of refined products into the environment can have a more significant impact than crude oil and require significantly higher expenditures to respond and remediate. The incurrence of such expenses not covered by insurance, indemnity or reserves could materially adversely affect PAA' s results of operations. PAA currently devotes substantial resources to comply with DOT- mandated pipeline integrity rules. The DOT regulations include requirements for the establishment of pipeline integrity management programs and for protection of HCAs where a pipeline leak or rupture could produce significant adverse consequences. Pipeline safety regulations are revised frequently. For more information, please see our regulatory disclosure entitled “ Pipeline Safety / Integrity Management. ” The adoption of new regulations requiring more comprehensive or stringent safety standards could require PAA to install new or modified safety controls, pursue new capital projects, or conduct maintenance programs on an accelerated basis, all of which could require PAA to incur increased operational costs that could be significant. Although PAA continues to focus on pipeline and facility integrity management as a primary operational emphasis, doing so requires substantial time and resources and cannot eliminate all risk of releases. PAA has an internal review process pursuant to which it examines various aspects of its pipeline and gathering systems that are not currently subject to the DOT pipeline integrity management mandate. The purpose of this process is to review the surrounding environment, condition and operating history of these pipeline and gathering assets to determine if such assets warrant additional investment or replacement. Accordingly, in addition to potential cost increases related to unanticipated regulatory changes or injunctive remedies resulting from regulatory agency enforcement actions, PAA may elect (as a result of its own internal initiatives) to spend substantial sums to enhance the integrity of and upgrade its pipeline systems to maintain environmental compliance and, in some cases, PAA may take pipelines out of service if it believes the cost of upgrades will exceed the value of the pipelines. PAA cannot provide any assurance as to the ultimate amount or timing of future pipeline integrity expenditures but any such expenditures could be significant. See “ Environmental — General ” in Note ~~19~~ **18** to our Consolidated Financial Statements. In addition, despite PAA’ s pipeline and facility integrity management efforts, it can provide no assurance that its pipelines and facilities will not experience leaks or releases or that PAA will be able to fully comply with all of the federal, state and local laws and regulations applicable to the operation of PAA’ s pipelines or facilities; any such leaks or releases could be material and could have a significant adverse impact on PAA’ s reputation, financial position, cash flows and ability to pay or increase distributions to its unitholders. PAA’ s assets are subject to federal, state and provincial regulation. Rate regulation or a successful challenge to the rates PAA charges on its U. S. and Canadian pipeline systems may reduce the amount of cash it generates. PAA’ s U. S. interstate common carrier liquids pipelines are subject to regulation by various federal regulatory agencies, including the FERC under the ICA. The ICA requires that tariff rates and terms and conditions of service for liquids pipelines be just and reasonable and not unduly discriminatory. PAA is also subject to the Pipeline Safety Regulations of the DOT. PAA’ s intrastate pipeline transportation activities are subject to various state laws and regulations as well as orders of state regulatory bodies. For PAA’ s U. S. interstate common carrier liquids pipelines subject to FERC regulation under the ICA, shippers may protest its pipeline tariff filings or file complaints against its existing rates or complaints alleging that it is engaging in discriminatory behavior. The FERC can also investigate on its own initiative. Under certain circumstances, the FERC could limit PAA’ s ability to set rates based on its costs, or could order PAA to reduce its rates and could require the payment of reparations to complaining shippers for up to two years prior to the complaint. In addition, PAA routinely monitors the public filings and proceedings of other parties with the FERC and other regulatory agencies in an effort to identify issues that could potentially impact its business. Under certain circumstances PAA may choose to intervene in such third- party proceedings in order to express its support for, or its opposition to, various issues raised by the parties to such proceedings. For example, if PAA believes that a petition filed with, or order issued by, the FERC is improper, overbroad or otherwise flawed, PAA may attempt to intervene in such proceedings for the purpose of protesting such petition or order and requesting appropriate action such as a clarification, rehearing or other remedy. Despite such efforts, PAA can provide no assurance that the FERC and other agencies that regulate its business will not issue future orders or declarations that increase its costs or otherwise adversely affect its operations. PAA’ s Canadian pipelines are subject to regulation by the CER and by provincial authorities. Under the Canadian Energy Regulator Act, the CER could investigate the tariff rates or the terms and conditions of service relating to a jurisdictional pipeline on its own initiative upon the filing of a toll or tariff application, or upon the filing of a written complaint. If the CER found the rates or terms of service relating to such pipeline to be unjust or unreasonable or unjustly discriminatory, the CER could require PAA to change its rates, provide access to other shippers, or change its terms of service. A provincial authority could, on the application of a shipper or other interested party, investigate the tariff rates or PAA’ s terms and conditions of service relating to its provincially- regulated proprietary pipelines. If it found PAA’ s rates or terms of service to be contrary to statutory requirements, it could impose conditions it considers appropriate. A provincial authority could declare a pipeline to be a common carrier pipeline, and require PAA to change its rates, provide access to other shippers, or otherwise alter its terms of service. Any reduction in PAA’ s tariff rates would result in lower revenue and cash flows. Some of PAA’ s operations cross the U. S. / Canada border and are subject to cross- border regulation. PAA’ s cross border activities subject it to regulatory matters, including import and export licenses, tariffs, Canadian and U. S. customs and tax issues and toxic substance certifications. Such regulations include the Short Supply Controls of the EAA, the USMCA and the TSCA. Violations of these licensing, tariff and tax reporting requirements could result in the imposition of significant administrative, civil and criminal penalties. Furthermore, Presidential Permits that allow cross- border movements of crude oil may be revoked or terminated at any time. PAA’ s purchases and sales of crude oil, natural gas and NGL, and hedging activities, expose it to potential regulatory risks. The FTC, the FERC and the CFTC hold statutory authority to monitor certain segments of the physical and futures energy commodities markets. These agencies have imposed broad regulations prohibiting fraud and manipulation of such markets. With regard to PAA’ s physical purchases and sales of crude oil, natural gas or NGL and any related hedging activities that it undertakes, PAA is required to observe the market- related regulations enforced by these agencies, which hold substantial enforcement authority. PAA’ s purchases and sales may also be subject to certain reporting and other requirements. Additionally, to the extent that PAA enters into transportation contracts with pipelines that are subject to FERC regulation, it is subject to FERC requirements related to the use of such capacity. Any failure on PAA’ s part to comply with the regulations and policies of the FERC, the FTC or the CFTC could result in the imposition of civil and criminal penalties. Failure to comply with such regulations, as interpreted and enforced, could have a material adverse effect on PAA’ s business, results of operations, financial condition and its ability to make cash distributions to its unitholders. The enactment and implementation of derivatives legislation could have an adverse impact on PAA’ s ability to use derivative instruments to reduce the effect of commodity price, interest rate and other risks associated with its business and increase the amount of working capital required to conduct these hedging activities. The Dodd- Frank Wall Street Reform and Consumer Protection Act (the " Dodd- Frank Act ") ~~, enacted on July 21, 2010,~~ established federal oversight and regulation of derivative markets and entities, such as PAA, that participate in those markets. The Dodd- Frank Act requires the CFTC and the SEC to promulgate rules and regulations implementing the Dodd- Frank Act. Although the CFTC has finalized certain regulations, others remain to be finalized or implemented and it is not possible at this time to predict when this will be accomplished. The CFTC has designated certain interest rate swaps and credit default swaps for mandatory clearing, and the associated rules require PAA, in connection with covered derivative activities, to comply with clearing and trade- execution requirements or take steps to qualify for an exemption from such requirements. PAA does not utilize credit default swaps and PAA qualifies for, and expects to continue to qualify for, the end- user exception from the mandatory clearing requirements for swaps entered into to hedge its interest rate risks. Should the CFTC designate commodity derivatives for mandatory clearing, PAA would expect to qualify for an end- user exception from the mandatory clearing requirements for swaps entered into to hedge its commodity price risk. However, the majority of PAA' s financial derivative transactions used for hedging commodity price risks are currently executed and cleared over exchanges that require the posting of margin or letters of credit based on initial and variation margin requirements. Pursuant to the Dodd Frank Act, however, the CFTC or federal banking regulators may require the posting of collateral with respect to uncleared interest rate and commodity derivative transactions. Certain banking regulators and the CFTC have adopted final rules establishing minimum margin requirements for uncleared swaps. Although PAA qualifies for the end- user exception from margin requirements for swaps entered into to hedge commercial risks, if any of PAA' s swaps do not qualify for the commercial end- user exception, or if PAA is otherwise required to post additional cash margin or collateral it could reduce PAA' s ability to execute hedges necessary to reduce commodity price exposures and protect cash flows. Posting of additional cash margin or collateral could affect PAA' s liquidity (defined as unrestricted cash on hand plus available capacity under its credit facilities) and reduce PAA' s ability to use cash for capital expenditures or other partnership purposes. Even if PAA itself is not required to post additional cash margin or collateral for its derivative contracts, the banks and other derivatives dealers who are PAA' s contractual counterparties will be required to comply with other new requirements under the Dodd- Frank Act and related rules. The costs of such compliance may be passed on to customers such as PAA, thus decreasing the benefits to PAA of hedging transactions or reducing its profitability. In addition, implementation of the Dodd- Frank Act and related rules and regulations could reduce the overall liquidity and depth of the markets for financial and other derivatives PAA utilizes in connection with its business, which could expose PAA to additional risks or limit the opportunities PAA is able to capture by limiting the extent to which PAA is able to execute its hedging strategies. Finally, the Dodd- Frank Act was intended, in part, to reduce the volatility of oil and gas prices, which some legislators attributed to speculative trading in derivatives and commodity instruments related to oil and gas. PAA' s financial results could be adversely affected if a consequence of the Dodd- Frank Act and implementing regulations is lower commodity prices. The full impact of the Dodd- Frank Act and related regulatory requirements upon PAA' s business will not be known until the regulations are implemented and the market for derivatives contracts has adjusted. The Dodd- Frank Act and any new regulations could significantly increase the cost of derivative contracts, materially alter the terms of derivative contracts, reduce the availability of derivatives to protect against risks PAA encounters, reduce PAA' s ability to monetize or restructure its existing derivative contracts. If PAA reduces its use of derivatives as a result of the Dodd- Frank Act and regulations implementing the Dodd- Frank Act, PAA' s results of operations may become more volatile and its cash flows may be less predictable. Any of these consequences could have a material adverse effect on PAA, its financial condition and its results of operations. Legislation, executive orders and regulatory initiatives relating to **climate change** ~~hydraulic fracturing or other hydrocarbon development activities~~ could **have** ~~reduce domestic production of crude oil and natural gas. Hydraulic fracturing is an important and common practice that is used to stimulate production of hydrocarbons from unconventional geological formations. The process involves the injection of water, sand and chemicals under pressure into the formation to fracture the surrounding rock and stimulate production, and it is typically regulated by state and provincial oil and gas commissions. Hydraulic fracturing continues to be~~ a **material adverse effect** ~~controversial practice, resulting in increased scrutiny and regulation of the hydraulic fracturing process, including by federal and state agencies and local municipalities. PAA does not perform hydraulic fracturing, but much of the production that flows~~ on **PAA** ~~its assets was produced with the benefit of hydraulic fracturing. There have been a variety of legislative and regulatory proposals to prohibit, restrict, or more closely regulate various forms of hydraulic fracturing; for example, the Governor of California issued an order in April 2021 directing the Department of Conservation~~ ' s **business** ~~Geologic Energy Management Division to initiate regulatory action to end the issuance of new permits for hydraulic fracturing by January 2024. Moreover~~ , ~~the Biden Administration has pursued policy initiatives that have resulted in temporary suspensions of new oil and gas leasing, more stringent emissions and operating regulations, and increased royalty rates for oil and gas operations on federal lands and waters. These actions, as well as any other legislation, executive orders or regulatory initiatives that curtail hydraulic fracturing or otherwise limit producers' ability to drill or complete wells could reduce the production of crude oil and natural gas in the United States or Canada, and could thereby result in reduced~~ demand for **its** ~~PAA' s transportation, terminalling and storage~~ services **, financial condition, results of** ~~as well as its merchant activities. PAA' s and its customers'~~ operations ~~are subject to various risks arising out of the threat of climate change, energy conservation measures, or initiatives that stimulate demand for alternative forms of energy that could result in increased costs, limits on the areas in which oil~~ and **cash flows** ~~natural gas production may occur and reduced demand for PAA' s services. PAA' s and its customers' operations are subject to a number of risks arising out of the threat of climate change, energy conservation measures, or initiatives that stimulate demand for alternative forms of energy that could result in increased operating costs, limits on the areas in which oil and natural gas production may occur, and reduced demand for the crude oil and natural gas. Risks arising out of the threat of climate change, fuel conservation measures, governmental requirements for renewable energy resources, increasing consumer demand for alternative forms of energy, and technological~~

~~advances in fuel economy and energy generation devices may create new competitive conditions that result in reduced demand for the crude oil and natural gas PAA' s customers produce and, in turn, the services it provides~~ . The adoption and implementation of any international, federal, regional or state legislation, executive actions, regulations or other regulatory and policy initiatives that impose more stringent standards for GHG emissions ~~from~~ **, restrict the areas in which** the oil and ~~natural~~ gas ~~industry, restrict the areas in which this~~ industry may produce crude oil and natural gas or generate GHG emissions, increase scrutiny of environmental permitting or delay such permitting reviews, or require enhanced disclosure of such GHG emission and other climate- related information, could result in ~~increased compliance costs, which if passed on to the customer could also result in increased fossil fuel consumption costs, and thereby reduce~~ **reduced** demand for crude oil and natural gas, and thus PAA' s services ~~. The potential impact of changing demand for crude oil and natural gas services and products may have a material adverse effect on PAA' s business, financial condition, results of operations and cash flows. Additionally, political, financial and litigation risks may result in PAA restricting, delaying or canceling development activities and new projects, incurring liability for infrastructure damages as a result of climatic changes, or impairing the ability to continue to operate in an economic manner. Litigation risks are also increasing as a number of cities, local governments and other plaintiffs have filed lawsuits against various oil and natural gas companies in state or federal court, alleging, among other things, that such companies created public nuisances by producing fuels that contributed to climate change and its effects, such as rising sea levels, and therefore are responsible for roadway and infrastructure damages as a result, or alleging that the companies have been aware of the adverse effects of climate change for some time but defrauded their investors by failing to adequately disclose those impacts. Should Plains be targeted by any such litigation, it may incur liability, which, to the extent that societal pressures or political or other factors are involved, could be imposed without regard to causation or contribution to the asserted damage, or to other mitigating factors. Involvement in such a case could have adverse reputational impacts and an unfavorable ruling in any such case could adversely impact PAA' s operations and financial condition. Climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, floods and other climatic events~~ , as well as **increase** ~~shifts in temperature and precipitation patterns have the potential to cause physical damage to PAA' s assets or disrupt its supply chains and thus could have an adverse effect on its operations. Additionally, changing meteorological conditions, particularly temperature, may result in changes to the amount, timing, or location of demand for energy or PAA' s customer' s production, which could reduce the need for its services. While PAA' s consideration of changing climatic conditions and inclusion of safety factors in its design is~~ **its compliance costs** ~~intended to reduce the uncertainties that climate change and other events may potentially introduce, PAA' s ability to mitigate the adverse impacts of these events depends in part on the effectiveness of its facilities, particularly those located in coastal or flood prone areas, and its disaster preparedness and response and business continuity planning, which may not have considered or be prepared for every eventuality~~ . Although it is not possible at this time to predict how legislation or new regulations that may be adopted to address GHG emissions and climate change ~~would~~ **could** impact PAA' s business, any such future laws and regulations could ~~result in increased compliance costs or additional operating restrictions, and could~~ have a material adverse effect on **its** ~~PAA' s~~ business, demand for ~~its~~ **our** services, financial condition, results of operations and cash flows **. Legislation, executive orders and regulatory initiatives relating to hydraulic fracturing or other hydrocarbon development activities could reduce domestic production of crude oil and natural gas. Hydraulic fracturing is an important and common practice that is used to stimulate production of hydrocarbons from unconventional geological formations. The process involves the injection of water, sand and chemicals under pressure into the formation to fracture the surrounding rock and stimulate production, and it is typically regulated by state and provincial oil and gas commissions. Hydraulic fracturing continues to be a controversial practice, resulting in increased scrutiny and regulation of the hydraulic fracturing process, including by federal and state agencies and local municipalities. PAA does not perform hydraulic fracturing, but much of the production that flows on its assets was produced with the benefit of hydraulic fracturing. There have been a variety of legislative and regulatory proposals to prohibit, restrict, or more closely regulate various forms of hydraulic fracturing; for example, the Governor of California issued an order directing the Department of Conservation' s Geologic Energy Management Division to initiate regulatory action to end the issuance of new permits for hydraulic fracturing by early 2024. Moreover, the Biden Administration has pursued policy initiatives that have resulted in temporary suspensions of new oil and gas leasing, more stringent emissions and operating regulations, and increased royalty rates for oil and gas operations on federal lands and waters. These actions, as well as any other legislation, executive orders or regulatory initiatives that curtail hydraulic fracturing or otherwise limit producers' ability to drill or complete wells could reduce the production of crude oil and natural gas in the United States or Canada, and could thereby result in reduced demand for PAA' s transportation, terminalling and storage services as well as its merchant activities** . Laws and regulations pertaining to the protection of threatened and endangered species or to critical habitat, wetlands and natural resources could delay, restrict or prohibit PAA' s and its customers' operations and cause PAA or its customers to incur substantial costs that may have a material adverse effect on its results of operations. In the United States, the Endangered Species Act (" ESA ") and comparable state laws were established to protect endangered and threatened species. Under the ESA, if a species is listed as threatened or endangered, restrictions may be imposed on activities that have the potential to adversely affect that species' habitat. Similar protections are given to migratory birds under the Migratory Bird Treaty Act, Canada' s Species at Risk Act, and analogous provincial laws and regulations. Some of PAA' s operations are conducted in areas where protected species or their habitats are known to exist, and from time to time PAA' s development plans have been impacted in these areas. PAA may be obligated to develop and implement plans to avoid potential adverse effects to protected species and their habitats, and PAA may be delayed, restricted or prohibited from conducting operations in certain locations or during certain seasons, such as breeding and nesting seasons, when its operations could have an adverse effect on the species. Additionally, the designation of previously unprotected species or the re- designation of under- protected species as threatened or endangered in areas where PAA or its customers conduct operations could cause PAA to incur increased costs arising from species protection measures or could result in delays, restrictions or prohibitions on PAA' s customers' development and production activities that could have a material adverse effect on its results of operations. Cost reimbursements due to PAA' s general partner may be substantial and will reduce PAA' s cash available for distribution to its unitholders. Prior to making any distribution on its common units, PAA will reimburse its general partner and its affiliates, including officers and directors of its general partner, for all expenses incurred on PAA' s behalf. In addition, PAA is required to pay all direct and indirect expenses of the Plains Entities, other than income taxes of any of the PAGP Entities. The reimbursement of expenses and the payment of fees and expenses could adversely affect PAA' s ability to make distributions. PAA' s general partner has sole discretion to determine the amount of these expenses. In addition, PAA' s general partner and its affiliates may provide PAA with services for which PAA will be charged reasonable fees as determined by its general partner. Cash distributions are not guaranteed and may fluctuate with PAA' s performance and the establishment of financial reserves. Because distributions on PAA' s common units are dependent on the amount of cash it generates, distributions may fluctuate based on PAA' s performance, which will result in fluctuations in the amount of distributions ultimately received by AAP. The actual amount of cash that is available to be distributed each quarter will depend on numerous factors, some of which are beyond PAA' s control and the control of PAA' s general partner. Cash distributions are dependent primarily on cash flow, levels of financial reserves and working capital borrowings, and not solely on profitability, which is affected by non- cash items. PAA' s levels of financial reserves are established by its general partner and include reserves for the proper conduct of PAA' s business (including future capital expenditures and anticipated credit needs), compliance with legal or contractual obligations and funding of future distributions to its Series A and Series B preferred unitholders. Therefore, cash distributions might be made during periods when PAA records losses and might not be made during periods when it records profits. PAA' s ~~preferred units have rights, preferences and privileges that are not the same as, and are preferential to, the rights of holders of PAA' s common units. PAA' s~~ Series A preferred units and PAA' s Series B preferred units (together, " PAA' s preferred units ") rank senior to all of PAA' s other classes or series of equity securities with respect to distribution rights and rights upon liquidation. These preferences could adversely affect the market price for PAA' s common units, or could make it more difficult for PAA to sell its common units in the future. In addition, distributions on PAA' s preferred units accrue and are cumulative, at a fixed rate with respect to PAA' s Series A preferred units and at a floating rate with respect to PAA' s Series B preferred units. PAA' s Series A preferred units are convertible into PAA common units by the holders of such units or by PAA in certain circumstances. PAA' s Series B preferred units are not convertible into PAA common units, but are redeemable by PAA in certain circumstances. PAA' s obligation to pay distributions on PAA' s preferred units, or on the PAA common units issued following the conversion of PAA' s Series A preferred units, could impact its liquidity and reduce the amount of cash flow available for working capital, capital expenditures, growth opportunities, acquisitions, and other general partnership purposes. PAA' s obligations to the holders of PAA' s preferred units could also limit its ability to obtain additional financing or increase its borrowing costs, which could have an adverse effect on PAA' s financial condition. As our only cash- generating assets consist of our partnership interest in AAP and its related direct and indirect interests in PAA, our tax risks are primarily derivative of the tax risks associated with an investment in PAA. The tax treatment of PAA depends on its status as a partnership for U. S. federal income tax purposes, as well as it not being subject to a material amount of additional entity- level taxation by individual states. If the IRS were to treat PAA as a corporation for U. S. federal income tax purposes or if PAA becomes subject to additional amounts of entity- level taxation for state or foreign tax purposes, it would reduce the amount of cash available for distribution to us and increase the portion of our distributions treated as taxable dividends. At December 31, ~~2022~~ **2023** , we owned an approximate ~~81~~ **84** % limited partner interest in AAP, which directly owned a limited partner interest in PAA through its ownership of approximately ~~241~~ **232** . ~~0~~ **7** million PAA common units (approximately ~~31~~ **30** % of PAA' s Series A preferred units and common units combined). Accordingly, the value of our indirect investment in PAA, as well as the anticipated after- tax economic benefit of an investment in our Class A shares, depends largely on PAA being treated as a partnership for U. S. federal income tax purposes, which requires that 90 % or more of PAA' s gross income for every taxable year consist of qualifying income, as defined in Section 7704 of the Internal Revenue Code of 1986, as amended (the " Code "). Based on PAA' s current operations, and current Treasury regulations, PAA believes that it is treated as a partnership rather than a corporation for such purposes; however, a change in PAA' s business could cause it to be treated as a corporation for U. S. federal income tax purposes. Current law may change, causing PAA to be treated as a corporation for U. S. federal income tax purposes or otherwise subjecting PAA to additional entity- level taxation. In addition, several states have been evaluating ways to subject partnerships to entity- level taxation through the imposition of state income, franchise and other forms of taxation. Imposition of any new or increased federal or state taxes on PAA may result in a decrease in the amount of distributions AAP receives from PAA and our resulting cash flows could be reduced substantially, which would adversely affect our ability to pay distributions to our shareholders. If PAA were treated as a corporation for U. S. federal income tax purposes, it would pay U. S. federal income tax on its taxable income at the corporate tax rate and would likely pay state income taxes at varying rates. Distributions to PAA' s partners, including AAP, would generally be taxed again as corporate distributions, and no income, gains, losses or deductions would flow through to PAA' s partners. Because a tax would be imposed upon PAA as a corporation, its cash available for distribution would be substantially reduced. Therefore, treatment of PAA as a corporation would result in a material reduction in the anticipated cash flow and after- tax return to us, likely causing a substantial reduction in the value of our Class A shares. Moreover, if PAA were treated as a corporation we would not be entitled to the deductions associated with our initial acquisition of interests in AAP or subsequent exchanges of retained AAP interests and Class B shares for our Class A shares. As a result, if PAA were treated as a corporation, (i) our liability for taxes would likely be higher, further reducing our cash available for distribution, and (ii) a greater portion of the cash we are able to distribute will be treated as a taxable dividend. The tax treatment of publicly traded partnerships or an investment in PAA common units could be subject to potential legislative, judicial or administrative changes or differing interpretations, possibly applied on a retroactive basis. The present U.

S. federal income tax treatment of publicly traded partnerships, including PAA, or an investment in PAA common units may be modified by administrative, legislative or judicial changes or differing interpretations at any time. Members of Congress have proposed and considered substantive changes to the existing U. S. federal income tax laws that would affect publicly traded partnerships, including proposals that would eliminate PAA' s ability to qualify for partnership tax treatment. In addition, the Treasury Department has issued, and in the future may issue, regulations interpreting those laws that affect publicly traded partnerships. There can be no assurance that there will not be further changes to U. S. federal income tax laws or the Treasury Department' s interpretation of the qualifying income rules in a manner that could impact PAA' s ability to qualify as a partnership in the future. Any modification to the U. S. federal income tax laws and interpretations thereof may or may not be retroactively applied and could make it more difficult or impossible for PAA to meet the exception for certain publicly traded partnerships to be treated as partnerships for U. S. federal income tax purposes. We are unable to predict whether any changes or other proposals will ultimately be enacted. Any future legislative changes could negatively impact the value of our indirect investment in PAA. If the IRS makes audit adjustments to PAA' s income tax returns for tax years beginning after December 31, 2017, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustments directly from PAA, in which case PAA' s cash distribution to AAP and our cash available for distribution to our shareholders might be substantially reduced. Pursuant to the Bipartisan Budget Act of 2015, for tax years beginning after December 31, 2017, if the IRS makes audit adjustments to PAA' s income tax returns, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustments directly from PAA. To the extent possible under these rules, PAA' s general partner may elect to either pay the taxes (including any applicable penalties and interest) directly to the IRS or, if PAA is eligible, issue a revised information statement to each unitholder and former unitholder with respect to an audited and adjusted return. Although PAA' s general partner may elect to have PAA' s unitholders and former unitholders take such audit adjustment into account and pay any resulting taxes (including applicable penalties or interest) in accordance with their interests in PAA during the tax year under audit, there can be no assurance that such election will be practical, permissible or effective in all circumstances. As a result, PAA' s current unitholders, including us through AAP, may bear some or all of the tax liability resulting from such audit adjustment, even if such unitholders did not own units in PAA during the tax year under audit. If, as a result of any such audit adjustment, PAA or AAP is required to make payments of taxes, penalties and interest, then the amount of distributions we receive from AAP could be substantially reduced, which would adversely affect our ability to pay distributions to our shareholders. These rules are not applicable for tax years beginning on or prior to December 31, 2017. Taxable gain or loss on the sale of our Class A shares could be more or less than expected. If a holder sells our Class A shares, the holder will recognize gain or loss equal to the difference between the amount realized and the holder' s tax basis in those Class A shares. To the extent that the amount of our distributions exceeds our current and accumulated earnings and profits, the distributions will be treated as a tax free return of capital and will reduce a holder' s tax basis in the Class A shares. We did not have any earnings and profits in 2022 and we do not expect to have any earnings and profits for an extended period of time. Because our distributions in excess of our earnings and profits decrease a holder' s tax basis in Class A shares, such excess distributions will result in a corresponding increase in the amount of gain, or a corresponding decrease in the amount of loss, recognized by the holder upon the sale of the Class A shares. Our current tax treatment may change, which could affect the value of our Class A shares or reduce our cash available for distribution. Our expectation that tax deductions associated with our initial and subsequent acquisitions of interests in AAP (as a result of the exercise by Legacy Owners of their exchange rights) will offset all of our current taxable income for an extended period of time, and thus result in our distributions not constituting taxable dividends for an extended period of time, is based on current law with respect to the amortization of basis adjustments associated with our acquisition of interests in AAP. Changes in U. S. federal income tax law relating to such tax treatment could result in (i) our being subject to additional taxation at the entity level with the result that we would have less cash available for distribution, and (ii) a greater portion of our distributions being treated as taxable dividends. Moreover, we are subject to tax in numerous jurisdictions. Changes in current law in these jurisdictions, particularly relating to the treatment of deductions attributable to acquisitions of interests in AAP, could result in our being subject to additional taxation at the entity level with the result that we would have less cash available for distribution. Any decrease in our Class A share price could adversely affect our amount of cash available for distribution. Changes in certain market conditions may cause our Class A share price to decrease. If our Legacy Owners exchange their retained interests in AAP and Class B shares in us for our Class A shares at a point in time when our Class A share price is below the price at which Class A shares were sold in our initial public offering or in any subsequent exchange, the ratio of our income tax deductions to gross income would decline. This decline could result in our being subject to tax sooner than expected, our tax liability being greater than expected, or a greater portion of our distributions being treated as taxable dividends. The IRS Forms 1099- DIV that our shareholders receive from their brokers may over- report dividend income with respect to our shares for U. S. federal income tax purposes, which may result in a shareholder' s overpayment of tax. In addition, failure to report dividend income in a manner consistent with the IRS Forms 1099- DIV may cause the IRS to assert audit adjustments to a shareholder' s U. S. federal income tax return. For non- U. S. holders of our shares, brokers or other withholding agents may overwithhold taxes from dividends paid, in which case a shareholder generally would have to timely file a U. S. tax return or an appropriate claim for refund in order to claim a refund of the overwithheld taxes. Distributions we pay with respect to our shares will constitute " dividends " for U. S. federal income tax purposes only to the extent of our current and accumulated earnings and profits. Distributions we pay in excess of our earnings and profits will not be treated as " dividends " for U. S. federal income tax purposes; instead, they will be treated first as a tax- free return of capital to the extent of a shareholder' s tax basis in their shares and then as capital gain realized on the sale or exchange of such shares. We may be unable to timely determine the portion of our distributions that is a " dividend " for U. S. federal income tax purposes, which may result in a shareholder' s overpayment of tax with respect to distribution amounts that should have been classified as a tax- free return of capital. In such a case, a shareholder generally would have to timely file an amended U. S. tax return or an appropriate claim for refund in order to obtain a refund of the overpaid tax. For a U. S. holder of our shares, the IRS Forms 1099- DIV may not be consistent with our determination of the amount that constitutes a “ dividend ” for U. S. federal income tax purposes or a shareholder may receive a corrected IRS Form 1099- DIV (and may therefore need to file an amended federal, state or local income tax return). We will attempt to timely notify our shareholders of available information to assist with income tax reporting (such as posting the correct information on our website). However, the information that we provide to our shareholders may be inconsistent with the amounts reported by a broker on IRS Form 1099- DIV, and the IRS may disagree with any such information and may make audit adjustments to a shareholder’ s tax return. For a non- U. S. holder of our shares, “ dividends ” for U. S. federal income tax purposes will be subject to withholding of U. S. federal income tax at a 30 % rate (or such lower rate as specified by an applicable income tax treaty) unless the dividends are effectively connected with conduct of a U. S. trade or business. In the event that we are unable to timely determine the portion of our distributions that is a “ dividend ” for U. S. federal income tax purposes, or a shareholder’ s broker or withholding agent chooses to withhold taxes from distributions in a manner inconsistent with our determination of the amount that constitutes a “ dividend ” for such purposes, a shareholder’ s broker or other withholding agent may overwithhold taxes from distributions paid. In such a case, a shareholder generally would have to timely file a U. S. tax return or an appropriate claim for refund in order to obtain a refund of the overwithheld tax.