

PLAINS GP HOLDINGS LP  
Form DEFA14A  
August 03, 2016

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

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

Filed by the Registrant  X

Filed by a Party other than the Registrant  O

Check the appropriate box:

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

**Plains GP Holdings, L.P.**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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- (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:
-

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) **August 2, 2016**

**Plains All American Pipeline, L.P.**

(Exact name of registrant as specified in its charter)

**DELAWARE**  
(State or other jurisdiction of  
incorporation)

**1-14569**  
(Commission File Number)

**76-0582150**  
(IRS Employer Identification No.)

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

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **713-646-4100**

(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  
  - o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  
  - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  
  - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 9.01. Financial Statements and Exhibits**

(d) Exhibit 99.1 Press Release dated August 2, 2016

**Item 2.02 and Item 7.01. Results of Operations and Financial Condition; Regulation FD Disclosure**

Plains All American Pipeline, L.P. (the Partnership, PAA) today issued a press release reporting its second-quarter 2016 results. We are furnishing the press release, attached as Exhibit 99.1, pursuant to Item 2.02 and Item 7.01 of Form 8-K. Pursuant to Item 7.01, we are also providing detailed guidance of financial performance for the third and fourth quarters and full year of 2016. In accordance with General Instruction B.2. of Form 8-K, the information presented herein under Item 2.02 and Item 7.01 shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), nor shall it be deemed incorporated by reference in any filing under the Exchange Act or Securities Act of 1933, as amended, except as expressly set forth by specific reference in such a filing.

**Disclosure of the Third and Fourth Quarter 2016 Guidance; Update of Full-Year 2016 Guidance**

We based our guidance for the three-month period ending September 30, 2016 and three and twelve-month periods ending December 31, 2016 on assumptions and estimates that we believe are reasonable, given our assessment of historical trends (modified for changes in market conditions, including an assumption that U.S. onshore oil production continues to decline in 2016 as well as a continuation of a competitive crude oil market), business cycles and other reasonably available information. Projections covering multi-quarter periods contemplate inter-period changes in future performance resulting from new expansion projects, seasonal operational changes (such as NGL sales) and acquisition synergies. Such guidance is also based on the assumption that the simplification transaction announced on July 11, 2016 by PAA and PAGP closes during the fourth quarter of 2016, and that PAA reduces its quarterly distribution payable in November 2016 to \$0.55 per common unit. Our assumptions and future performance, however, are both subject to a wide range of business risks and uncertainties, so we can provide no assurance that assumed events or outcomes will actually take place as assumed or that actual performance will fall within the guidance ranges. Please refer to information under the caption Forward-Looking Statements included in this document. These risks and uncertainties, as well as other unforeseeable risks and uncertainties, could cause our actual results to differ materially from those in the following table. The operating and financial guidance provided in the following pages is given as of the date hereof, based on information known to us as of August 1, 2016. We undertake no obligation to publicly update or revise any forward-looking statements.

To supplement our financial information presented in accordance with GAAP, management uses additional measures known as non-GAAP financial measures in its evaluation of past performance and prospects for the future. The primary additional measures used by management are adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) and implied distributable cash flow (DCF).

Management believes that the presentation of such additional financial measures provides useful information to investors regarding our performance and results of operations because these measures, when used to supplement related GAAP financial measures, (i) provide additional information about our core operating performance and ability to fund distributions to our unitholders through cash generated by our operations and (ii) provide investors with the same financial analytical framework upon which management bases financial, operational, compensation and planning/budgeting decisions. We also present these and additional non-GAAP financial measures, including adjusted net income attributable to PAA, basic and diluted adjusted net income per common unit and adjusted segment profit, as they are measurements that investors, rating agencies and debt holders have indicated are useful in assessing us and our results of operations. These non-GAAP measures may exclude, for example, (i) charges for obligations that are expected to be settled with the issuance of equity instruments, (ii) the mark-to-market of derivative

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instruments that are related to underlying activities in another period (or the reversal of such adjustments from a prior period), the mark-to-market related to our Preferred Distribution Rate Reset Option, gains and losses on derivatives that are related to investing activities (such as the purchase of linefill) and inventory valuation adjustments, as applicable, (iii) long-term inventory costing adjustments, (iv) items that are not indicative of our core operating results and business outlook and/or (v) other items that we believe should be excluded in understanding our core operating performance. These measures may further be adjusted to include amounts related to deficiencies associated with minimum volume commitments ( MVC s ) whereby we have billed the counterparties for their deficiency obligation and such amounts are recognized as deferred revenue in Accounts payable and accrued liabilities in our Condensed Consolidated Financial Statements. Such amounts are presented net of applicable amounts subsequently recognized into revenue. Furthermore, the calculation of these measures contemplates tax effects as a separate reconciling item, where applicable. We have defined all such items as Selected Items Impacting Comparability. Due to the nature of the selected items, certain selected items impacting comparability may impact certain non-GAAP financial measures, referred to as adjusted results, but not impact other non-GAAP financial measures. We consider an understanding of these selected items impacting comparability to be material to the evaluation of our operating results and prospects.

Our definition and calculation of certain non-GAAP financial measures may not be comparable to similarly-titled measures of other companies. Net income represents the most directly comparable GAAP measure to EBITDA. In Note 9, we reconcile net income to EBITDA, adjusted EBITDA and Implied DCF for the periods presented. In addition, we encourage you to visit our website at [www.plainsallamerican.com](http://www.plainsallamerican.com) (in particular the section under Financial Information entitled Non-GAAP Reconciliations within the Investor Relations tab), which presents a reconciliation of EBITDA as well as certain other commonly used non-GAAP and supplemental financial measures.

## Plains All American Pipeline, L.P.

## Operating and Financial Guidance

(in millions, except per unit data)

	Actual		3 Months Ending		Guidance (a)		12 Months Ending							
	6 Months	3 Months Ending	3 Months Ending	3 Months Ending	3 Months Ending	3 Months Ending	12 Months Ending	12 Months Ending						
	Ended	Sep 30, 2016	Low	High	Low	High	Low	High						
	Jun 30, 2016				Dec 31, 2016		Dec 31, 2016							
<b>Segment Profit</b>														
Net revenues (including equity earnings in unconsolidated entities)	\$	1,576	\$	802	\$	842	\$	972	\$	1,012	\$	3,350	\$	3,430
Field operating costs		(603)		(323)		(315)		(314)		(307)		(1,240)		(1,225)
General and administrative expenses		(140)		(70)		(68)		(68)		(65)		(278)		(273)
		833		409		459		590		640		1,832		1,932
Depreciation and amortization expense		(319)		(79)		(75)		(119)		(115)		(517)		(509)
Interest expense, net		(227)		(118)		(114)		(122)		(118)		(467)		(459)
Income tax expense		(13)		(15)		(11)		(43)		(39)		(71)		(63)
Other income / (expense), net		30										30		30
<b>Net Income</b>		<b>304</b>		<b>197</b>		<b>259</b>		<b>306</b>		<b>368</b>		<b>807</b>		<b>931</b>
Net income attributable to noncontrolling interests		(2)		(1)		(1)		(1)		(1)		(4)		(4)
<b>Net Income Attributable to PAA</b>	<b>\$</b>	<b>302</b>	<b>\$</b>	<b>196</b>	<b>\$</b>	<b>258</b>	<b>\$</b>	<b>305</b>	<b>\$</b>	<b>367</b>	<b>\$</b>	<b>803</b>	<b>\$</b>	<b>927</b>
Net income/(loss) attributable to common unitholders														
(b)	\$	(53)	\$	67	\$	128	\$	270	\$	332	\$	285	\$	407
Basic net income/(loss) per common unit (b)														
Weighted average common units outstanding (c)		398		399		399		652		652		462		462
Net income/(loss) per common unit	\$	(0.13)	\$	0.17	\$	0.32	\$	0.41	\$	0.51	\$	0.62	\$	0.88
Diluted net income/(loss) per common unit(b)														
Weighted average common units outstanding (c)		398		401		401		654		654		464		464
Net income/(loss) per common unit	\$	(0.13)	\$	0.17	\$	0.32	\$	0.41	\$	0.51	\$	0.62	\$	0.88
EBITDA	\$	863	\$	409	\$	459	\$	590	\$	640	\$	1,862	\$	1,962
<b>Selected items impacting comparability</b>														
Losses from derivative activities net of inventory valuation adjustments	\$	(216)	\$		\$		\$		\$		\$	(216)	\$	(216)
Long-term inventory costing adjustments		44										44		44
Deficiencies under minimum volume commitments, net		(34)		(36)		(36)		2		2		(68)		(68)
Equity-indexed compensation expense		(15)		(5)		(5)		(5)		(5)		(25)		(25)
Net gain/(loss) on foreign currency revaluation		2										2		2
Selected items impacting comparability of EBITDA	\$	(219)	\$	(41)	\$	(41)	\$	(3)	\$	(3)	\$	(263)	\$	(263)
Tax effect on selected items impacting comparability		30										30		30
Selected items impacting comparability of net income attributable to PAA	\$	(189)	\$	(41)	\$	(41)	\$	(3)	\$	(3)	\$	(233)	\$	(233)
<b>Excluding selected items impacting comparability</b>														
Adjusted segment profit														
Transportation	\$	530	\$	283	\$	298	\$	286	\$	301	\$	1,099	\$	1,129
Facilities		327		142		152		153		163		622		642
Supply and Logistics		224		25		50		154		179		403		453
Other income / (expense), net		1										1		1
Adjusted EBITDA	\$	1,082	\$	450	\$	500	\$	593	\$	643	\$	2,125	\$	2,225
Adjusted net income attributable to PAA	\$	491	\$	237	\$	299	\$	308	\$	370	\$	1,036	\$	1,160
Basic adjusted net income/(loss) per common unit (b)	\$	0.33	\$	0.27	\$	0.42	\$	0.42	\$	0.51	\$	1.11	\$	1.37
	\$	0.33	\$	0.27	\$	0.42	\$	0.42	\$	0.51	\$	1.11	\$	1.37



Diluted adjusted net income/(loss) per common unit  
(b)(c)

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