

PAA

TESTED

DELIVERED

POSITIONED

2008

About the cover:

During 2008, PAA faced a difficult environment in which its business model and asset base were significantly stress-**TESTED**. Despite these challenges, PAA validated its business model and highlighted the value of its strategically located asset base. PAA **DELIVERED** solid results for 2008 and entered 2009 well **POSITIONED** to navigate the challenging environment, execute its business plan and capitalize on potential opportunities.

PAA

PLAINS ALL AMERICAN PIPELINE, L.P.

("PAA" or "the Partnership") is a publicly traded master limited partnership ("MLP") engaged in the transportation, storage, terminaling and marketing of crude oil, refined products and liquefied petroleum gas and other natural gas related petroleum products (collectively, "LPG"). Through our 50% equity ownership in PAA/Vulcan Gas Storage, LLC, we are also engaged in the development and operation of natural gas storage facilities.

We own and operate a diversified portfolio of strategically located assets that play a vital role in the movement of U.S. and Canadian energy supplies. On average, we handle over 3 million barrels per day of crude oil, refined products and LPG through our extensive

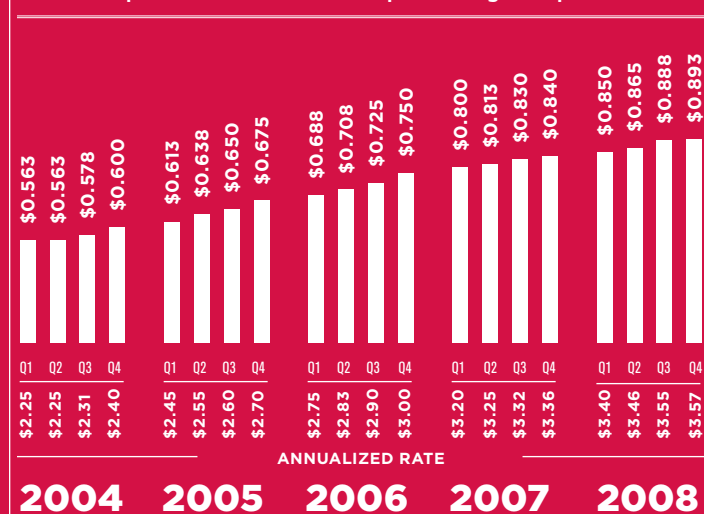
network of assets located in key North American producing regions and transportation gateways.

As an MLP, we make quarterly distributions of our available cash to our Unitholders. Since our initial public offering in 1998, we have increased our quarterly distribution by approximately 98% to our current level at February 2009 of \$0.8925 per unit, or \$3.57 per unit on an annualized basis. It is our goal to increase our distribution to Unitholders over time through a combination of internal expansion and acquisition-driven growth.

Our common units are traded on the New York Stock Exchange under the symbol "PAA." We are headquartered in Houston, Texas.

5-Year Historical Distribution Growth

Represents cash distribution paid during each period



Total Return Since PAA IPO



PAA 2008 GOALS & ACHIEVEMENTS

1. DELIVER BASELINE OPERATING AND FINANCIAL PERFORMANCE IN LINE WITH GUIDANCE.

- Generated 2008 Adjusted EBITDA of \$887 million.
- Excluding the positive impact of non-routine gains and unforecasted acquisition-related contributions, as well as the negative hurricane-related impacts, 2008 Adjusted EBITDA was in line with to slightly ahead of the midpoint of our original guidance.

2. SUCCESSFULLY EXECUTE OUR 2008 CAPITAL PROGRAM, AND SET THE STAGE FOR 7% TO 10% ADJUSTED EBITDA GROWTH IN 2009.

- Invested an aggregate of \$491 million in internal growth projects.
- Excluding the Salt Lake City project, which experienced a meaningful cost overrun and time delay in construction, the bulk of the projects were completed substantially on time and on budget relative to acceptable tolerances.
- Positioned to deliver 8% growth in 2009 Adjusted EBITDA over 2008 results based on midpoint 2009 guidance (22% growth over initial 2008 midpoint guidance).

3. PURSUE AN AVERAGE OF \$200 MILLION TO \$300 MILLION OF STRATEGIC AND ACCRETIVE ACQUISITIONS.

- Completed two acquisitions for approximately \$731 million. Trailing three-year acquisition average is approximately \$490 million, excluding the Pacific transaction.

4. INCREASE YEAR-OVER-YEAR DISTRIBUTIONS IN 2008 BY \$0.20—\$0.25 PER UNIT (EQUIVALENT TO A NOVEMBER DISTRIBUTION OF \$3.56 TO \$3.61 PER UNIT).

- Increased distributions paid to Unitholders in all four quarters; ended 2008 with annualized distribution of \$3.57 per unit for increase of 6.3% over the 2007 exit rate.
- As described more fully in the Chairman and President's letter, made strategic decision to moderate distribution growth in fourth quarter relative to increased target range established in conjunction with the Rainbow Pipe Line acquisition.

CHAIRMAN & PRESIDENT'S LETTER

Dear Fellow Unitholders,

The Partnership delivered solid fundamental performance throughout 2008. An outline of the environment in which the Partnership generated these results and accomplishments helps to place them in the proper perspective.

Most investors will likely remember this past year for the avalanche in the financial markets that began with a deep rumble in 2007 and surged with a deafening roar throughout 2008. Volatility in the capital and commodity markets increased significantly and global economies weakened substantially. Three of the top five Wall Street investment banks failed or were forced into shotgun marriages and the other two converted to bank holding companies to receive government assistance. Specifically within our industry, a high-profile competitor of PAA experienced a rapid financial meltdown, leaving its investors and customers with many unanswered questions. Even closer to home, the second of back-to-back Gulf Coast hurricanes swept directly through our headquarters' city of Houston, disrupting routine operations in the energy capital for several weeks.

As a result of these collective developments, PAA's fundamental business model, financial growth strategy and risk management strategies were stress-tested. Despite all of the turbulence created by these events, we are pleased to report that PAA's business model and assets performed as designed and delivered solid fundamental performance throughout 2008. Additionally, as a result of proactive and preemptive steps taken over the past several years, PAA entered 2009 well positioned to continue to execute its business plan, with an end goal of creating long-term value for its stakeholders.

Despite PAA's significant accomplishments, PAA's unit price appears to have been caught in the downdraft of the overall financial market turmoil. The total return realized by our Unitholders for 2008 was -28%, reflecting an approximate 33% decrease in our unit price, partially offset by our quarterly cash distributions. Although disappointing, this performance compared favorably to various benchmarks. As indicated by the charts on the next page, the total return for the S&P 500, Dow Jones Industrial Average and Alerian MLP Index decreased approximately 37%, 32% and 37%, respectively, during 2008.

2008 Review

At the beginning of each year, we provide to our Unitholders and the financial community the specific goals that guide our activities and provide a framework by which to measure our annual performance. Page 1 of this report provides a summary of our performance versus our 2008 goals, explained more fully in the following paragraphs.

The Partnership delivered solid operating and financial results during 2008, generating total Adjusted EBITDA of \$887 million, which includes eight months' contribution from the Rainbow Pipe Line we acquired for \$687 million in May. We estimate that excluding the positive impact of various non-routine gains and unforecasted acquisition-related contributions, as well as the negative hurricane-related impacts, our Adjusted EBITDA was in line with to slightly ahead of the midpoint of our original guidance. Importantly, the Partnership generated these results during an extremely volatile period in the commodities markets, with crude oil prices ranging from \$32 per barrel to nearly \$147 per barrel. The Partnership's solid performance under these types of conditions highlights the strength and durability of our business model and the strategic location of our assets.

2008 was also a year of continued growth, highlighted by over \$1.2 billion of investments in expansion capital projects and acquisitions. We invested \$491 million in expansion capital projects during the year. Major projects completed or substantially completed include terminal expansions in Martinez and West Hynes, California; Ft. Laramie, Wyoming; St. James, Louisiana; Paulsboro, New Jersey; and Patoka, Illinois; as well as the expansion of our Salt Lake City Pipeline. With the notable exception of the Salt Lake City project, which experienced a meaningful cost overrun and time delay in construction, the bulk of these projects were completed substantially on time and on budget relative to acceptable tolerances.

We also consummated and integrated two acquisitions for a total of \$731 million, the largest of which was the acquisition of the Rainbow Pipe Line, a 480-mile mainline Canadian crude oil pipeline system that extends from Northwestern Alberta to Edmonton, and is favorably positioned relative to long-lived reserves in certain areas of the Canadian oil-sand deposits. Given its strategic positioning, we believe the Rainbow Pipe Line will be a core asset for PAA for many years to come. (For additional information on the Rainbow Pipe Line see page 5.)



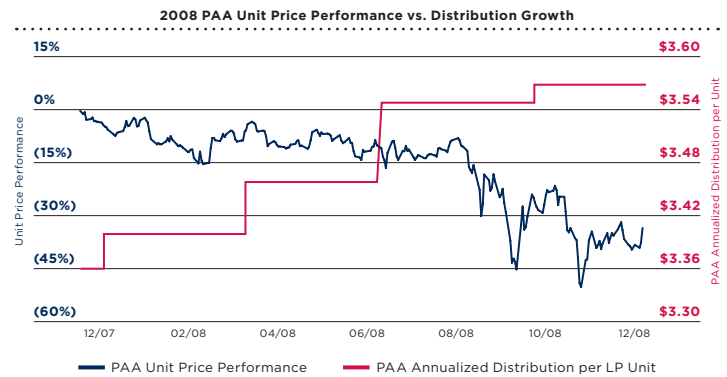
The collective result of these activities enabled us to increase our distribution level by \$0.21 per unit to \$3.57 per unit, an increase of 6.3% over the 2007 exit rate of \$3.36 per unit, while maintaining a healthy implied distribution coverage ratio of approximately 112%. This increase rests near the middle of our beginning-of-the-year target range for distribution growth of 5% to 8%, but below the increased target range of \$3.61 to \$3.66 per unit established in conjunction with the Rainbow acquisition.

Tough times require difficult decisions. Due to the severe deterioration in the financial markets, we made the decision to balance the near-term benefit to our Unitholders of distribution growth with the long-term benefit of cash flow retention. We believe this decision was prudent and that it affords us the valuable optionality that is in the best long-term interests of our stakeholders. With that in mind, in 2008 we generated approximately \$65 million of cash flow in excess of distributions that was used to help fund our capital program and which further reduced our reliance on outside capital.

PAA also maintained its disciplined approach to financing its growth and operations, which contributed greatly to our ability to end the year with solid credit metrics, a strong balance sheet and approximately \$1 billion of committed liquidity. During the second quarter, in anticipation of the closing of the Rainbow Pipe Line acquisition and the potential for difficult capital markets, we raised approximately \$915 million of debt and equity capital in two transactions. In November, we entered into a \$525 million committed hedged inventory credit facility that replaced a larger, but uncommitted, credit facility that was expiring later that month.

In recognition of the potential for extremely tight capital markets, we capitalized on the demand for our assets, purposefully reducing our working capital requirements and freeing up capital for other opportunities by leasing to third parties storage capacity in newly constructed tanks and certain tanks previously reserved for our proprietary use. We believe these actions further secure our baseline cash flow.

In our 2007 annual report entitled “Building an Enduring Business,” we highlighted our ongoing focus on building a business that stands the test of time and survives and thrives in all types of financial and commodity market environments. In hindsight, the timing of that theme was near optimal, as many critical aspects of our business that were addressed in that report were stress-tested and validated during 2008.



Looking Forward

As we enter 2009, the global financial community is in unfamiliar territory as it grapples with challenging financial markets, weak economic conditions, extensive government intervention and political instability, the duration of which are impossible to predict. We believe that the global economic and financial market conditions will get worse before they get better and we do not anticipate a “V-shaped” recovery. In fact, we are planning as if the economic recovery will not materialize until sometime in 2010. As a result, we believe the capital markets will be volatile and highly selective and that larger, higher-quality entities such as PAA will have preferential access to the capital markets. This outlook also carries over into the energy sector, where we expect to see continued volatility, pressure on consumption levels and a decrease in domestic and Canadian oilfield activities that will ultimately impact production levels.

We believe we are prepared for this environment in terms of financial strength, liquidity and flexibility. The fundamentals of PAA’s energy infrastructure business are sound. We see continued demand for PAA’s assets and services, which play a vital role in the distribution of North American energy products, serving a variety of supply-driven and demand-driven energy (principally crude oil) markets. Our business will not be immune from the potential adverse consequences of the anticipated challenging conditions, and we have attempted to incorporate this outlook into our 2009 financial and operating guidance. We do, however, believe that the aspects of our business that benefit from volatile conditions will serve to mitigate a fair portion of the impacts of these conditions on our results.

In combination with our baseline cash flows, we project that the growth capital we invested in 2008 and prior years will drive an increase in 2009 operating results. Adjusted EBITDA for 2009 is expected to range from \$935 million to \$985 million. The midpoint of this projected range would result in an approximate 8% increase over 2008 levels. It is worth noting that our actions to reduce our working capital in our marketing segment and the resultant increase in third-party activities in our fee-based facilities segment will reduce the magnitude of the upside potential that we have realized in prior years during favorable market conditions. In this uncertain environment where predictability constitutes a significant and positive attribute, we believe this represents a prudent trade off.

2009 GOALS

1. **DELIVER** baseline operating and financial performance in line with guidance.
2. **Successfully EXECUTE** our 2009 capital program and set the stage for continued growth in 2010.
3. **PURSUE** an average of \$200 million to \$300 million of strategic and accretive acquisitions.
4. **Prudently MANAGE** our capital resources and preserve our strong capitalization and liquidity.

Looking beyond 2009, we are fortunate to have a diversified and scalable portfolio of organic growth projects, which provides us with significant flexibility to adapt to changing economic and financial market conditions. Taking advantage of the scalability of our organic growth portfolio, our growth capital program for 2009 has been set at approximately \$295 million, which is down approximately 40% and 45%, respectively, from 2008 and 2007 levels. This program represents a high-grading and prioritizing of our project portfolio and the program's size is very manageable relative to our strong liquidity position.

We intend to finance this capital program with a combination of cash flow in excess of distributions and proceeds associated with reductions in crude oil and LPG inventories and asset sales. As a result, we are in the enviable position of being able to execute our 2009 capital program without needing to access the capital markets or otherwise raise new capital, and without significantly leveraging our balance sheet or impairing our liquidity. In addition, we believe that we will end 2009 such that we will also be solidly positioned if in fact these difficult macro economic and financial market conditions persist into 2010.

We believe our preparations have positioned us to capitalize on opportunities that are not included in our 2009 capital program. We have raised our return requirements for both organic projects and acquisition opportunities. The increased cost of (and more challenging access to) monetary capital should reduce the competition for expansion projects and acquisitions and increase the economic returns to a level higher than we have seen in the last several years. We believe it is also possible that certain major, integrated, and independent oil companies may be willing to sell or joint venture certain strategic assets, and we intend to position ourselves to compete for those opportunities. Accordingly, we will monitor these opportunities as well as the capital markets with the intent of combining reasonably priced capital with incremental projects that generate returns attractively in excess of our cost of capital. Notably, we opportunistically raised \$210 million of equity in March 2009, which further bolstered our already solid capitalization and liquidity position.

In recent years, we have followed a practice of establishing a target range for the succeeding year's distribution growth as well as our distribution outlook over the next few years. The target range established at the beginning of 2008 for average annual growth is 5% to 8% percent. The midpoint of our operating and financial guidance indicates we will generate sufficient cash flow to readily support distribution growth during 2009 within that range, while still maintaining healthy distribution coverage ratios. However, in light of the world financial and economic instability, our respect for the unknown and the desire to remain agile, we elected to depart from our past practice of setting a specific annual distribution growth goal for 2009.

We readily acknowledge the importance of distribution growth to our equity stakeholders, but in this uncertain environment we believe this flexible approach will enable PAA to maintain maximum flexibility to react to any unforeseen developments and opportunities. The net result is that our distribution growth in 2009 will be driven by our ability to perform against our guidance, developments in global economic and financial markets and incremental opportunities we encounter. If our assessment of the global economic and financial situation turns out to be overly cautious, we have the option of making a step-change increase in our distribution level later in 2009.

We have established the goals set forth at the top of this page to guide our activities during 2009, and we look forward to updating you on our progress throughout the year.

On behalf of Plains All American Pipeline and our 3,300 loyal and dedicated employees, we sincerely thank you for your continued support.



Greg L. Armstrong
Chairman and CEO



Harry N. Pefanis
President and COO

ACQUISITION OF RAINBOW PIPE LINE COMPANY

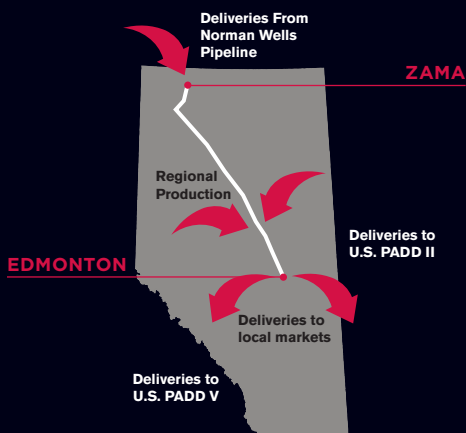
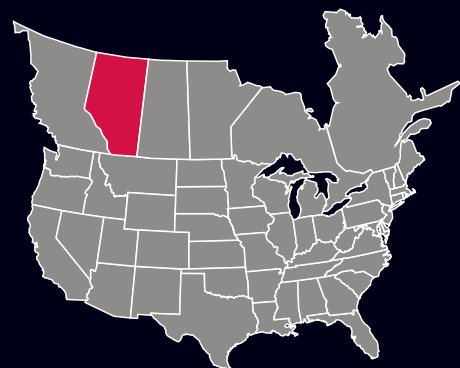
In May 2008, we acquired all of the outstanding shares of the Rainbow Pipe Line Company, Ltd. in a transaction valued at \$687 million—the second largest acquisition in our history. Strategically located in the prolific oil-producing province of Alberta, Canada, the Rainbow Pipe Line system transports light and heavy crude oil produced from areas adjacent to the system as well as oil received from the Norman Wells Pipeline to the Edmonton hub, for further distribution to U.S. and Canadian markets.

The Rainbow assets are comprised of 480 miles of mainline crude oil pipeline, approximately 119 miles of gathering pipelines, approximately 570,000 barrels of tankage along the system and 1.1 million barrels of crude oil linefill. The system complements our existing asset base in Canada and the Rocky Mountains

and is strategically positioned to service the development of additional heavy oil reserves in the region. Rainbow also offers an attractive long-term option with respect to condensate volumes associated with the potential future development of the Mackenzie Delta and Beaufort Sea gas resources.

Rainbow was integrated and accretive to cash flow by the fourth quarter of 2008 and we are on track to achieve the remainder of our identified synergies by the end of 2009. In this regard, we have commenced additional capital projects associated with the Rainbow assets, including the construction of a new terminal at Nipisi.

ALBERTA, CANADA



PAA's Business Model Has Been Tested and Has Delivered

Our business model and strategies have been stress-tested multiple times over the years, but the turbulence created by the events of 2008 was unique. A weakening global economy; the severe deterioration or collapse of several large financial institutions; the rapid financial meltdown of a high-profile industry competitor; back-to-back Gulf Coast hurricanes; and the resulting increase in volatility in the capital and commodities markets posed formidable challenges. Despite these adverse conditions, PAA's business model and asset base performed as designed, and we were able to extend our lengthy track record of delivering on our operating and financial guidance to the investment community.

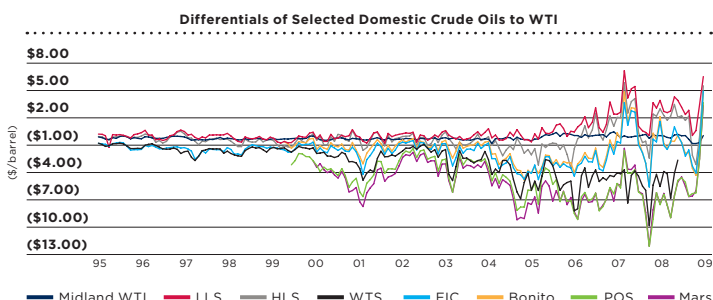
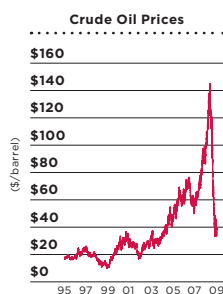
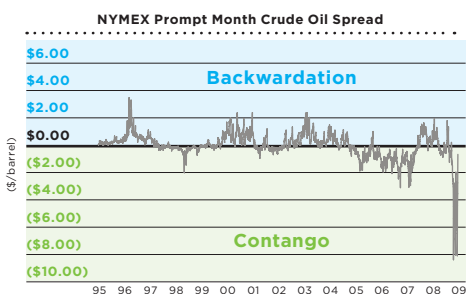
Although the volatility witnessed in 2008 was extreme relative to recent history, volatility has been increasing over time—particularly in the crude oil market. This trend is highlighted by the charts at the bottom of this page. Since the beginning of 2002, the price of crude oil has ranged from approximately \$18 per barrel to nearly \$147 per barrel.

In 2008 alone, oil prices increased \$38 per barrel in the second quarter, then decreased \$39 per barrel and another \$56 per barrel in the third and fourth quarters, respectively. The market structure for crude oil has fluctuated significantly between varying degrees of backwardated and contango markets and has on occasion rapidly transitioned between the two types of markets. This volatility is compounded by the fact that crude oil—unlike natural gas—is not fungible. Oil supply includes over 100 different grades and varieties of crude oil, each with a different value to each individual refinery. Due to regional supply and demand dynamics, geographic considerations and transportation logistics as well as macro factors, the price differentials between the various grades of crude oil can vary materially and can change rapidly. The differentials (typically expressed relative to West Texas Intermediate (WTI) crude oil) have also become more volatile over time.

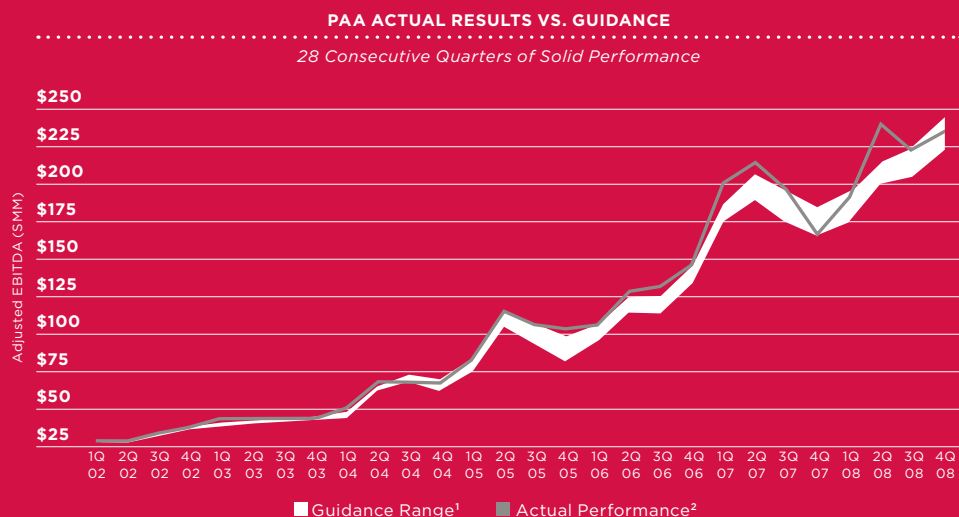
Despite this volatility in the crude oil markets, PAA has consistently delivered results in line with its operating and financial guidance. This track record of performance is principally

due to the significant percentage of fee-based cash flow generated by our Transportation and Facilities segments, and the counter-cyclically balanced and relatively predictable baseline cash flow generated by our Marketing segment. We believe that the visibility we have into the performance of our business constitutes one of our greatest attributes. We routinely share our forecasts of PAA's future performance in the form of operational and financial guidance with the investment community, and hold ourselves accountable by providing quarterly variance analysis of actual results versus our guidance. In this regard, we believe we are one of the most transparent MLPs in the sector. As depicted in the chart on the opposing page, through the fourth quarter of 2008, PAA has delivered results in line with our guidance for 28 consecutive quarters—a record we believe is unparalleled in our industry, and which should be especially valuable to investors during these tumultuous times in the financial markets.

SIGNIFICANT VOLATILITY IN THE CRUDE OIL MARKETS



DESPITE SIGNIFICANT CRUDE OIL
MARKET VOLATILITY,
PLAINS ALL AMERICAN'S
BUSINESS MODEL
HAS CONSISTENTLY
DELIVERED RESULTS
IN LINE WITH GUIDANCE



¹ Represents the range of quarterly Adjusted EBITDA guidance.

² Adjusted EBITDA generated by PAA in each respective quarter.

PLAINS ALL AMERICAN IS WELL POSITIONED TO

NAVIGATE

THE CHALLENGING ENVIRONMENT,

EXECUTE

ITS BUSINESS PLAN AND

CAPITALIZE

ON POTENTIAL OPPORTUNITIES

PAA is Well Positioned to Navigate the Challenging Environment, Execute its Business Plan and Capitalize on Potential Opportunities

The global economy and financial markets have deteriorated significantly in the last 12 months and we believe that such conditions will persist into 2010. Although almost every company in the U.S. will be impacted in some way by this challenging environment, we believe that PAA is well positioned to continue to execute our business plan and create long-term value for our stakeholders. Additionally, we believe that a period of challenging market conditions will create opportunities for larger, higher quality entities such as PAA. PAA's positioning in several key areas underscores our belief:

Strategic location of our assets. As depicted in the map below, PAA owns and operates a diversified portfolio of strategically located assets that play a vital role in the movement of U.S. and Canadian energy supplies. On average, we handle over 3 million barrels per day of crude oil, refined products and LPG through our extensive network of assets located in key North American producing basins and transportation gateways.

Our assets and marketing activities service a variety of markets and enable us to address and optimize the regional supply and demand imbalances inherent in the crude oil and

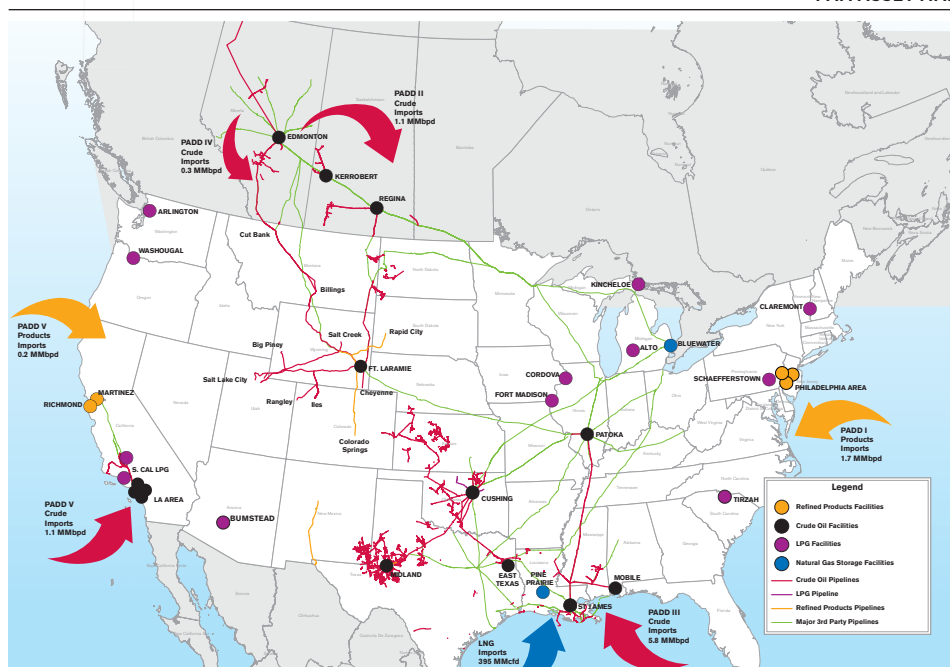
petroleum products distribution chain. We believe the variety of activities within our Marketing segment produces a counter-cyclical balance that generally affords us the flexibility (i) to maintain a base level of margin irrespective of crude oil market conditions and (ii) to realize, in certain circumstances, incremental margin during volatile market conditions.

Capitalization and liquidity. PAA has a strong capital structure and solid liquidity position. As of year-end 2008, we had approximately \$1 billion of available committed liquidity, including \$764 million under our \$1.6 billion revolving credit facility. Our year-end long-term debt balance of \$3.3 billion is principally comprised of senior unsecured notes, is 96% subject to fixed rates of interest, and has an average tenor of approximately 12 years. We only have one senior notes issue maturing over the next three years—a \$175 million series maturing in August of 2009. We have reserved sufficient capacity on our revolving credit facility to allow us to retire these notes without having to rely on the capital markets. We currently anticipate being able to fund our 2009 capital program with a combination

of cash flow in excess of distributions and proceeds associated with reductions in crude oil and LPG inventories and asset sales, such that we would end 2009 with no material increase in our total debt levels. In March 2009, we further bolstered our capitalization and liquidity by opportunistically raising \$210 million of equity.

Scalability of capital program. PAA has a diversified and scalable portfolio of organic growth projects, which provides significant flexibility to adapt to changing economic and financial market conditions. PAA has not committed to any multi-year, multi-billion dollar capital programs that would necessitate raising significant amounts of capital. Our expansion capital program for 2009 has been set at \$295 million, which is down approximately 40% and 45%, respectively, from 2008 and 2007 levels. Additionally, we have a sizeable portfolio of incremental projects in various stages of development that could augment our capital program to the extent that capital is available on economically acceptable terms relative to our project economics.

PAA ASSET MAP

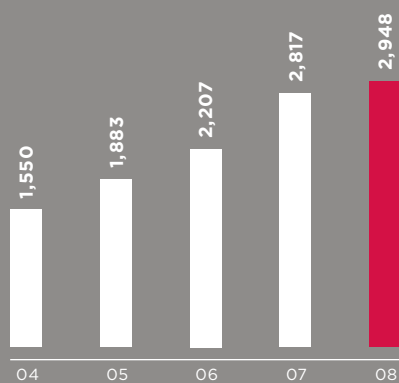


PAA recently announced the Phase VII expansion of our Cushing Terminal (pictured here), which, when completed, will increase the capacity of the facility to 12.5 million barrels.



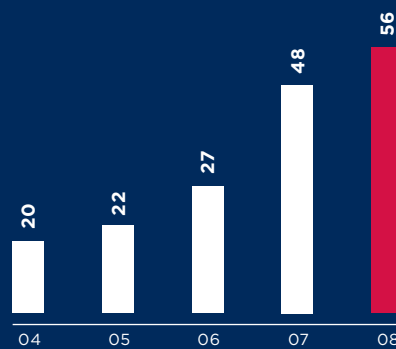
PERFORMANCE METRICS

1. TRANSPORTATION SEGMENT VOLUMES (thousands of barrels per day)



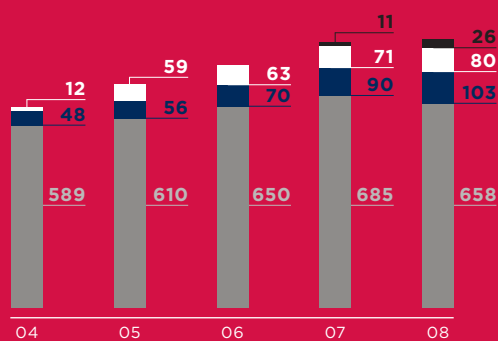
2. FACILITIES SEGMENT VOLUMES¹ (average monthly capacity in millions of barrels)

¹ Includes crude oil, refined products, LPG and natural gas (converted at 6:1 Mcf of gas to crude oil barrel ratio) storage capacity and LPG processing volumes.

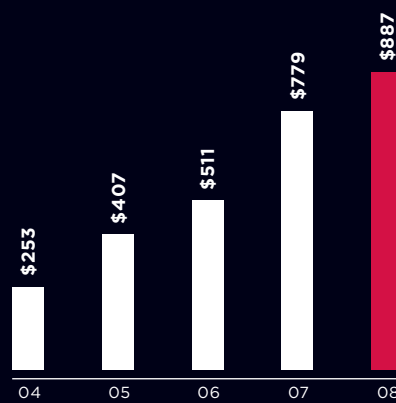


3. MARKETING SEGMENT VOLUMES (thousands of barrels per day)

- Crude Oil Lease Gathering Purchases
- LPG Sales
- Waterborne Foreign Crude Oil Imported
- Refined Products Sales



4. ADJUSTED EBITDA (millions of dollars)



Non-GAAP Reconciliations

(in millions)

In this document, the Partnership's EBITDA disclosure is not presented in accordance with generally accepted accounting principles. EBITDA is presented because we believe it provides additional information with respect to both the performance of our fundamental business activities as well as our ability to meet our future debt service, capital expenditures and working capital requirements. In addition, we present selected items that impact the comparability of our operating results as additional information that may be helpful to your understanding of our financial results. A reconciliation of EBITDA to net income for the periods presented is included below.

	Year Ended December 31,						
	2008	2007	2006	2005	2004	2003	2002
EBIT and EBITDA reconciliations							
Net income reconciliation							
Net income	\$ 437	\$ 365	\$ 285	\$ 218	\$ 130	\$ 59	\$ 65
Income tax expense	8	16	-	-	-	-	-
Interest income	-	-	(1)	-	-	-	-
Interest expense	196	162	86	59	47	35	29
EBIT	\$ 641	\$ 543	\$ 370	\$ 277	\$ 177	\$ 94	\$ 94
Depreciation and amortization	211	180	100	84	69	46	34
EBITDA	\$ 852	\$ 723	\$ 470	\$ 361	\$ 246	\$ 140	\$ 128

	Year Ended December 31,						
	2008	2007	2006	2005	2004	2003	2002
Selected items impacting comparability							
Increase (decrease) impact to reported amount:							
Inventory valuation adjustments net of related gains/(losses) from derivative activities ¹	\$ (11)	\$ -	\$ -	\$ -	\$ (2)	\$ -	\$ -
Gains/(losses) from derivative activities ¹	7	(24)	(4)	(19)	1	-	-
Equity compensation charge	(21)	(44)	(43)	(26)	(8)	(29)	-
Non-cash reserve for potential environmental obligations	-	-	-	-	-	-	(1)
Write-off of deferred acquisition-related costs	-	-	-	-	-	-	(1)
Cumulative effect of change in accounting principle	-	-	6	-	(3)	-	-
Gain on Rainbow acquisition-related foreign currency and linefill hedges	11	-	-	-	-	-	-
Gain on sale of linefill	-	12	-	-	-	-	-
Deferred income tax expense	-	(10)	-	-	-	-	-
Net gain/(loss) on foreign currency revaluation	(21)	-	-	(2)	5	-	-
Total selected items impacting comparability	\$ (35)	\$ (66)	\$ (41)	\$ (47)	\$ (7)	\$ (29)	\$ (2)

¹ Beginning with the first quarter of 2008, gains and losses from derivative activities related to revalued inventory are included in the line item "Inventory valuation adjustments net of related gains/(losses) from derivative activities"; gains and losses from derivative activities not related to revalued inventory are included in the line item "Gains/(losses) from derivative activities."

	Year Ended December 31,						
	2008	2007	2006	2005	2004	2003	2002
Adjusted EBITDA (excludes selected items)	\$ 887	\$ 779	\$ 511	\$ 408	\$ 253	\$ 169	\$ 130

	Year Ended December 31,						
	2008	2007	2006	2005	2004	2003	2002
Distributable cash flow							
Adjusted EBITDA	\$ 887	\$ 779	\$ 511	\$ 408	\$ 252	\$ 169	\$ 130
Less:							
Undistributed equity earnings in unconsolidated entities	4	14	8	2	-	-	-
Current income tax expense	9	3	-	-	-	-	-
Maintenance capital	81	50	28	14	11	8	6
Interest income	-	-	(1)	-	-	-	-
Interest expense	196	162	86	59	47	35	29
Non-cash amortization of terminated interest swap	-	(1)	(2)	(2)	(2)	-	-
Distributions paid	532	451	263	197	158	122	100
Excess DCF reinvested	\$ 65	\$ 100	\$ 129	\$ 138	\$ 38	\$ 4	\$ (5)

Forward-Looking Statements

Except for the historical information contained herein, the matters discussed in this report are forward-looking statements that involve certain risks and uncertainties that could cause actual results to differ materially from results anticipated in the forward-looking statements. These risks and uncertainties include, among other things, failure to implement or capitalize on planned internal growth projects; maintenance of our credit rating and ability to receive open credit from our suppliers and trade counterparties; continued creditworthiness of, and performance by, our counterparties, including financial institutions and trading companies with which we do business; the success of our risk management activities; environmental liabilities or events that are not covered by an indemnity, insurance or existing reserves; abrupt or severe declines or interruptions in outer continental shelf production located offshore California and transported on our pipeline systems; shortages or cost increases of power supplies, materials or labor; the availability of adequate third-party production volumes for transportation and marketing in the areas in which we operate and other factors that could cause declines in volumes shipped on our pipelines by us and third-party shippers, such as declines in production from existing oil and gas reserves or failure to develop additional oil and gas reserves; fluctuations in refinery capacity in areas supplied by our mainlines and other factors affecting demand for various grades of crude oil, refined products and natural gas and resulting changes in pricing conditions or transportation throughput requirements; the availability of, and our ability to consummate, acquisition or combination opportunities; our ability to obtain debt or equity financing on satisfactory terms to fund additional acquisitions, expansion projects, working capital requirements and the repayment or refinancing of indebtedness; the successful integration and future performance of acquired assets or businesses and the risks associated with operating in lines of business that are distinct and separate from our historical operations; unanticipated changes in crude oil market structure and volatility (or lack thereof); the impact of current and future laws, rulings, governmental regulations, accounting standards and statements and related interpretations; the effects of competition; interruptions in service and fluctuations in tariffs or volumes on third-party pipelines; increased costs or lack of availability of insurance; fluctuations in the debt and equity markets, including the price of our units at the time of vesting under our long-term incentive plans; the currency exchange rate of the Canadian dollar; weather interference with business operations or project construction; risks related to the development and operation of natural gas storage facilities; future developments and circumstances at the time distributions are declared; general economic, market or business conditions and the amplification of other risks caused by deteriorated financial markets, capital constraints and pervasive liquidity concerns; and other factors and uncertainties inherent in the transportation, storage, terminalling and marketing of crude oil, refined products and liquefied petroleum gas and other natural gas related petroleum products discussed in the Partnership's filings with the Securities and Exchange Commission.

PARTNERSHIP INFORMATION

Directors of Plains All American GP LLC¹

Greg L. Armstrong
Chairman of the Board and
Chief Executive Officer
Plains All American GP LLC

Lance Conn
President
Vulcan Capital

Everardo Goyanes
President and Chief Executive Officer
Liberty Energy Holdings LLC

Gary R. Petersen
Senior Managing Director
EnCap Investments L.P.

Robert V. Sinnott
President and Chief Investment Officer
Kayne Anderson Capital Advisors, L.P.

Arthur L. Smith
President and Managing Member
Triple Double Advisors, LLC

J. Taft Symonds
Chairman of the Board
Symonds Trust Co. Ltd.

¹ The general partner of Plains AAP, L.P., the sole member of PAA GP LLC, the general partner of Plains All American Pipeline, L.P.

Officers of Plains All American GP LLC

Greg L. Armstrong*
Chairman of the Board
and Chief Executive Officer

Harry N. Pefanis*
President and Chief
Operating Officer

Phillip D. Kramer*
Executive Vice President

Mark J. Gorman*
Senior Vice President—
Operations and Business Development

Alfred A. Lindseth
Senior Vice President—Technology,
Process & Risk Management

Al Swanson*
Senior Vice President
and Chief Financial Officer

John P. vonBerg*
Senior Vice President—
Commercial Activities

A. Patrick Diamond
Vice President

Lawrence J. Dreyfuss
Vice President, General Counsel—
Commercial and Litigation and
Assistant Secretary

Roger D. Everett
Vice President—Human Resources

James B. Fryfogle
Vice President—Refinery Supply

Jim G. Hester
Vice President—Acquisitions

John Keffer
Vice President—Terminals

Charles Kingswell-Smith
Vice President and Treasurer

Tim Moore*
Vice President—General Counsel
and Secretary

Daniel J. Nerbonne
Vice President—Engineering

John F. Russell
Vice President—West Coast Projects

Robert Sanford
Vice President—Lease Supply

Tina L. Val*
Vice President—Accounting and
Chief Accounting Officer

Troy E. Valenzuela
Vice President—Environmental,
Health and Safety

David E. Wright
Vice President

Officers of Plains Midstream Canada (PMC)

W. David Duckett*
President

Dave Craig
Executive Vice President and
Chief Financial Officer

Stephen L. Bart
Vice President—Operations

Ralph R. Cross
Vice President—Corporate Development
and Transportation Services

M.D. (Mike) Hallahan
Vice President—Crude Oil

Bill Harradence
Vice President—Human Resources

Mike Mikuska
Vice President—Business Development

Sandi Wingert
Vice President—Accounting

Ron F. Wunder
Vice President—LPG

* Indicates an “executive officer”
for purposes of Item 401 (b) of
Regulation S-K.

Unitholder Information

The Common Units are listed and traded on the New York Stock Exchange under the symbol “PAA”.

The following table sets forth the high and low sales prices for the common units as reported on the New York Stock Exchange Composite Tape for the periods indicated:

	2008 High	2008 Low	2007 High	2007 Low
1 st Quarter	\$ 52.44	\$ 43.93	\$ 59.33	\$ 49.56
2 nd Quarter	\$ 50.96	\$ 44.54	\$ 64.82	\$ 56.32
3 rd Quarter	\$ 48.36	\$ 35.68	\$ 65.24	\$ 52.01
4 th Quarter	\$ 42.39	\$ 23.25	\$ 57.09	\$ 46.25

Annual Report on Form 10-K

The Partnership’s Annual Report on Form 10-K for the year ended December 31, 2008 (including audited financial statements and notes thereto), as filed with the Securities and Exchange Commission, is available on the Partnership’s website at www.paalp.com under “Investor Relations—Annual Report.” Unitholders may obtain a hard copy of the Form 10-K free of charge upon request by emailing info@paalp.com or by calling 1-800-564-3036.

Transfer Agent

American Stock Transfer & Trust
59 Maiden Lane
New York, New York 10038-4502
800-937-5449

Independent Accountants

PricewaterhouseCoopers LLP
1201 Louisiana Street, Suite 2900
Houston, Texas 77002-5607

Executive Office of the General Partner

Plains All American GP LLC
333 Clay Street, Suite 1600
Houston, Texas 77002-4101
Phone: 713-646-4100 / 800-564-3036
Fax: 713-646-4572
Email: info@paalp.com

Plains All American Pipeline, L.P.

333 Clay Street, Suite 1600
Houston, Texas 77002
www.paalp.com
Phone: 713-646-4100
Toll-free: 800-564-3036