
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)—July 29, 2003

Plains All American Pipeline, L.P.

(Name of Registrant as specified in its charter)

DELAWARE
(State or other jurisdiction
of incorporation or organization)

0-9808
(Commission File Number)

76-0582150
(I.R.S. Employer
Identification No.)

333 Clay Street, Suite 1600
Houston, Texas 77002
(713) 646-4100
(Address, including zip code, and telephone number,
including area code, of Registrants principal executive offices)

N/A
(Former name or former address, if changed since last report.)

Item 7. Financial Statements and Exhibits

(c) Exhibit 99.1—Press Release dated July 29, 2003

Item 9 and 12. Regulation FD Disclosure; Results of Operations and Financial Condition

Plains All American Pipeline, L.P. (the “Partnership”) today issued a press release reporting its second quarter results. The Partnership is furnishing the press release, attached as Exhibit 99.1, pursuant to Item 9 and Item 12 of Form 8-K. The Partnership is also furnishing pursuant to Item 9 its projections of certain operating and financial results for the third and fourth quarter of 2003 and preliminary guidance for certain aspects of financial performance for 2004. In accordance with General Instructions B.2. and B.6. of Form 8-K, the information presented herein under Item 9 or Item 12, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such a filing.

Disclosure of Third and Fourth Quarter 2003 Forecasts; Update of Year 2003 Guidance

The following table reflects our actual results for the first six months of 2003 and management’s current range of guidance for operating and financial results for the third and fourth quarter of 2003. Management’s guidance is based on assumptions and estimates that management believes are reasonable based on its assessment of historical trends and business cycles and currently available information; however, management’s assumptions and our future performance are both subject to a wide range of business risks and uncertainties, so we cannot assure you that actual performance can or will fall within these guidance ranges. Please refer to the information under the caption “Forward-Looking Statements and Associated Risks” below. These risks and uncertainties could cause our actual results to differ materially from those in the following table. The operating and financial guidance provided below is given as of the date hereof, based on information known to us as of July 28, 2003. EBIT and EBITDA are non-GAAP financial measures, and are reconciled in the table below to Net Income. EBIT and EBITDA are impractical to reconcile to cash flows from operating activities for forecasted periods, but are reconciled for historical periods in the accompanying footnotes. Net Income and cash flows from operating activities are the most directly comparable GAAP measures for EBIT and EBITDA. The Partnership encourages you to visit Plains All American’s website at www.paalp.com, in particular the section entitled “Non-GAAP Reconciliation” that presents a historical reconciliation of certain non-GAAP financial measures that are commonly used, including EBIT and EBITDA. EBIT and EBITDA are presented because management believes they provide 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. Management also believes that debt holders commonly use EBITDA to analyze company performance.

Operating and Financial Guidance
(in thousands, except per unit data)

	YTD June 30, 2003 Actuals	Quarter Ended September 30, 2003		Quarter Ended December 31, 2003		Year Ended December 31, 2003	
		Low	High	Low	High	Low	High
Gross Margin (excl deprec.):							
Pipeline Operations	\$ 53,454	\$ 28,000	\$ 29,000	\$ 27,700	\$ 29,000	\$ 109,154	\$ 111,454
Gathering, Marketing, Terminalling & Storage	59,403	25,400	27,000	26,700	29,000	111,503	115,403
Total Gross Margin (excl depreciation)	\$ 112,857	\$ 53,400	\$ 56,000	\$ 54,400	\$ 58,000	\$ 220,657	\$ 226,857
G&A / Other Expenses	25,246	12,400	12,000	12,400	12,000	50,046	49,246
EBITDA	\$ 87,611	\$ 41,000	\$ 44,000	\$ 42,000	\$ 46,000	\$ 170,611	\$ 177,611
Depreciation & Amort.—Oper.	18,981	10,200	10,150	10,300	10,250	39,481	39,381
Depreciation & Amort.—G & A	3,195	1,700	1,650	1,700	1,650	6,595	6,495
EBIT	\$ 65,435	\$ 29,100	\$ 32,200	\$ 30,000	\$ 34,100	\$ 124,535	\$ 131,735
Interest Expense	17,686	9,200	9,000	9,400	9,200	36,286	35,886
Net Income	\$ 47,749	\$ 19,900	\$ 23,200	\$ 20,600	\$ 24,900	\$ 88,249	\$ 95,849
Net Income to Limited Partners	\$ 44,566	\$ 18,261	\$ 21,495	\$ 18,947	\$ 23,161	\$ 81,774	\$ 89,222
Weighted Avg Units Outstanding	51,200	52,223	52,223	52,223	52,223	51,882	51,882
Earnings Per Unit	\$ 0.87	\$ 0.35	\$ 0.41	\$ 0.36	\$ 0.44	\$ 1.58	\$ 1.72

Notes and Significant Assumptions:

1. *EBITDA* means Earnings Before Interest, Taxes, Depreciation, and Amortization. *EBIT* means *EBITDA* less Depreciation and Amortization. Gross margin excludes depreciation.
2. *Statement of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133)*. The forecast presented above does not include assumptions or projections with respect to potential gains or losses related to SFAS 133, as there is no accurate way to forecast these potential gains or losses. The potential gains or losses related to SFAS 133 could materially change reported net income (related primarily to non-cash, mark-to-market gains or losses). The net gain/loss due to SFAS 133 was a \$0.2 million gain for the second quarter and a \$1.1 million gain for the six months ending June 30, 2003. Guidance for the full year 2003 includes only the \$1.1 million gain recorded for the six months ending June 30, 2003.
3. *Reconciliation of EBIT and EBITDA to cash flows from operating activities*. The following table reconciles historical *EBIT* and *EBITDA* to historical cash flows from operating activities as of June 30, 2003:

**Cash flow from operating activities reconciliation
(Historical)**

	2003 YTD as of 06/30/03
Net cash provided by (used in) operating activities	176,088
Net change in assets and liabilities, net of acquisitions	(107,218)
Other items not affecting cash flows from operating activities:	
Allowance for doubtful accounts	(100)
Change in derivative fair value	1,155
Interest expense	17,686
EBITDA	87,611
Depreciation and amortization—operations	(18,981)
Depreciation and amortization—general and administrative	(3,195)
EBIT	65,435

4. *Pipeline Gross Margin*. Pipeline volume and tariff estimates are based on historical operating performance and our outlook for future performance. Actual results could vary materially depending on volumes that are shipped. Average pipeline volumes are estimated to be approximately 920,000 barrels per day for the third quarter of 2003 (compared to

average 2Q03 volumes of 840,000). The overall increase in pipeline volumes is primarily associated with anticipated contributions from (1) acquisitions completed in the second quarter of 2003, (2) completion of an expansion of our Permian Basin System and (3) recovery of movements on our Milk River System (one of our lowest per barrel tariff pipelines), which decreased during the second quarter due to refinery turnarounds. Outer Continental Shelf (OCS) volumes (our highest per barrel tariff volumes) are estimated to make up approximately 6% of total daily volumes, or approximately 60,000 barrels per day (compared to average 2Q03 volumes of 63,000 barrels per day). Volumes on Basin Pipeline for the third quarter are forecast at approximately 270,000 barrels per day (compared to average 2Q03 volumes of 280,000 barrels per day). Average pipeline volumes are estimated to be approximately 925,000 barrels per day for the fourth quarter of 2003, with OCS volumes estimated to make up approximately 6% of these volumes, or approximately 60,000 barrels per day. Volumes on Basin Pipeline for the fourth quarter are forecast at approximately 270,000 barrels per day. Revenues are forecast using these volume assumptions, current tariffs and estimates of operating expenses, each of which management believes are reasonable. A 5,000 barrel per day variance in OCS volumes would have an approximate \$0.8 million effect on gross margin for each quarter and an approximate \$3.1 million effect on an annualized basis. An average 25,000 barrel per day variance in the Basin Pipeline System, which is equivalent to an approximate 9% volume variance on that pipeline system, would have an approximate \$0.9 million effect on gross margin for each quarter and an approximate \$3.6 million effect on an annualized basis.

5. *Gathering, Marketing, Terminalling and Storage Gross Margin.* Forecast volumes for Gathering & Marketing are approximately 520,000 barrels per day (approximately 440,000 barrels per day of lease gathered barrels and 80,000 barrels per day of bulk purchases) for the third quarter of 2003 (compared to average 2Q03 volumes of 513,000 barrels per day including 425,000 barrels per day of lease gathered barrels). Forecast volumes for Gathering & Marketing are approximately 525,000 barrels per day (approximately 445,000 barrels per day of lease gathered barrels) for the fourth quarter of 2003. Gross margin excluding depreciation is forecast using these volume assumptions and estimates of unit margins and operating expenses, each of which management believes are reasonable, based on current and anticipated market conditions. A 5,000 barrel per day variance in lease gathering volumes would have an approximate \$0.2 million effect on gross margin for each quarter and an approximate \$0.9 million effect on an annualized basis. A variance in bulk purchases would have a substantially lower effect on gross margin as these volumes carry lower margins than our lease gathering business.
6. *General and Administrative Expense.* G&A expense is forecast to be between \$12.0 million and \$12.4 million for the third quarter of 2003 and between \$12.0 million and \$12.4 million for the fourth quarter of 2003. This is based on current and forecast staffing levels and administrative requirements.
7. *Interest Expense.* Third quarter interest expense is forecast to be between \$9.0 million and \$9.2 million assuming an average debt balance of approximately \$565 million and an average interest rate of approximately 6.4%, including our fixed rate debt, current interest rate hedges

on floating rate debt and commitment fees. Fourth quarter interest expense is forecast to be between \$9.2 million and \$9.4 million assuming an average debt balance of approximately \$585 million and an average interest rate of approximately 6.4%, including our fixed rate debt, current interest rate hedges on floating rate debt and commitment fees. The forecast is based on estimated cash flow, current distribution rates, planned capital projects and line-fill purchases, planned sales of surplus equipment, forecast timing of collections and payments, and forecast levels of inventory and other working capital sources and uses, each of which management believes is reasonable.

8. *Depreciation & Amortization.* Depreciation and amortization is forecast based on our existing depreciable assets and forecast capital expenditures. Depreciation is computed using the straight-line method over estimated useful lives, which range from 5 years for office property and equipment to 40 years for certain crude oil terminals and facilities. Crude oil pipelines are depreciated over 30 years.
9. *Units Outstanding.* Our forecast is based on the 52,222,748 units currently outstanding. There are no dilutive securities or options issued or outstanding.
10. *Net Income per Unit.* Net income per limited partner unit (basic and diluted) is calculated by dividing the net income allocated to limited partners by the weighted average units outstanding during the period. As noted below, the net income allocated to limited partners is impacted by the income allocated to the general partner and the amount of the incentive distribution paid to the general partner.
11. *Potential Effect of Changes in Capital Structure.* Interest expense, net income and net income per unit estimates are based on our capital structure as of July 28, 2003. In keeping with our established financial growth strategy of financing acquisitions using a balance of equity and debt, we anticipate that we will issue equity in order to reduce a portion of any debt associated with any future acquisitions. Depending on the terms, any such equity issuance may dilute the net income per unit forecasts included in the foregoing table. In addition, we intend to monitor debt capital market conditions and may in the future issue additional senior unsecured notes, which may bear interest costs greater than the amount included in the foregoing guidance. Accordingly, the foregoing financial results and per unit estimates will change, depending on the timing and the terms of any debt or equity we actually issue. Additionally, financing transactions may result in our retiring some of our existing debt instruments, which could result in a charge to earnings of any unamortized debt issuance costs. We have not included any such potential charge in our forecast.
12. *Net Income to Limited Partners.* The amount of income allocated to our limited partnership interests is 98% of the total partnership income after deducting the amount of the general partner's incentive distribution. Based on a \$2.20 annual distribution level and the current units outstanding, our general partner's distribution is forecast to be approximately \$7.4 million annually, of which \$5.1 million is attributed to the incentive distribution rights. The amount of the incentive distribution changes based on the number of units outstanding and the level of the distribution on the units.

13. *Capital Expenditures.* Expansion capital expenditures are forecast to be approximately \$20.2 million for the second half of 2003. Maintenance capital expenditures are forecast to be approximately \$4.2 million for the remainder of 2003, of which the majority is expected to be incurred in the third quarter.
14. *Potential Vesting under Long-Term Incentive Plan.* We have not included in this table the effect of potential vesting of unit grants under our Long-Term Incentive Plan, which permits the grant of restricted units and unit options covering an aggregate of approximately 1.4 million units. Approximately 1.0 million restricted units (and no unit options) have been granted and are currently outstanding under the Plan. A restricted unit grant entitles the grantee to receive a common unit upon the vesting of the restricted unit. Subject to additional vesting requirements, restricted units may vest in the same proportion as the conversion of the partnership's outstanding subordinated units into common units. Certain of the restricted unit grants contain additional vesting requirements tied to the partnership achieving targeted distribution thresholds, generally \$2.10, \$2.30 and \$2.50 per unit, in equal proportions.
- Under generally accepted accounting principles, we are required to recognize an expense for the vesting of the units when the financial tests for conversion of subordinated units and required distribution levels are met. The test associated with the conversion of subordinated units to common units is set forth in the partnership agreement and involves GAAP accounting concepts as well as complex and esoteric cash receipts and disbursement concepts that are indexed to the minimum annual distribution rate of \$1.80 per limited partner unit.
- Because of this complexity, it is difficult to forecast when the vesting of these restricted units will occur. However, at the current distribution level of \$2.20 per unit, assuming the subordination conversion test is met, the costs associated with the vesting of up to approximately 825,000 units would be incurred or accrued in the fourth quarter of 2003 or the first half of 2004. At a distribution level of \$2.30 to \$2.49, the number of units would be approximately 913,000. At a distribution level at or above \$2.50, the number of units would be approximately 1,000,000. Subject to providing employees holding a number of LTIP grants below a certain threshold the option to receive cash instead of units, which alternative is currently under consideration, we are currently planning to issue units to satisfy the first 975,000 restricted units vested and delivered (after any units withheld for taxes), and to purchase units in the open market to satisfy any vesting obligations in excess of that amount. Issuance of units would result in a non-cash compensation expense. Purchase of units would result in a cash charge to compensation expense. In addition, the "company match" portion of payroll taxes, plus the value of any units withheld for taxes, would result in a cash charge. The amount of the charge to expense will be determined by the unit price on the date vesting occurs multiplied by the number of units.
15. *Acquisitions.* Although acquisitions comprise a key element of our growth strategy, these results and estimates do not include any assumptions or forecasts for any material acquisitions that may be made after the date hereof.

Preliminary Guidance for Year 2004

For 2004, we anticipate our EBITDA will range from \$171 million to \$178 million. This overall guidance is based on continued operating and financial performance of our existing assets under normalized market conditions, continuation of current shipments on the Basin Pipeline System and anticipated declines in shipments of OCS crude on our All American Pipeline system (assuming a 7% annual volume decline). The overall guidance also assumes the inclusion of recent acquisitions along with the successful integration and realization of cost savings and revenue synergies identified in our acquisition analysis. Based on this outlook and taking into account anticipated depreciation and amortization expense, we expect EBIT for 2004 will range from \$123 million to \$130 million. The potential effects of the long-term incentive plan (see paragraph 14 above) are not included in the guidance for 2004. EBIT and EBITDA are reconciled to net income using the midpoint of the applicable ranges as follows: EBITDA of \$174.5 million minus DD&A of \$48 million results in EBIT of \$126.5 million. EBIT less interest expense of \$38.5 million equals net income of \$88.0 million.

As noted in paragraph 11 above, our current capital structure may change as a result of issuing equity and from the possible issuance of senior unsecured notes. These financing transactions would affect net income. Additionally, the contemplated financing transactions may result in our retiring some of our existing debt instruments, which could result in a non-cash charge to earnings related to unamortized debt issuance costs. We have not included any such potential charge in our forecast.

Forward-Looking Statements And Associated Risks

All statements, other than statements of historical fact, included in this report are forward-looking statements, including, but not limited to, statements identified by the words “anticipate,” “believe,” “estimate,” “expect,” “plan,” “intend” and “forecast” and similar expressions and statements regarding our business strategy, plans and objectives of our management for future operations. These statements reflect our current views with respect to future events, based on what we believe are reasonable assumptions. Certain factors could cause actual results to differ materially from results anticipated in the forward-looking statements. These factors include, but are not limited to:

- abrupt or severe production declines or production interruptions in outer continental shelf crude oil production located offshore California and transported on the All American Pipeline;
- declines in volumes shipped on the Basin Pipeline and our other pipelines by third party shippers;
- the availability of adequate supplies of and demand for crude oil in the areas in which we operate;
- the effects of competition;
- the success of our risk management activities;
- the impact of crude oil price fluctuations;
- the availability (or lack thereof) of acquisition or combination opportunities;
- successful integration and future performance of acquired assets;
- continued creditworthiness of, and performance by, our counterparties;
- successful third-party drilling efforts in areas in which we operate pipelines or gather crude oil;
- our levels of indebtedness and our ability to receive credit on satisfactory terms;
- shortages or cost increases of power supplies, materials or labor;
- weather interference with business operations or project construction;
- the impact of current and future laws and governmental regulations;
- the currency exchange rate of the Canadian dollar;
- environmental liabilities that are not covered by an indemnity or insurance;
- fluctuations in the debt and equity markets; and
- general economic, market or business conditions.

We undertake no obligation to publicly update or revise any forward-looking statements. Further information on risks and uncertainties is available in our filings with the Securities and Exchange Commission, which information is incorporated by reference herein.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 29, 2003

PLAINS ALL AMERICAN PIPELINE, L.P.

By: Plains AAP, L. P., its general partner

By: Plains All American GP LLC, its general partner

By: /s/ PHIL KRAMER

Name: Phil Kramer

Title: Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit
Number

Description

99.1

Press Release dated July 29, 2003

Contacts: Phillip D. Kramer
Executive VP and CFO
713/646-4560 – 800/564-3036

A. Patrick Diamond
Manager, Special Projects
713/646-4487 – 800/564-3036

FOR IMMEDIATE RELEASE

Plains All American Pipeline, L.P. Reports Financial Results for Second Quarter 2003 – Net Income Up 38%; EBITDA Up 42%

(Houston – July 29, 2003) Plains All American Pipeline, L.P. (NYSE: PAA) today reported net income of \$23.4 million, or \$0.42 per limited partner unit, for the second quarter of 2003, an increase of 38 percent and 14 percent, respectively, as compared to net income of \$17.0 million, or \$0.37 per limited partner unit, for the second quarter of 2002. Earnings before interest, taxes, depreciation and amortization (“EBITDA”) for the second quarter of 2003 were \$43.2 million, an increase of 42% as compared with EBITDA of \$30.5 million for the second quarter of 2002.

“We are pleased with the strong operating and financial performance the Partnership delivered in the second quarter,” said Greg L. Armstrong, Chairman and CEO of Plains All American. “Our results were underpinned by both volume growth and improved margins, which were driven by internal growth projects, the successful integration of various acquisitions and the timely implementation of our plans for realizing targeted synergies.”

Armstrong continued, “Based on our performance in the first half of the year and our current outlook for the next 18 months, we are updating and increasing our overall financial guidance for 2003 and our preliminary guidance for 2004.” Armstrong also noted that the assumptions and estimates used by management to prepare such financial guidance and the major risks and uncertainties that could impact actual performance are discussed in the Partnership’s Form 8-K that was furnished on July 29, 2003.

Net income and EBITDA for the second quarter of 2003 include a noncash, mark-to-market gain of \$0.2 million due to the impact of Statement of Financial Accounting Standards (“SFAS”) No. 133 “Accounting for Derivative Instruments and Hedging Activities.” Net income and EBITDA for the second quarter of 2002 includes a noncash, mark-to-market gain of \$1.1 million due to the impact of SFAS 133.

—MORE—

The following table includes certain items that the Partnership believes affect the comparability of financial results between second quarter reporting periods:

	For the Three Months Ended June 30,	
	2003	2002
	<i>(Dollars in millions)</i>	
Impact of SFAS 133 noncash mark-to-market adjustment on net income	\$ 0.2	\$ 1.1

The following table presents certain selected financial information by segment for the second quarter reporting periods:

	Pipeline Operations	Gathering, Marketing, Terminalling & Storage Operations	Total
Three Months Ended June 30, 2003 ⁽¹⁾			
	<i>(in millions)</i>		
Revenues	\$ 155.8	\$ 2,566.2	\$2,722.0
Cost of sales and operations (excluding depreciation)	127.1	2,539.6	2,666.7
Gross margin (excluding depreciation)	\$ 28.7	\$ 26.6	\$ 55.3
General and administrative expenses ⁽²⁾	4.5	7.7	12.2
Gross profit (excluding depreciation)	\$ 24.2	\$ 18.9	\$ 43.1
Noncash SFAS 133 impact ⁽³⁾	\$ —	\$ 0.2	\$ 0.2
Maintenance capital ⁽⁴⁾	\$ 2.4	\$ 0.2	\$ 2.6
Three Months Ended June 30, 2002 ⁽¹⁾			
Revenues	\$ 115.1	\$ 1,873.9	\$1,989.0
Cost of sales and operations (excluding depreciation)	96.3	1,851.0	1,947.3
Gross margin (excluding depreciation)	\$ 18.8	\$ 22.9	\$ 41.7
General and administrative expenses ⁽²⁾	3.3	7.8	11.1
Gross profit (excluding depreciation)	\$ 15.5	\$ 15.1	\$ 30.6
Noncash SFAS 133 impact ⁽³⁾	\$ —	\$ 1.1	\$ 1.1
Maintenance capital ⁽⁴⁾	\$ 0.9	\$ 0.1	\$ 1.0

- (1) Revenues and costs of sales and operations include inter-segment amounts.
- (2) General and administrative (G&A) expenses reflect direct costs attributable to each segment and an allocation of other expenses to the segments based on the business activities that existed at that time. For comparison purposes, we have reclassified G&A by segment for the second quarter of 2002 to conform to the refined presentation used beginning in the third quarter of 2002. The proportional allocations by segment require judgment by management and will continue to be based on the business activities that exist during each period.
- (3) Amounts related to SFAS 133 are included in revenues, gross margin (excluding depreciation) and gross profit (excluding depreciation).
- (4) Maintenance capital consists of expenditures required to maintain the existing operating capacity of partially or fully depreciated assets or extend their useful lives.

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In the second quarter of 2003, gross profit (excluding depreciation) in the pipeline segment and gathering, marketing, terminalling and storage segment was up 56% and 25%, respectively, versus the second quarter of 2002 due to two primary factors. First, both segments experienced volume growth as a result of several acquisitions completed since the end of the second quarter of 2002; and second, the gathering, marketing, terminalling and storage segment experienced an overall improvement in margins.

Gross profit (excluding depreciation) in the pipeline segment was up 20% in the second quarter of 2003 versus the first quarter of 2003 primarily due to increased volumes shipped on the All American and Basin pipeline systems and full-quarter contributions from the Iatan and Red River pipeline acquisitions. These items more than offset an overall increase in costs, primarily associated with regulatory compliance activities. Gross profit (excluding depreciation) in the gathering, marketing, terminalling and storage segment declined approximately 22% on a consecutive quarter basis, principally due to the seasonal affect of substantially lower LPG volumes and margins, which was partially mitigated by improved crude oil margins.

For the six month period ended June 30, 2003, the Partnership reported net income of \$47.7 million, or \$0.87 per limited partner unit, an increase of 53 percent and 28 percent, respectively, as compared to net income of \$31.2 million, or \$0.68 per limited partner unit, for the first half of 2002. EBITDA for the first half of 2003 was \$87.6 million, an increase of 51% as compared with EBITDA of \$58.2 million for the first half of 2002.

Net income and EBITDA for the first half of 2003 include a noncash, mark-to-market gain of \$1.1 million due to the impact of SFAS 133. Net income and EBITDA for the first half of 2002 includes a noncash, mark-to-market loss of \$1.7 million due to the impact of SFAS 133.

The following table details certain items that the Partnership believes affect the comparability of financial results between first half reporting periods:

	For the Six Months Ended June 30,	
	2003	2002
	<i>(Dollars in millions)</i>	
Impact of SFAS 133 noncash mark-to-market adjustment on net income	\$ 1.1	\$ (1.7)

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The following table presents certain selected financial information by segment for the first half reporting periods:

	Pipeline Operations	Gathering, Marketing, Terminalling & Storage Operations	Total
Six Months Ended June 30, 2003 ⁽¹⁾			
		(in millions)	
Revenues	\$ 324.8	\$ 5,689.3	\$6,014.1
Cost of sales and operations (excluding depreciation)	271.3	5,629.9	5,901.2
Gross margin (excluding depreciation)	\$ 53.5	\$ 59.4	\$ 112.9
General and administrative expenses ⁽²⁾	9.1	16.1	25.2
Gross profit (excluding depreciation)	\$ 44.4	\$ 43.3	\$ 87.7
Noncash SFAS 133 impact ⁽³⁾	\$ —	\$ 1.1	\$ 1.1
Maintenance capital ⁽⁴⁾	\$ 3.8	\$ 0.4	\$ 4.2
Six Months Ended June 30, 2002 ⁽¹⁾			
Revenues	\$ 203.6	\$ 3,333.9	\$3,537.5
Cost of sales and operations (excluding depreciation)	166.3	3,291.1	3,457.4
Gross margin (excluding depreciation)	\$ 37.3	\$ 42.8	\$ 80.1
General and administrative expenses ⁽²⁾	6.6	15.3	21.9
Gross profit (excluding depreciation)	\$ 30.7	\$ 27.5	\$ 58.2
Noncash SFAS 133 impact ⁽³⁾	\$ —	\$ (1.7)	\$ (1.7)
Maintenance capital ⁽⁴⁾	\$ 2.2	\$ 0.6	\$ 2.8

- (1) Revenues and costs of sales and operations include inter-segment amounts.
- (2) General and administrative (G&A) expenses reflect direct costs attributable to each segment and an allocation of other expenses to the segments based on the business activities that existed at that time. For comparison purposes, we have reclassified G&A by segment for the first half of 2002 to conform to the refined presentation used beginning in the third quarter of 2002. The proportional allocations by segment require judgment by management and will continue to be based on the business activities that exist during each period.
- (3) Amounts related to SFAS 133 are included in revenues, gross margin (excluding depreciation) and gross profit (excluding depreciation).
- (4) Maintenance capital consists of expenditures required to maintain the existing operating capacity of partially or fully depreciated assets or extend their useful lives.

The Partnership's weighted average units outstanding for the second quarter of 2003 totaled 52.2 million as compared to 43.3 million in last year's second quarter. The Partnership's weighted average units outstanding for the first half of 2003 totaled 51.2 million as compared to 43.3 million in last year's first half. At June 30, 2003, the Partnership had 52.2 million units outstanding.

The Partnership's long-term debt at June 30, 2003, totaled \$526.5 million as compared to \$523.2 million at March 31, 2003. At June 30, 2003, the Partnership's long-term debt-to-total capitalization ratio was approximately 47%.

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On July 25, 2003, the Partnership declared a cash distribution of \$0.55 per unit on its outstanding Common Units, Class B Common Units and Subordinated Units. The distribution will be payable on August 14, 2003, to holders of record of such units at the close of business on August 4, 2003.

The Partnership today furnished a current report on Form 8-K, which included material in this press release as well as financial and operational guidance for the third quarter and full year of 2003. Also included in the Form 8-K was preliminary guidance for 2004. A copy of the Form 8-K is available on the Partnership's website at www.paalp.com.

In this release, our EBITDA disclosure is not presented in accordance with generally accepted accounting principles and is not intended to be used in lieu of GAAP presentations of results of operations or cash provided by operating activities. EBITDA is presented because management believes 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. Management also believes that debt holders commonly use EBITDA to analyze company performance. A reconciliation of EBITDA to net income and cash flow from operating activities for the periods presented is included in the tables attached to this release. In addition, the Partnership maintains on its website (www.paalp.com) a reconciliation of all non-GAAP financial information, such as EBITDA, that it discloses to the most comparable GAAP measures. To access the information, investors should click on the "Non-GAAP Reconciliations" link on the Partnership's home page.

Conference Call:

The Partnership will host a conference call to discuss the results and other forward-looking items on Tuesday, July 29, 2003. Specific items to be addressed in this call include:

1. A brief review of the Partnership's second quarter results;
2. Second quarter crude oil market conditions, acquisition integration activities and activity update;
3. Capitalization and liquidity update and an update and review of financial and operating guidance for the third quarter and full year of 2003 and preliminary EBITDA guidance for 2004; and
4. Comments on the Partnership's outlook.

The call will begin at 10:00 AM (Central). To participate in the call, please call 877-780-2271, or, for international callers, 973-582-2737 at approximately 9:55 AM (Central). No password or reservation number is required.

Webcast Instructions:

To access the Internet webcast, please go to the Partnership's website at www.paalp.com, choose "investor relations", and then choose "conference calls". Following the live webcast, the call will be archived for a period of sixty (60) days on the Partnership's website.

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Telephonic Replay Instructions:

Call 877-519-4471 or international call 973-341-3080 and enter PIN # 4023810

The replay will be available beginning Tuesday, July 29, 2003, at approximately 1:00 PM (Central) and continue until midnight Monday, August 4, 2003.

Except for the historical information contained herein, the matters discussed in this news release are forward-looking statements that involve certain risks and uncertainties. These risks and uncertainties include, among other things, abrupt or severe production declines or production interruptions in outer continental shelf production located offshore California and transported on the All American Pipeline, declines in volumes shipped on the Basin Pipeline and our other pipelines by third party shippers, the availability of adequate supplies of and demand for crude oil in the areas in which we operate, the effects of competition, the success of our risk management activities, the impact of crude oil price fluctuations, the availability (or lack thereof) of acquisition opportunities on terms favorable to the Partnership, successful integration and future performance of assets acquired, continued credit worthiness of, and performance by, our counterparties, successful third party drilling efforts in areas in which we operate pipelines or gather crude oil, our levels of indebtedness and ability to receive credit on satisfactory terms, regulatory changes, unanticipated shortages or cost increases in power supplies, materials and skilled labor, weather interference with business operations or project construction, the currency exchange rate of the Canadian dollar, environmental liabilities that are not covered by an indemnity or insurance, fluctuation in the debt and equity capital markets, and other factors and uncertainties inherent in the marketing, transportation, terminalling, gathering and storage of crude oil and liquefied petroleum gas ("LPG") discussed in the Partnership's filings with the Securities and Exchange Commission.

Plains All American Pipeline, L.P. is engaged in interstate and intrastate crude oil transportation, terminalling and storage, as well as crude oil and LPG gathering and marketing activities, primarily in Texas, California, Oklahoma and Louisiana and the Canadian Provinces of Alberta and Saskatchewan. The Partnership's common units are traded on the New York Stock Exchange under the symbol "PAA." The Partnership is headquartered in Houston, Texas.

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PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
FINANCIAL SUMMARY

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per unit data) (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
REVENUES	\$ 2,709,189	\$ 1,985,347	\$ 5,991,097	\$ 3,530,670
COST OF SALES AND OPERATIONS (EXCLUDING DEPRECIATION)	2,653,884	1,943,640	5,878,240	3,450,575
Gross Margin (excluding depreciation)	55,305	41,707	112,857	80,095
EXPENSES				
General and administrative	12,161	11,119	25,233	21,877
Depreciation and amortization-operations	9,653	6,075	18,981	11,983
Depreciation and amortization-general & administrative	1,652	1,102	3,195	2,161
Total expenses	23,466	18,296	47,409	36,021
OPERATING INCOME	31,839	23,411	65,448	44,074
Interest expense	(8,532)	(6,354)	(17,686)	(12,807)
Interest and other income (expense)	91	(106)	(13)	(35)
NET INCOME	\$ 23,398	\$ 16,951	\$ 47,749	\$ 31,232
BASIC AND DILUTED NET INCOME PER LIMITED PARTNER UNIT	\$ 0.42	\$ 0.37	\$ 0.87	\$ 0.68
WEIGHTED AVERAGE NUMBER OF UNITS OUTSTANDING	52,223	43,253	51,200	43,253
OPERATING DATA (in thousands) ^{(1) (2)}				
Average Daily Volumes (barrels)				
Pipeline activities:				
Tariff activities				
All American	63	61	61	64
Basin	280	n/a	245	n/a
Other domestic	253	154	261	153
Canada	169	182	181	178
Margin activities	75	73	81	72
Total	840	470	829	467
Crude oil lease gathering	425	410	430	405
Crude oil bulk purchases	88	65	78	67
Total crude oil	513	475	508	472
LPG sales volumes	24	31	45	45
Cushing terminal throughput	199	78	187	71

(1) Volumes associated with acquisitions represent weighted average daily amounts for the number of days we actually owned the assets over the total days in the period.

(2) 2002 volume information has been adjusted for consistency of comparison with 2003 presentation.

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PLAINS ALL AMERICAN PIPELINE, L.P. AND SUBSIDIARIES
FINANCIAL SUMMARY (continued)

FINANCIAL DATA RECONCILIATIONS

(in thousands) (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Earnings before interest, taxes, depreciation and amortization ("EBITDA")				
Net income reconciliation				
Net Income	\$ 23,398	\$ 16,951	\$ 47,749	\$ 31,232
Interest expense	8,532	6,354	17,686	12,807
Earnings before interest and taxes ("EBIT")	31,930	23,305	65,435	44,039
Depreciation and amortization-operations	9,653	6,075	18,981	11,983
Depreciation and amortization-general and administrative	1,652	1,102	3,195	2,161
EBITDA	\$ 43,235	\$ 30,482	\$ 87,611	\$ 58,183
Cash flow from operating activities reconciliation				
Net cash provided by (used in) operating activities	\$ 84,695	\$ 108,718	\$ 176,088	\$ 117,858
Net change in assets and liabilities, net of acquisitions	(50,117)	(85,727)	(107,218)	(70,764)
Other items not affecting cash flows from operating activities:				
Allowance for doubtful accounts	(100)	—	(100)	—
Change in derivative fair value	225	1,137	1,155	(1,718)
Other noncash items	—	—	—	—
Interest expense	8,532	6,354	17,686	12,807
EBITDA	43,235	30,482	87,611	58,183
Depreciation and amortization-operations	(9,653)	(6,075)	(18,981)	(11,983)
Depreciation and amortization-general and administrative	(1,652)	(1,102)	(3,195)	(2,161)
EBIT	\$ 31,930	\$ 23,305	\$ 65,435	\$ 44,039
Funds flow from operations (FFO)				
Net Income	\$ 23,398	\$ 16,951	\$ 47,749	\$ 31,232
Depreciation and amortization-operations	9,653	6,075	18,981	11,983
Depreciation and amortization-general and administrative	1,652	1,102	3,195	2,161
FFO	34,703	24,128	69,925	45,376
Maintenance capital expenditures	(2,603)	(962)	(4,192)	(2,835)
FFO after maintenance capital expenditures	\$ 32,100	\$ 23,166	\$ 65,733	\$ 42,541
CONDENSED CONSOLIDATED BALANCE SHEET DATA				
(in thousands)				
	June 30, 2003	December 31, 2002		
ASSETS				
Current assets	\$ 497,120	\$ 602,935		
Property and equipment, net	1,070,339	952,753		
Pipeline linefill	94,161	62,558		
Other long-term assets, net	48,801	48,329		
	\$ 1,710,421	\$ 1,666,575		
LIABILITIES AND PARTNERS' CAPITAL				
Current liabilities	\$ 560,924	\$ 637,249		
Long-term debt under credit facilities	326,865	310,126		
Senior notes, net of unamortized discount	199,630	199,610		
Other long-term liabilities and deferred credits	22,207	7,980		
Partners' capital	1,109,626	1,154,965		
	600,795	511,610		
	\$ 1,710,421	\$ 1,666,575		