

PLAINS GP HOLDINGS LP  
Form S-3  
November 26, 2014

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As filed with the Securities and Exchange Commission on November 25, 2014

Registration No. 333-

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM S-3**

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

**PLAINS GP HOLDINGS, L.P.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**90-1005472**

(I.R.S. Employer  
Identification Number)

**333 Clay Street, Suite 1600  
Houston, Texas 77002  
(713) 646-4100**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Richard McGee  
Executive Vice President  
333 Clay Street, Suite 1600  
Houston, Texas 77002  
(713) 646-4100**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**Copies to:**

**David P. Oelman  
Alan Beck  
Vinson & Elkins L.L.P.  
1001 Fannin Street, Suite 2500  
Houston, Texas 77002  
(713) 758-2222**

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**Approximate date of commencement of proposed sale to the public:  
From time to time after the effective date of this registration statement.**

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box:

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Smaller Reporting Company

(Do not check if a  
smaller reporting company)

### CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Class A shares representing limited partner interests	402,447,679(1)	\$26.925(2)	\$10,835,903,757.08(2)	\$1,259,132.02(2)

(1) Pursuant to Rule 416(a) under the Securities Act, the number of Class A shares being registered on behalf of the selling shareholders shall be adjusted to include any additional Class A shares that may become issuable as a result of any share distribution, split, combination or similar transaction.

(2) Pursuant to Rule 457(c) of the Securities Act, the registration fee is calculated on the basis of the average of the high and low sale prices of our Class A shares on November 20, 2014, as reported on the New York Stock Exchange.

**The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this prospectus is not complete and may be changed. Securities may not be sold pursuant to this prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**Subject to completion, dated November 25, 2014**

**PROSPECTUS**

**402,447,679 Class A Shares  
Representing Limited Partner Interests**

This prospectus relates to up to 402,447,679 Class A shares representing limited partner interests in Plains GP Holdings, L.P. that the selling shareholders named in this prospectus may from time to time, in one or more offerings, offer and sell. For a detailed discussion of the selling shareholders, please read "Selling Shareholders."

The selling shareholders may offer and sell these Class A shares to or through one or more underwriters, dealers or agents, or directly to investors, in amounts, at prices and on terms to be determined by market conditions and other factors at the time of the offering. This prospectus describes only the general terms of these Class A shares and the general manner of offering these Class A shares by the selling shareholders. We may file one or more prospectus supplements that may describe the specific manner in which the selling shareholders will offer the Class A shares and also may add, update or change information contained in this prospectus.

You should read this prospectus and any applicable prospectus supplement and the documents incorporated by reference herein or therein carefully before you invest in any of our Class A shares. You should also read the documents we have referred you to in the "Where You Can Find More Information" section of this prospectus for information about us, including our financial statements.

Our Class A shares are listed on the New York Stock Exchange ("NYSE") under the symbol "PAGP."

**Limited partnerships are inherently different than corporations, and investing in our Class A shares involves a high degree of risk. You should carefully consider the risks relating to investing in our Class A shares and each of the other risk factors described under "Risk Factors" on page 2 of this prospectus before you make an investment in our Class A shares.**

**Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of the Class A shares or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this prospectus is \_\_\_\_\_, 2014

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You should rely only on the information contained in or incorporated by reference into this prospectus. Neither we nor the selling shareholders have authorized anyone to provide you with additional or different information. If any other person provides you with additional, different or inconsistent information, you should not rely on it. This prospectus is not an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates and is not an offer to sell or the solicitation of an offer to buy securities in any jurisdiction where an offer or sale is not permitted. You should not assume that the information appearing in this prospectus is accurate as of any date other than the date on the front cover of this prospectus, or that the information contained in any document incorporated by reference is accurate as of any date other than the date of such document, regardless of the time of delivery of this prospectus or any sale of a security.

The information in this prospectus is not complete. You should review carefully all of the detailed information appearing in this prospectus, any prospectus supplement, any free writing prospectus relating to this offering and the documents we have incorporated by reference before making any investment decision.

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**GUIDE TO READING THIS PROSPECTUS**

This prospectus is part of a registration statement on Form S-3 that we filed with the SEC utilizing a "shelf" registration process. Under this shelf registration process, the selling shareholders may over time, in one or more offerings, offer and sell up to 402,447,679 of our Class A shares.

We may file one or more prospectus supplements that may describe the specific manner in which the selling shareholders will offer the Class A shares and may also add, update or change information in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in such prospectus supplement.

The following information should help you understand some of the conventions used in this prospectus. All references in this prospectus to:

"our," "we," "us," "the Partnership" or "Plains GP Holdings, L.P." refer to Plains GP Holdings, L.P., the registrant itself, or to Plains GP Holdings, L.P. and our operating subsidiaries collectively, as the context requires (we currently have no operating activities apart from those of PAA; accordingly, any references in this prospectus to "we," "our" and similar terms describing assets, business characteristics or other related matters refer to PAA's assets, business characteristic or other matters involving PAA's assets and operating activities);

"PAA" refer to Plains All American Pipeline, L.P. (NYSE: PAA), individually, or to Plains All American Pipeline, L.P. and its operating subsidiaries collectively, as the context requires;

"PAA GP" refer to PAA GP LLC, the general partner of PAA;

"AAP" refer to Plains AAP, L.P., which owns a 100% membership interest in PAA GP;

"GP LLC" refer to Plains All American GP LLC, the general partner of AAP;

our "general partner" refer to PAA GP Holdings LLC;

our "partnership agreement" refer to the Amended and Restated Agreement of Limited Partnership of Plains GP Holdings, L.P.;

our "Registration Rights Agreement" refer to the Shareholder and Registration Rights Agreement entered into with the Legacy Owners in connection with our initial public offering (our "IPO");

"affiliates" of our general partner do not include the Legacy Owners, other than PAA Management, L.P.; and

"Legacy Owners" refer to owners of AAP immediately prior to our IPO including, but not limited to: PAA Management, L.P.; and certain entities and individuals affiliated with Occidental Petroleum Corporation ("Occidental"), The Energy & Minerals Group ("EMG"), and Kayne Anderson Investment Management Inc. ("Kayne Anderson"). Unless the context requires otherwise, references to Kayne Anderson include KAFU Holdings, L.P., KAFU Holdings II, L.P., KA First Reserve XII, LLC, Kayne Anderson MLP Investment Company, Kayne Anderson Energy Development Company and Kayne Anderson Midstream/Energy Fund, Inc.



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**WHERE YOU CAN FIND MORE INFORMATION**

We "incorporate by reference" information into this prospectus, which means that we disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information contained expressly in this prospectus or any prospectus supplement, and the information we file later with the SEC will automatically supersede this information. You should not assume that the information in this prospectus is current as of any date other than the date on the front page of this prospectus, or that the information contained in any document incorporated by reference is accurate as of any date other than the date of such document.

We incorporate by reference the documents listed below and any future filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (excluding any information furnished pursuant to Item 2.02 or 7.01 of any Current Report on Form 8-K), including all such documents we may file with the SEC after the date of the initial registration statement and prior to the effectiveness of the registration statement, until all offerings under this registration statement are completed:

our Annual Report on Form 10-K for the year ended December 31, 2013;

our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2014, June 30, 2014 and September 30, 2014;

our Current Reports on Form 8-K filed on January 10, 2014, January 28, 2014, April 29, 2014, September 11, 2014, September 25, 2014, November 6, 2014, November 13, 2014 and November 19, 2014; and

the description of our Class A shares contained in our Registration Statement on Form 8-A, filed on October 15, 2013, and any subsequent amendment or report filed for the purpose of updating such description.

You may request a copy of any document incorporated by reference in this prospectus and any exhibit specifically incorporated by reference in those documents, at no cost, by writing or telephoning us at the following address or phone number:

Plains GP Holdings, L.P.  
Investor Relations  
333 Clay Street, Suite 1600  
Houston, Texas 77002  
(713) 646-4100

Additionally, you may read and copy any documents filed by us at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-732-0330 for further information on its Public Reference Room. Our SEC filings are also available to the public from commercial document retrieval services and at the SEC's website [www.sec.gov](http://www.sec.gov).

We also make available free of charge on our website at [ir.paagp.com](http://ir.paagp.com) our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K, and any amendments to those reports, as soon as reasonably practicable after we electronically file such material with the SEC. Information contained on our website is not incorporated by reference into this prospectus and you should not consider information contained on our website as part of this prospectus.

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**FORWARD-LOOKING STATEMENTS**

All statements included in this prospectus, other than statements of historical fact, are forward-looking statements, including but not limited to statements incorporating the words "anticipate," "believe," "estimate," "expect," "plan," "intend" and "forecast," as well as similar expressions and statements regarding our business strategy, plans and objectives for future operations. The absence of such words, expressions or statements, however, does not mean that the statements are not forward-looking. Any such forward-looking statements reflect our current views with respect to future events, based on what we believe to be reasonable assumptions. Certain factors could cause actual results or outcomes to differ materially from the results or outcomes anticipated in the forward-looking statements. The most important of these factors include, but are not limited to:

our ability to pay distributions to our Class A shareholders;

our expected receipt of, and amounts of, distributions from AAP;

failure to implement or capitalize, or delays in implementing or capitalizing, on planned internal growth projects;

unanticipated changes in crude oil market structure, grade differentials and volatility (or lack thereof);

environmental liabilities or events that are not covered by an indemnity, insurance or existing reserves;

declines in the volume of crude oil, refined product and NGL shipped, processed, purchased, stored, fractionated and/or gathered at or through the use of our facilities, whether due to declines in production from existing oil and gas reserves, failure to develop or slowdown in the development of additional oil and gas reserves or other factors;

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 occurrence of a natural disaster, catastrophe, terrorist attack or other event, including attacks on our electronic and computer systems;

weather interference with business operations or project construction, including the impact of extreme weather events or conditions;

tightened capital markets or other factors that increase our cost of capital or limit our access to capital;

maintenance of PAA's 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;



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the currency exchange rate of the Canadian dollar;

the availability of, and our ability to consummate, acquisition or combination opportunities;

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;

shortages or cost increases of supplies, materials or labor;

the effectiveness of our risk management activities;

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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 impact of current and future laws, rulings, governmental regulations, accounting standards and statements, and related interpretations;

non-utilization of our assets and facilities;

the effects of competition;

increased costs or lack of availability of insurance;

fluctuations in the debt and equity markets, including the price of PAA's units at the time of vesting under its long-term incentive plans;

risks related to the development and operation of our facilities, including our ability to satisfy our contractual obligations to our customers at our facilities;

factors affecting demand for natural gas and natural gas storage services and rates;

general economic, market or business conditions and the amplification of other risks caused by volatile financial markets, capital constraints and pervasive liquidity concerns; and

other factors and uncertainties inherent in the transportation, storage, terminalling and marketing of crude oil and refined products, as well as in the storage of natural gas and the processing, transportation, fractionation, storage and marketing of natural gas liquids.

Other factors described or incorporated by reference herein, as well as factors that are unknown or unpredictable, could also have a material adverse effect on future results. Please read "Risk Factors" beginning on page 2 of this prospectus and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (File No. 001-36132), which is incorporated in this prospectus by reference, for information regarding risks you should consider before making an investment decision. Except as required by applicable securities laws, we do not intend to update these forward-looking statements and information.

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**ABOUT PLAINS GP HOLDINGS, L.P.**

**Overview**

We are a Delaware limited partnership formed in July 2013 that has elected to be treated as a corporation for U.S. federal income tax purposes. As of November 24, 2014, our only cash-generating assets consisted of 205,046,637 Class A Units of AAP, which we refer to as AAP units, which represent a 33.8% limited partner interest in AAP (31.5% economic interest including the dilutive effect of the Class B units of AAP (the "AAP management units")). AAP currently owns all of the incentive distribution rights ("IDRs") and an indirect 2% general partner interest in PAA.

PAA is a publicly traded limited partnership engaged in the transportation, storage, terminalling and marketing of crude oil and refined products, as well as in the processing, transportation, fractionation, storage and marketing of natural gas liquids ("NGL"). PAA is one of the largest publicly traded partnerships with an extensive network of pipeline transportation, terminalling, storage and gathering assets in key crude oil and NGL producing basins and transportation corridors and at major market hubs in the United States and Canada. As of September 30, 2014, the market capitalization of PAA's common units totaled approximately \$21.9 billion, and on an average daily basis, PAA transported over 3.9 million barrels of crude oil and NGL on its pipelines.

PAA's principal business strategy is to provide competitive and efficient midstream transportation, terminalling, storage, processing, fractionation and supply and logistics services to producers, refiners and other customers. Toward this end, PAA endeavors to address regional supply and demand imbalances for crude oil and NGL in the United States and Canada by combining the strategic location and capabilities of its transportation, terminalling, storage, processing and fractionation assets with its extensive supply, logistics and distribution expertise. To a lesser extent, PAA also engages in similar activities for natural gas and refined products.

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

Our general partner, PAA GP Holdings LLC, manages our operations and activities and is responsible for exercising on our behalf any rights we have as the managing member of GP LLC, including any rights to appoint members to the board of directors of GP LLC. GP LLC has responsibility for managing the business and affairs of PAA and AAP; however, through our rights as the sole and managing member of GP LLC, we effectively control the business and affairs of PAA and AAP.

**Principal Executive Offices and Internet Address**

Our principal executive offices are located at 333 Clay Street, Suite 1600, Houston, TX 77002 and our telephone number is (713) 646-4100. Our website is located at [www.plainsallamerican.com](http://www.plainsallamerican.com). We make our periodic and current reports and other information filed with or furnished to the SEC available, free of charge, through our website, as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on our website or any other website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

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**RISK FACTORS**

An investment in our Class A shares involves a high degree of risk. Before you invest in our Class A shares, you should carefully consider those risks described in our Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 001-36132), which is incorporated into this prospectus by reference, together with all of the other information included in this prospectus, any prospectus supplement and the documents we incorporate by reference, in evaluating an investment in our Class A shares. If any such risks were actually to occur, our business, financial condition or results of operations could be materially adversely affected. In that case, the trading price of our Class A shares could decline, and you could lose all or part of your investment. Please read "Forward-Looking Statements."

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**USE OF PROCEEDS**

We will not receive any of the proceeds from the sale of Class A shares by the selling shareholders in any offering. We will cause AAP to pay certain expenses, other than underwriting discounts and commissions, associated with the sale of Class A shares by the selling shareholders.

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As of November 24, 2014, we had 205,046,637 Class A shares outstanding, held by approximately 32,000 shareholders, including Class A shares held in street name. Our Class A shares are traded on the NYSE under the symbol "PAGP."

The following table sets forth, for the periods indicated, the high and low sales prices for the Class A shares, as reported on the NYSE Composite Transactions Tape, and quarterly cash distributions declared per Class A share. The last reported sale price of Class A shares on the NYSE on November 24, 2014 was \$27.47 per Class A share.

	Class A Share Price Range		Cash Distributions per Class A Share(1)
	High	Low	
<b>2013</b>			
Fourth Quarter(2)	\$ 27.04	\$ 21.50	\$ 0.12505
<b>2014</b>			
First Quarter	\$ 29.00	\$ 24.38	\$ 0.17055
Second Quarter	32.58	27.00	0.18340
Third Quarter	32.26	28.48	0.19075
Fourth Quarter (through November 24, 2014)	30.75	23.53	(3)

(1) Represents cash distributions attributable to the quarter and paid within 55 days after the quarter end.

(2) Represents the trading period from October 16, 2013, the day our common units began trading on the NYSE, through December 31, 2013. We closed our initial public offering on October 21, 2013 and, therefore, made a prorated cash distribution for the fourth quarter of 2013.

(3) Cash distributions in respect of the fourth quarter of 2014 have not been declared or paid.

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**OUR CASH DISTRIBUTION POLICY**

**Our Cash Distribution Policy**

Our partnership agreement requires that, within 55 days after the end of each quarter, we distribute all of our available cash to Class A shareholders of record on the applicable record date.

Available cash generally means, for any quarter ending prior to liquidation, all cash on hand at the date of determination of available cash for the distribution in respect of such quarter (including expected distributions from AAP in respect of such quarter), less the amount of cash reserves established by our general partner, which will not be subject to a cap, to:

comply with applicable law or any agreement binding upon us or our subsidiaries (exclusive of PAA and its subsidiaries);

provide funds for future distributions to shareholders;

provide for future capital expenditures, debt service and other credit needs as well as any federal, state, provincial or other income tax that may affect us in the future;

permit us to pay a ratable amount to AAP as necessary to permit AAP to make required capital contributions to PAA to maintain PAA GP's 2% general partner interest upon the issuance of additional partnership securities by PAA; or

provide for the proper conduct of our business, including with respect to the matters described under "The Partnership Agreement."

Our available cash also includes cash on hand resulting from borrowings made after the end of the quarter.

**Our Sources of Available Cash**

As of November 24, 2014, our only cash-generating assets consisted of our indirect partnership interests in PAA through our 33.8% limited partnership interest in AAP. AAP currently receives all of its cash flows from its direct ownership of all of PAA's IDRs and its indirect ownership of the 2% general partner interest in PAA. Therefore, our cash flow and resulting ability to make distributions will be completely dependent upon the ability of PAA to make distributions to AAP in respect of those partnership interests. The actual amount of cash that PAA, and correspondingly AAP, will have available for distribution will primarily depend on the amount of cash PAA generates from its operations. Also, under the terms of the agreements governing AAP and PAA's debt, they are prohibited from declaring or paying any distribution to unitholders if a default or event of default (as defined in such agreements) exists.

In addition, the actual amount of cash that PAA and AAP will have available for distribution will depend on other factors, some of which are beyond PAA's or our control, including:

the level of revenue PAA and AAP are able to generate from their respective businesses;

the level of capital expenditures PAA or AAP makes;

the level of PAA's and AAP's operating, maintenance and general and administrative expenses or related obligations;

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the cost of acquisitions, if any;

PAA's and AAP's debt service requirements and other liabilities;

PAA's and AAP's working capital needs;



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restrictions on distributions contained in PAA's or AAP's debt agreements and any future debt agreements;

PAA's and AAP's ability to borrow under their respective revolving credit agreements to make distributions; and

the amount, if any, of cash reserves established by each of PAA GP and our general partner, in their sole discretion, for the proper conduct of PAA's and our business.

**General Partner Interest**

Our general partner owns a non-economic general partner interest in us, which does not entitle it to receive cash distributions.

**Distributions of Cash Upon Liquidation**

If we dissolve in accordance with the partnership agreement, we will sell or otherwise dispose of our assets in a process called liquidation. We will first apply the proceeds of liquidation to the payment of our creditors and, thereafter, holders of our Class A shares would be entitled to share ratably in the distribution of any remaining proceeds.

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**THE PARTNERSHIP AGREEMENT**

The following is a summary of the material provisions of our partnership agreement. We summarize the following provisions of our partnership agreement elsewhere in this prospectus:

with regard to distributions of available cash, please read "Our Cash Distribution Policy";

with regard to the rights of holders of Class A shares, please read "Description of Our Shares"; and

with regard to allocations of taxable income and taxable loss, please read "Material U.S. Federal Income Tax Consequences."

**Organization and Duration**

We were formed in July 2013 and have a perpetual existence.

**Purpose**

Under our partnership agreement, we are permitted to engage, directly or indirectly, in any business activity that is approved by our general partner and that lawfully may be conducted by a limited partnership organized under Delaware law.

Although our general partner has the ability to cause us, our affiliates and our subsidiaries to engage in activities other than the indirect ownership of partnership interests (including IDRs) in PAA, our general partner has no current plans to do so and may decline to do so free of any fiduciary duty or obligation whatsoever to us or our shareholders, including any duty to act in good faith or in the best interest of us or our shareholders. Our general partner is authorized in general to perform all acts it determines to be necessary or appropriate to carry out our purposes and to conduct our business, including, but not limited to, the following:

the making of expenditures and the incurrence of debt and other obligations;

the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any or all of our assets or the merger or other combination of us with or into another person;

the negotiation, execution and performance of contracts;

the distribution of our cash;

the purchase, sale or other acquisition or disposition of our partnership securities or the issuance of partnership securities or options or other rights relating thereto;

any action in connection with our participation and management of PAA; and

any action to waive, reduce, limit or modify PAA's IDRs.

**Capital Contributions**

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Our shareholders are not obligated to make additional capital contributions, except as described below under " Limited Liability."

### **Applicable Law; Forum, Venue and Jurisdiction**

Our partnership agreement is governed by Delaware law. Our partnership agreement requires that any claims, suits, actions or proceedings:

arising out of or relating in any way to the partnership agreement (including any claims, suits or actions to interpret, apply or enforce the provisions of the partnership agreement or the duties, obligations or liabilities among shareholders or of shareholders to us, or the rights or powers of, or restrictions on, the shareholders or us);

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brought in a derivative manner on our behalf;

asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of us or our general partner, or owed by our general partner to us or the shareholders;

asserting a claim arising pursuant to any provision of the Delaware Revised Uniform Limited Partnership Act (the "Delaware Act"); or

asserting a claim governed by the internal affairs doctrine,

shall be exclusively brought in the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, any other court located in the State of Delaware with subject matter jurisdiction), regardless of whether such claims, suits, actions or proceedings sound in contract, tort, fraud or otherwise, are based on common law, statutory, equitable, legal or other grounds, or are derivative or direct claims. By purchasing a Class A share, a shareholder is irrevocably consenting to these limitations and provisions regarding claims, suits, actions or proceedings and submitting to the exclusive jurisdiction of the Court of Chancery of the State of Delaware (or such other Delaware courts) in connection with any such claims, suits, actions or proceedings.

**Limited Liability**

Assuming that a shareholder does not participate in the control of our business within the meaning of the Delaware Act and that he otherwise acts in conformity with the provisions of our partnership agreement, his liability under the Delaware Act will be limited, subject to possible exceptions, to the amount of capital he is obligated to contribute to us for his shares plus his share of any undistributed profits and assets. If it were determined, however, that the right, or exercise of the right, by the shareholders as a group:

to remove or replace our general partner,

to approve some amendments to our partnership agreement, or

to take other action under our partnership agreement,

constituted "participation in the control" of our business for the purposes of the Delaware Act, then our shareholders could be held personally liable for our obligations under the laws of Delaware, to the same extent as our general partner. This liability would extend to persons who transact business with us who reasonably believe that the shareholder is a general partner. Neither our partnership agreement nor the Delaware Act specifically provides for legal recourse against our general partner if a shareholder were to lose limited liability through any fault of our general partner. Although this does not mean that a shareholder could not seek legal recourse, we know of no precedent for this type of a claim in Delaware case law.

Under the Delaware Act, a limited partnership may not make a distribution to a partner if, after the distribution, all liabilities of the limited partnership, other than liabilities to partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to specific property of the partnership, would exceed the fair value of the assets of the limited partnership. For the purpose of determining the fair value of the assets of a limited partnership, the Delaware Act provides that the fair value of property subject to liability for which recourse of creditors is limited will be included in the assets of the limited partnership only to the extent that the fair value of that property exceeds the nonrecourse liability. The Delaware Act provides that a limited partner who receives a distribution and knew at the time of the distribution that the distribution was in violation of the Delaware Act will be liable to the limited partnership for the amount of the distribution for three years. Under the Delaware Act, a substituted limited partner of a limited partnership is liable for the obligations of his assignor to make contributions to the partnership, except that such person is not obligated for liabilities unknown to him at the time he became a limited partner and that could not be ascertained from the partnership agreement.

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Limitations on the liability of limited partners for the obligations of a limited partner (or in our case, a shareholder) have not been clearly established in many jurisdictions. Although we currently have no operations distinct from PAA, if in the future, by our ownership in an operating company or otherwise, it were determined that we were conducting business in any state without compliance with the applicable limited partnership or limited liability company statute, or that the right or exercise of the right by the shareholders as a group to remove or replace our general partner, to approve some amendments to our partnership agreement, or to take other action under our partnership agreement constituted "participation in the control" of our business for purposes of the statutes of any relevant jurisdiction, then the shareholder could be held personally liable for our obligations under the law of that jurisdiction to the same extent as our general partner under the circumstances. We operate in a manner that our general partner considers reasonable and necessary or appropriate to preserve the limited liability of the shareholders.

**Limited Voting Rights**

Our general partner manages us and our operations. You will have only limited voting rights on matters affecting our business. You will not have the right to elect our general partner or, except as described below under " Public Election of Directors Following Trigger Date," its directors on an annual or other continuing basis.

The following is a summary of the shareholder vote required for the matters specified below. On all matters where our shareholders are entitled to vote, the Class A shares and Class B shares will vote together as a single class and will be entitled to one vote per share. The holders of a majority of the outstanding shares, represented in person or by proxy, will constitute a quorum unless any action by the shareholders requires approval by holders of a greater percentage of the shares, in which case the quorum will be the greater percentage. In voting their shares, our general partner will have no fiduciary

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duty or obligation whatsoever to us or the shareholders, including any duty to act in good faith or in the best interests of us or the shareholders.

Issuance of additional shares (or other partnership securities)	No approval right.
Amendment of our partnership agreement	Amendments to our partnership agreement may be proposed only by or with the consent of our general partner. Certain amendments may be made by our general partner without the approval of our shareholders. Other amendments generally require the approval of a majority of our outstanding shares. Please read " Amendments to Our Partnership Agreement."
Merger of our partnership or the sale of all or substantially all of our assets	A majority of our outstanding shares in certain circumstances. Please read " Merger, Sale or Other Disposition of Assets."
Dissolution	A majority of our outstanding shares. Please read " Termination or Dissolution."
Reconstitution upon dissolution	A majority of our outstanding shares. Please read " Termination or Dissolution."
Withdrawal of our general partner	No approval right. Please read " Withdrawal or Removal of the General Partner."
Removal of our general partner	Not less than 66 <sup>2</sup> / <sub>3</sub> % of our outstanding shares, including shares held by our general partner, the Legacy Owners and their respective affiliates. Please read " Withdrawal or Removal of the General Partner."
Transfer of the general partner interest	No approval right. Please read " Transfer of General Partner Interest."
<b>Transfer of Ownership Interests in Our General Partner</b>	

At any time, the owners of our general partner may sell or transfer all or part of their ownership interest in our general partner without the approval of our shareholders, subject to certain rights of first refusal and other transfer restrictions contained in AAP's partnership agreement.

Our general partner's limited liability company agreement includes provisions linking the ownership of the membership interests in our general partner to the ownership of the outstanding AAP units. Membership interests in our general partner are not allowed to be transferred without transferring the same number of AAP units and vice versa.

### **Issuance of Additional Securities**

Our partnership agreement authorizes us to issue an unlimited number of additional limited partner interests and other equity securities for the consideration and on the terms and conditions established by our general partner in its sole discretion without the approval of our shareholders.

It is possible that we will fund acquisitions through the issuance of additional shares or other equity securities. Holders of any additional shares we issue will be entitled to share equally with the

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then-existing shareholders in our cash distributions. In addition, the issuance of additional partnership interests may dilute the value of the interests of the then-existing holders of shares in our net assets.

In accordance with Delaware law and the provisions of our partnership agreement, we may also issue additional partnership interests that have special voting rights to which the Class A shares and Class B shares are not entitled.

**Amendments to Our Partnership Agreement**

*General*

Amendments to our partnership agreement may be proposed only by or with the consent of our general partner. However, our general partner will have no duty or obligation to propose any amendment and may decline to do so free of any fiduciary duty or obligation whatsoever to us or our shareholders, including any duty to act in good faith or in the best interests of us or our shareholders. To adopt a proposed amendment, other than the amendments discussed below, our general partner must seek written approval of the holders of the number of shares required to approve the amendment or call a meeting of our shareholders to consider and vote upon the proposed amendment. Except as described below, an amendment must be approved by a majority of our outstanding shares.

*Prohibited Amendments*

No amendment may be made that would:

- (1) enlarge the obligations of any shareholder without its consent, unless approved by at least a majority of the type or class of shareholder interests so affected; or
- (2) enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by us to our general partner or any of its affiliates without the consent of our general partner, which may be given or withheld in its sole discretion.

The provision of our partnership agreement preventing amendments having the effects described in clauses (1) or (2) above can be amended upon the approval of the holders of at least 90% of the outstanding shares.

*No Shareholder Approval*

Our general partner may generally make amendments to our partnership agreement without the approval of any shareholder or assignee to reflect:

- (1) any change in our name, the location of our principal place of business, our registered agent or its registered office;
- (2) the admission, substitution, withdrawal or removal of partners in accordance with our partnership agreement;
- (3) a change that our general partner determines to be necessary or appropriate to qualify or continue the qualification of our partnership as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any state;
- (4) an amendment that is necessary, in the opinion of our counsel, to prevent us or our general partner or its directors, officers, agents or trustees, from in any manner being subjected to the provisions of the Investment Company Act of 1940, the Investment Advisors Act of 1940, or "plan asset" regulations adopted under the Employee Retirement Income Security Act of 1974, whether or not substantially similar to plan asset regulations currently applied or proposed;

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- (5) an amendment that our general partner determines to be necessary or appropriate for the authorization of additional partnership securities or rights to acquire partnership securities;
- (6) any amendment expressly permitted in our partnership agreement to be made by our general partner acting alone;
- (7) an amendment effected, necessitated or contemplated by a merger agreement that has been approved under the terms of our partnership agreement;
- (8) an amendment that our general partner determines to be necessary or appropriate for the formation by us, or our investment in, any corporation, partnership or other entity, as otherwise permitted by our partnership agreement;
- (9) a change in our fiscal year or taxable year and related changes;
- (10) a merger with or conveyance to another limited liability entity that is newly formed and has no assets, liabilities or operations at the time of the merger or conveyance other than those it receives by way of the merger or conveyance, provided that the sole purpose of such merger is to effect a legal change into a different form of limited liability entity;
- (11) an amendment effected, necessitated or contemplated by an amendment to PAA's partnership agreement that requires PAA unitholders to provide a statement, certificate or other proof of evidence to PAA regarding whether such unitholder is subject to United States federal income tax on the income generated by PAA; or
- (12) any other amendments substantially similar to any of the matters described in (1) through (11) above.

In addition, our general partner may make amendments to our partnership agreement without the approval of any shareholder or assignee if those amendments, in the discretion of our general partner:

- (1) do not adversely affect our shareholders (or any particular class of holders of partnership interests) in any material respect;
- (2) are necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute;
- (3) are necessary or appropriate to facilitate the trading of our shares or to comply with any rule, regulation, guideline or requirement of any securities exchange on which our shares are or will be listed for trading;
- (4) are necessary or appropriate for any action taken by our general partner relating to splits or combinations of shares under the provisions of our partnership agreement;
- (5) are necessary or appropriate to implement certain governance procedures following the trigger date, including the staggering of our board of directors and the public election of directors; or
- (6) are required to effect the intent of the statements contained in this prospectus and in the provisions of our partnership agreement or as are otherwise contemplated by our partnership agreement.

*Opinion of Counsel and Shareholder Approval*



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Any amendment described as requiring shareholder approval will require an opinion of counsel to the effect that the amendment will not affect the limited liability under applicable law of any of our shareholders. Our general partner will not be required to obtain such an opinion of counsel for any of the amendments described above under " No Shareholder Approval." In the absence of such an

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opinion where required, the approval of 90% of the outstanding shares is required for an amendment to become effective.

In addition to the above restrictions, any amendment that would have a material adverse effect on the rights or preferences of any type or class of outstanding shares in relation to other classes of shares will require the approval of at least a majority of the type or class of shares so affected. Also, any amendment that reduces the voting percentage required to take any action must be approved by the affirmative vote of shareholders whose aggregate outstanding shares constitute not less than the voting requirement sought to be reduced.

**Merger, Sale or Other Disposition of Assets**

Our partnership agreement generally prohibits our general partner, without the prior approval of a majority of our outstanding shares, from causing us to, among other things, sell, exchange or otherwise dispose of all or substantially all of our assets in a single transaction or a series of related transactions. Our general partner may, however, mortgage, pledge, hypothecate or grant a security interest in all or substantially all of our assets without that approval. Our general partner may also sell all or substantially all of our assets under a foreclosure or other realization upon those encumbrances without that approval.

A merger, consolidation or conversion of us requires the prior consent of our general partner. In addition, our partnership agreement provides that, to the maximum extent permitted by law, our general partner will have no duty or obligation to consent to any merger, consolidation or conversion of us and may decline to do so free of any fiduciary duty or obligation whatsoever to us, or any of our shareholders. Further, in declining to consent to a merger, consolidation or conversion, our general partner will not be required to act in good faith or pursuant to any other standard imposed by our partnership agreement, any other agreement, under the Delaware Act or any other law, rule or regulation or at equity.

If conditions specified in our partnership agreement are satisfied, our general partner may merge us or any of our subsidiaries into, or convey some or all of our assets to, a newly formed entity if the sole purpose of that merger or conveyance is to effect a mere change in our legal form into another limited liability entity. Our shareholders are not entitled to dissenters' rights or appraisal rights (and, therefore, will not be entitled to demand payment of a fair price for their shares) under our partnership agreement or applicable Delaware law in the event of a merger or consolidation, a sale of substantially all of our assets or any other transaction or event.

**Termination or Dissolution**

We will continue as a limited partnership until terminated under our partnership agreement. We will dissolve upon:

- (1) the election of our general partner to dissolve us, if approved by a majority of our outstanding shares;
- (2) there being no holders of partnership interests, unless we are continued without dissolution in accordance with applicable Delaware law;
- (3) the entry of a decree of judicial dissolution of us; or
- (4) the withdrawal or removal of our general partner or any other event that results in its ceasing to be our general partner other than by reason of a transfer of its general partner interest in accordance with our partnership agreement or withdrawal or removal of our general partner following approval and admission of a successor.

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Upon a dissolution under clause (4) above, the holders of a majority of our outstanding shares may also elect, within specific time limitations, to continue our business on the same terms and conditions described in our partnership agreement by appointing as a successor general partner an entity approved by the holders of a majority of the outstanding shares, subject to our receipt of an opinion of counsel to the effect that the action would not result in the loss of limited liability of any limited partner.

**Liquidation and Distribution of Proceeds**

Upon our dissolution, unless we are reconstituted and continued as a new limited partnership, the person authorized to wind up our affairs (the liquidator) will, acting with all of the powers of our general partner that the liquidator deems necessary or appropriate, liquidate our assets. The proceeds of the liquidation will be applied as follows:

*first*, towards the payment of all of our creditors and the settlement of or creation of a reserve for contingent liabilities; and

*then*, to all partners in accordance with the positive balance in the respective capital accounts.

If the liquidator determines that a sale would be impractical or would cause a loss to our partners, it may defer liquidation of our assets for a reasonable period of time or distribute assets to partners in kind if it determines that a sale would be impractical or would cause undue loss to the partners.

**Withdrawal or Removal of the General Partner**

Our general partner may withdraw as general partner in compliance with our partnership agreement after giving 90 days' written notice to