Canadian Pipelines

KEYERA

inter pipeline

TransCanada

Prepared by:
Joanne
Helen
Jeff
Christopher
Enya

Agenda

- INDUSTRY OVERVIEW
- INTER PIPELINE
- KEYERA CORP.
- TRANSCANADA CORP.

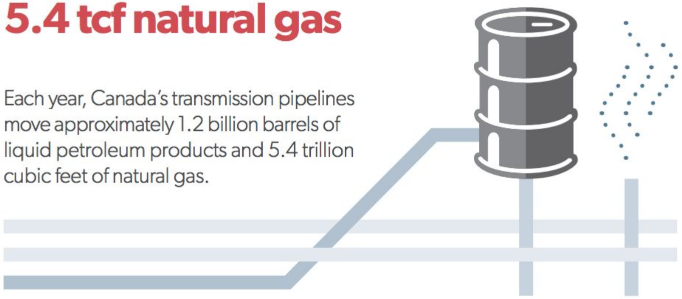
Industry Overview

119,000 km in Canada

CEPA represents transmission pipeline companies who operate approximately 119,000 kilometres of pipeline in Canada. That's enough to circle the earth three times.

1.2B bbls oil / 5.4 tcf natural gas

Each year, Canada's transmission pipelines move approximately 1.2 billion barrels of liquid petroleum products and 5.4 trillion cubic feet of natural gas.



97%

Our members transport 97 per cent of Canada's daily crude oil and natural gas from producing regions to markets throughout North America.

$11.5B

Canada's energy transmission pipelines contributed $11.5 billion to our nation's gross domestic product (GDP) in 2015.

History

The first Canadian transmission pipeline was built in 1853

- It was a 25km cast-iron pipe - the longest pipeline in the world at the time

In 1862, Canada built one of the world's first oil pipelines from Petrolia to Sarnia, Ontario

Products of Pipeline Transport

Liquid Lines

- Include crude oil, diluted bitumen or natural gases

Natural Gas Lines

- Include ethane, butane and propane

Types of Pipelines

Gathering Pipelines: move oil and gas to the source to the processing facility

- Size: range from an empty paper towel roll (101mm) to the size of a large pizza (304mm)
- Network: 250,000 km located primarily in oil and gas producing areas in Western Canada

Feeder Pipelines: move products from processing facilities to the long distance haulers of the system

- Size: range from a size of a bagel (152mm) to size of a pizza (304mm)
- Network: 250,000 km located primarily in oil and gas producing areas in Western Canada

Types of Pipelines

Transmission pipelines: operated by CEPA members and transport 97% of Canada's daily natural gas and onshore crude oil production from producing regions to markets throughout Canada and US

- Size: range from an empty paper towel roll (101mm) to a bale of hay (1,212mm) but majority range between 254mm to 457mm
- Network: reaches over 117,000 km throughout Canada

Distribution pipelines: used by local distribution companies to directly deliver natural gas to homes and businesses

- Size: range from smaller than a dime (12.7mm) to the diameter of a pop bottle (152.4mm)
- Network: reaches 450,000 km across Canada

Role of Pipeline Companies

Pipeline companies offer the following services:

- Gathering
- Transportation
- Processing
- Fractionation
- Storage
- Marketing

However, they are not involved with exploration and production. Nor do they take possession of the commodity

How are products processed?

Whether pipelines are transporting natural gas or liquids products, the process is similar.

---

1. Product is gathered from wells in the ground and sent through gathering pipelines to a facility where it's processed or refined. Pumps or compressors move it through the system at a safe pace.
2. Once the oil is refined or the gas is processed, it's moved through feeder pipelines to be distributed to large transmission pipelines.
3. CEPA members operate these transmission pipelines to deliver these products across the country to where people need it. It takes about a month to deliver oil and gas products from Alberta to Ontario.

Safety

2015 safety performance snapshot

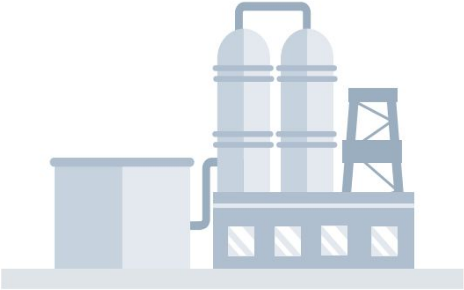
Safe delivery

99.999%

In 2015, CEPA member companies delivered natural gas and liquid petroleum products with a 99.999 per cent safety record. Of the approximately 1.2 billion barrels of liquid product transported in 2015, a total of 16 barrels spilled on our members' rights-of-way. The companies responsible for the spilled product responded swiftly to ensure a timely and thorough clean-up.

Pipeline incidents

67% of natural gas and liquids incidents occurred in facilities



In 2015, our members reported 55 natural gas and liquids incidents, compared with 122 in 2014.* Approximately 67 per cent of the 2015 total occurred in pipeline facilities. Typically, incidents that occur within a pipeline facility pose less potential threat to the public or the environment because of their size, and the fact that facilities have both restricted public access and a leak containment system to keep the releases within the facility.

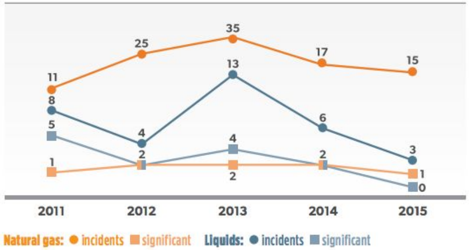
0 significant ** **liquids incidents**

1 significant ** **natural gas incident**

CEPA has collected statistics on pipeline incidents along the pipeline rights-of-way of our members for more than a decade. We focus on right-of-way incidents because they have the greatest potential to impact the public or the environment.

Of the 55 natural gas and liquids incidents in 2015, 18 occurred on our members' rights-of-way. Of those 18, only one—a natural gas incident—was categorized as significant. The last time CEPA members reported zero significant liquids incidents was in 2004.

Number of incidents versus significant** incidents – CEPA members – 2011-2015



Through technological advancements, as well as our industry's effort in the areas of leak prevention and detection, only a small percentage of pipeline incidents are severe enough to meet the criteria of 'significant'.** The majority of pipeline incidents are minor, such as small pinhole leaks. These minor incidents must be addressed but pose little risk to the public or the environment.

Incidents per 1,000 kilometres declined

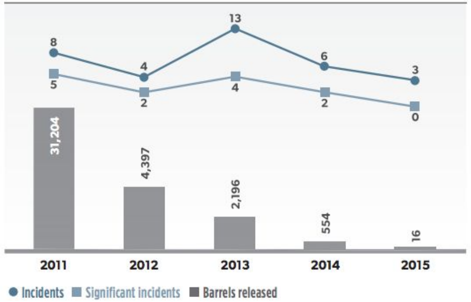
In 2015, our industry saw a decline in the number of natural gas and liquids pipeline incidents per 1,000 kilometres.

Number of incidents per 1,000 kilometres – CEPA members – 2011-2015

16 barrels of crude oil released

In 2015, there were three liquids pipeline incidents on our members' rights-of-way, resulting in the release of 16 barrels of liquid product in total, which is equivalent to 50, 50-litre fills at the gas pump or just over nine average-sized bathtubs that are completely filled.

Liquids spills history – CEPA members – 2011-2015

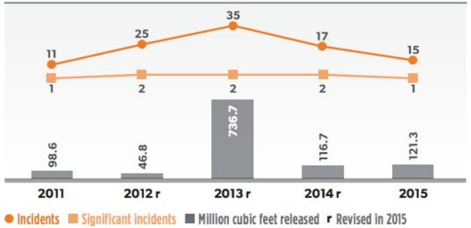


Liquids incidents are infrequent when you consider the large volume of products transported by CEPA members. Over the past five years, our members have transported approximately six billion barrels of crude oil and other liquid products and safely delivered 99.9994 per cent of that volume. The majority of the liquids pipeline incidents between 2011 and 2015 were small in volume (less than 8 cubic metres or 50 barrels). The single largest, which occurred in 2011, accounted for more than 70 per cent of the total volume spilled, and the three largest incidents accounted for more than 80 per cent of the five-year total.

121.3 million cubic feet released from natural gas pipelines

Product released from our members' natural gas pipelines in 2015 totalled more than 121.3 million cubic feet, which is the equivalent of 859,000, 20-pound propane barbeque tanks. In any natural gas pipeline leak, the greatest potential risk to the public or the environment is the chance of ignition and proximity of that to the public.

Natural gas release history – CEPA members – 2011-2015

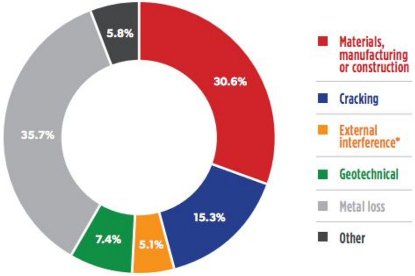


Of the 103 natural gas pipeline incidents that occurred between 2011 and 2015, only three per cent resulted in an unintended ignition. There were no serious injuries or fatalities associated with these events.

82%

Metal loss, materials, manufacturing or construction defects, and cracking remain the leading causes of pipeline incidents. Collectively, these accounted for almost 82 per cent of the total incidents over the period 2011-2015.

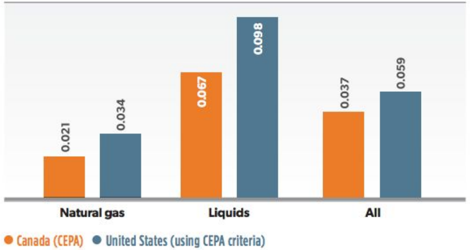
Causes of pipeline incidents – CEPA members – 2011-2015



* Damage caused by external activities (such as digging) and predominantly caused by third parties
For more information on damage prevention, please see page 14.

Canada vs. United States

Frequency of significant pipeline incidents per 1,000 kilometres – Canada vs. United States – 2011-2015



To put Canada's pipeline safety record into perspective, it can be helpful to compare it to other jurisdictions. The best way to do this is by comparing the frequency of pipeline incidents, which considers the number of pipeline incidents per 1,000 kilometres of pipeline. On this basis, Canada's performance compares favourably with the United States.

Prevention

$1.3 billion

In 2015, CEPA members invested $1.3 billion in maintaining and monitoring their Canadian pipeline systems.

3,151 integrity digs

In 2015, our members conducted 3,151 integrity digs to examine pipelines for defects and make any required repairs.

Employee health and safety

50% decline in total recordable injury rate[1]

The rate of injury to our members' employees that happened during the operations of their pipelines has declined almost 50 per cent over the past five years—to 0.43 per 100 full-time workers in 2015, from 0.84 in 2011.

46% decrease in motor vehicle incident rate[2]

The number of driving incidents per million kilometres driven fell 46 per cent to 1.62 in 2015 from 3.0 in 2011. Motor vehicle incidents are the most significant hazard for our industry's workers, which is why we've made driver safety a top priority. In 2015, our members continued to strengthen their efforts in areas such as regular driver training and journey management that ensures workers are not fatigued, have sufficient time to travel the required distances, and have work instructions that include information on rest stops and when it's appropriate to get off the road altogether.

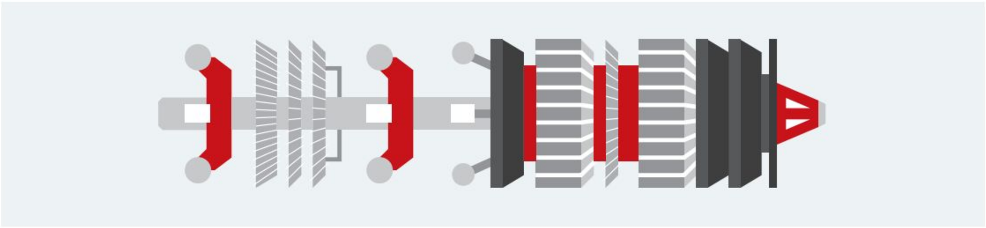
Employee health & safety – CEPA members – 2011-2015

	Total recordable injury rate[1]	Motor vehicle incident rate[2]	Fatalities
2011	0.84	3.0	0
2012	0.85	3.01	0
2013	0.69	2.97	0
2014	0.64	2.31	0
2015	0.43	1.62	0

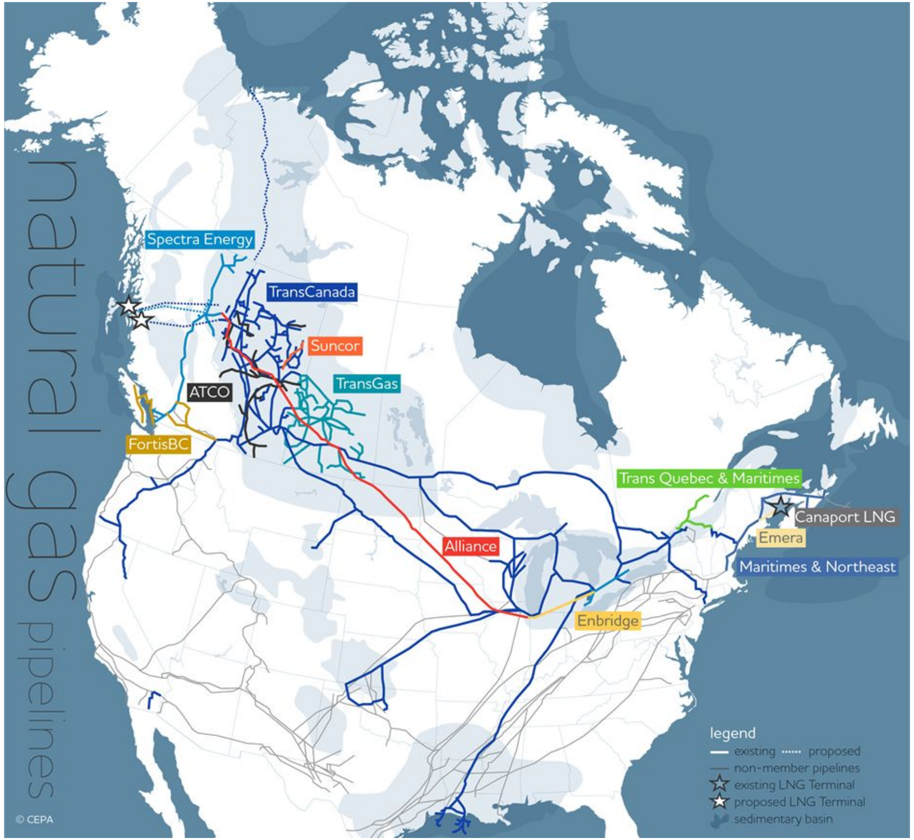
CEPA's members are focused on ensuring the 14,000 people directly employed by our industry, and the many thousands of contractors who work on our behalf, return home safely at the end of the day. Just as our members have committed to a goal of zero pipeline incidents, they also have a goal of zero incidents affecting the health and safety of their employees.

31,196 kilometres of in-line inspection runs

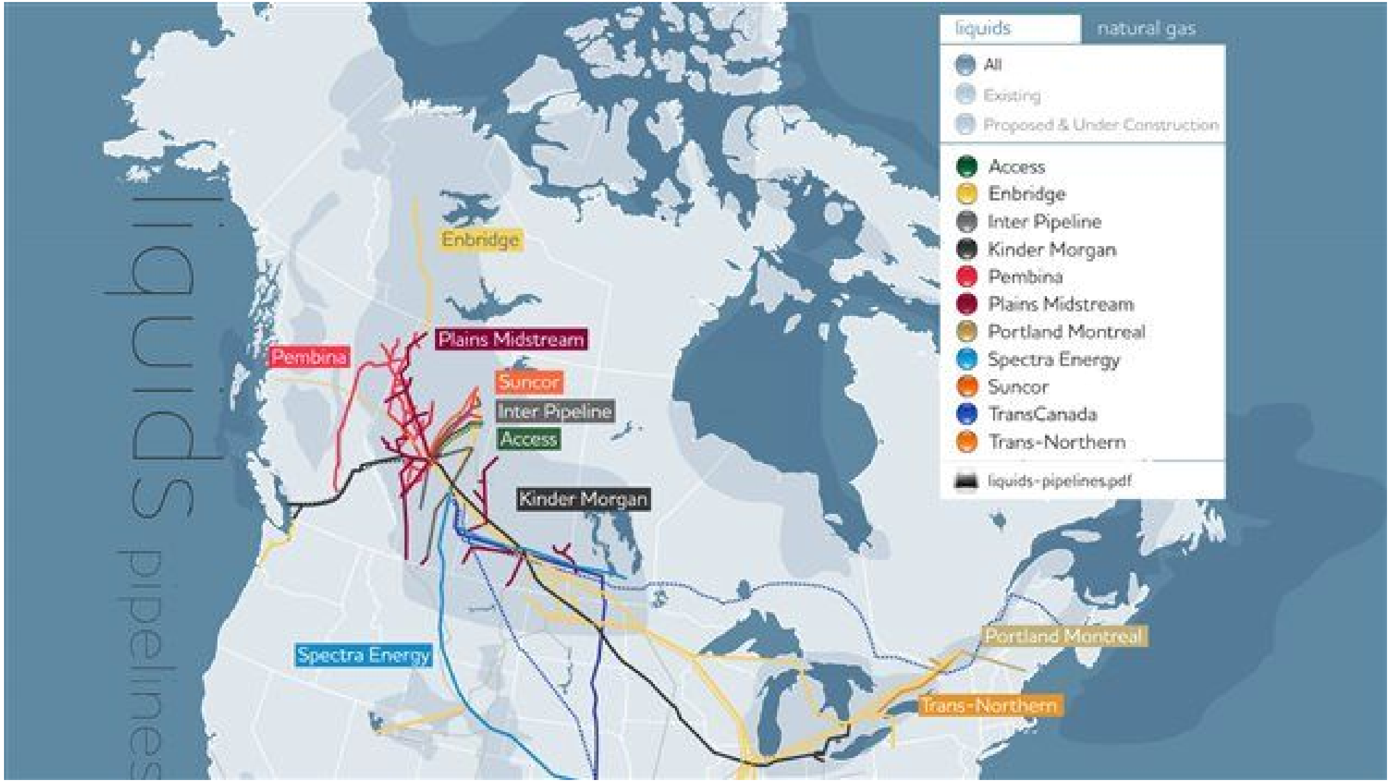
In 2015, our members conducted in-line inspection runs on 31,196 kilometres of pipelines in Canada using highly sophisticated tools called 'smart pigs' that examine a pipeline from the inside to identify features such as metal loss, dents and cracks that may require further investigation. More than 20 per cent of our members' 119,000 kilometres of pipeline in Canada were inspected by one or more in-line inspection tools in 2015.



Canadian Natural Gas Pipeline Network



Canadian Liquids Pipeline Network



Economic Impacts

We're delivering substantial economic benefits for Canadians.

Pipelines carry more than just crude oil and natural gas. Our industry delivers economic benefits to all Canadians, and creates value for our employees, our partners and suppliers, and the communities we serve.

We contribute to GDP

$11.5B*

Canada's transmission pipelines contributed $11.5 billion to Canada's gross domestic product (GDP) in 2015.

$175B*

Based on current operations alone, Canada's transmission pipelines are expected to add $175 billion to Canada's GDP over the next 30 years.

We pay taxes

$1.5B

CEPA member companies contributed $1.5 billion to government tax revenues in 2015, including income, property, motor-fuel and carbon taxes.

Of that $1.5 billion, our members paid $709 million in 2015 in property taxes to municipalities across Canada where we operate pipelines.

$709M

We support jobs

34,000*

Our industry is responsible for almost 34,000 full-time equivalent jobs across Canada, supporting many households. Of that total:

- **30% are in Alberta**
- **24% are in Ontario**
- **21% are in Saskatchewan**
- **25% are spread across the rest of Canada**

$2.9B*

In 2015, those 34,000 jobs generated a total of $2.9 billion in labour income, which further supports families and local economies across Canada.

We help communities

In 2015, our members spent $4.8 billion purchasing goods and services in local communities along our pipeline routes across Canada.

$4.8B

$33.7M

In 2015, our members invested $33.7 million in community initiatives across Canada, including almost $13 million to support education.

We invest in the future

$16.7M

In 2015, our members invested $16.7 million in innovative technology focused on reducing corrosion and improving pipeline inspection and leak detection.

$7.8B

In 2015, our members invested $7.8 billion in capital projects—helping to ensure Canada continues to have the safe and modern transmission pipeline infrastructure it needs to stay competitive.

Our members are currently proposing to invest a total of $50 billion in Canadian pipeline projects over the next five years.

+$50B

Canadian Oil and Gas Statistics

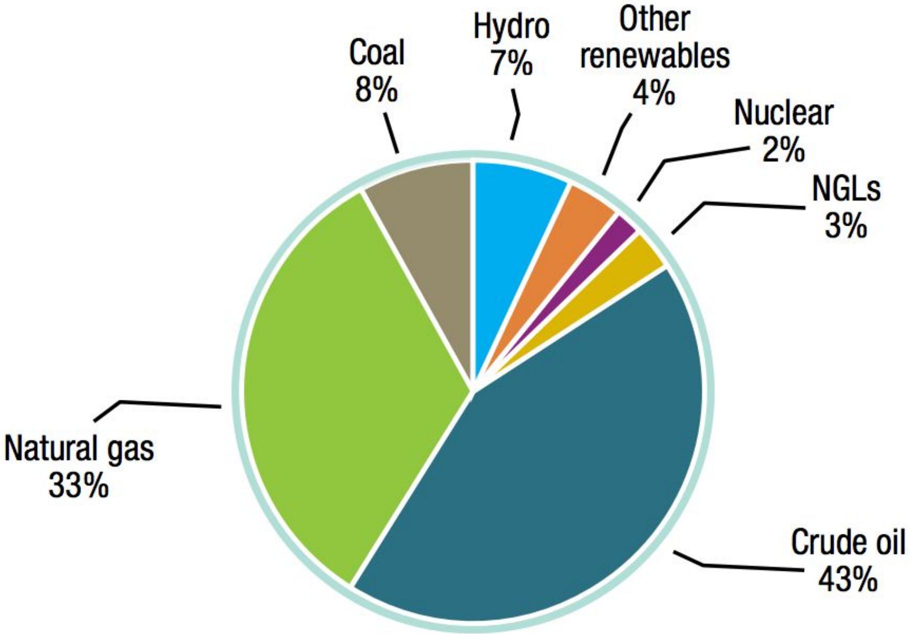
- 1.3 million barrels per day of conventional oil production
- 2.4 million barrels per day of oil sands production
- 14.9 billion cubic feet per day of natural gas production
- $53 billion in capital spending
- $15 billion in taxes and royalties paid to government per annum (average from 2013-2015)
- Oil and natural gas industry currently supports 425,000 jobs across Canada
- Oil sands are forecast to create 790,000 new jobs by 2038
- Oil and natural gas industry currently comprises about 12% of the TSX

Additional Information

- Canada’s the world’s fifth-largest natural gas producer and has enough reserves to meet current national demand for 300 years
- About one-third of Canada’s total energy needs are met by natural gas
- Canada is estimated to have 1,087 trillion cubic feet of natural gas potential, due to technological advances in natural gas recovery
- According to the International Energy Agency, global energy demands are expected to rise by 31% by 2040

Canadian Energy Production

Primary energy production*, by source, 2014



"Other renewables" includes wind, solar, wood/wood waste, biofuels and municipal waste.

In Canada,

Crude Oil

- Last year, produced more than 3.8 million barrels of oil per day
- Meets close to 40% of Canada's energy needs
- On average, refining crude oils produce
  - Gasoline
  - Diesel fuel
  - Heavy fuel oil for electric power generation
  - Light fuel oil for heating homes and buildings

Natural Gas

- About one-third of Canada's entire energy needs are met by natural gas
- Canada's abundance of natural gas has made it an important fuel for residential, commercial and industrial applications

Energy trade

Resource/ product	Exports*				Imports
	% of Canadian production	% to U.S.	% of U.S. imports	% of U.S. consumption	% of Canadian consumption
Crude oil	78	99	43	20	33
Refined petroleum products	26	95	29	3	13
Natural gas	51	100	97	10	21
Coal	49	4	10	0.1	19
Uranium	86	33	18	17	–
Electricity	9	100	89	2	2

Exports:

- $102 billion
- 21% of Canadian domestic merchandise exports
- 94% ($96 billion) of total Canadian energy exports are to the US
- Oil and gas domestic exports totalled $93 billion, of which 98% were to the US

Energy trade

Resource/ product	Exports*				Imports
	% of Canadian production	% to U.S.	% of U.S. imports	% of U.S. consumption	% of Canadian consumption
Crude oil	78	99	43	20	33
Refined petroleum products	26	95	29	3	13
Natural gas	51	100	97	10	21
Coal	49	4	10	0.1	19
Uranium	86	33	18	17	–
Electricity	9	100	89	2	2

Imports:

- $40 billion
- 8% of Canadian merchandise imports
- 69% ($28 billion) of total energy imports from the US

Some Major Mergers & Acquisitions in Canada

January 2016: Irving Infrastructure Corporation (UK) acquired Capstone Infrastructure Corporation for $2.1 billion

November 2015: Suncor Energy Inc. (Canada) acquired 84.2% of the Canadian Oil Sands Limited for $6 billion

November 2015: PrairieSky Royalty Ltd. (Canada) acquired a portion of Royalty Assets from Canadian Natural Resources Limited for $1.7 billion

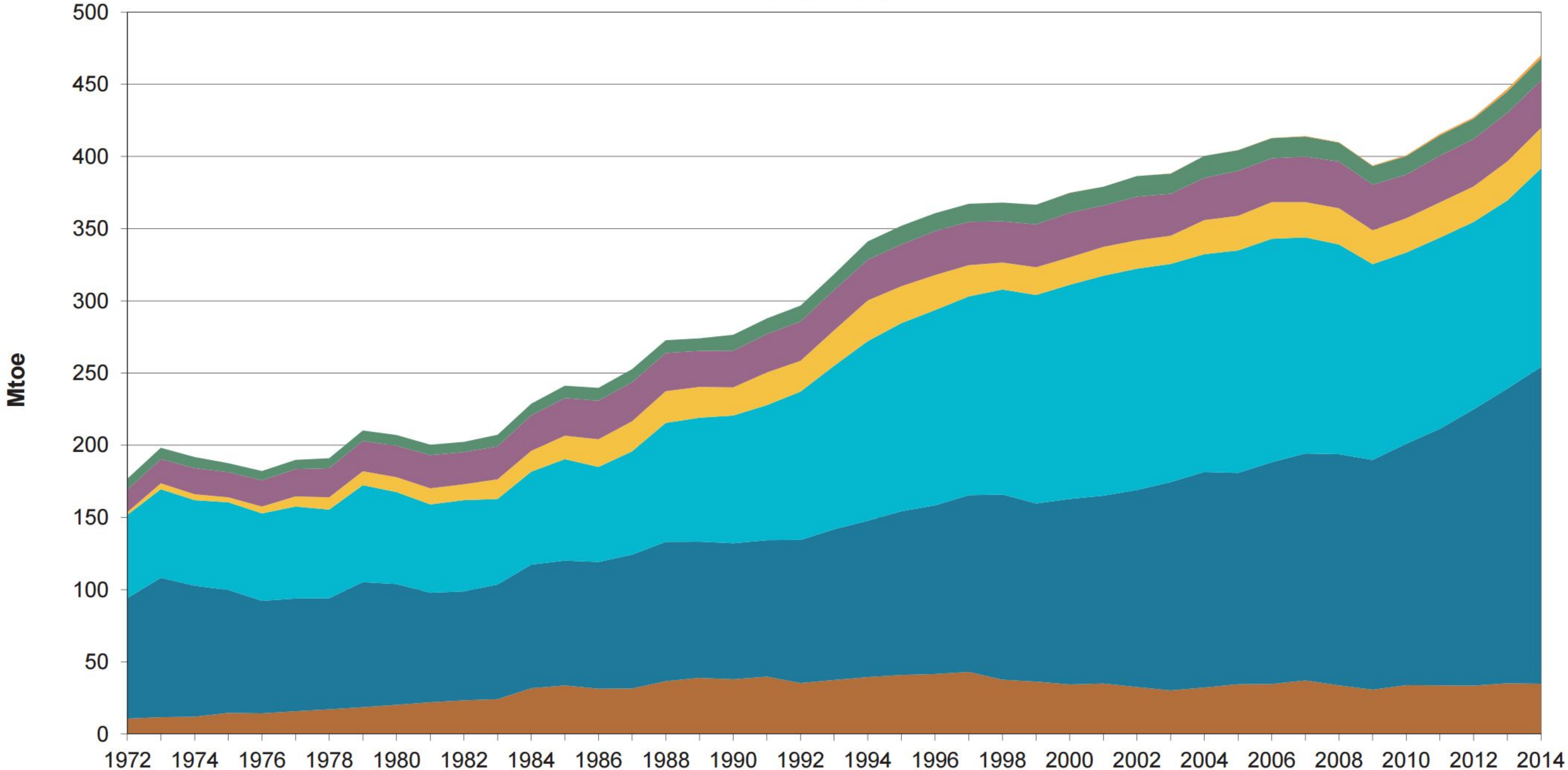
June 2015: Natural Resources Group (Canada) acquired Heritage Royalty Limited Partnership from Cenovus Energy Inc. for $3.3 billion

May 2015: Crescent Point Energy Corp. (U.S.) acquired Legacy Oil + Gas Inc. for $1.5 billion

May 2015: Berkshire Hathaway Energy (U.S.) acquired AltaLink from SNC-Lavalin Transmission Ltd. for $3.1 billion.

Energy production

Canada



Natural gas: Trade movements 2015 by pipeline

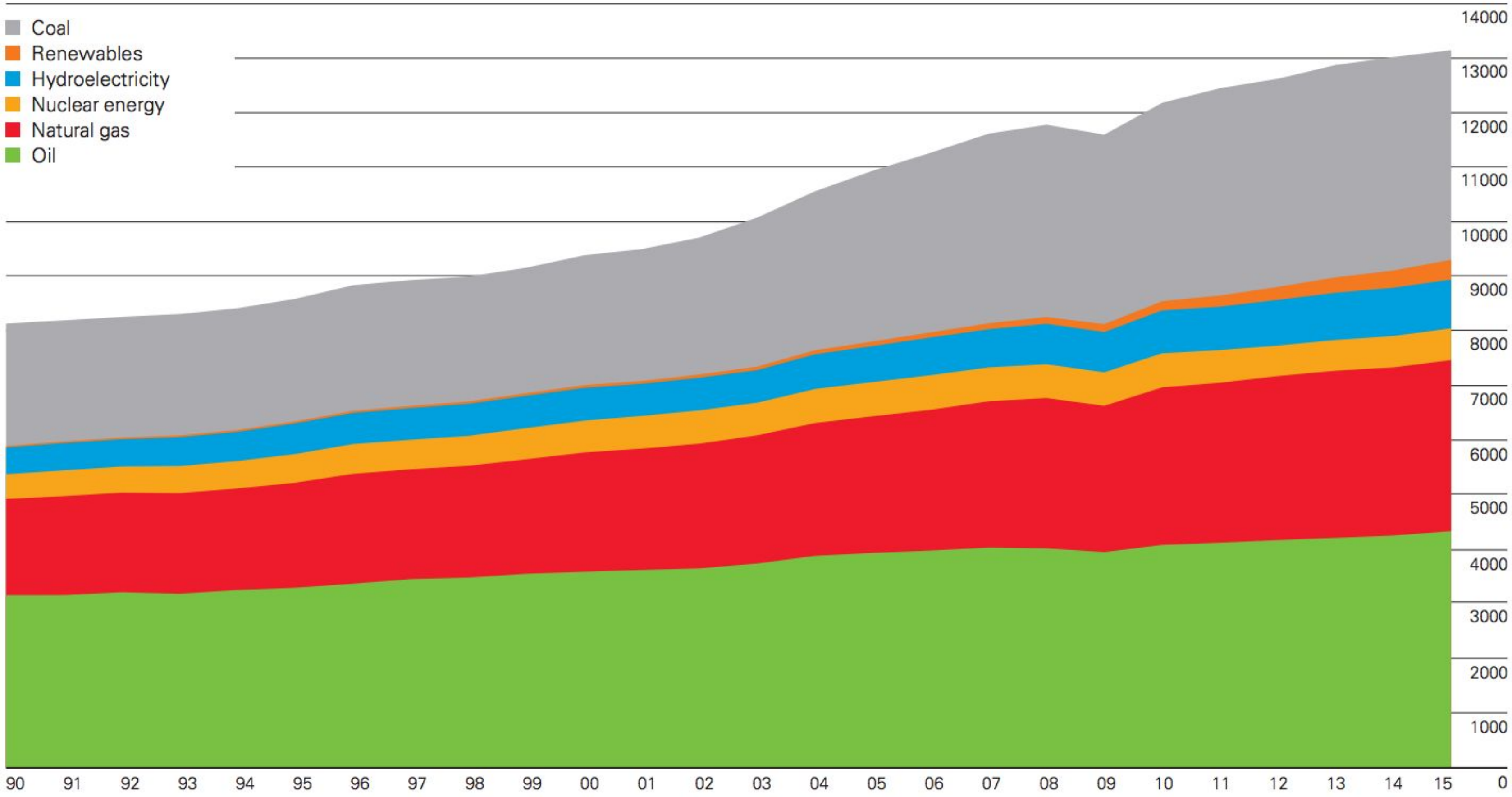
Billion cubic metres To	From: US	Canada	Mexico	Bolivia	Other S. & Cent. America	Netherlands	Norway	United Kingdom	Other Europe	Azerbaijan	Kazakhstan	Russian Federation	Turkmenistan	Uzbekistan	Iran	Qatar	Algeria	Libya	Other Africa	Indonesia	Myanmar	Other Asia Pacific	**Total imports**
US	–	74.3	†	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**74.4**
Canada	19.8	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**19.8**
Mexico	29.9	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**29.9**
North America	49.7	74.3	†	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**124.1**
Argentina	–	–	–	5.4	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**5.4**
Brazil	–	–	–	10.8	0.2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**11.0**
Other S. & Cent. America	–	–	–	–	2.1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**2.1**
S. & Cent. America	–	–	–	16.2	2.3	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**18.5**
Austria	–	–	–	–	–	–	1.7	–	–	–	–	4.3	–	–	–	–	–	–	–	–	–	–	**6.0**
Belgium	–	–	–	–	–	2.9	2.1	7.3	0.6	–	–	10.9	–	–	–	–	–	–	–	–	–	–	**23.7**
Czech Republic	–	–	–	–	–	–	–	–	3.6	–	–	4.1	–	–	–	–	–	–	–	–	–	–	**7.7**
Finland	–	–	–	–	–	–	–	–	–	–	–	2.7	–	–	–	–	–	–	–	–	–	–	**2.7**
France	–	–	–	–	–	4.7	17.2	–	4.5	–	–	9.5	–	–	–	–	–	–	–	–	–	–	**35.9**
Germany	–	–	–	–	–	23.0	34.9	–	0.9	–	–	45.2	–	–	–	–	–	–	–	–	–	–	**104.0**
Greece	–	–	–	–	–	–	–	–	0.6	–	–	1.9	–	–	–	–	–	–	–	–	–	–	**2.5**
Hungary	–	–	–	–	–	–	–	–	–	–	–	5.8	–	–	–	–	–	–	–	–	–	–	**5.8**
Ireland	–	–	–	–	–	–	–	4.3	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**4.3**
Italy	–	–	–	–	–	6.0	7.0	–	0.2	–	–	24.0	–	–	–	–	6.6	6.5	–	–	–	–	**50.2**
Netherlands	–	–	–	–	–	–	17.9	1.8	8.1	–	–	2.3	–	–	–	–	–	–	–	–	–	–	**30.2**
Poland	–	–	–	–	–	–	–	–	2.3	–	–	8.8	–	–	–	–	–	–	–	–	–	–	**11.1**
Slovakia	–	–	–	–	–	–	–	–	9.1	–	–	3.7	–	–	–	–	–	–	–	–	–	–	**12.9**
Spain	–	–	–	–	–	–	2.1	–	1.1	–	–	–	–	–	–	–	12.0	–	–	–	–	–	**15.2**
Turkey	–	–	–	–	–	–	–	–	–	5.3	–	26.6	–	–	7.8	–	–	–	–	–	–	–	**39.7**
United Kingdom	–	–	–	–	–	3.1	25.7	–	0.2	–	–	–	–	–	–	–	–	–	–	–	–	–	**29.0**
Other Europe	–	–	–	–	–	0.9	1.1	†	4.5	2.1	–	9.8	–	–	–	–	2.0	–	–	–	–	–	**20.4**
Europe	–	–	–	–	–	40.6	109.5	13.4	35.7	7.4	–	159.8	–	–	7.8	–	20.7	6.5	–	–	–	–	**401.4**
Belarus	–	–	–	–	–	–	–	–	–	–	–	16.8	–	–	–	–	–	–	–	–	–	–	**16.8**
Kazakhstan	–	–	–	–	–	–	–	–	–	–	–	5.0	0.3	2.6	–	–	–	–	–	–	–	–	**7.9**
Russian Federation	–	–	–	–	–	–	–	–	–	–	10.9	–	2.8	3.3	–	–	–	–	–	–	–	–	**16.9**
Ukraine	–	–	–	–	–	–	–	–	9.2	–	–	7.0	–	–	–	–	–	–	–	–	–	–	**16.2**
Other CIS	–	–	–	–	–	–	–	–	–	–	0.1	4.4	–	†	0.5	–	–	–	–	–	–	–	**5.1**
CIS	–	–	–	–	–	–	–	–	9.2	–	11.0	33.2	3.1	5.9	0.5	–	–	–	–	–	–	–	**62.9**
Iran	–	–	–	–	–	–	–	–	–	0.2	–	–	7.2	–	–	–	–	–	–	–	–	–	**7.5**
Oman	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	2.1	–	–	–	–	–	–	**2.1**
United Arab Emirates	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	17.7	–	–	–	–	–	–	**17.7**
Middle East	–	–	–	–	–	–	–	–	–	0.2	–	–	7.2	–	–	19.8	–	–	–	–	–	–	**27.3**
South Africa	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4.0	–	–	–	**4.0**
Other Africa	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4.3	–	0.6	–	–	–	**4.9**
Africa	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4.3	–	4.6	–	–	–	**8.9**
Australia	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	6.4	**6.4**
China	–	–	–	–	–	–	–	–	–	–	0.4	–	27.7	1.5	–	–	–	–	–	–	3.9	–	**33.6**
Malaysia	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	2.6	–	–	**2.6**
Singapore	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	7.9	–	1.3	**9.1**
Thailand	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	9.4	–	**9.4**
Asia Pacific	–	–	–	–	–	–	–	–	–	–	0.4	–	27.7	1.5	–	–	–	–	–	10.5	13.4	7.7	**61.2**
Total exports	**49.7**	**74.3**	**†**	**16.2**	**2.3**	**40.6**	**109.5**	**13.4**	**45.0**	**7.6**	**11.3**	**193.0**	**38.1**	**7.5**	**8.4**	**19.8**	**25.0**	**6.5**	**4.6**	**10.5**	**13.4**	**7.7**	**704.1**

Gas trade in 2014 and 2015 in billion cubic metres

	2014				2015			
Billion cubic metres	Pipeline imports	LNG imports	Pipeline exports	LNG exports	Pipeline imports	LNG imports	Pipeline exports	LNG exports
US	74.6	1.7	42.4	0.5	74.4	2.6	49.7	0.8
Canada	21.8	0.5	74.6	–	19.8	0.6	74.3	–
Mexico	20.6	9.4	†	–	29.9	7.1	†	–
Trinidad and Tobago	–	–	–	18.4	–	–	–	17.0
Other S. & Cent. America	18.7	20.9	18.7	5.8	18.5	20.0	18.5	5.0
France	28.6	7.2	1.9	0.5	35.9	6.6	1.6	0.4
Germany	88.4	–	20.0	–	104.0	–	29.0	–
Italy	46.6	4.6	0.2	–	50.2	6.0	0.2	–
Netherlands	23.2	1.1	46.1	0.6	30.2	2.0	40.6	1.2
Norway	†	–	102.4	5.3	†	–	109.5	6.0
Spain	17.0	15.5	†	5.1	15.2	13.1	0.5	1.6
Turkey	41.1	7.3	0.6	–	39.7	7.5	0.6	–
United Kingdom	29.4	10.7	10.0	–	29.0	12.8	13.4	0.3
Other Europe	102.4	5.4	8.9	2.1	97.2	7.1	13.1	1.4
Russian Federation	24.2	–	187.7	14.3	16.9	–	193.0	14.5
Ukraine	17.5	–	–	–	16.2	–	–	–
Other CIS	30.3	–	69.0	–	29.8	–	64.5	–
Qatar	–	–	20.5	102.9	–	–	19.8	106.4
Other Middle East	27.4	5.4	9.6	27.1	27.3	10.5	8.4	19.8
Algeria	–	–	25.4	17.5	–	–	25.0	16.2
Other Africa	8.8	–	10.9	31.9	8.9	3.8	11.1	32.5
China	31.3	26.5	–	–	33.6	26.2	–	–
Japan	–	122.9	–	–	–	118.0	–	–
Indonesia	–	–	9.7	21.8	–	–	10.5	21.9
South Korea	–	48.6	–	0.2	–	43.7	–	0.3
Other Asia Pacific	25.4	44.6	18.7	78.4	27.6	50.7	21.0	93.0
Total World	**677.1**	**332.3**	**677.1**	**332.3**	**704.1**	**338.3**	**704.1**	**338.3**

World consumption

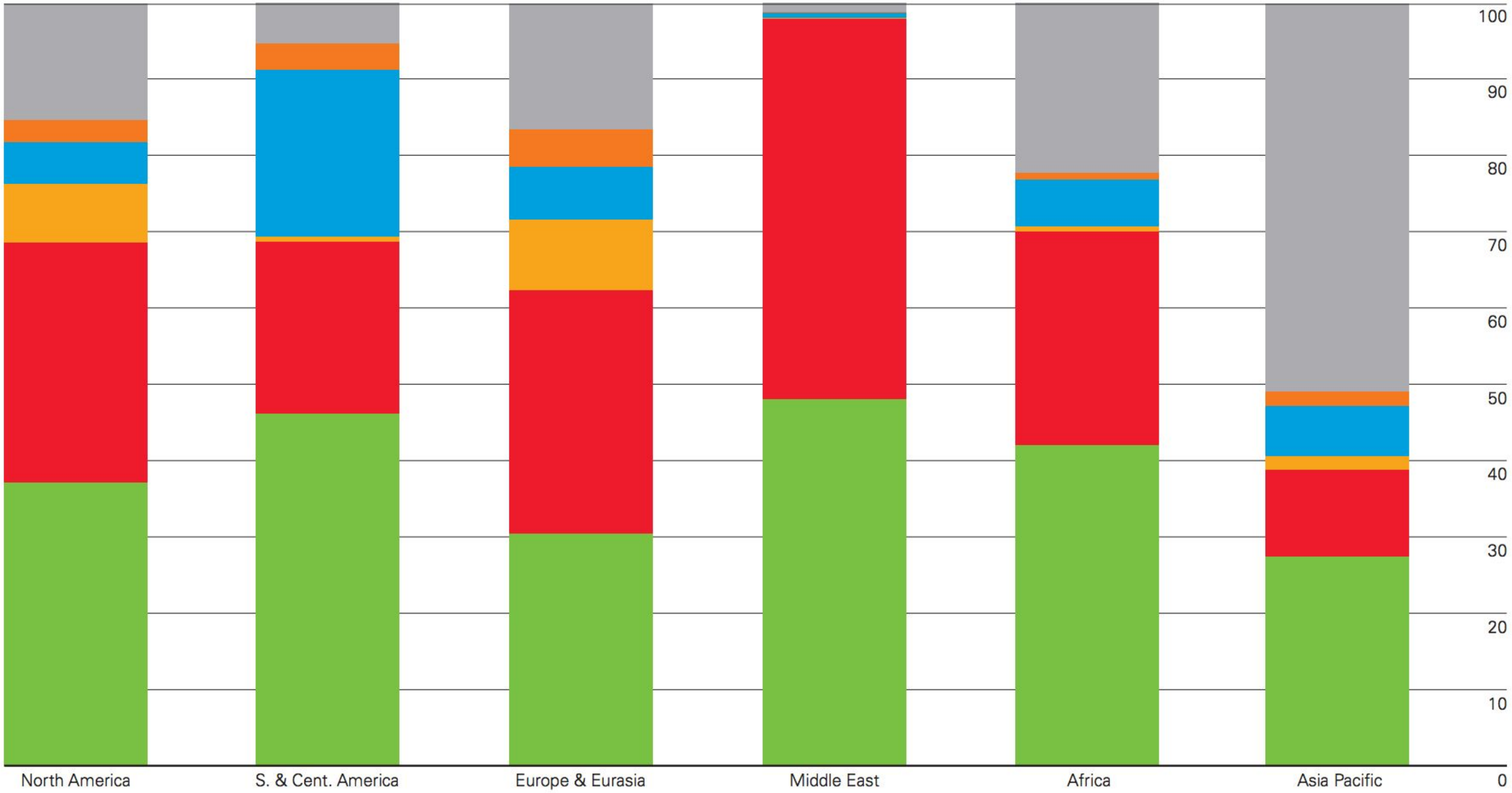
Million tonnes oil equivalent



World primary energy consumption grew by a below-average 1.0% in 2015, the slowest rate of growth since 1998 (other than the decline in the aftermath of the financial crisis). Growth was below average in all regions except Europe & Eurasia. All fuels except oil and nuclear power grew at below-average rates. Oil remains the world's dominant fuel and gained global market share for the first time since 1999, while coal's market share fell to the lowest level since 2005. Renewables in power generation accounted for a record 2.8% of global primary energy consumption.

Regional consumption by fuel 2015

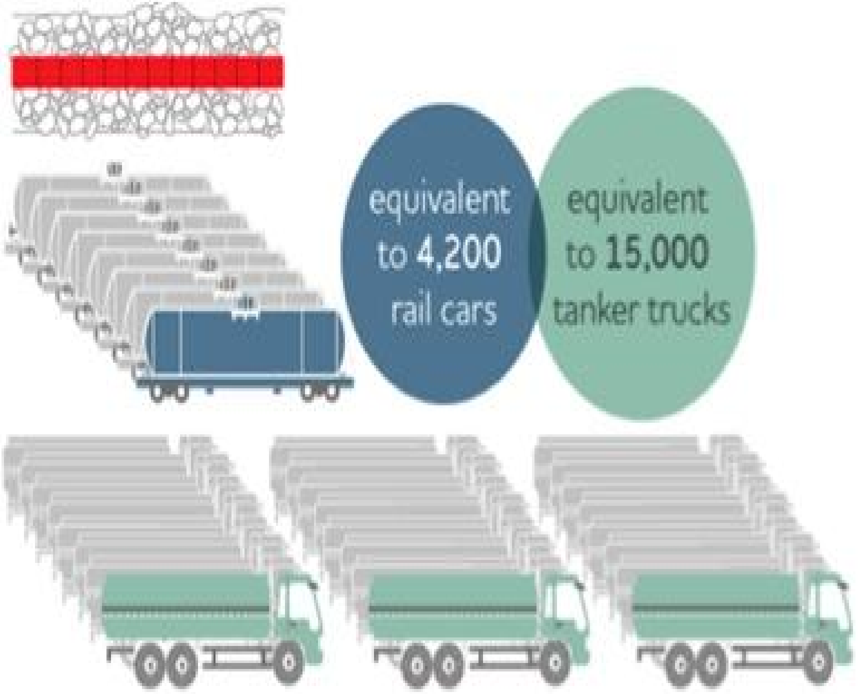
Percentage



Oil remains the dominant fuel in Africa and the Americas, while natural gas dominates in Europe & Eurasia and the Middle East. Coal is the dominant fuel in the Asia Pacific region, accounting for 51% of regional energy consumption – the highest share of any fuel for any region. Europe & Eurasia is the only region with no fuel reaching one-third of the total energy mix. The Middle East has the least diverse fuel mix, with oil and gas combined accounting for 98% of energy consumption.

Advantage of Pipeline

- Less Energy Use
- Less Pollution
- Safety
- Cost Efficient
- Mass Transporting



Disadvantage of Pipeline

- High Initial Cost
- Low Flexibility
- Strongly Regulated by the Government and other Organizations

Pipeline Regulation

National Energy Board(NEB)

•Independent economic regulatory agency created In 1959 by government of Canada.

•Mainly regulates the construction and operation of oil and natural gas pipelines crossing provincial or international borders.

CPEA

Canadian Companies form memberships and are organized around Canadian energy pipeline association (CPEA)

•Transport 97% of oil and natural gas produced in Canada to markets across north America

•Operate over 10.000km pipelines in Canada and in the U.S

•CEPA members expect to invest in multi-billion dollars expansion projects in the next 15 years

•Most CEPA members are regulated by NEB

Regulatory Process

•The pipeline operator must file application with a regulator for approval.(consultation, environment, safety, commercial, and engineering components of the pipeline application)

•The regulator attach condition to ensure the pipeline is operated safely and that the environment is respected and protected.


National Energy Board
Office national de l'énergie
Major Pipeline Systems and Frontier Activities Regulated by the National Energy Board
Geophysical Programs Undertaken in 2013 (2)
Wells Drilled and Re-entered in 2013 (9)
Arctic Ocean
Beaufort Sea
Baffin Bay
Labrador Sea
Hudson Bay
Pacific Ocean
Atlantic Ocean
NORTHWEST TERRITORIES
YUKON
NUNAVUT
ALBERTA
BRITISH COLUMBIA
SASKATCHEWAN
MANITOBA
ONTARIO
QUEBEC
NEWFOUNDLAND AND LABRADOR
PRINCE EDWARD ISLAND
USA
Whitehorse
Yellowknife
Iqaluit
Edmonton
Victoria
Regina
Winnipeg
Ottawa
Toronto
Quebec
Fredericton
Charlottetown
Halifax
St. John's
7
1
1
Enbridge Pipelines (NW) Inc.
Westcoast Energy Inc., carrying on business as Spectra Energy Transmission
Alliance Pipeline Ltd.
NOVA Gas Transmission Ltd.
Enbridge Southern Lights GP Inc. on behalf of Enbridge Southern Lights LP
Enbridge Pipelines Inc.
Kinder Morgan Cochin ULC
Trans Mountain Pipeline ULC
Foothills Pipe Lines Ltd.
Express Pipeline Ltd.
TransCanada Keystone Pipeline GP Ltd.
TransCanada PipeLines Limited
Trans Québec and Maritimes Pipeline Inc.
Maritimes & Northeast Pipeline Management Ltd.
ExxonMobil Canada Properties
Encana Corporation
Emera Brunswick Pipeline Company Ltd.
Montreal Pipe Line Limited
Trans-Northern Pipelines Inc.
TransCanada PipeLines Limited
Enbridge Pipelines Inc.
Kinder Morgan Cochin ULC
Plains Midstream Canada ULC

Monitoring

Regulators use different tools to monitor compliance:

- Projects audits
- On-site inspections
- Compliance meetings
- Emergency response exercise evaluation
- Incident investigations

Canadian Federal Legislations

- Canadian Environmental Assessment Act (Canadian Environmental Assessment Agency)
- Species At Risk Act(Environment Canada)
- Migratory Birds Convention Act(Environment Canada)
- Navigable Waters Protection Act (Department of Justice)
- Fisheries Act (Fisheries and Oceans Canada)

Pipeline Proposals

Major Canadian pipeline proposals:

•Enbridge's Northern Gateway to the B.C. coast.

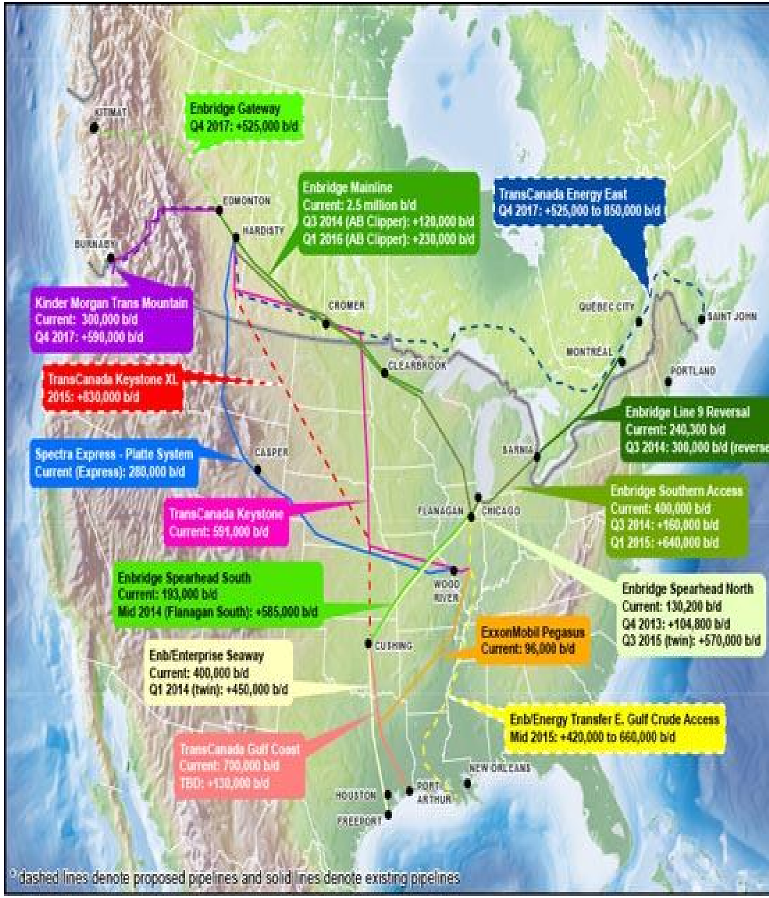
•Enbridge's Alberta Clipper Expansion to the U.S.

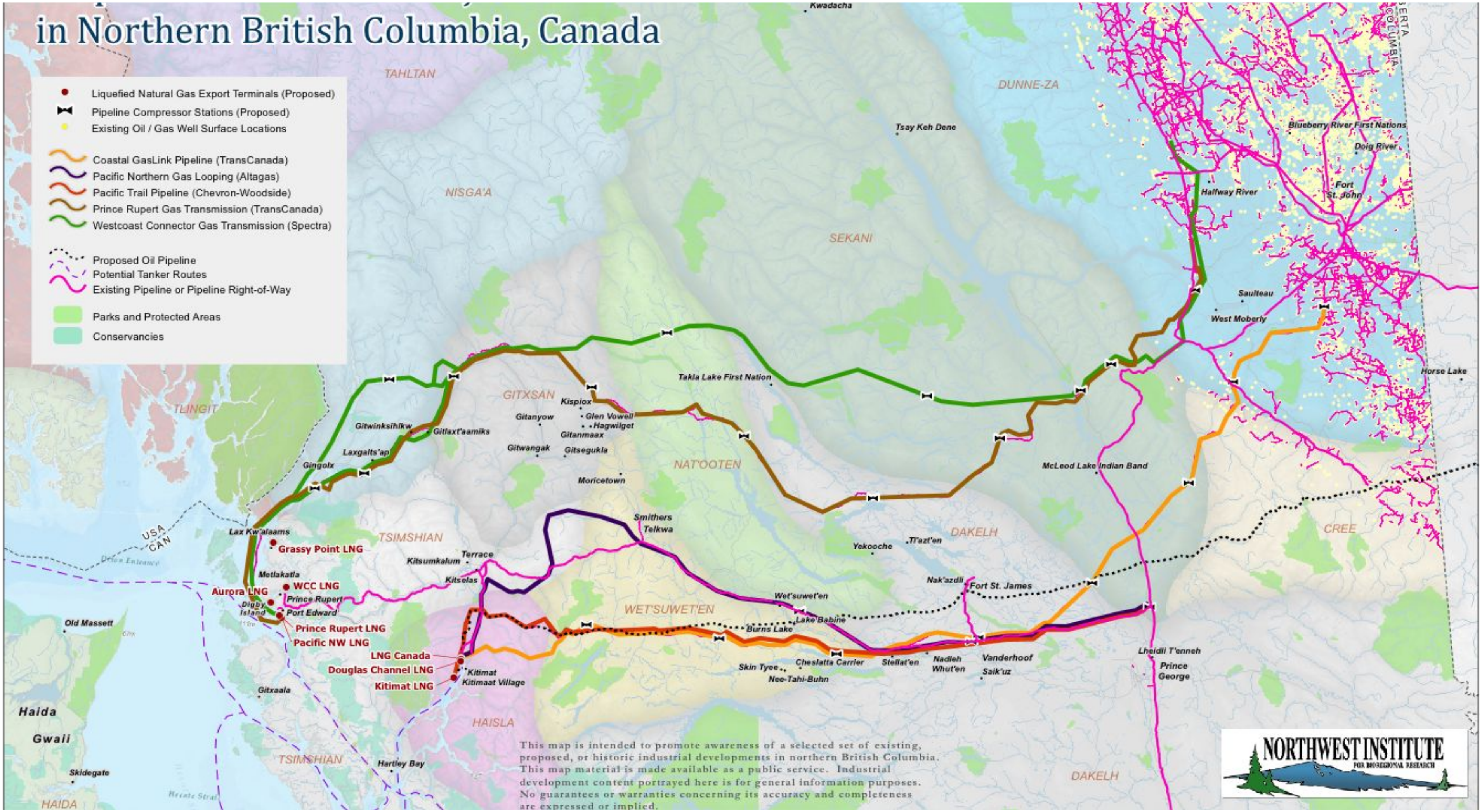
•Enbridge's Line 9B Reversal in Ontario.

•Kinder-Morgan's Trans Mountain doubled line from Alberta to B.C.

•TransCanada's Keystone XL to the U.S. Gulf Coast.

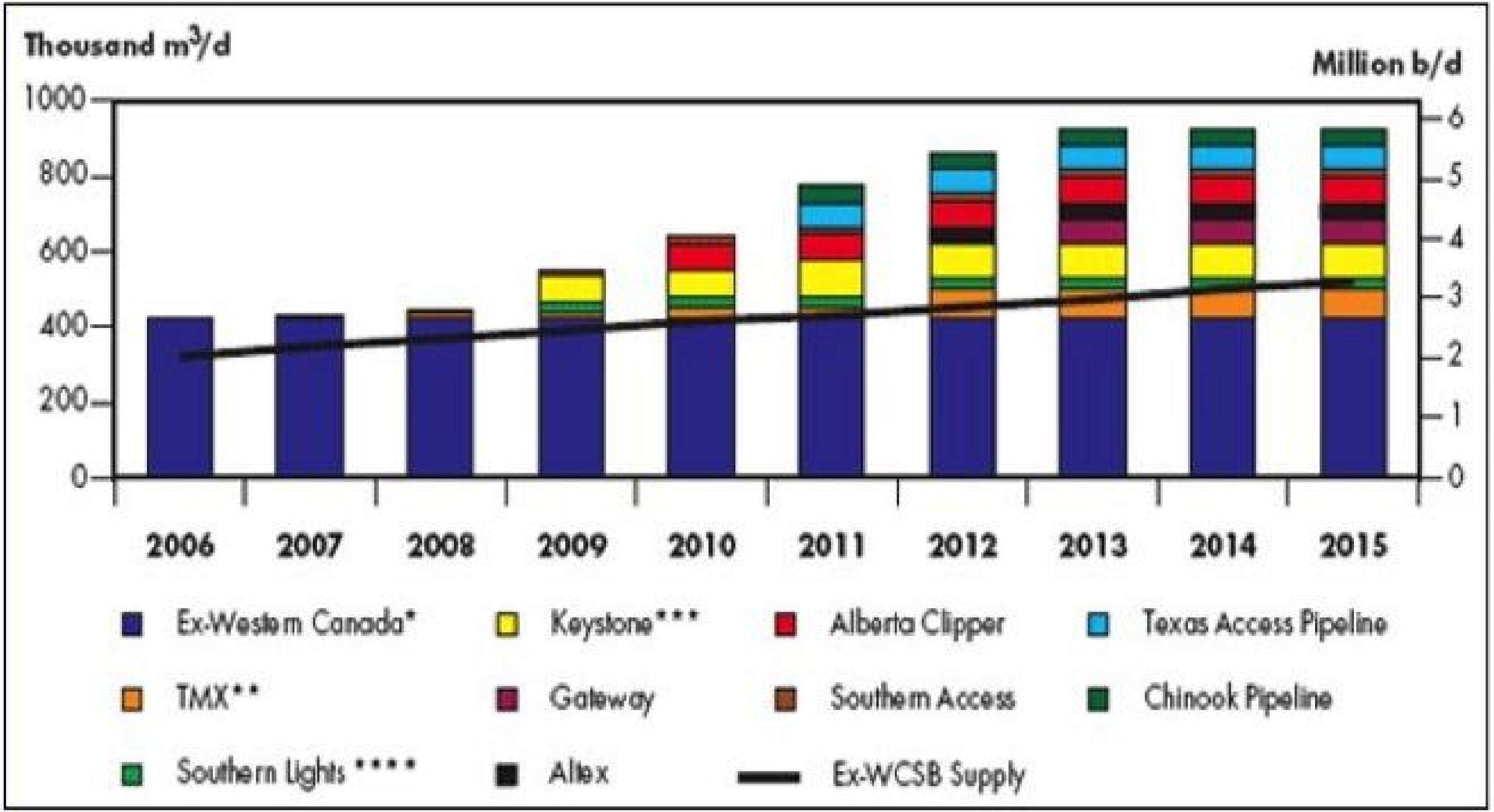
•TransCanada Energy East to Eastern Canada.




in Northern British Columbia, Canada
Liquefied Natural Gas Export Terminals (Proposed)
Pipeline Compressor Stations (Proposed)
Existing Oil / Gas Well Surface Locations
Coastal GasLink Pipeline (TransCanada)
Pacific Northern Gas Looping (Altagas)
Pacific Trail Pipeline (Chevron-Woodside)
Prince Rupert Gas Transmission (TransCanada)
Westcoast Connector Gas Transmission (Spectra)
Proposed Oil Pipeline
Potential Tanker Routes
Existing Pipeline or Pipeline Right-of-Way
Parks and Protected Areas
Conservancies
TAHLTAN
NISGA'A
SEKANI
DUNNE-ZA
GITXSAN
TLINGIT
NAT'OOTEN
TSIMSHIAN
WET'SUWET'EN
DAKELH
CREE
HAISLA
HAIDA
Kwadacha
Tsay Keh Dene
Blueberry River First Nations
Doig River
Halfway River
Fort St. John
Saulteau
West Moberly
Horse Lake
McLeod Lake Indian Band
Takla Lake First Nation
Kispiox
Glen Vowell
Hagwilget
Gitanyow
Gitanmaax
Gitwangak
Gitsegukla
Moricetown
Gitwinksihlkw
Gitlaxt'aamiks
Laxgalts'ap
Gingolx
Lax Kw'alaams
Grassy Point LNG
Metlakatla
Aurora LNG
WCC LNG
Prince Rupert
Digby Island
Port Edward
Prince Rupert LNG
Pacific NW LNG
LNG Canada
Douglas Channel LNG
Kitimat LNG
Kitimat
Kitimaat Village
Kitsumkalum
Terrace
Kitselas
Smithers
Telkwa
Yekooche
Tl'azt'en
Nak'azdli
Fort St. James
Wet'suwet'en
Lake Babine
Burns Lake
Skin Tyee
Cheslatta Carrier
Nee-Tahi-Buhn
Stellat'en
Nadleh Whut'en
Vanderhoof
Saik'uz
Lheidli T'enneh
Prince George
Old Massett
Gitxaala
Haida Gwaii
Skidegate
Hartley Bay
USA CAN
This map is intended to promote awareness of a selected set of existing, proposed, or historic industrial developments in northern British Columbia. This map material is made available as a public service. Industrial development content portrayed here is for general information purposes. No guarantees or warranties concerning its accuracy and completeness are expressed or implied.
NORTHWEST INSTITUTE FOR BIOREGIONAL RESEARCH

Proposed Canadian Oil Pipelines

TMX1B Expansion		15	November 2008	East
TMX2 Expansion TMX3 Expansion	n/a - Open Season unsuccessful n/a	100 300	2011 2012	PADD V Offshore/Far East
Kinder Morgan TMX Northern Leg	n/a	400	2012	PADD V Offshore/Far East
Enbridge Gateway (oil/diluent)	n/a	400/150	Between 2012 and 2014	PADD V Offshore/Far East Alberta (diluent line)
TransCanada AB-California	n/a	400	4Q2012	California
Enbridge Line 9 reversal Portland Pipeline reversal		213 140	2010 2010	eastern Canada PADD I



Thousand m³/d
Million b/d
1000
800
600
400
200
0
6
5
4
3
2
1
0
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
Ex-Western Canada*
Keystone***
Alberta Clipper
Texas Access Pipeline
TMX**
Gateway
Southern Access
Chinook Pipeline
Southern Lights ****
Altex
Ex-WCSB Supply

Pipeline Construction

- Pre-Construction
  - –Surveying and staking
  - –Preparing the right-of-way
  - –Digging the trench
  - –Stringing the pipe
- Construction
  - –Bending and welding the pipe
  - –Coating the pipeline
  - –Positioning the pipeline
  - –Installing valves and fittings
  - –Restoring the site
- Post Construction
  - –Pressure Testing
  - –Regulating the pipeline

Business and Financial Risk Overview

Supply/Demand Considerations and Customers/Shippers

•Provision of pipelines depends on the available supply and adequate demand

•Utilization of pipeline capacity depends on success of oil and gas producers. Seasonality can also cause volume fluctuations.

•Contractual relationships: counterparty risk

Capital Intensity

•Cost overruns and weak financial metric during growth stage

•Large multi-year growth project vs. smaller shorter construction periods

Business and Financial Risk Overview

Competitive landscape

- Alternative energy sources
- Global competition

Regulation

- Long-term contract
- Allowed ROE and capital structure defined by regulatory bodies

Other factors

- Exchange rate


KEYERA

Toronto Stock Exchange: KEY

Keyera Corp

Delayed quote	Today's change	P/E	Market cap	52-week range
$38.90	+0.20 +0.52%	32.000	7.25B	

Updated March 28 4:00 PM EDT. Delayed by at least 15 minutes.

One Year Performance

March 28 4:00 PM EDT.

1 year

Keyera Corp closed up Tuesday by $0.20 or 0.52% to $38.90. Over the last five days, shares have gained 2.40%, but are down 3.86% for the last year to date. Shares have underperformed the S&P TSX by 16.75% during the last year.

KEY COMPANY METRICS

Open	$38.70
Previous close	$38.70
High	$39.17
Low	$38.57
Bid / Ask	$38.86 / $38.90
YTD % change	-3.86%
Volume	230,716
Average volume (10-day)	299,951
Average volume (1-month)	362,196
Average volume (3-month)	334,114
52-week range	$36.03 to $43.21
Beta	0.80
Trailing P/E	32.00×
P/E 1 year forward	22.84×
Forward PEG	1.95×
Indicated annual dividend	$1.59
Dividend yield	4.09%
Trailing EPS	$1.22

SMA(100,1d):39.13
SMA(50,1d):38.96
Apr 2016
May 2016
Jun 2016
Jul 2016
Aug 2016
Sep 2016
Oct 2016
Nov 2016
Dec 2016
Jan 2017
Feb 2017
Mar 2017
Volume (mil / 1d)
KDJ(10,1d)
K:75.12
D:61.54
J:34.39

One Year Performance

March 28 4:00 PM EDT.

Keyera Corp closed up Tuesday by $0.20 or 0.52% to $38.90. Over the last five days, shares have gained 2.40%, but are down 3.86% for the last year to date. Shares have underperformed the S&P TSX by 16.75% during the last year.

Five Year Performance

March 28 4:00 PM EDT.

5 years

Keyera Corp closed up Tuesday by $0.20 or 0.52% to $38.90. Over the last five days, shares have gained 2.40%, but are down 3.86% for the last year to date. Shares have underperformed the S&P TSX by 16.75% during the last year.

Ten Year Performance

March 28 4:00 PM EDT.

Keyera Corp closed up Tuesday by $0.20 or 0.52% to $38.90. Over the last five days, shares have gained 2.40%, but are down 3.86% for the last year to date. Shares have underperformed the S&P TSX by 16.75% during the last year.

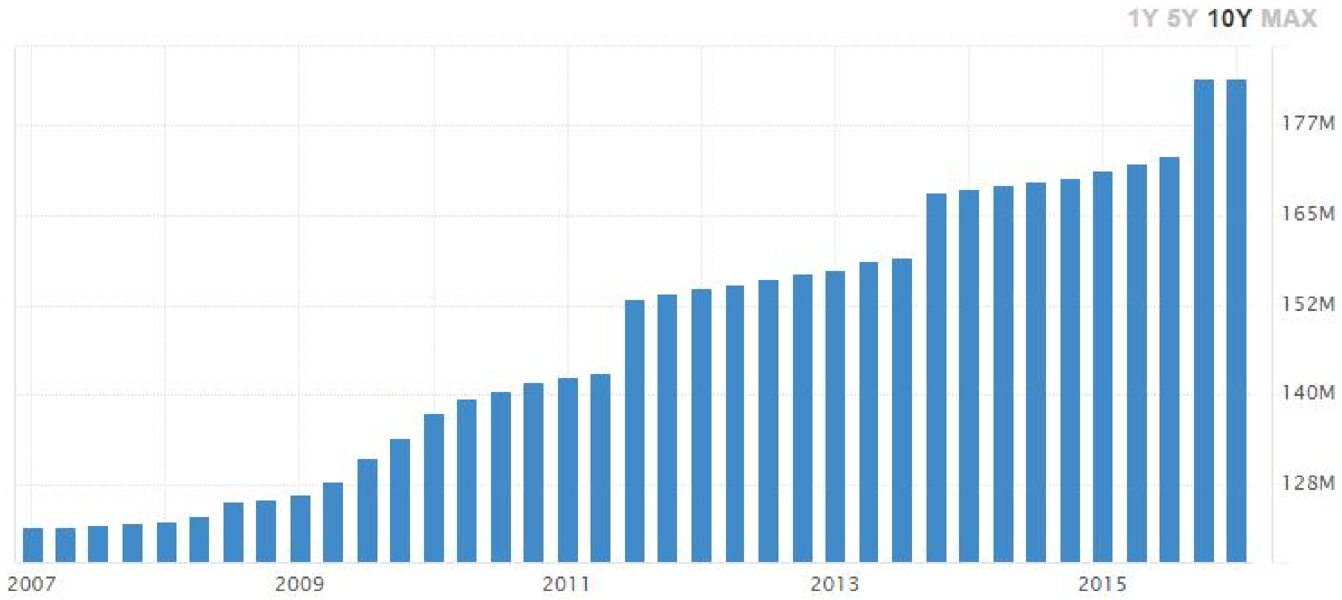
Max Timeframe Performance

March 28 4:00 PM EDT

Keyera Corp closed up Tuesday by $0.20 or 0.52% to $38.90. Over the last five days, shares have gained 2.40%, but are down 3.86% for the last year to date. Shares have underperformed the S&P TSX by 16.75% during the last year.

Zoom: 1d 5d 1m 3m 6m YTD 1y 5y 10y All
Mar 24, 2017 - Mar 28, 2017
OSPTX +1.09% KEY +1.25%
1.75%
1.50%
1.25%
1.00%
0.75%
0.50%
0.25%
0.00%
-0.25%
-0.50%
-0.75%
-1.00%
-1.25%
Fri Mar 24
11 am
12 pm
1 pm
2 pm
3 pm
Mon Mar 27
11 am
12 pm
1 pm
2 pm
3 pm
Tue Mar 28
11 am
12 pm
1 pm
2 pm
3 pm

Share outstanding history



Dividend

EX-DIVIDEND DATE	RECORD DATE	PAYMENT DATE	DIVIDEND AMOUNT* (CDN $/SHARE)
January 20	January 22	February 16	0.125
February 19	February 23	March 15	0.125
March 18	March 22	April 15	0.125
April 20	April 22	May 16	0.125
May 19	May 24	June 15	0.125
June 20	June 22	July 15	0.125
July 20	July 22	August 15	0.125
August 18	August 22	September 15	0.1325
September 20	September 22	October 17	0.1325
October 20	October 24	November 15	0.1325
November 18	November 22	December 15	0.1325
December 20	December 22	January 16, 2017	0.1325
2016 Monthly Cash Dividends Declared to Date*			$1.5375

Historical Dividend & Dividend reinvestment plan

The following table sets forth dividends declared on Keyera Corp.'s Common Shares for the three most recently completed years:

Month	2016	2015	2014
January	$0.1250	$0.1075	$0.1000
February	$0.1250	$0.1075	$0.1000
March	$0.1250	$0.1150	$0.1000
April	$0.1250	$0.1150	$0.1000
May	$0.1250	$0.1150	$0.1075
June	$0.1250	$0.1150	$0.1075
July	$0.1250	$0.1150	$0.1075
August	$0.1325	$0.1250	$0.1075
September	$0.1325	$0.1250	$0.1075
October	$0.1325	$0.1250	$0.1075
November	$0.1325	$0.1250	$0.1075
December	$0.1325	$0.1250	$0.1075
Total	**$1.5375**	**$1.4150**	**$1.2600**

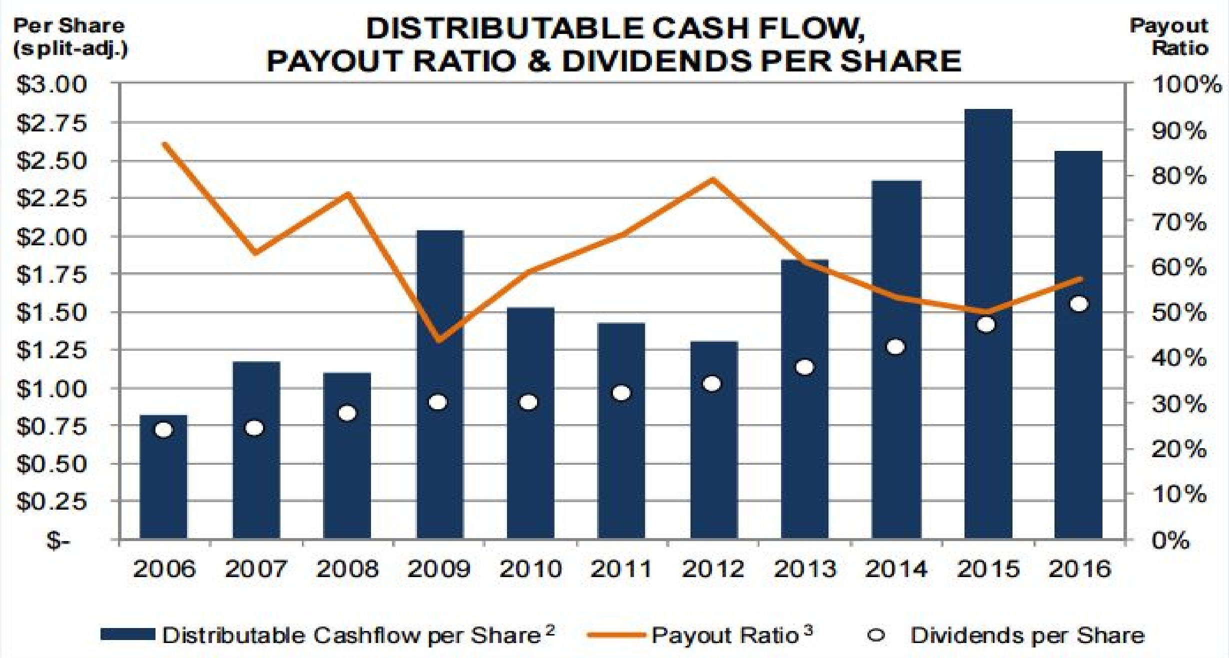
(1) On April 1, 2015, Keyera's outstanding Common Shares were split on a two-for-one basis which commenced trading on a post-split basis on April 6, 2015. All per share information has been presented on a post-share split basis.

To date in 2017, dividends of $0.1325 per Common Share were paid in January. The Board of Directors has declared a dividend of $0.1325 per Common Share payable on February 15, 2017 and a dividend of $0.1325 per Common Share payable on March 15, 2017.

Premium Dividend™ and Dividend Reinvestment Plan

Keyera Corp.'s Premium Dividend™ and Dividend Reinvestment Plan (collectively, the "**Plan**") consists of two components:

- The Dividend Reinvestment component of the Plan allows eligible Shareholders to direct that their dividends be reinvested in additional Common Shares issued from treasury at a 3% discount to the Average Market Price (as defined in the Plan) on the applicable dividend payment date.
- The Premium Dividend™ component of the Plan permits eligible Shareholders to elect to have additional Common Shares issued from treasury at a 3% discount to the Average Market Price (as defined in the Plan) and delivered to the designated Plan Broker, Canaccord Genuity Corporation, in exchange for a premium cash payment equal to 101% of the regular, declared cash dividend.



Per Share
(split-adj.)
DISTRIBUTABLE CASH FLOW,
PAYOUT RATIO & DIVIDENDS PER SHARE
Payout
Ratio
$3.00
$2.75
$2.50
$2.25
$2.00
$1.75
$1.50
$1.25
$1.00
$0.75
$0.50
$0.25
$-
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
Distributable Cashflow per Share [2]
Payout Ratio [3]
Dividends per Share

Company Profile

- One of the largest energy midstream companies in Canada.
- provide essential services to oil and gas producers in the Western Canada Sedimentary Basin.
- fee-for-service based business consists of natural gas gathering and processing, natural gas liquids fractionation, transportation, storage and marketing, iso-octane production and sales, and an industry-leading condensate system in the Edmonton/Fort Saskatchewan area of Alberta.

Business Strategy

Keyera vision is to be the North American leader in delivering midstream energy solutions by:

- focuses on operational safety;
- strives to provide reliable midstream services at a competitive price;
- pursues opportunities to increase throughput at its existing facilities;
- invests in expansion and optimization opportunities to meet its customer needs and complement its service offerings;
- selectively pursues acquisitions;
- builds on the interconnectivity of its infrastructure and its integrated business model; and
- maintains a conservative capital structure.

Financial strategy

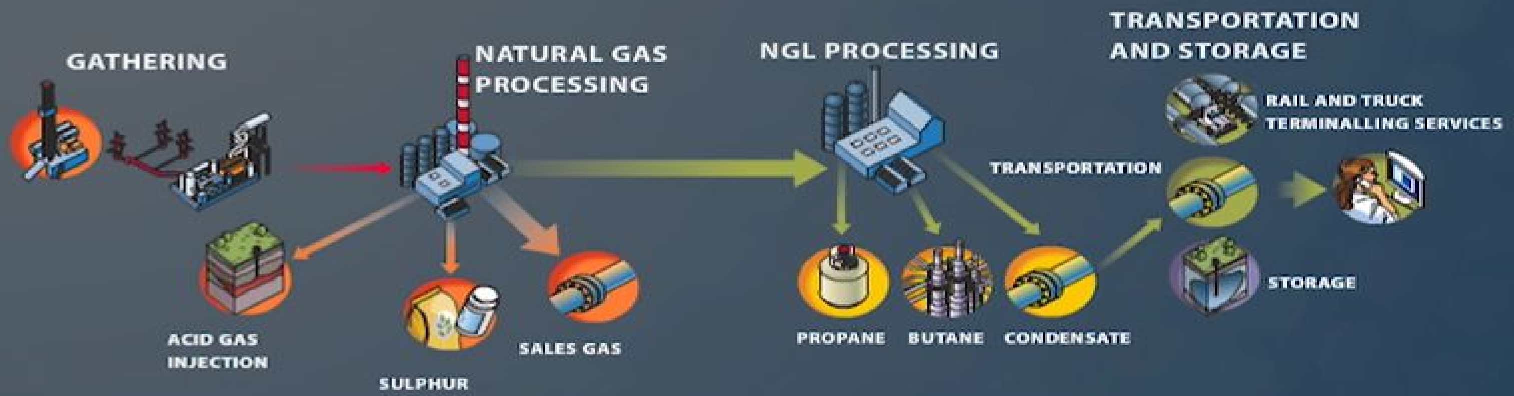
12%
cagr
distributable cash flow per share[1,3]

8%
cagr
dividend per share[2,3]

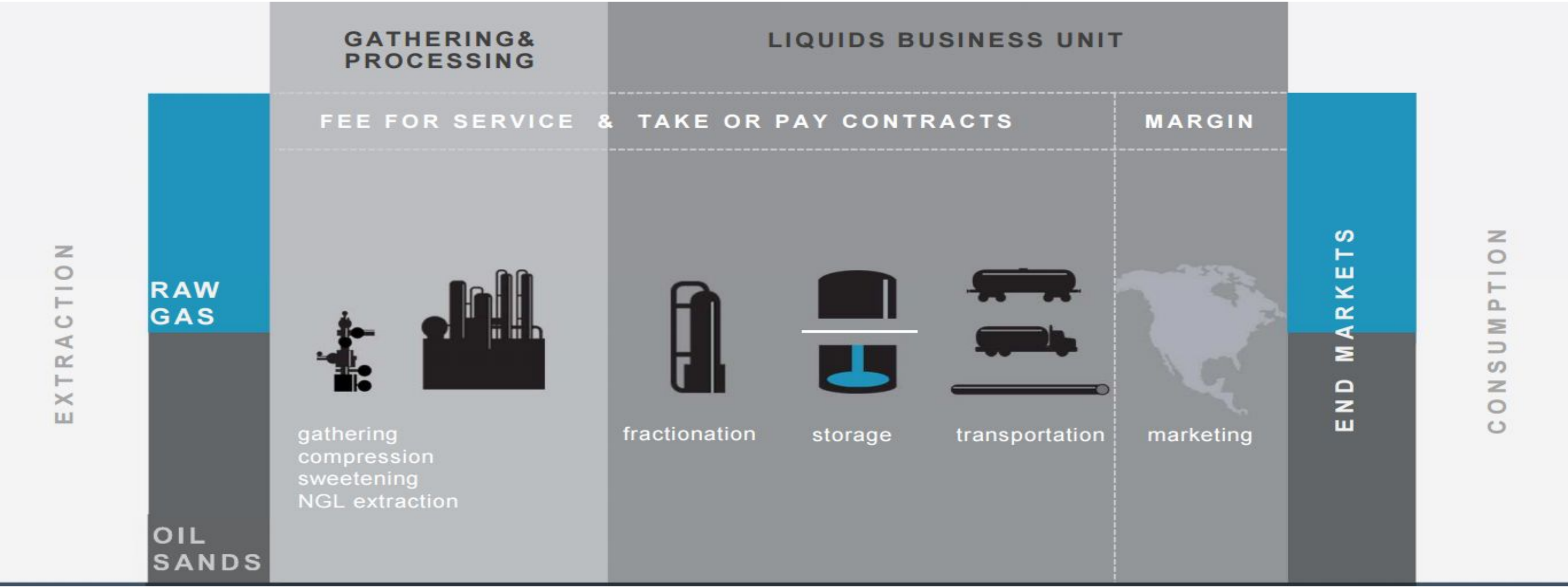
60%
LTM payout ratio[3,4]

[1] Compound annual growth rate from 5/30/2003 to 12/31/2016.
[2] Compound annual growth rate from 7/15/2003 to 12/31/2016.
[3] Based on dividends declared. Not a standard measure under GAAP.
[4] From 1/1/2016 to 12/31/2016, inclusive.

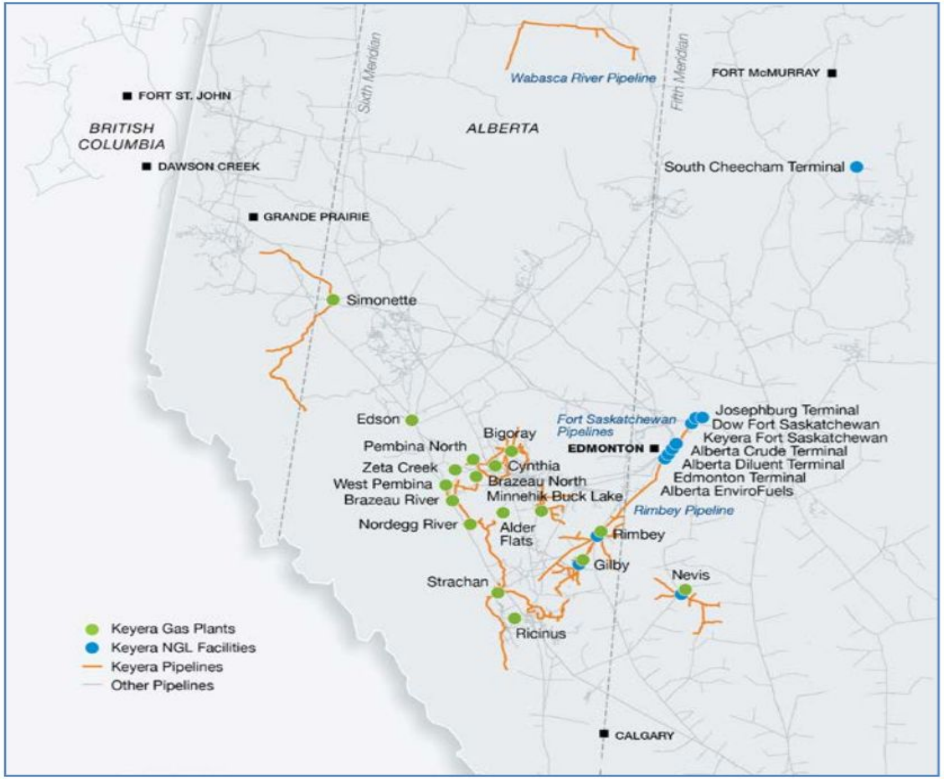
Business model



Products & project



Products & project



Products

Propane is used primarily for industrial and residential heating (often in rural areas). Because demand for heating fuel is higher in winter months, we utilize Keyera's underground storage caverns to manage propane inventories over the spring and summer to meet seasonal demand.

Butane is used primarily in gasoline and crude oil blending. Butane is also used as a feedstock for production of octane-enhancing additives for winter gasoline blending.

Iso-octane is a low vapour pressure, high octane gasoline blending component. Keyera's Alberta EnviroFuels (AEF) facility uses butane as the primary feedstock to produce iso-octane. As a result, AEF's business creates positive synergies with Keyera's Marketing business.

Condensate is desirable as a feedstock for refineries but is becoming more valuable in Alberta to aid in the transportation of bitumen by pipeline from the oil sands to upgrading facilities. As bitumen production has grown, so has the demand for condensate, outpacing local supply. As a result, we also import condensate from the United States to meet the increased demand.

Crude oil midstream operations use Keyera facilities, including crude oil batteries and terminals, to process, transport and sell crude oil.

Sulphur is a yellow mineral extracted from sour gas. Sulphur is a raw material used in the manufacture of fertilizers, plastics and pharmaceuticals.

Completed projects

Completed Projects	In-Service Date	Capital Cost[1] (Net, in $ Millions)
Fort Saskatchewan Frac Expansion	May 2016	156
Zeta Creek New Gas Plant Construction	September 2015	40
Rimbey Turbo Expander, Debottlenecking & Truck Offload Expansion	July 2015	285
Josephburg Rail Terminal	July 2015	120
Alder Flats New Gas Plant Construction (Phase I)	May 2015	51
Twin Rivers Pipelines (Phases I & II)	April 2015	67
Simonette Gas Plant Expansion (Condensate Stabilizer & Refrigeration Unit)	March 2015	90
De-ethanizer at Keyera's Fort Saskatchewan Fractionation Facility	March 2015	165
Wapiti Raw Gas and Condensate Pipelines	January 2015	180
Hull Terminal Refurbishment	October 2014	47
Alberta Crude Terminal	September 2014	75
		$1,276

[1] Some of the Completed Project Capital Costs are subject to change.

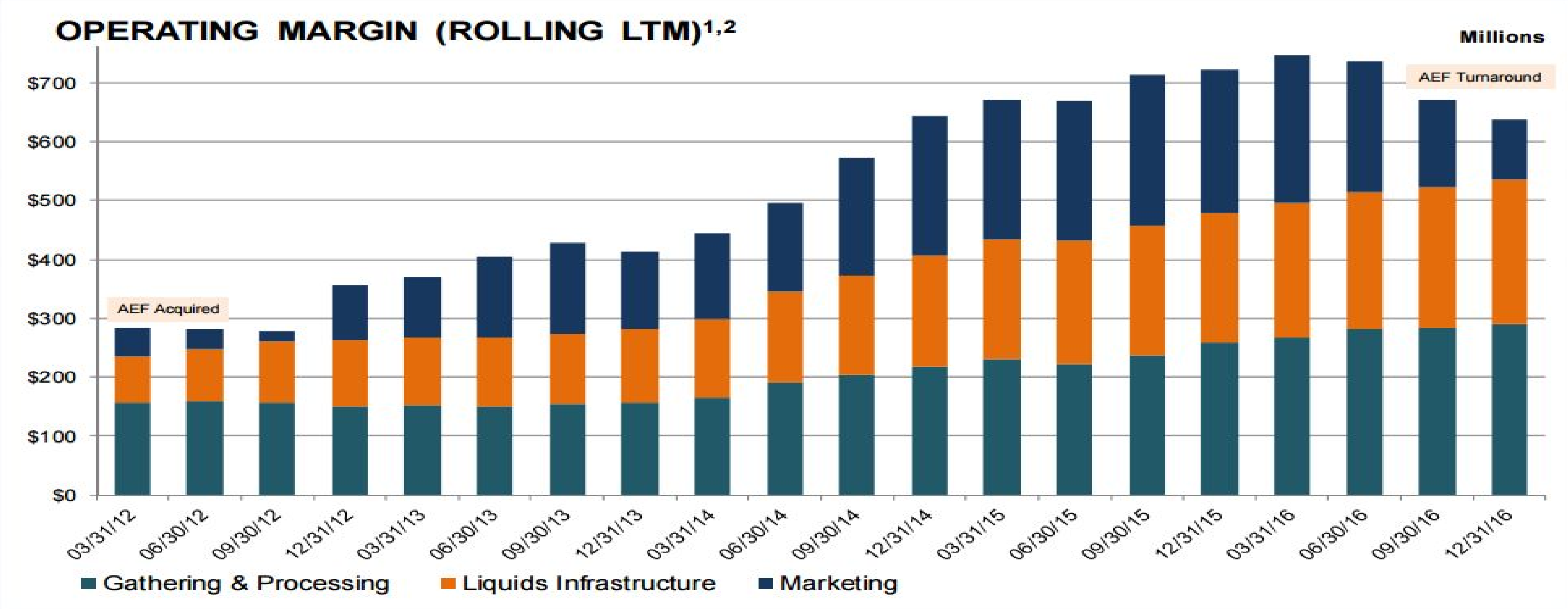
Growth project currently underdevelopment

KEYERA

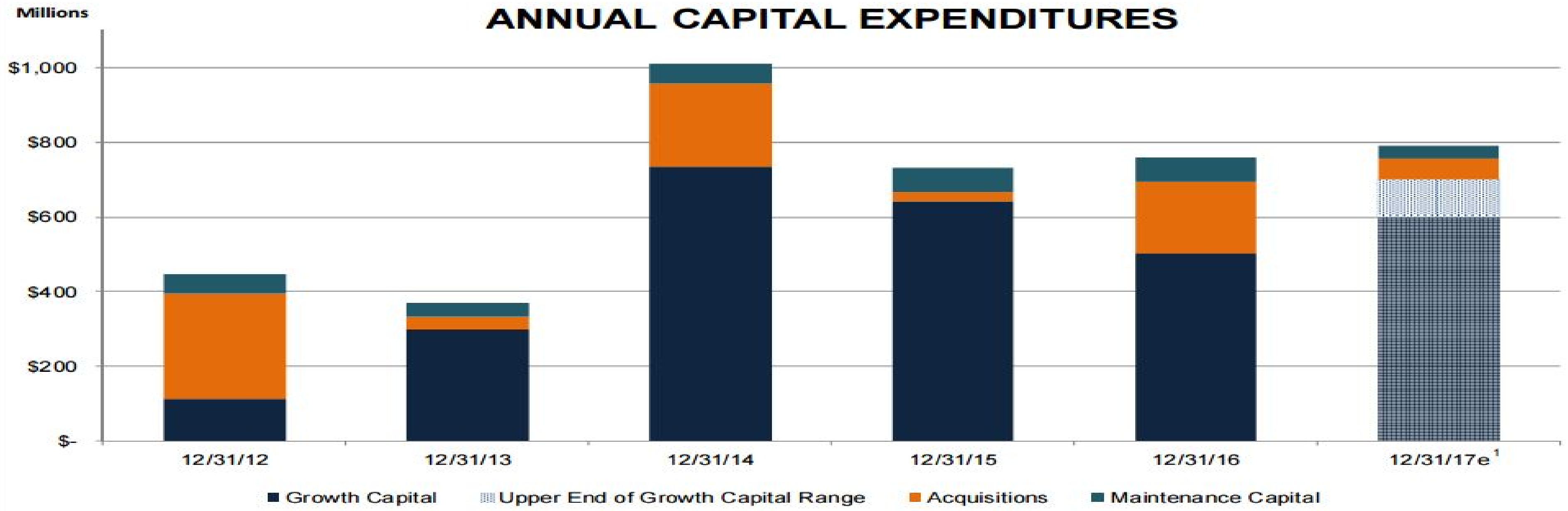
Approved Projects	Capital Cost (Net, in $ Millions)[1]	2017	2018	2019
Edmonton Terminal Condensate Tanks	60			
Norlite Pipeline (JV with Enbridge)	390			
Fort Saskatchewan Condensate System Pipeline Expansion & Manifold	30			
South Grand Rapids Pipeline & Pump Station (JV with TCPL & Brion)[2]	148			
Hull Terminal Pipeline System Connection Project[3]	34			
NWR North Condensate Connector & South NGL Connector	50			
Base Line Terminal Crude Oil Storage Project (JV with Kinder Morgan)	330			
Alder Flats New Gas Plant Construction (Phase II)[4]	27			
Keylink NGL Gathering Pipeline System	147			
Simonette Liquids Handling Expansion Project	100			
Storage Cavern Development Program at KFS	90			
Other Projects (Connections, De-Bottlenecking, Land Development, etc.)	≥100			
TOTAL	>$1.5 Billion			

[1] Keyera's share of estimated capital cost. See Keyera's 2016 Year End MD&A for capital investment risks and assumptions.
[2] Pipeline portion of net capital cost will be paid upon completion of construction and is categorized as acquisition capital.
[3] Project cost is currently estimated to be US$20-25 million.
[4] Pre-paid in August 2016. The capital budget and construction schedule for Alder Flats Phase II is being managed by Bellatrix Exploration Ltd.

Diversified and growing operation margin

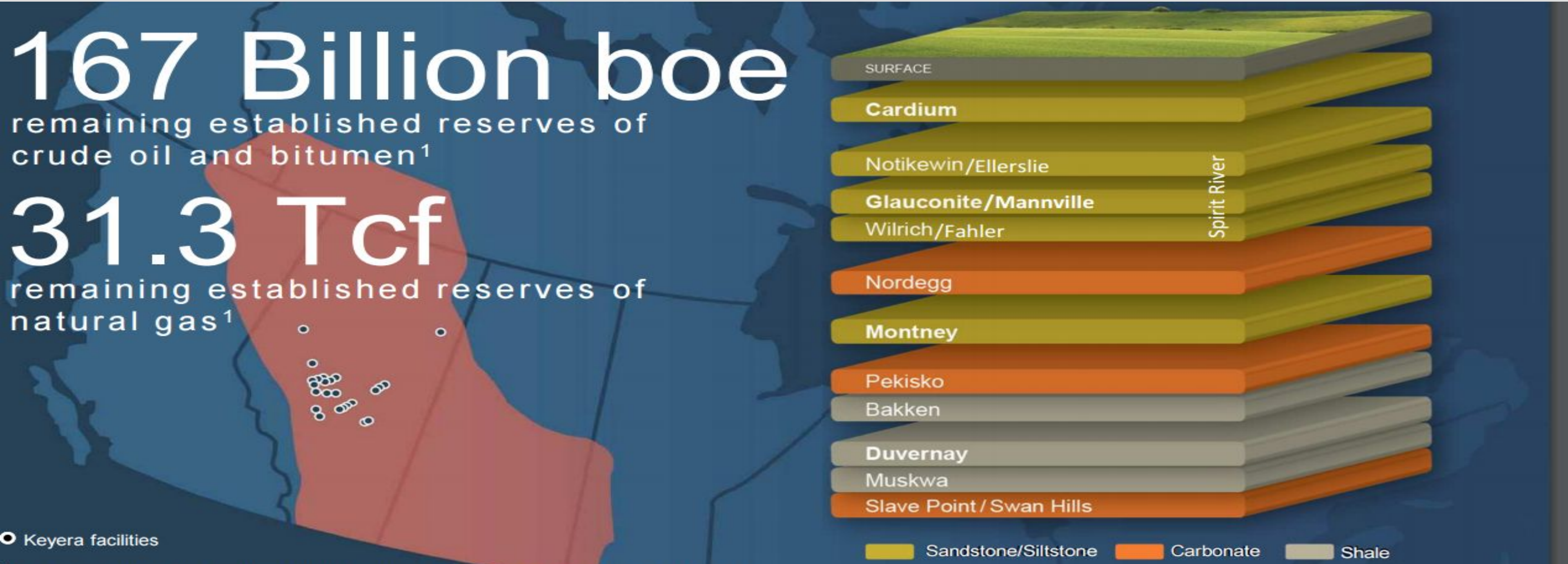


Investing in midstream infrastructure



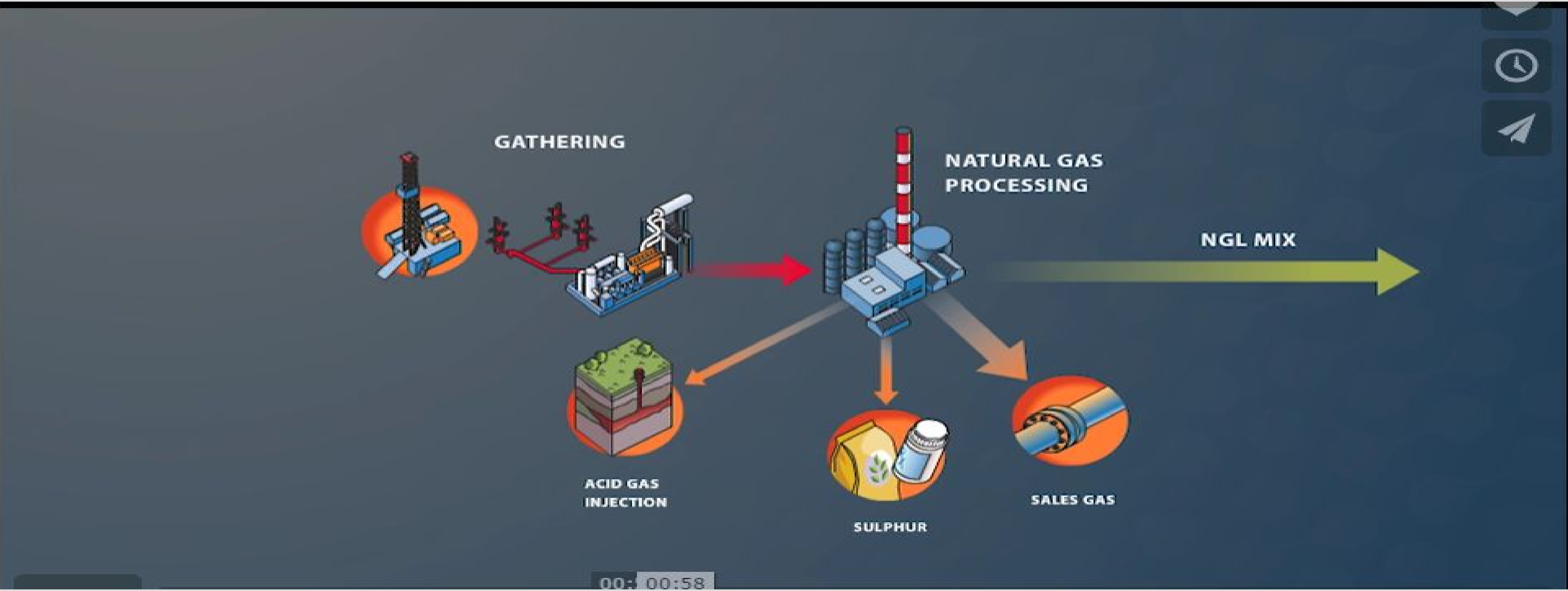
[1] Growth Capital for 2017 includes the pipeline acquisition cost of the South Grand Rapids project due by Keyera to GRPLP upon completion of construction in 2H17. Acquisitions for 2017 includes the $55 million purchase price for undeveloped land in the Industrial Heartland of Alberta, as disclosed in the 2016 Year End Financial Report.

West Canada sedimentary basin



[1] Alberta Energy Regulator's "ST98-2016: Alberta's Energy Reserves 2015 and Supply/Demand Outlook 2016–2025", June 2016

Gathering & processing business unit



Gathering & processing business unit

KEYERA

Well maintained, long-life facilities

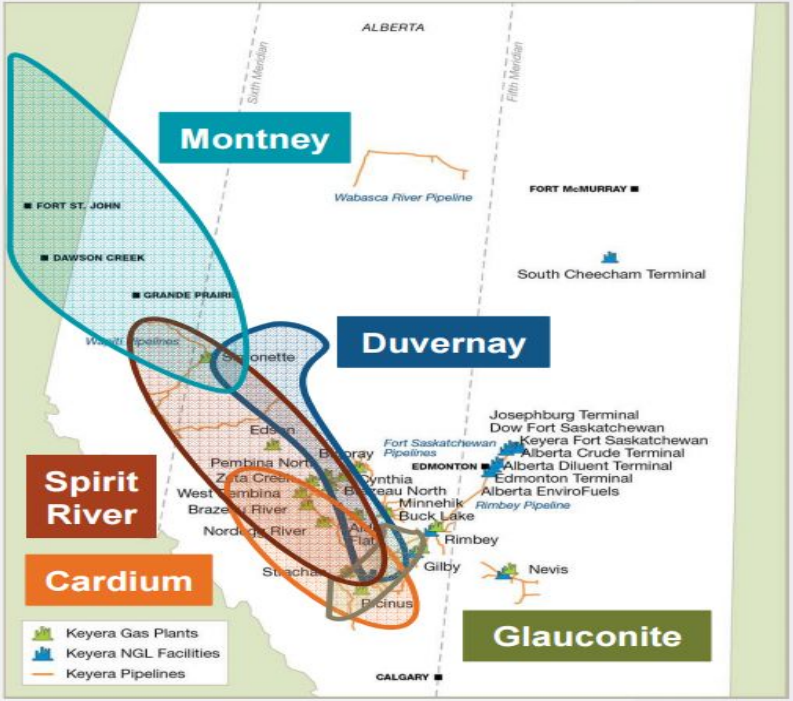
- ~2.9 bcf/d licensed gross capacity[1]
- 17 active gas plants; 15 operated by Keyera

Extensive gathering systems

- Significant gathering pipelines tied into existing gas plants
- >5,000 kilometres of pipelines operated by Keyera
- Capture areas create franchise regions

Fee-for-service revenues with negligible direct commodity exposure

- Largely flow-through operating costs



1 Licensed capacity is not equivalent to actual operating capacity. Actual operational capacity can be lower as it depends on operating conditions and capabilities of functional units at each plant.

Spirit River – a leading low cost natural gas play

Favourable geology

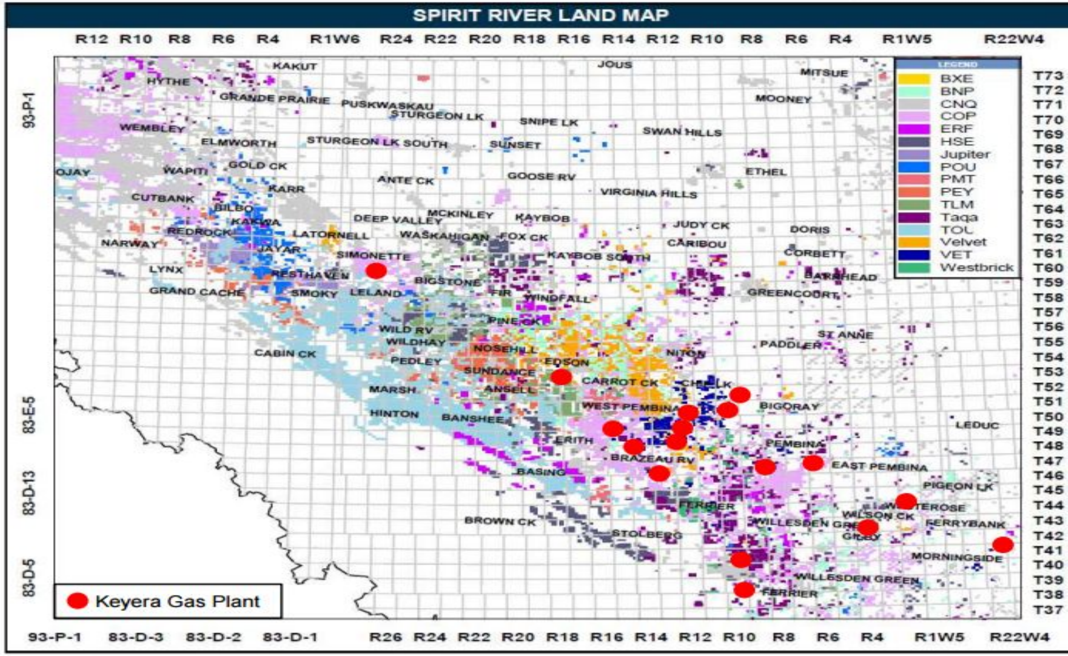
– Broad, thick and extensive sand-rich valleys in the Notikewin, Falher and Wilrich channels

Rivals the Utica, Marcellus and Montney

Large majority of the top 20 gas wells (calendar day rate) in Alberta in 2016[1]

Keyera's gas plants well positioned

– West Pembina, Minnehik Buck Lake, Alder Flats, Brazeau River, Nordegg River and Strachan gas plants located to handle Spirit River volumes



Source: NBF, geoSCOUT, Company Reports

[1] Source: GeoScout, BMO Capital Markets

Montney & Duvernay – continued investment

KEYERA

Montney and Duvernay geological zones driving infrastructure investment

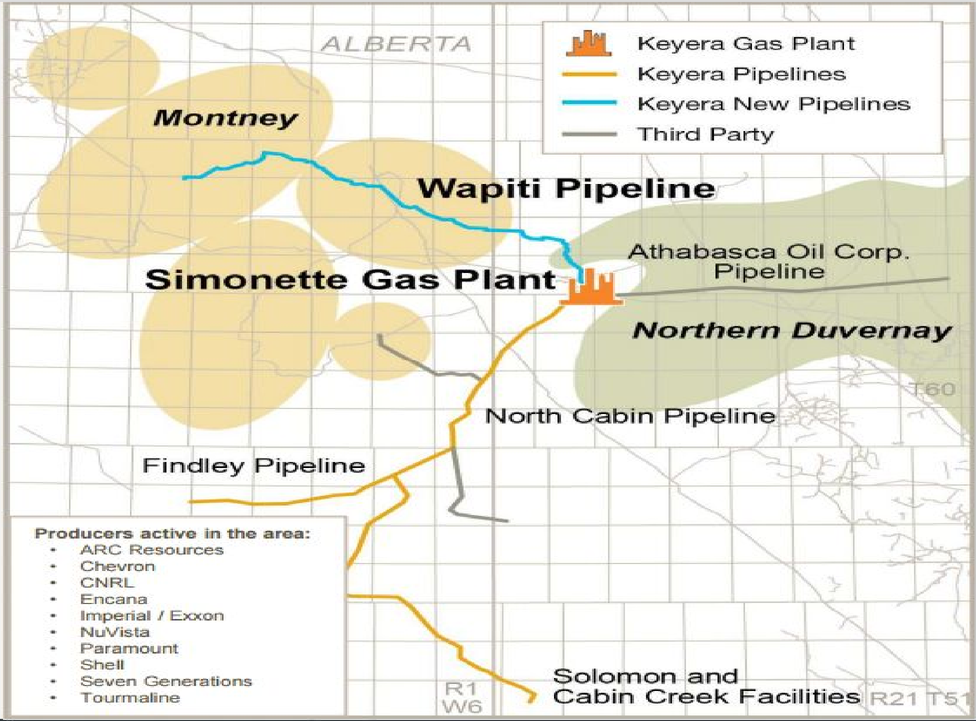
Attractive producer economics with high levels of condensate and other NGLs

Significant land positions held by multinationals and others

Recent Montney study[1] estimates marketable volumes of 449 tcf of natural gas, 14 billion bbls of NGLs and 1 billion bbls of oil

Recent Duvernay study[2] estimates remaining reserves to be 395 million boe of oil, natural gas and condensate

[1] Sources: National Energy Board; BC Oil Gas Commission; Alberta Energy Regulator; British Columbia Ministry of Natural Gas Development.
[2] Total Proved + Probable Duvernay Reserves publisehd by the AER in December 2016.



Wapiti area gathering and processing complex

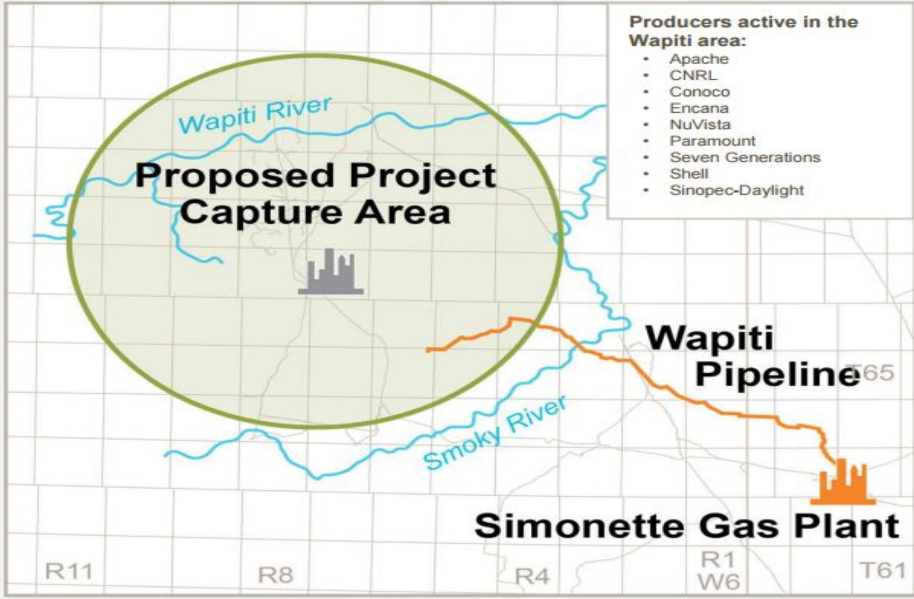
Pursuing the development of a gas gathering and processing complex with the Canadian subsidiary of a large, creditworthy, multinational producer:

- For $19 million, Keyera acquired the Wapiti area plant site, all third-party engineering work and a successfully tested acid-gas injection well
- Producer entered into a long-term gas handling agreement including an area dedication and take-or-pay commitment
- Advancing engineering work pending a final sanctioning decision at any time prior to the end of 2018

Proposed facilities include:

- Plant with up to 300 mmcf/d of sour gas processing capacity (could be phased subject to demand) and up to 25,000 bbls/d of condensate handling capacity
- Raw gas gathering and field compression system

Estimated total project cost of ~$625 million with a target in-service date of mid-2019[1]



Future potential to connect the plant to Keyera's Wapiti pipeline and Simonette gas plant

[1] Cost and timing subject to project sanctioning, finalization of scope, timely receipt of remaining regulatory approvals and construction schedule variables.

Growing through selective acquisitions

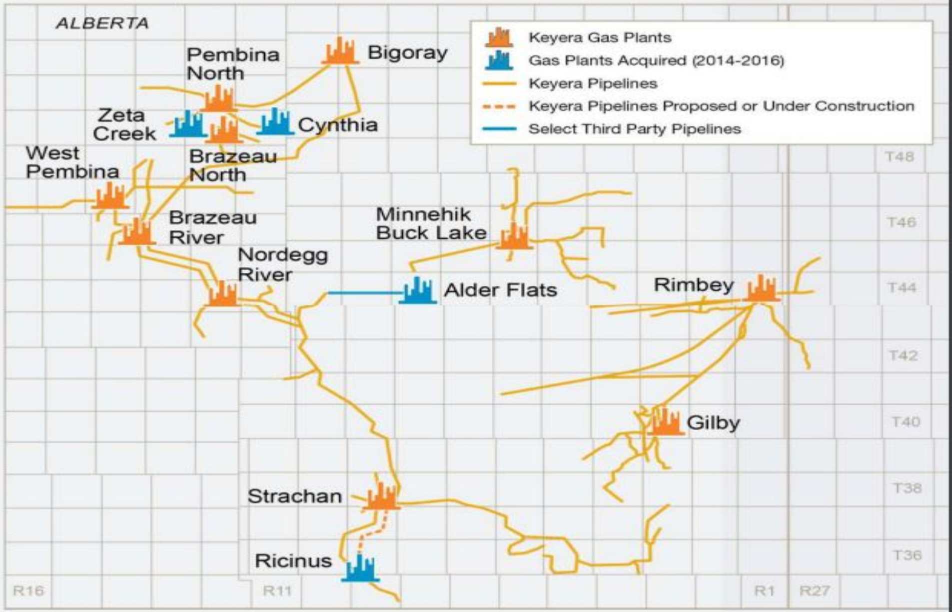
Select past transactions:

Partnered to construct new gas plants (2015-2016)

- Alder Flats (35% non-op owner; now 70%)[1]
- Zeta Creek (60% op owner)[2]

Acquired interests in existing assets (2014-2016)

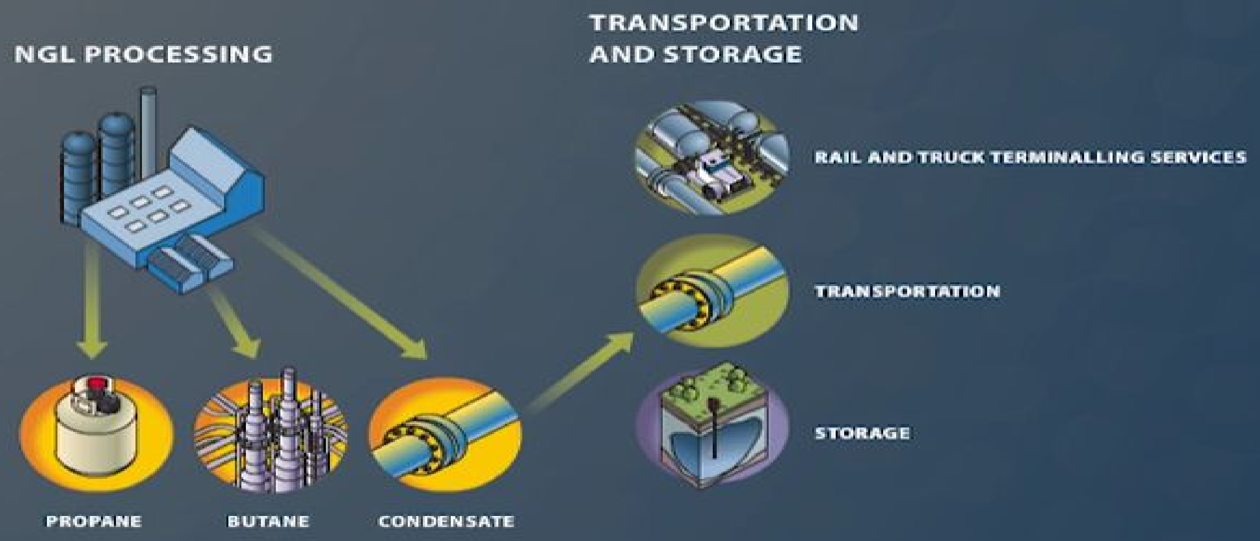
- Cynthia gas plant (85% op owner; now 93%)
- Ricinus gas plant (71% op owner)
- Alder Flats gas plant and gathering pipelines (35% non-op owner; now 64% non-op owner)[1]



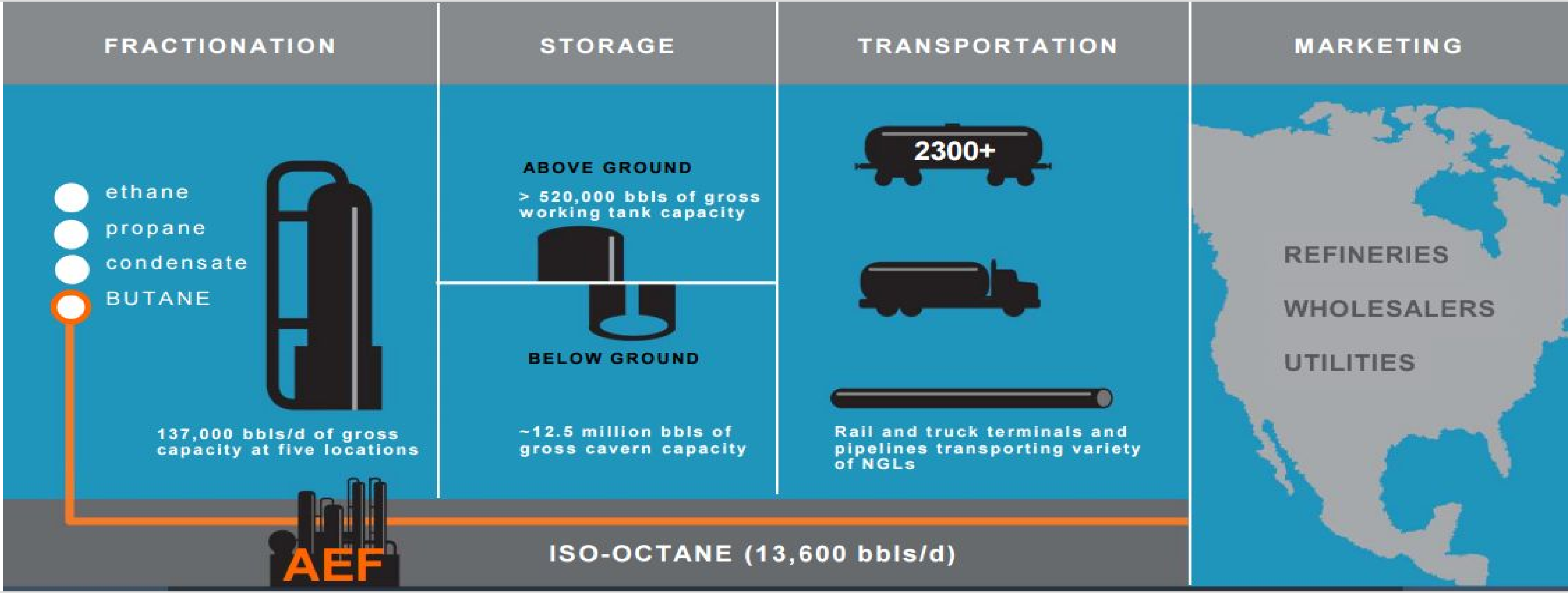
1 Phase I of the Alder Flats gas plant came on stream in May 2015 and provides 110 mmcf/d of licensed capacity. Phase II with an additional 120 mmcf/d of licensed capacity is proposed for 1H18. In August 2016, Keyera acquired an additional 35% ownership interest in the Alder Flats gas plant and the associated gathering system.

2 The Zeta Creek gas plant came on stream in September 2015 and provides 54 mmcf/d of licensed capacity.

Liquids Business unit



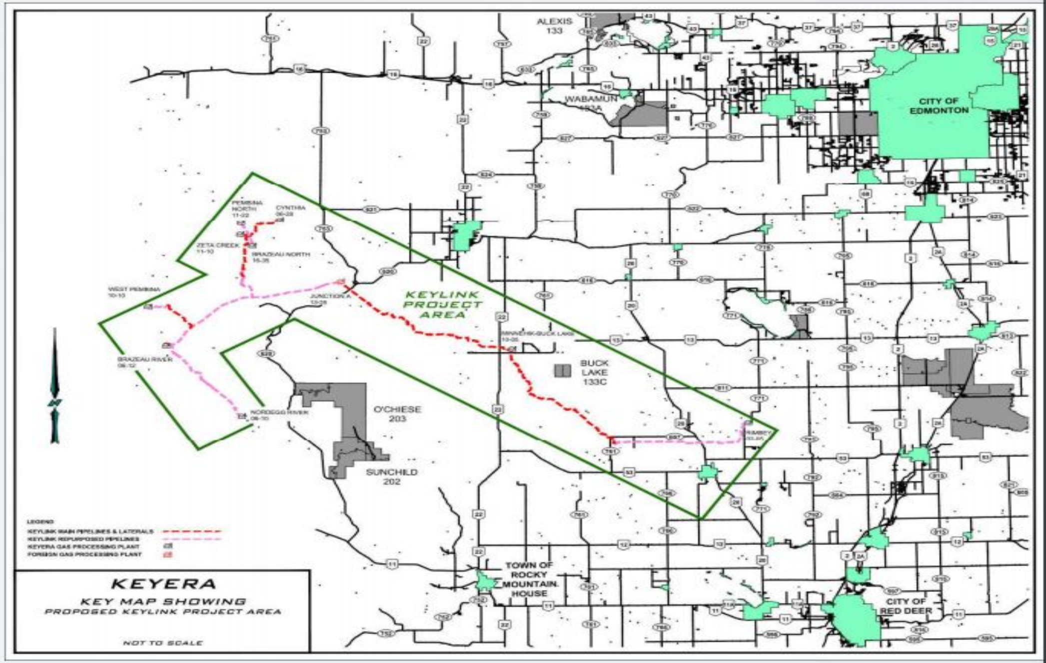
Liquids Business unit



Keylink NGL gathering pipeline system

Solution to link Gathering & Processing and Liquids Infrastructure assets:

- C3+ NGL gathering pipeline system strengthens Keyera's value chain by connecting 8 existing Keyera gas plants to the Rimbey energy complex
- C3+ NGL liquids will be fractionated at Rimbey or optionally at KFS (via Rimbey Pipeline and the FSPL system)
- Capacity of ~22,000 bbls/d[1]; combination of new and re-purposed existing pipelines with a total system length of 264 km[1]
- Estimated cost of $147 million, with an expected in-service date of mid-2018[1]



[1] Capacity, length, cost and timing subject to finalization of scope, timely receipt of remaining regulatory approvals and construction schedule variables.

Expanding underground storage at KFS

Underground storage capacity expansion project:

- 14th cavern washing completed in 4Q16; expected in-service date in 2Q17
- 15th cavern currently being washed; expected in-service date in 2018
- Drilled the well bores for 16th and 17th caverns in 3Q16; washing of both caverns to commence in 1H17

Extensive, flexible condensate infrastructure

Most connected condensate hub in Western Canada

Major oil sands delivery options:

– Polaris
– Norlite
– Access
– FSPL
– Grand Rapids

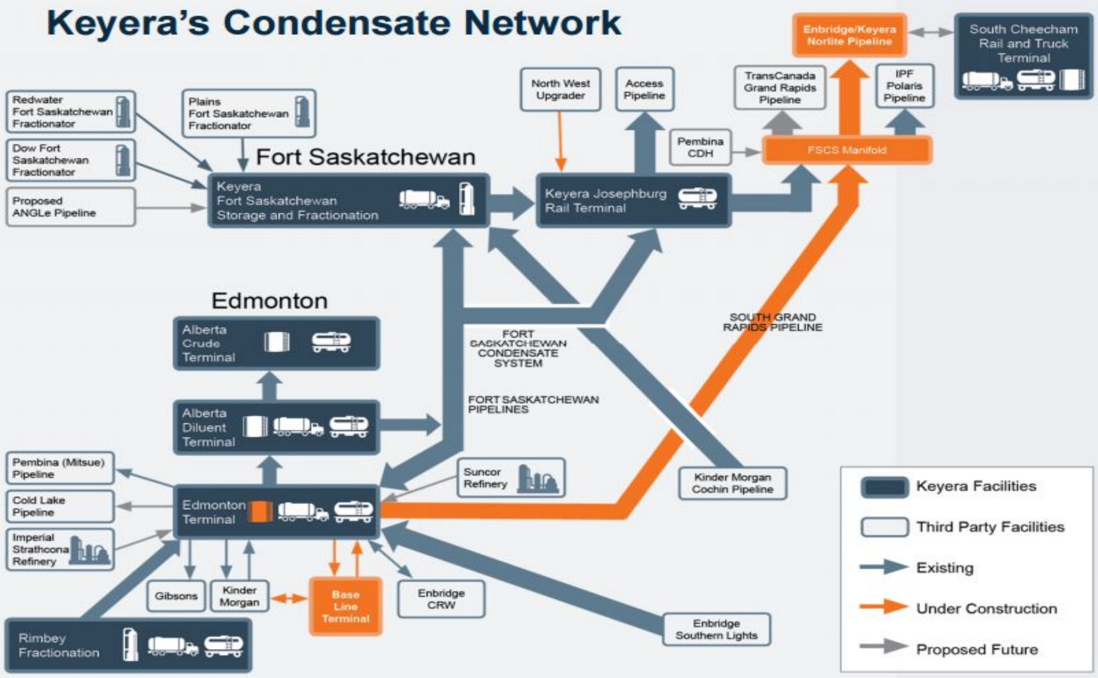
Supply through multiple receipt points:

– Local fractionators and refineries
– Kinder Morgan Cochin pipeline
– Enbridge Southern Lights pipeline and CRW pool
– Western Canada feeder pipelines
– Rail imports at the Alberta Diluent Terminal

Storage at Keyera Fort Saskatchewan

Long-term take-or-pay and fee-for-service agreements:

– Imperial Oil (Kearl)
– Husky/BP (Sunrise)
– Suncor (Fort Hills)
– North West Upgrading
– Cenovus (Christina Lake)
– CNRL (Kirby, Primrose)
– JACOS/Nexen (Hangingstone)
– Devon (Jackfish)



Norlite pipeline

Diluent pipeline from Ft. Saskatchewan to Athabasca oil sands

Constructed by Enbridge

Keyera is a 30% non-operating owner

Long-term take-or-pay agreement with owners of Fort Hills project – Suncor, Total and Teck – with the project's first oil production expected in 4Q17

Norlite shippers will have access to Keyera's condensate infrastructure in Edmonton/Fort Saskatchewan, including storage and rail

Initial capacity of approximately 218,000 bbls/d with potential to expand to 465,000 bbls/d[1]

Enbridge expects a mid-2017 completion date at gross cost of $1.3 billion ($390 million net to Keyera)[2]

[1] Pipeline capacities are estimated based on certain assumptions.
[2] Cost and timing subject to construction schedule and cost variables.

South grand Rapids pipeline

50/50 joint venture between Keyera and Grand Rapids Pipeline LP (TransCanada PipeLines and Brion Energy)

45-kilometre 20-inch diluent pipeline from Edmonton to Fort Saskatchewan

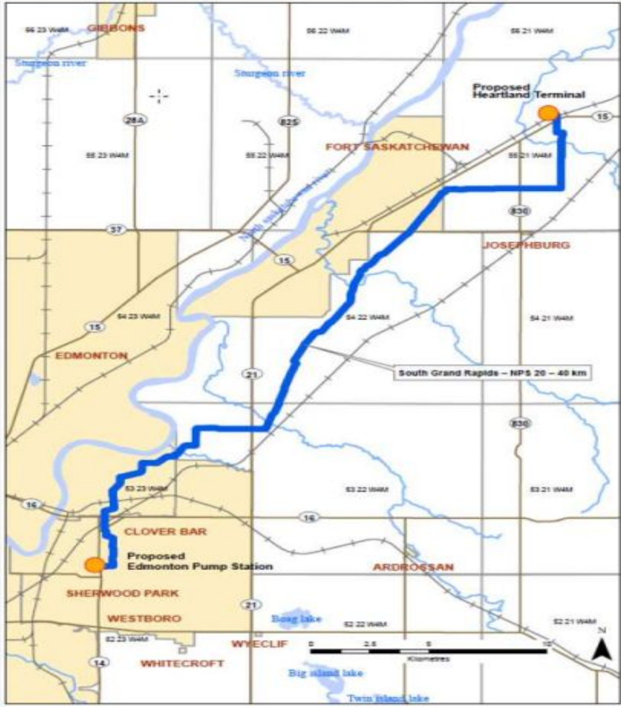
Will provide Keyera with ≥225,000 bbls/d of net capacity[1] for diluent transportation, a portion of which will be used to meet commitments under existing customer agreements

Remaining capacity available for Keyera to pursue new diluent transportation business

Net capital cost to Keyera of $148 million[2]

Expected in service 2H17[3]

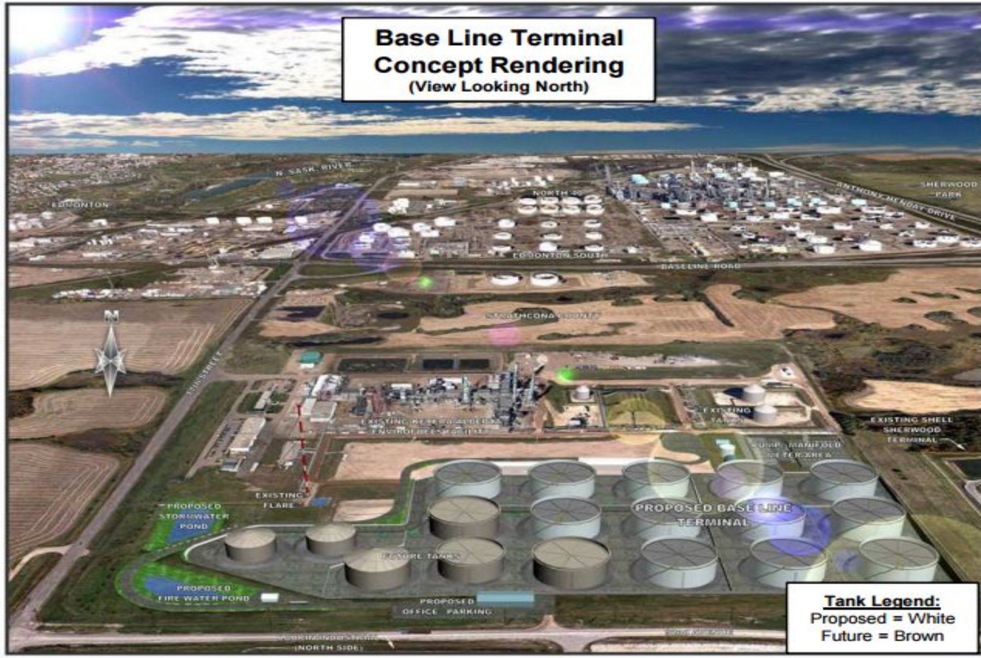
Keyera will operate the pipeline once complete



[1] Pipeline capacities are estimated based on certain assumptions.
[2] Pipeline portion of net capital cost will be paid upon completion of construction and is categorized as acquisition capital.
[3] Cost and timing subject to finalization of scope, engineering, construction and schedule variables.

Base line terminal – a crude oil storage solution

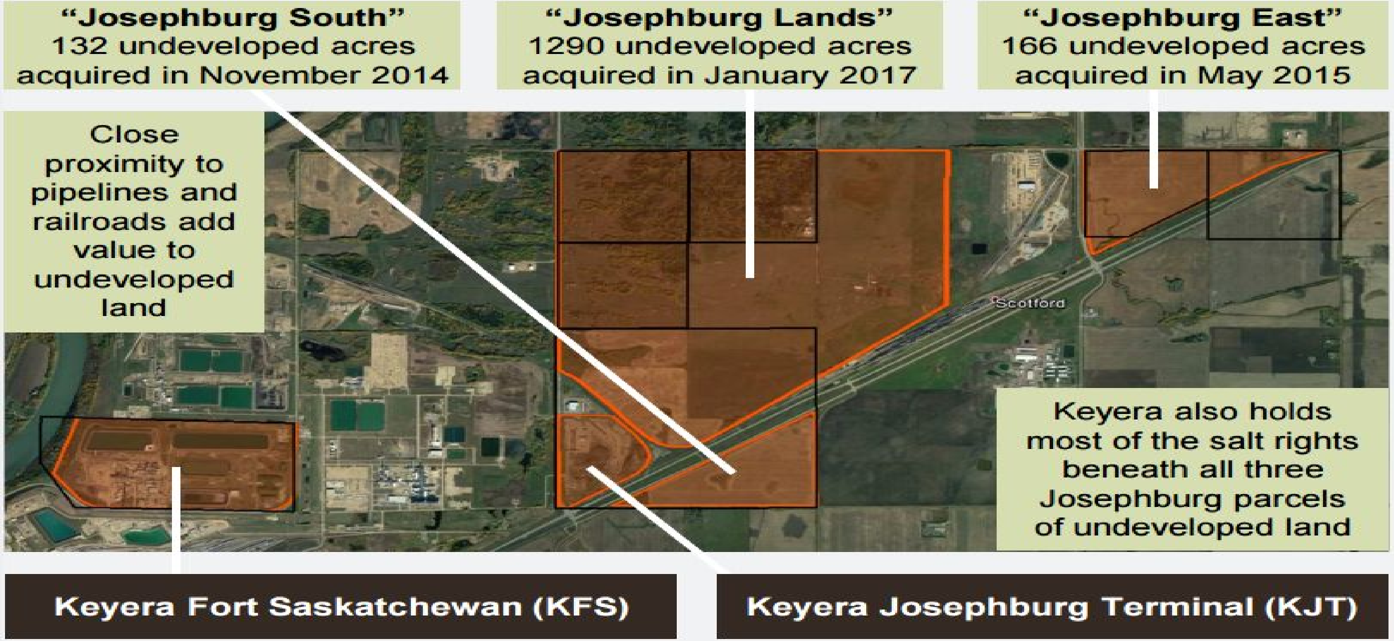
- 50/50 joint venture operated by Kinder Morgan
- 12 crude oil storage tanks with 4.8 million bbls of capacity to be constructed at Keyera's Alberta EnviroFuels site
- Connected to Kinder Morgan's Edmonton area storage and rail terminals
- Backstopped by take-or-pay contracts with 8 customers; contracts range up to 10 years in length
- Expected net capital cost to Keyera of $330 million[1]
- Potential to add additional tanks for total storage capacity of up to 6.6 million bbls, subject to customer demand
- Phased commissioning of tanks starting in 1H18[1]



Josephburg rail terminal – a propane solution

- Provides customers with new rail infrastructure to handle growing propane supply from liquids-rich production
- Improves propane egress to North American demand centres and export markets
- Capacity of 40,500 bbls/d[1]
- Commenced operations in July 2015
- Flexibility to also handle butane

Potential undeveloped land



350 acres of undeveloped land acquired in September 2014 adjacent to the Hull Terminal in Texas

10 acres of brownfield land acquired in December 2016 adjacent to ADT/ACT in Edmonton

Hull terminal and pipeline system

Facility commissioned in 4Q14; handles NGL mix, propane, butane and iso-butane

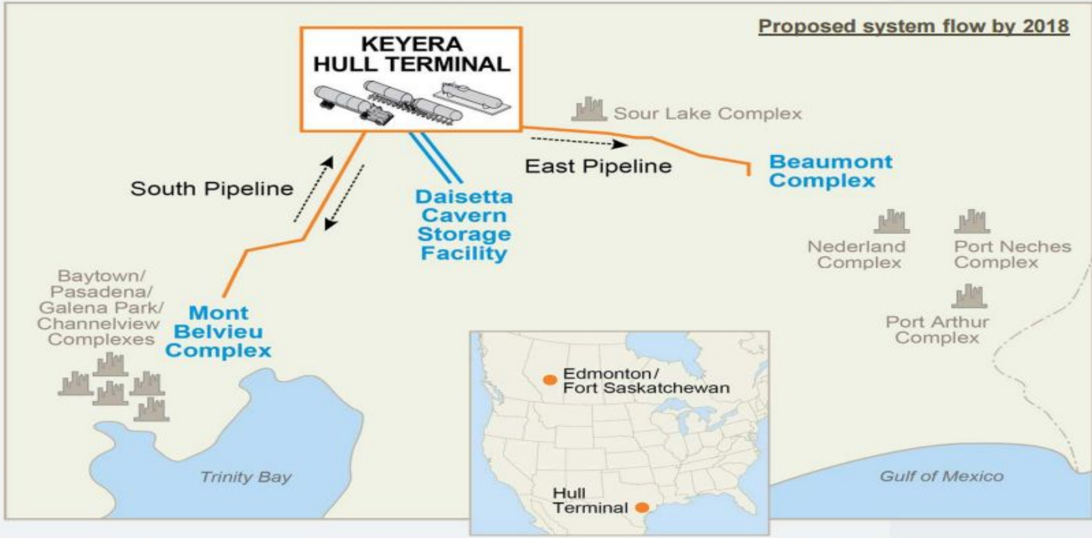
Acquired a 88-kilometre, 6-inch pipeline system for US$24 million in 1Q16

Advancing integrity work to reactivate and connect the pipeline system

Third-party pipeline connection will provide access to Mont Belvieu:

- Agreement with a major US midstream energy company to build the connection signed in 4Q16
- Commercial terms secure storage and other midstream services in Mont Belvieu post-construction

Estimated cost of the project (incl. third-party connection) is US$20-25 million[1]



[1] Cost and timing subject to finalization of commercial agreements, pipeline connections and other improvements.

Alberta envirofuels(AEF)

KEYERA

Iso-octane (iC8) is a high octane, low vapour pressure gasoline additive

Only merchant iC8 facility in North America

Licensed capacity of 13,600 bbls/d

Butane is the primary feedstock

Supply networks and distribution infrastructure used to source feedstock while rail logistics broaden sales markets

Liquid financial forward markets enable hedging of feedstock costs and product sales

Fuel efficiency increases and regulation changes are driving continental demand for iC8

Iso-octane business & its margin components

Strong demand for iso-octane

- 13,600 bbls/d of facility capacity
- Annual peak occurs during summer driving season

Access to butane feedstock

- Sourced locally and from the US
- Utilize cavern storage assets and pipeline network to manage volumes and costs

Operational expertise to maximize utilization

Access to continental markets

- Leverage Keyera's rail terminals, storage facilities and logistical expertise to identify best opportunities
- Sell into regions with the strongest demand across North America, including the US Gulf Coast and Midwest to maximize iso-octane premiums

Revenue Components

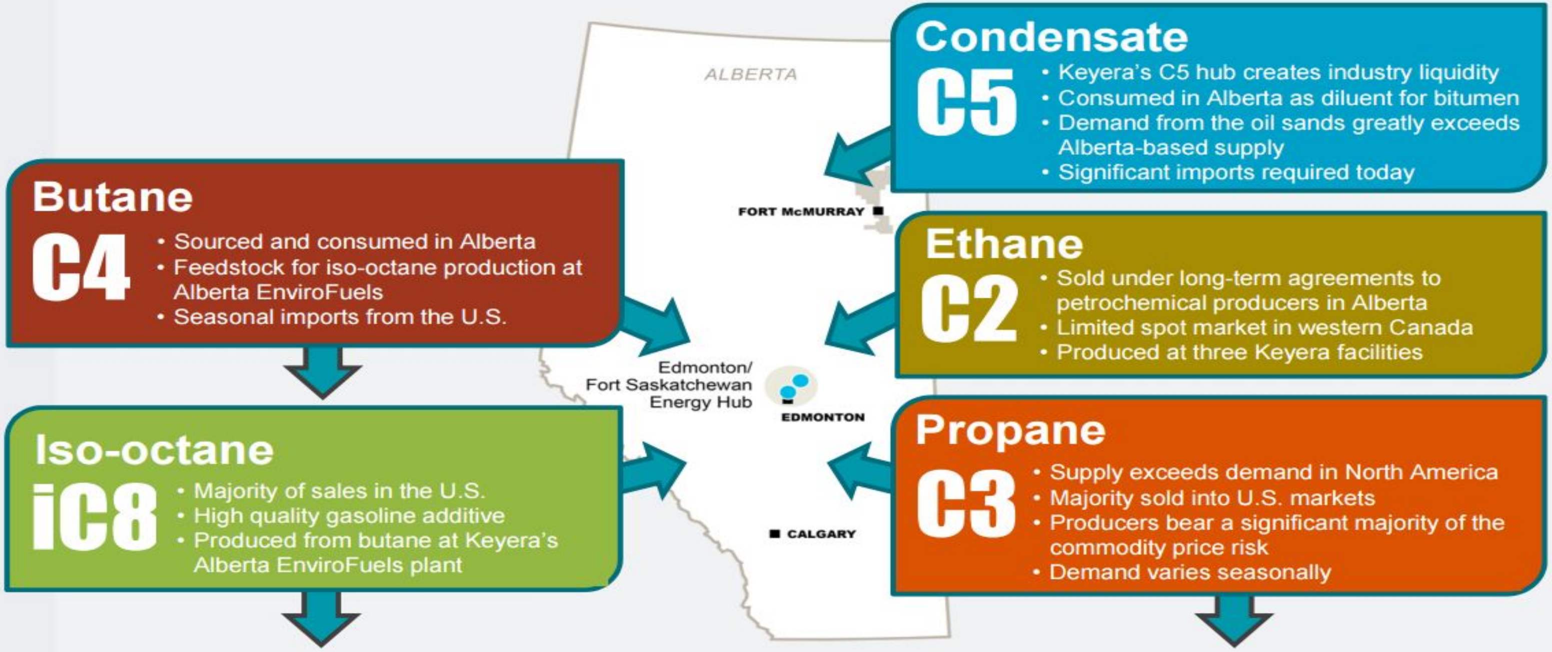
- Risk Management
- Foreign Exchange (iC8 sold in USD)
- Iso-Octane (iC8) Premium over RBOB
- RBOB Spread over WTI
- WTI

Cost Components

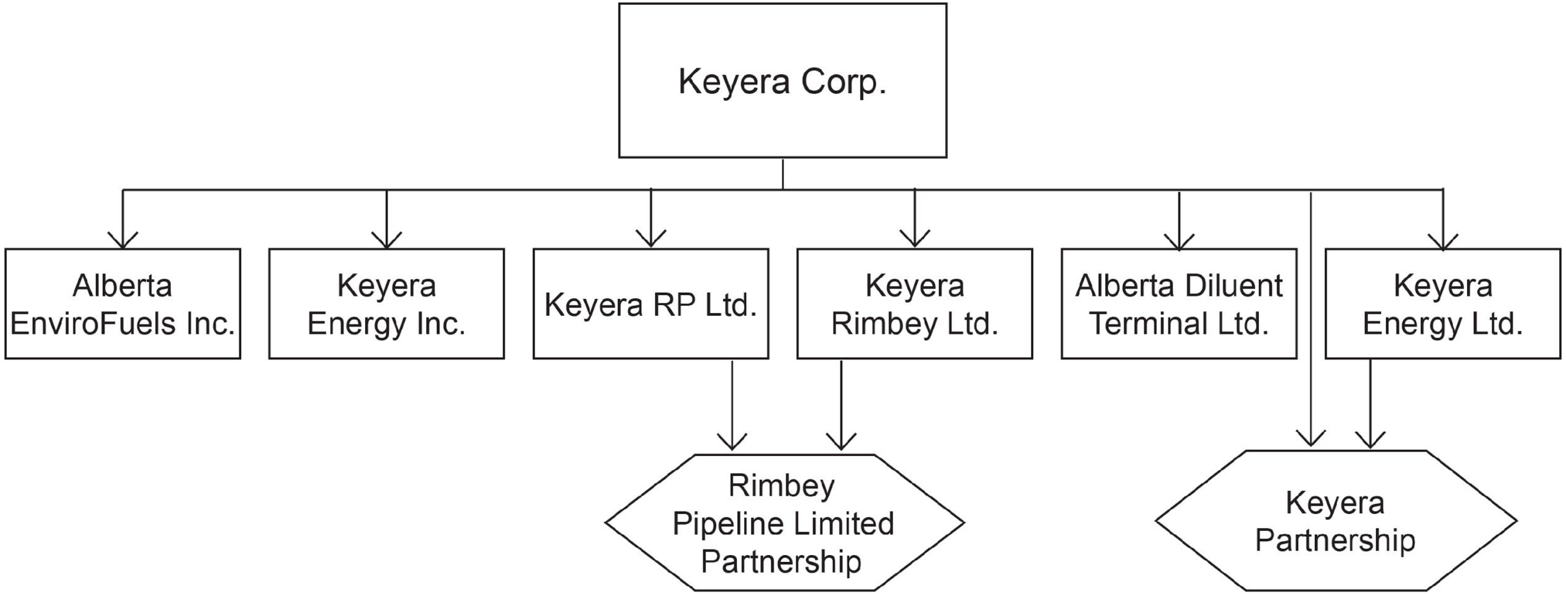
- Risk Management
- Periodic Plant Maintenance
- Plant Operating Expenses, Storage & Transportation Costs
- ~1.4 bbl of C4 per bbl of iC8
- Butane (C4) as a Fraction of WTI (priced in USD)

NOTE: Components are not indicative of their relative size in the margin equation.

Marketing servies



Corporate structure



HIstory

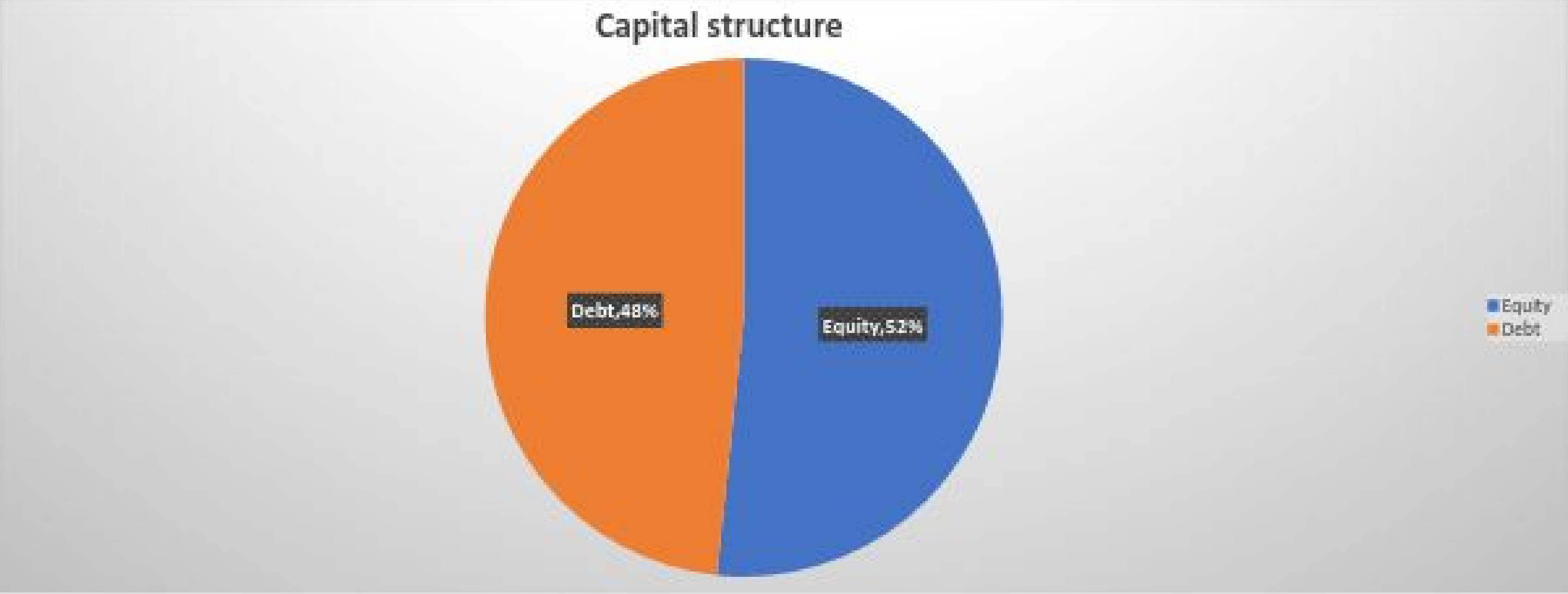
Keyera was founded in 1998 when Gulf Canada Resources Limited sold a 50% interest in its midstream division to a subsidiary of KeySpan Corporation, forming a partnership with the company. After Gulf sold its remaining interests in the midstream sector and the partnership, the company renamed KeySpan Energy Canada Partnership.

In 2003 Keyspan Facilities Income Fund, the predecessor to Keyera Corp., was formed as an unincorporated open-ended trust under the laws of the Province of Alberta. Units of the Fund began trading on the Toronto Stock Exchange under the trading symbol KEY.UN on May 30, 2003. A second public offering was completed in April 2004. The Fund completed a third public offering of 10.72 million units and $100 million of convertible debentures (KEY.DB). The proceeds of this offering were used to fund a portion of the purchase price associated with the acquisition of EnerPro Midstream Company from Chevron Canada Resources.

On December 2, 2004 the Fund purchased KeySpan Corporation's remaining interest in the operating partnership resulting in the operating partnership becoming a wholly owned subsidiary of the Fund.[6] With KeySpan Corporation no longer holding an ownership interest in the operating partnership, the Fund and its subsidiaries changed their name from KeySpan to Keyera. The name Keyera was selected because it captured the two important aspects of the Fund's evolution and vision for its business: Key Facilities for a New Era. Therefore, effective February 2, 2005, Keyspan Facilities Income Fund became Keyera Facilities Income Fund.

Effective January 1, 2011, in response to changes in tax laws, the Fund completed its most significant internal reorganization - its conversion to a corporation.

Capital structure



Common Share outstanding

KEYERA

COMMON SHARES OUTSTANDING (THOUSANDS)	DEC. 31, 2015	DEC. 31, 2016
End of period	171,702	185,683
Weighted average during the quarter - basic	171,199	185,116
Weighted average during the quarter - diluted	171,199	185,116
Weighted average during the year - basic	169,936	179,688
Weighted average during the year - diluted	169,936	179,688

Debt & Credit Facilities

BANK CREDIT FACILITY	
Description:	Committed unsecured revolving term facility
Lenders:	Syndicate of eight Canadian and international lenders
Amount:	$1.5 billion, with the potential to increase to $1.85 billion
Term:	5 years
Maturity:	December 6, 2020
Agreement:	Amended & Restated Credit Agreement dated January 1, 2011, as amended November 2, 2011, December 14, 2012, December 6, 2013, December 9, 2014 and December 9, 2015.

Debt & Credit Facilities

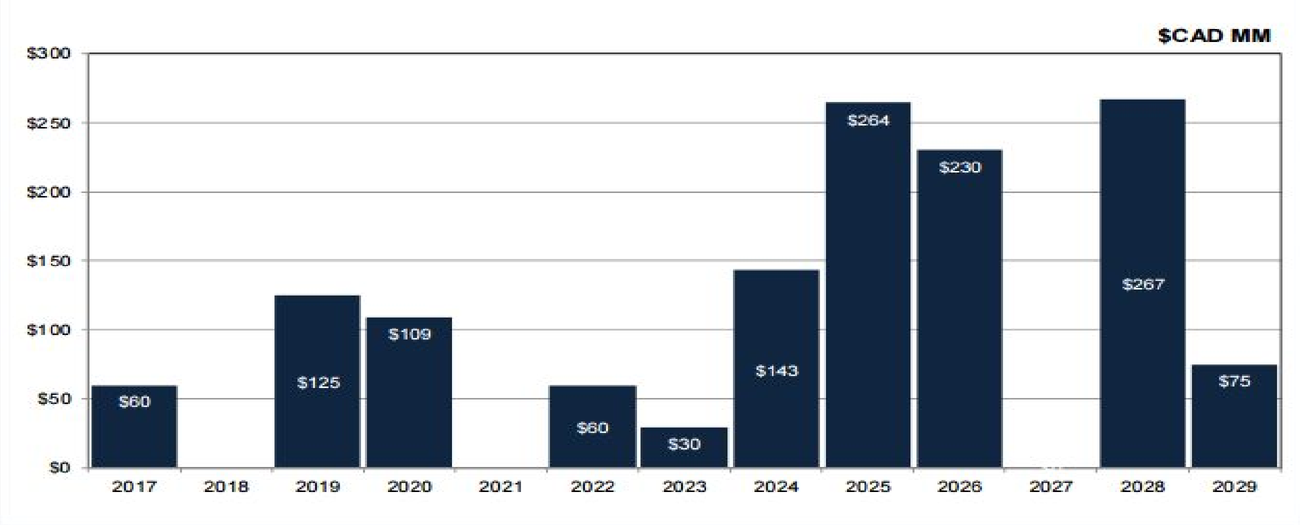
LONG-TERM DEBT	
Description:	Unsecured Senior Notes
Lenders:	Private placement
Amount:	•$60 million bearing interest at 5.89% and maturing in December 2017; •$70 million bearing interest at 5.01% and maturing in January 2019; (drawn on an uncommitted private shelf agreement with Prudential Captial Group); •US$3 million bearing interest at 3.42% and maturing in June 2019; •$52 million bearing interest at 4.35% and maturing in June 2019; •$2 million bearing interest at 5.68% and maturing in September 2020; •US$103 million bearing interest at 5.14% and maturing in September 2020; •$60 million bearing interest at 6.14% and maturing in December 2022; •$30 million bearing interest at 3.5% and maturing in June 2023 (drawn on an uncommitted private shelf agreement with Prudential Capital Group); •US$128 million bearing interest at 4.19% and maturing in June 2024; •$17 million bearing interest at 4.91% and maturing in June 2024; •$100 million bearing interest at 4.92% and maturing in October 2025 (drawn on an uncommitted private shelf agreement with Prudential Capital Corp); •$20 million bearing interest at 5.05% and maturing in November 2025; •US$140 million bearing interest at 4.75% and maturing in November 2025; •$30 million bearing interest at 4.15% and maturing in June 2026 (drawn on an uncommitted private shelf agreement with Prudential Capital Corp); •$200 million bearing interest at 3.96% and maturing in October 2026; •$100 million bearing interest at 4.11% and maturing in October 2028; •$100 million bearing interest at 5.09% and maturing in October 2028 (drawn on an uncommitted private shelf agreement with Prudential Capital Corp); •US$65 million bearing interest at 4.95% and maturing in November 2028; •$75 million bearing interest at 5.34% and maturing in April 2029.

Long-term debt maturities

2.7x
Net Debt[1] to Adj. EBITDA

17.9%
Net Debt[1] to Enterprise Value[2]

LONG-TERM DEBT MATURITIES[3] (excludes drawings under revolver)



[1] Calculated as of December 31, 2016 in accordance with Keyera's debt covenants. For further information regarding covenant calculations, please see Keyera's 2016 Year End Report MD&A or copies of the note purchase agreements, all of which are filed on SEDAR. [2] Enterprise value based on total shares outstanding as at December 31, 2016 and a closing share price of $40.46 (TSX:KEY). [3] All US dollar denominated debt is translated into Canadian dollars at its swap rate.

Major Fund shareholders

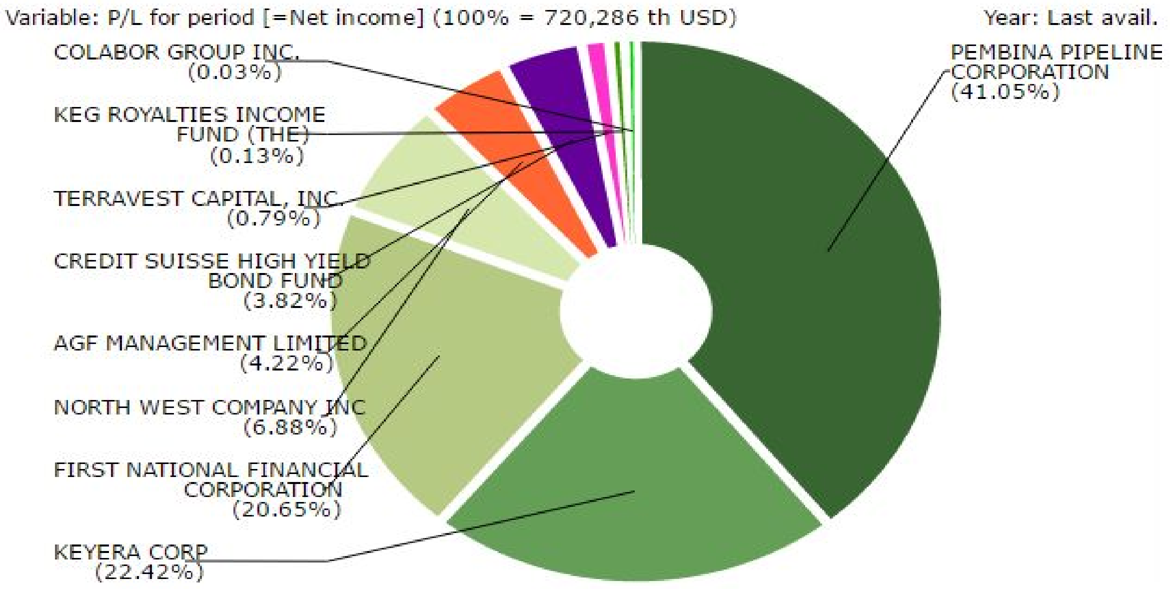
Name	Shares	Change	% Total Shares Held	% Total2 Assets	% Total3	Date
CI Cambridge Canadian Eq Corp Cl Z	3266468	10924	1.77	3.03		30/09/2016
Sentry Canadian Income F	3165298	439900	1.7	2.2		31/12/2016
CI Cambridge Asset Alloc Corp Cl ET8	2539742	8494	1.38	2.78		30/09/2016
IMPERIAL CANADIAN DIVIDEND INCOME POOL	2332728	13259	1.25	1.05		28/02/2017
RBC Canadian Dividend GIF Series 1	2180313	0	1.18	0.49		30/11/2016
JF CANADIAN EQUITY FUND	1479588	-20340	0.8	1.14		31/12/2016
BMO Dividend A	1370900	0	0.74	1.23		31/12/2016
Fidelity True North Cl F	1200000	0	0.65	0.94		31/12/2016
Franklin Bissett Cdn Equity A	1133324	-25200	0.61	1.5		31/12/2016
BMO Monthly High Income II F	1080750	0	0.58	2.95		28/02/2017
Total: Top 10 funds	19749111	427037	10.66			

Competitors in North America

Company name	Last avail. year	Ctry	Type acc.	Operating Rev. (Turnover) th USD		P/L for period [=Net income] th USD		Total assets th USD		Shareholders funds th USD		Number of employees	
Average				*767,760*		*56,219*		*3,774,960*		*932,890*		*7,378*	
PEMBINA PIPELINE CORPORATION	2016	CA	C1	3,177,180	(1)	295,673	(1)	11,184,181	(2)	6,178,596	(1)		
KEYERA CORP	**2016**	**CA**	**C1**	1,868,603	**(2)**	161,504	**(2)**	3,691,786	**(3)**	1,371,496	**(2)**		
FIRST NATIONAL FINANCIAL CORPORATION	2016	CA	C1	305,240	(6)	148,763	(3)	22,636,826	(1)	409,844	(5)		
NORTH WEST COMPANY INC	2016	CA	C1	1,275,593	(3)	49,559	(4)	563,775	(6)	253,986	(7)	7,378	(1)
AGF MANAGEMENT LIMITED	2016	CA	C1	319,283	(5)	30,374	(5)	1,015,106	(5)	676,350	(4)		
CREDIT SUISSE HIGH YIELD BOND FUND	2016	US	C1	29,604	(9)	27,547	(6)	379,464	(7)	261,610	(6)		
TERRAVEST CAPITAL, INC.	2016	CA	C1	136,093	(8)	5,682	(7)	128,816	(10)	65,961	(9)		
KEG ROYALTIES INCOME FUND (THE)	2016	CA	C1	17,205	(10)	944	(8)	168,666	(9)	57,664	(10)		
COLABOR GROUP INC.	2016	CA	C1	1,042,340	(4)	241	(9)	256,719	(8)	86,730	(8)		
TRINIDAD DRILLING LTD.	2016	CA	C1	269,713	(7)	-39,135	(10)	1,476,187	(4)	925,499	(3)		
FUNCTION(X) INC	2016	US	C1	4,509	(11)	-62,739	(11)	23,039	(11)	-25,949	(11)		

Competitors in North America

- **Breakdown according to:** P/L for period [=Net income] Modify
- **Selected group size:** 10 Modify
- **Selected reference year:** Last avail. yr Modify

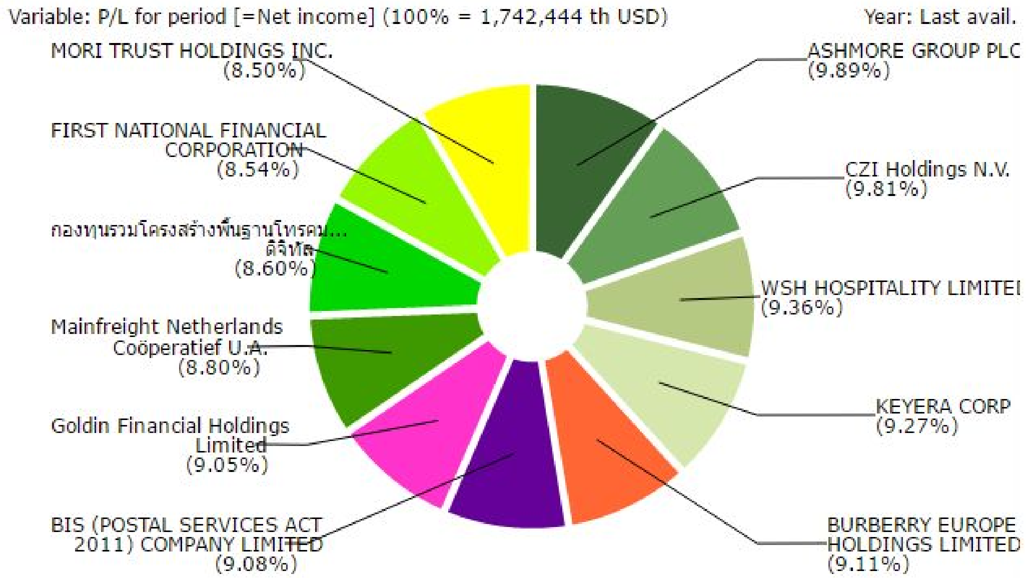


Competitors in Global

Company name	Last avail. year	Ctry	Type acc.	Operating Rev. (Turnover) th USD		P/L for period [=Net income] th USD		Total assets th USD		Shareholders funds th USD		Number of employees	
Average				*455,098*		*158,404*		*3,513,656*		*944,127*		*523*	
ASHMORE GROUP PLC	2016	GB	C1	285,406	(6)	172,377	(1)	1,180,605	(6)	917,184	(6)	266	(2)
CZI Holdings N.V.	2016	NL	U1	171,102	(10)	170,863	(2)	759,295	(9)	759,088	(7)		
WSH HOSPITALITY LIMITED	2016	GB	U1	176,351	(8)	163,095	(3)	931,537	(8)	361,490	(9)		
KEYERA CORP	**2016**	**CA**	**C1**	1,868,603	**(1)**	161,504	**(4)**	3,691,786	**(2)**	1,371,496	**(3)**		
BURBERRY EUROPE HOLDINGS LIMITED	2016	GB	U1	935,437	(2)	158,671	(5)	65,123	(11)	65,123	(11)		
BIS (POSTAL SERVICES ACT 2011) COMPANY LIMITED	2016	GB	C1	174,371	(9)	158,293	(6)	1,028,831	(7)	1,024,863	(5)		
Goldin Financial Holdings Limited	2016	HK	C1	291,686	(5)	157,656	(7)	3,603,814	(3)	1,861,782	(2)	135	(3)
Mainfreight Netherlands Coöperatief U.A.	2016	NL	C1	463,392	(3)	153,316	(8)	222,782	(10)	103,111	(10)	1,691	(1)
กองทุนรวมโครงสร้างพื้นฐานโทรคมนาคมดิจิทัล	2016	TH	C1	178,087	(7)	149,873	(9)	2,803,769	(4)	2,369,698	(1)		
FIRST NATIONAL FINANCIAL CORPORATION	2016	CA	C1	305,240	(4)	148,763	(10)	22,636,826	(1)	409,844	(8)		
MORI TRUST HOLDINGS INC.	2016	JP	U1	156,406	(11)	148,033	(11)	1,725,846	(5)	1,141,721	(4)	0	(4)

Competitors in Global

- **Breakdown according to:** P/L for period [=Net income] Modify
- **Selected group size:** 10 Modify
- **Selected reference year:** Last avail. yr Modify



Board of Directors

Audit Committee - The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities in relation to, among other things:

- the audit of Keyera's financial statements on a consolidated basis,
- the relationship between Keyera and the external auditor, including the policies, procedures and approvals with respect to any non-audit services that may be provided by the external auditor;
- Keyera's dividend policy, financial structure and financing strategy;
- Keyera's disclosure controls, internal controls and accounting procedures; and
- Keyera's financial risk assessment and management programs.

Compensation and Governance Committee - The purpose of the Compensation and Governance Committee is to assist the Board of Directors in fulfilling its oversight responsibilities in relation to, among other things the:

- compensation of directors and officers of Keyera;
- quality and effectiveness of Keyera's governance practices and policies; and
- identification and recommendation of nominees for election or appointment to the Board of Directors.

Health, Safety and Environment Committee - The purpose of the Health, Safety and Environment Committee is to assist the Board of Directors in fulfilling its oversight responsibilities in relation to, among other things the:

- review, monitoring, and assessment of Keyera's health, safety and environmental policies, practices and procedures;
- implementation of Keyera's health, safety and environmental policies, practices and procedures in light of regulatory requirements and industry standards;
- review of Keyera's integrity management systems;
- review of Keyera's asset retirement obligations;
- review of Keyera's emergency preparedness and transportation of dangerous goods matters; and
- materiality of reserves acquired by Keyera, and any reserves reporting requirements that may arise.

Board of Directors

Jim V. Bertram

Director
Chair | Calgary, Alberta

- Mr. Bertram has been a director since March 28, 2003 and assumed the role of Executive Chair on January 1, 2015.
- Mr. Bertram was the Chief Executive Officer of Keyera since its inception in 1998.
- He was previously employed at Gulf Canada as Vice President - Marketing for worldwide operations.
- Prior to joining Gulf Canada, he was Vice President - Marketing of Amerada Hess Canada Ltd.
- Mr. Bertram received a Bachelor of Commerce from the University of Calgary in 1981

Board of Directors

David G. Smith

Director & Officer
President and Chief Executive Officer | Calgary, Alberta

- held senior management roles with Keyera and its predecessors since the company's inception in 1998.
- Mr. Smith has more than 30 years of experience in the energy industry in Canada. He began his career with Imperial Oil Limited in 1982 and joined Gulf Canada Resources Limited in 1991.
- Mr. Smith is a director of Keyera Corp., Crew Energy Inc. and Arts Commons.
- He holds a Bachelor of Mathematics degree from the University of Waterloo, a Master of Business Administration degree from Harvard University and the ICD.D designation from the Institute of Corporate Directors.

Board of Directors

Douglas J. Haughey

Independent Lead Director
Member, Compensation and Governance Committee | Calgary, Alberta

- Mr. Haughey has been a director since May 7, 2013 and was appointed Independent Lead Director on January 1, 2015.
- Mr. Haughey has more than 35 years of experience in the energy industry.
- Most recently he was CEO and director of Churchill Corporation, a position he held from August 2012 through May 2013.
- He was President & CEO and a director of Provident Energy Ltd. from April 2010 to April 2012. He also held various senior executive positions with Spectra Energy Corp. and its predecessor companies from 1999 to 2008, including the President & CEO and director of Spectra Energy Income Fund and President of Spectra's western Canadian natural gas midstream infrastructure and logistics business.
- Mr. Haughey is also a director of Fortis Inc. and was appointed Chair, effective September 1, 2016.
- He has an ICD.D designation from the Institute of Corporate Directors.

Board of Directors

Nancy M. Laird

Director

Member, Audit Committee

Member, Health, Safety and Environment Committee | Calgary, Alberta

- Ms. Laird has been a director since April 2, 2003.
- Ms. Laird is a corporate director with more than 30 years of experience in the energy industry.
- From 1997 until 2002 she was Senior Vice President, Marketing and Midstream for Encana Corporation (and its predecessor, PanCanadian Energy Corporation).
- Ms. Laird was President of NrG Information Services Inc., a joint venture initiative involving four of North America's leading natural gas pipeline companies.
- Ms. Laird is currently a director of Trinidad Drilling Ltd. and The Business Development Bank of Canada (A Crown Corporation) and sits on the board of private companies and non-profit organizations.
- She has an ICD.D designation from the Institute of Corporate Directors.

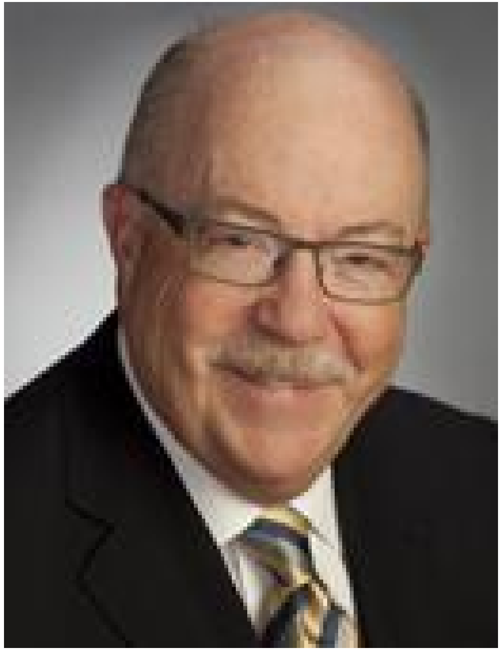
Board of Directors

Donald J. Nelson

Director
Chair, Health, Safety and Environment Committee
Member, Compensation and Governance Committee | Calgary, Alberta

- Mr. Nelson has been a director since May 14, 2008.
- Mr. Nelson is a professional engineer with over 40 years of oil and gas experience.
- He is President of Fairway Resources Inc., a private company providing consulting services to the oil and gas industry.
- He was a director of the general partner of Taylor NGL Limited Partnership from 2003 to 2008, holding the office of Chairman of the Board of Directors from 2004 to 2008. From 1996 to 2002, he was with Summit Resources Limited holding the positions of President and CEO (1998 to 2002) and Vice President, Operations (1996 to 1998).
- Mr. Nelson is a director of Perpetual Energy Inc., a publicly-traded issuer in the oil and gas industry.
- He also sits on the boards of a number of private oil and gas companies.
- University of Notre Dame Bachelor's Degree, Mathematics, 1972

Board of Directors



Michael J. Norris

Director

Chair, Audit Committee | Toronto, Ontario

- Mr. Norris has been a director at Keyera since May 7, 2013 and also joined Cara Operations Limited as a director on April 10, 2015.
- Mr. Norris was Deputy Chair of RBC Capital Markets from 2003 through 2012.
- Mr. Norris, held numerous positions with RBC Capital Markets, including Head of the Energy Practice from 1992 through 1998 and Head of Global Investment Banking from 1998 through 2003.
- He was also a member of RBC in 1987 as an investment banker,
- following a successful career with Mobil Oil and Gulf Canada. Mr. Norris currently sits on the boards of a number of private and non-profit organizations.

Board of Directors

Thomas C. O'Connor

Director

Member, Audit Committee | Evergreen, Colorado

- Mr. O'Connor has been a director since January 6, 2014.
- He was the Chairman and Chief Executive Officer of DCP Midstream LLC and Chairman of DCP Midstream Partners LP.
- Prior to that he held executive positions at Duke Energy Corp., including CEO of Duke Energy Gas Transmission. Mr. O'Connor also sits on the board of New Jersey Resources, Tesoro Logistics (TLLP) and 8point3 Energy Partners (CAFD).

Board of Directors

William R. Stedman
Director
Chair, Compensation and Governance Committee
Member, Health, Safety and Environment Committee | Calgary, Alberta

- Mr. Stedman has been a director since April 2, 2003. From 2001 to 2014.
- Mr. Stedman had been Chairman and Chief Executive Officer of ENTx Capital Corporation, a private holding company specializing in the electric power industry.
- Previously, he was President and Chief Executive officer of Pembina Pipeline Corporation, the operating company of Pembina Pipeline Income Fund.
- Mr. Stedman also sits on the boards of a number of private companies.

Board of Director

Janet P. Woodruff

Director

Member, Health, Safety and Environment Committee | Vancouver, British Columbia

- Ms. Woodruff is a corporate director with over 30 years of experience in the energy, transportation and health sectors, including her most recent role as acting Chief Executive Officer of Transportation Investment Corporation.
- Previously, Janet held executive roles at BC Hydro, B.C. Transmission Corporation, Vancouver Coastal Health and Westcoast Energy.
- Janet currently serves on the boards of Altus Group, Capstone Infrastructure and FortisBC.
- Ms. Woodruff holds the ICD.D designation and is a Fellow Chartered Professional Accountant of British Columbia.

KEYERA

Summary of Key Measures (Thousands of Canadian dollars, except where noted)	Three months ended December 31, 2016	2015	Twelve months ended December 31, 2016	2015
Net earnings	**34,621**	20,215	**216,851**	201,920
Per share ($/share) – basic	**0.19**	0.12	**1.21**	1.19
Cash flow from operating activities	**40,223**	126,444	**412,926**	648,155
Distributable cash flow[1]	**104,006**	123,176	**459,583**	482,118
Per share ($/share)[1]	**0.56**	0.72	**2.56**	2.84
Dividends declared	**73,657**	64,259	**277,578**	240,685
Per share ($/share)	**0.40**	0.38	**1.54**	1.42
Payout ratio %[1]	**71%**	52%	**60%**	50%
Adjusted EBITDA[2]	**153,535**	175,249	**605,127**	704,640
Gathering and Processing:				
Gross processing throughput (MMcf/d)	**1,362**	1,541	**1,431**	1,498
Net processing throughput (MMcf/d)	**1,088**	1,174	**1,123**	1,155
Liquids Infrastructure[3]:				
Gross processing throughput (Mbbl/d)	**152**	137	**147**	133
Net processing throughput (Mbbl/d)	**50**	41	**53**	41
AEF iso-octane production volumes (Mbbl/d)	**9**	13	**11**	13
Marketing:				
Inventory value	**107,876**	76,989	**107,876**	76,989
Sales volumes (Bbl/d)	**134,600**	118,300	**129,300**	110,500
Acquisitions	**8,033**	6,949	**190,375**	24,644
Growth capital expenditures	**119,018**	129,089	**501,503**	641,427
Maintenance capital expenditures	**29,305**	6,103	**65,539**	64,831
Total capital expenditures	**156,356**	142,141	**757,417**	730,902

	Three months ended December 31, 2016	2015	As at December 31, 2016	2015
Long-term debt			**1,437,413**	1,156,486
Credit facilities			**235,000**	370,000
Working capital (surplus) deficit[4]			**(46,322)**	73,622
Net debt			**1,626,091**	1,600,108
Common shares outstanding – end of period			**185,683**	171,702
Weighted average number of shares outstanding – basic	**185,116**	171,199	**179,688**	169,936
Weighted average number of shares outstanding – diluted	**185,116**	171,199	**179,688**	169,936

SUMMARY FOURTH QUARTER RESULTS

Fourth Quarter Financial and Operational Highlights (Thousands of Canadian dollars, except per unit and volumetric information)	Three Months Ended December 31, 2016	2015
Operating Margin[1]		
Gathering and Processing	**79,881**	73,564
Liquids Infrastructure	**62,781**	55,886
Marketing	**8,581**	54,731
Other	**4,196**	4,441
	155,439	188,622
Net earnings	**34,621**	20,215
Net earnings per share (basic) [2]	**0.19**	0.12
Cash flow from operating activities	**40,223**	126,444
Distributable cash flow[3]	**104,006**	123,176
Distributable cash flow per share (basic)[2,3]	**0.56**	0.72
Dividends declared	**73,657**	64,259
Dividends declared per share [2]	**0.40**	0.38
Adjusted EBITDA[4]	**153,535**	175,249
Capital expenditures (including acquisitions)	**156,356**	142,141
Dispositions	**—**	(1,587)
Volumetric Information		
Gathering and Processing:		
Gross processing throughput (MMcf/d)	**1,362**	1,541
Net processing throughput (MMcf/d)	**1,088**	1,174
Liquids Infrastructure[5]:		
Gross fractionation throughput (Mbbl/d)	**152**	137
Net fractionation throughput (Mbbl/d)	**50**	41
AEF iso-octane production volumes (Mbbl/d)	**9**	13
Marketing:		
Sales volumes (Bbl/d)	**134,600**	118,300

Notes:

Composition of Marketing Revenue and Operating Margin (Thousands of Canadian dollars)	Three months ended December 31, 2016	2015
Physical sales	**571,566**	454,093
Realized cash (loss) gain on financial contracts[1]	**(24,349)**	28,572
Unrealized gain (loss) due to reversal of financial contracts existing at end of prior period	**16,298**	(16,761)
Unrealized (loss) gain due to fair value of financial contracts existing at end of current period	**(27,902)**	6,178
Unrealized gain resulting from change in fair value of fixed price physical contracts[2]	**95**	32
Total unrealized loss on risk management contracts	**(11,509)**	(10,551)
Total (loss) gain on risk management contracts	**(35,858)**	18,021
Total Marketing revenue	**535,708**	472,114
Operating expenses including inter-segment transactions	**(527,127)**	(417,383)
Marketing Operating margin	**8,581**	54,731

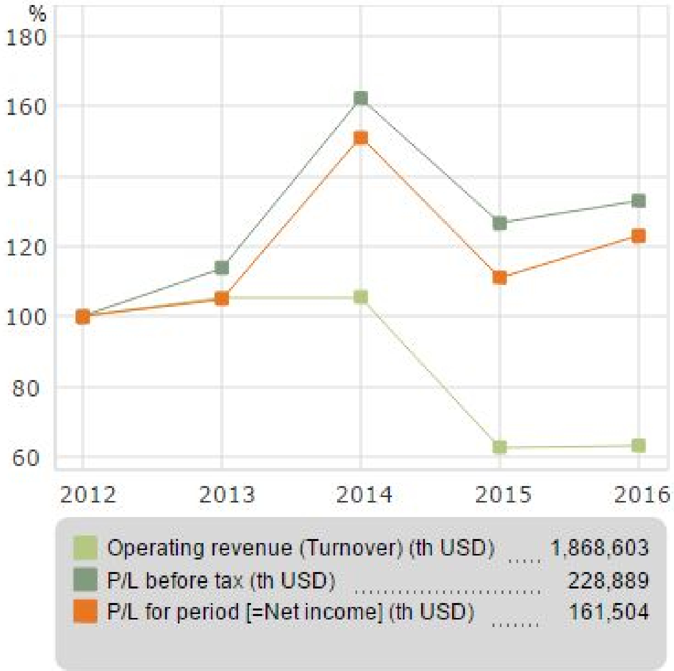
Notes:

KEYERA

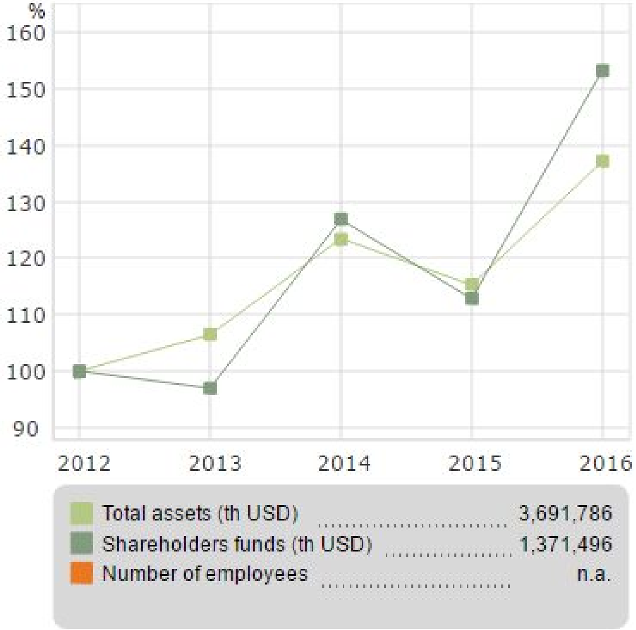
CONSOLIDATED FINANCIAL RESULTS

The following table highlights some of the key consolidated financial results for the years ended December 31, 2016 and 2015:

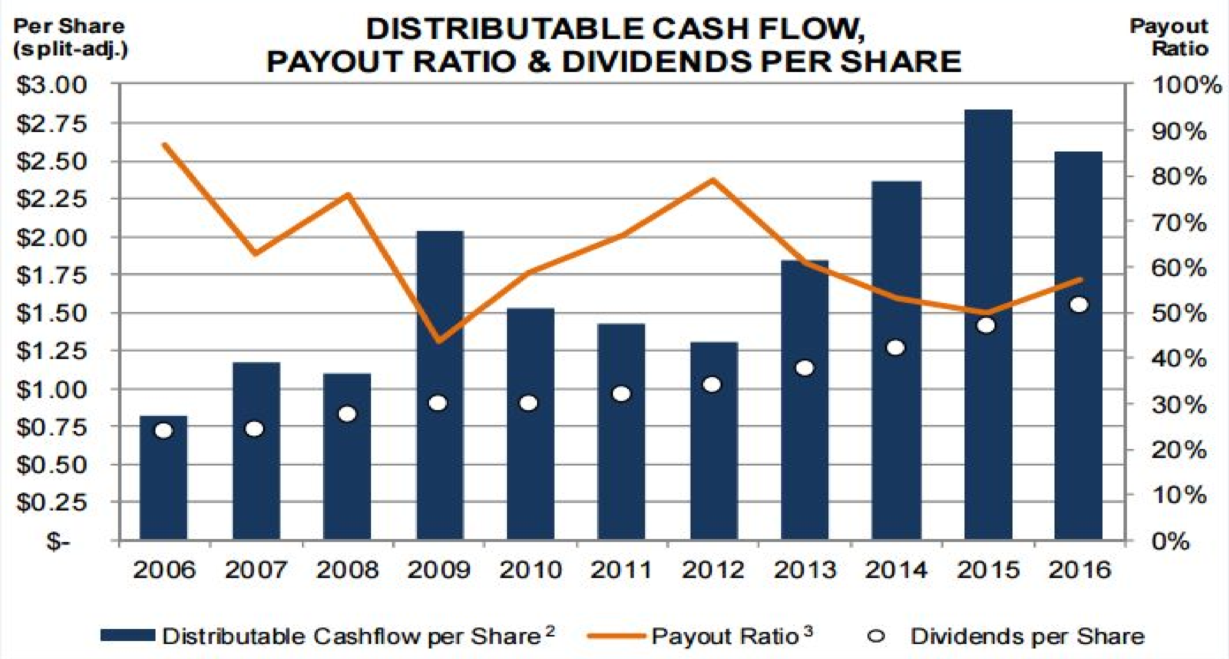
(Thousands of Canadian dollars, except per share data)	**2016**	2015
Net earnings	**216,851**	201,920
Net earnings per share (basic)	**1.21**	1.19
Operating margin	**646,173**	742,338
Adjusted EBITDA[1]	**605,127**	704,640
Cash flow from operating activities	**412,926**	648,155
Distributable cash flow[2]	**459,583**	482,118
Distributable cash flow per share[2] (basic)	**2.56**	2.84
Dividends declared	**277,578**	240,685
Dividends declared per share	**1.54**	1.42
Payout ratio[3]	**60%**	50%



%
180
160
140
120
100
80
60
2012
2013
2014
2015
2016
Operating revenue (Turnover) (th USD) 1,868,603
P/L before tax (th USD) 228,889
P/L for period [=Net income] (th USD) 161,504



%
160
150
140
130
120
110
100
90
2012
2013
2014
2015
2016
Total assets (th USD) 3,691,786
Shareholders funds (th USD) 1,371,496
Number of employees .... n.a.



DISTRIBUTABLE CASH FLOW,
PAYOUT RATIO & DIVIDENDS PER SHARE
Per Share (split-adj.)
Payout Ratio
$3.00
$2.75
$2.50
$2.25
$2.00
$1.75
$1.50
$1.25
$1.00
$0.75
$0.50
$0.25
$-
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
Distributable Cashflow per Share [2]
Payout Ratio [3]
Dividends per Share

Keyera Corp.
Consolidated Statements of Financial Position
(Thousands of Canadian dollars)

As at	Note	December 31, 2016 $	December 31, 2015 $
ASSETS			
Cash		**16,477**	13,447
Trade and other receivables	7	**364,081**	344,006
Derivative financial instruments	22	**9,021**	46,862
Inventory	8	**107,876**	76,989
Other assets	9	**81,592**	8,860
Total current assets		**579,047**	490,164
Long-term portion of other assets	9	**4,200**	—
Derivative financial instruments	22	**119,606**	141,770
Property, plant and equipment	10	**4,200,484**	3,610,427
Intangible assets	11	**—**	584
Goodwill	12	**53,624**	53,624
Total assets		**4,956,961**	4,296,569
LIABILITIES AND EQUITY			
Trade and other payables	13	**400,076**	400,245
Derivative financial instruments	22	**36,086**	27,309
Dividends payable	20	**24,603**	21,463
Current portion of long-term debt	14	**60,000**	104,200
Current portion of decommissioning liability	15	**11,960**	10,569
Total current liabilities		**532,725**	563,786
Derivative financial instruments	22	**500**	352
Credit facilities	14	**235,000**	370,000
Long-term debt	14	**1,437,413**	1,156,486
Decommissioning liability	15	**464,239**	474,477
Other long-term liabilities	16	**57,463**	16,346
Deferred tax liabilities	17	**388,113**	316,852
Total liabilities		**3,115,453**	2,898,299
Equity			
Share capital	18	**1,987,341**	1,483,376
Accumulated deficit		**(145,833)**	(85,106)
Total equity		**1,841,508**	1,398,270
Total liabilities and equity		**4,956,961**	4,296,569

KEYERA

Keyera Corp.

Consolidated Statements of Changes in Equity

(Thousands of Canadian dollars)

As at	Share Capital $	Accumulated (Deficit) $	Total $
Balance at December 31, 2014	**1,364,522**	**(46,341)**	**1,318,181**
Common shares issued pursuant to dividend reinvestment plans	118,854	—	118,854
Net earnings and total comprehensive income	—	201,920	201,920
Dividends declared to shareholders	—	(240,685)	(240,685)
Balance at December 31, 2015	**1,483,376**	**(85,106)**	**1,398,270**
Common shares issued pursuant to dividend reinvestment plans	169,777	—	169,777
Common shares issued pursuant to equity offering[1]	334,188	—	334,188
Net earnings and total comprehensive income	—	216,851	216,851
Dividends declared to shareholders	—	(277,578)	(277,578)
Balance at December 31, 2016	**1,987,341**	**(145,833)**	**1,841,508**

Keyera Corp.
Consolidated Statements of Financial Position
(Thousands of Canadian dollars)

As at	Note	December 31, 2016 $	December 31, 2015 $
ASSETS			
Cash		**16,477**	13,447
Trade and other receivables	7	**364,081**	344,006
Derivative financial instruments	22	**9,021**	46,862
Inventory	8	**107,876**	76,989
Other assets	9	**81,592**	8,860
Total current assets		**579,047**	490,164
Long-term portion of other assets	9	**4,200**	—
Derivative financial instruments	22	**119,606**	141,770
Property, plant and equipment	10	**4,200,484**	3,610,427
Intangible assets	11	**—**	584
Goodwill	12	**53,624**	53,624
Total assets		**4,956,961**	4,296,569
LIABILITIES AND EQUITY			
Trade and other payables	13	**400,076**	400,245
Derivative financial instruments	22	**36,086**	27,309
Dividends payable	20	**24,603**	21,463
Current portion of long-term debt	14	**60,000**	104,200
Current portion of decommissioning liability	15	**11,960**	10,569
Total current liabilities		**532,725**	563,786
Derivative financial instruments	22	**500**	352
Credit facilities	14	**235,000**	370,000
Long-term debt	14	**1,437,413**	1,156,486
Decommissioning liability	15	**464,239**	474,477
Other long-term liabilities	16	**57,463**	16,346
Deferred tax liabilities	17	**388,113**	316,852
Total liabilities		**3,115,453**	2,898,299
Equity			
Share capital	18	**1,987,341**	1,483,376
Accumulated deficit		**(145,833)**	(85,106)
Total equity		**1,841,508**	1,398,270
Total liabilities and equity		**4,956,961**	4,296,569

KEYERA

Capital Expenditures and Acquisitions (Thousands of Canadian dollars)	2016	2015
Acquisitions	**190,375**	24,644
Growth capital expenditures	**501,503**	641,427
Maintenance capital expenditures	**65,539**	64,831
Total capital expenditures	**757,417**	730,902

Growth capital invested in 2016, excluding acquisitions, was $502 million[2] and included the NGL fractionation expansion at Keyera's Fort Saskatchewan facility that was completed in the second quarter. During the year, construction also progressed on three major Liquids Infrastructure joint-venture projects: the Norlite diluent pipeline, the South Grand Rapids diluent pipeline, and the Base Line Terminal crude oil storage facility. These projects are expected to begin generating cash flow over the next 6 to 12 months.

Acquisitions in 2016 included an additional 35% ownership interest in the Alder Flats gas plant and gathering lines, as well as the Wapiti gas plant site, acid gas injection well and associated third-party engineering work. Keyera completed its detailed cost estimate for the Wapiti project and is in discussions with the primary customer regarding sanctioning phase one.

In 2017, Keyera expects to invest growth capital of between $600 million and $700 million[2], mainly to complete its three major Liquids Infrastructure projects including acquiring the South Grand Rapids pipeline, expand the liquids handling capacity at the Simonette gas plant and advance work on the Keylink pipeline.

Capital Expenditures and Acquisitions (Thousands of Canadian dollars)	2016	2015
Acquisitions	**190,375**	24,644
Growth capital expenditures	**501,503**	641,427
Maintenance capital expenditures	**65,539**	64,831
Total capital expenditures	**757,417**	730,902

Acquisitions in 2016 were $190 million and included the following:

- purchase of the Hull Terminal pipeline system for US$24 million (approximately CDN$32 million) in the first quarter of 2016;
- purchase of the proposed Wapiti gas plant project, including the plant site, engineering work and a successfully tested acid gas injection well for $19 million in the second quarter of 2016;
- purchase of the North Condensate Connector for $18 million in the third quarter of 2016; and
- purchase of an additional 35% ownership interest in the Alder Flats gas plant and associated gathering pipelines, including a pre-payment for costs associated with phase two for proceeds of $113 million.

2016 ACQUISITIONS 2016 Total Expenditures: $190.4 million	
Facility/Area	**Description**
Bellatrix O'Chiese Nees-Ohpawganu'ck ("Alder Flats") Gas Plant	In August, Keyera acquired an additional 35% ownership interest in the Alder Flats gas plant and the associated gathering pipelines from Bellatrix together with a 10-year take-or-pay commitment and an area dedication. Keyera now owns 70% of the Alder Flats gas plant and gathering pipelines, while Bellatrix continues to be an owner and the operator of the facility.
Wapiti Gas Plant Project	In May, Keyera acquired the main project site, all third-party engineering work completed to the date of acquisition and a successfully-tested acid gas injection well.
Fort Saskatchewan – North Condensate Connector	Keyera purchased the northern segment of an 8-inch pipeline extending from Fort Saskatchewan to Redwater in the third quarter of 2016. The pipeline segment will be converted to condensate service in order provide services to the North West Sturgeon Refinery under a long term diluent handling agreement once the necessary work has been completed to convert the line into condensate service.
Hull Terminal Pipeline System	In the first quarter of 2016, Keyera acquired a pipeline from Williams Purity Pipelines LLC to further enhance its terminal infrastructure in Hull, Texas. The pipeline is a 6-inch, 88-kilometre pipeline that originates at ExxonMobil's petrochemical facility in Beaumont, extends through Keyera's Hull Terminal and ends near Mont Belvieu, North America's largest NGL hub. The pipeline is anticipated to be in service by 2018, assuming construction of the pipeline connections and the pipeline preparation work is completed in a timely manner.
Alberta Diluent Terminal	Acquired 9.8 acres of land adjacent to Keyera's Alberta Diluent Terminal for future development.
Various Keyera-Operated Gas Plants	Acquired incremental 1.6056% and 0.1365% ownership interests in the West Pembina and Rimbey gas plants, respectively.

2016 GROWTH CAPITAL PROJECTS 2016 Total Expenditures: $501.5 million	
Facility/Area	**Description**
Bellatrix O'Chiese Nees-Ohpawganu'ck ("Alder Flats") Gas Plant	Bellatrix continued to advance the Phase 2 expansion of the Alder Flats Plant which is expected to increase the inlet capacity of the Plant from 110 MMcf/d currently to 230 MMcf/d. Bellatrix is targeting completion in the second quarter of 2018.
Wilson Creek Gas Gathering System Extension	The pipelines and associated compressor station were put into service in the first quarter of 2016.
Wapiti Gas Plant Project	Regulatory approvals for the acid gas injection well associated with this Project were received and front-end engineering work was completed in the fourth quarter of 2016. The project is subject to a final sanctioning decision by Keyera or its primary customer at any time prior to the end of 2018.
Keyera Fort Saskatchewan – NGL Fractionation Expansion	Construction of the 35,000 bpd fractionation facility was completed on schedule and under budget in late May 2016.
Keyera Fort Saskatchewan – Storage Expansion	Washing of the 14th cavern was completed in the fourth quarter of 2016 and is expected to be in service in 2017. Washing of the 15th cavern continued, with a targeted completion date in the first half of 2018. Drilling of the well bore for the 16th and 17th caverns was completed in the third quarter of 2016 and washing is expected to start in the first half of 2017.
Norlite Pipeline	Enbridge continued construction of this 24-inch pipeline in which Keyera is a 30% non-operating owner. Enbridge expects to complete construction of the pipeline in 2017.
Base Line Terminal	All permits and regulatory approvals were received, allowing Kinder Morgan to continue with construction of this oil storage joint venture adjacent to Keyera's AEF facility. Kinder Morgan expects to commission the tanks in phases, with the first tanks expected to be ready for commercial use in early 2018, and the remaining tanks coming on line thereafter.
Edmonton Terminal - South Grand Rapids Pump Station	Engineering work associated with the pump station progressed and regulatory approvals were received in the third quarter of 2016, paving the way for construction to begin. Both the South Grand Rapids pipeline (being constructed by Grand Rapids Pipeline Limited Partnership) and the pump station being constructed by Keyera are expected to be in service in the second half of 2017. Upon completion of these projects and the associated commercial transactions, Keyera will be a 50% owner in both the South Grand Rapids pipeline and the pump station and will also be the operator.
Edmonton Terminal - Condensate Tanks	All permits and regulatory approvals were received and construction progressed on the four condensate storage tanks, completion of which is targeted for mid-2017.
Fort Saskatchewan - North Condensate Connector	Keyera advanced work to convert the North Condensate Connector, which it acquired earlier in the year, to condensate service and is targeting mid-2017 for commencement of operations. The timeline is intended to coincide with the start-up of the North West Sturgeon Refinery which this line will serve.
Edmonton / Fort Saskatchewan – South NGL Connector	In December 2016, Keyera entered into a long-term lease for the southern segment of an 8-inch pipeline between Edmonton and Fort Saskatchewan and advanced work necessary to convert the line into NGL service.
Fort Saskatchewan Condensate System Expansion	Construction of this 24-inch pipeline extension was completed in the first quarter of 2016. Commencement of service will coincide with the start-up of the Norlite Pipeline. Construction of the manifold is expected to be complete in Q1 2017.
Hull Terminal Pipeline System	Keyera entered into an agreement with a major US midstream energy company in November 2016 to construct pipeline connections between that company's pipeline system and the 6 inch Hull Terminal Pipeline System that Keyera acquired in the first quarter of 2016. The parties have also agreed on the commercial terms pursuant to which Keyera will have access to long term storage and other midstream services at Mont Belvieu once the connections are complete. The pipeline is anticipated to be in service by 2018, assuming construction of the pipeline connections and the pipeline preparation work is completed in a timely manner.

PP&E

KEYERA

PROPERTY, PLANT, AND EQUIPMENT

Cost	General plant & processing equipment $	Other properties & equipment $	Turnarounds $	Land & linefill $	Total $
Balance at December 31, 2014	**3,716,329**	**150,482**	**161,096**	**83,482**	**4,111,389**
Additions	658,489	18,034	44,117	10,262	730,902
Disposals	—	—	—	(3,877)	(3,877)
Other:					
Decommissioning asset	48,423	—	—	—	48,423
Balance at December 31, 2015	**4,423,241**	**168,516**	**205,213**	**89,867**	**4,886,837**
Additions	655,972	29,986	29,453	19,062	734,473
Other:					
Finance lease asset	54,234	—	—	—	54,234
Decommissioning asset	(15,350)	—	—	—	(15,350)
Balance at December 31, 2016	**5,118,097**	**198,502**	**234,666**	**108,929**	**5,660,194**

Accumulated depreciation, depletion and impairment	General plant & processing equipment $	Other properties & equipment $	Turnarounds $	Land & linefill $	Total $
Balance at December 31, 2014	**(827,876)**	**(80,076)**	**(104,308)**	**—**	**(1,012,260)**
Impairment expense	(76,581)	(16,433)	—	(2,291)	(95,305)
Depreciation and depletion expenses	(106,999)	(29,691)	(32,155)	—	(168,845)
Balance at December 31, 2015	**(1,011,456)**	**(126,200)**	**(136,463)**	**(2,291)**	**(1,276,410)**
Net impairment expense	(12,270)	—	—	—	(12,270)
Depreciation and depletion expenses	(122,416)	(19,018)	(29,596)	—	(171,030)
Balance at December 31, 2016	**(1,146,142)**	**(145,218)**	**(166,059)**	**(2,291)**	**(1,459,710)**

Carrying value	General plant & processing equipment $	Other properties & equipment $	Turnarounds $	Land & linefill $	Total $
As at December 31, 2015	3,411,785	42,316	68,750	87,576	3,610,427
As at December 31, 2016	**3,971,955**	**53,284**	**68,607**	**106,638**	**4,200,484**

Property, plant and equipment under construction included in carrying value	Cost $
As at December 31, 2015	412,678
As at December 31, 2016	**770,816**

Assets under finance leases included in carrying value	As at December 31, 2016 $	As at December 31, 2015 $
General plant & processing equipment	45,233	—
Land	9,001	—
Total finance lease assets	**54,234**	—

Net impairment expense (reversal)	2016 $	2015 $
Gathering and processing segment – impairment expense	45,533	58,964
Gathering and processing segment – impairment reversal	(33,263)	–
Liquids infrastructure segment	–	19,908
Corporate & other segment	–	16,433
Total net impairment expense	**12,270**	95,305

As at December 31, 2016	Notional Volume[1]	Weighted Average Price $	Fair Value Hierarchy Level[2]	Net Fair Value $	Carrying Value Asset $	Carrying Value Liability $
Marketing: NGLs and Iso-octane						
Financial contracts:						
Seller of fixed price WTI swaps (maturing by March 31, 2018)	1,650,066 Bbls	69.76/Bbl	Level 2	(6,292)	146	(6,438)
Seller of fixed price NGL swaps (maturing by March 31,2017)	958,000 Bbls	29.41/Bbl	Level 2	(10,718)	—	(10,718)
Buyer of fixed price NGL swaps (maturing by March 31,2018)	600,000 Bbls	39.09/Bbl	Level 2	4,723	4,723	—
Buyer of fixed price NGL basis spreads (maturing by March 31, 2017)	407,250 Bbls	9.38/Bbl	Level 2	1,197	1,197	—
Seller of fixed price RBOB basis spreads (iso-octane) (maturing by September 30, 2018)	2,990,000 Bbls	19.83/Bbl	Level 2	(15,530)	558	(16,088)
Currency:						
Seller of forward contracts (maturing by June 1, 2017)	US$87,500,000	1.33/USD	Level 2	(1,296)	90	(1,386)
Liquids Infrastructure						
Electricity:						
Buyer of fixed price swaps (maturing by December 31, 2017)	114,000 MWhs	38.77/MWh	Level 2	(973)	53	(1,026)
Crude Oil & NGLs:						
Seller of fixed price swaps (maturing December 31, 2017)	129,000 Bbls	60.45/Bbl	Level 2	(930)	—	(930)
Long-term Debt						
Buyer of cross-currency swaps (maturing September 8, 2020 – November 20, 2028)	US$557,289,410	0.98/USD - 1.22/USD	Level 2	121,860	121,860	—
				92,041	**128,627**	**(36,586)**

As at December 31, 2015	Notional Volume[1]	Weighted Average Price $	Fair Value Hierarchy Level[2]	Net Fair Value $	Carrying Value Asset $	Carrying Value Liability $
Marketing: NGLs and Iso-octane						
Financial contracts:						
Seller of fixed price WTI swaps (maturing by December 31, 2016)	2,057,441 Bbls	64.87/Bbl	Level 2	25,274	25,446	(172)
Buyer of fixed price WTI swaps (maturing by September 30, 2016)	445,562 Bbls	57.36/Bbl	Level 2	(981)	108	(1,089)
Seller of fixed price NGL swaps (maturing by September 30, 2016)	1,505,290 Bbls	27.01/Bbl	Level 2	3,784	4,521	(737)
Buyer of fixed price NGL swaps (maturing by March 31,2016)	840,524 Bbls	44.67/Bbl	Level 2	(9,961)	—	(9,961)
Seller of fixed price NGL basis spreads (maturing by September 30, 2016)	125,550 Bbls	28.06/Bbl	Level 2	75	132	(57)
Buyer of fixed price NGL basis spreads (maturing by March 31, 2017)	465,000 Bbls	8.32/Bbl	Level 2	908	916	(8)
Seller of fixed price RBOB basis spreads (iso-octane) (maturing by June 30, 2016)	1,640,000 Bbls	25.24/Bbl	Level 2	(5,452)	522	(5,974)
Physical contracts:						
Seller of fixed price forward NGL contracts (maturing by March 31, 2016)	680,000 Bbls	21.80/Bbl	Level 2	1,302	1,623	(321)
Currency:						
Seller of forward contracts (maturing by March 1, 2016)	US$117,000,000	1.32/USD	Level 2	(7,767)	51	(7,818)
Buyer of forward contracts (maturing by February 28, 2016)	US$10,000,000	1.35/USD	Level 2	298	298	—
Liquids Infrastructure						
Electricity:						
Buyer of fixed price swaps (maturing by December 31,2017)	254,664 MWhs	40.50/MWh	Level 2	(1,070)	187	(1,257)
Corporate and Other						
Natural Gas:						
Seller of fixed price swaps (maturing by April 30, 2016)	3,404,000 Gjs	2.33/Gj	Level 2	(12)	255	(267)
Crude Oil & NGLs:						
Seller of fixed price swaps (maturing March 31, 2016)	68,400 Bbls	60.74/Bbl	Level 2	1,533	1,533	—
Long-term Debt						
Buyer of cross-currency swaps (maturing May 1, 2016 – November 20, 2028)	US$668,485,700	0.98/USD - 1.24/USD	Level 2	153,040	153,040	—
				160,971	**188,632**	**(27,661)**

INTANGIBLE ASSETS

	Cost $	Accumulated amortization and impairment expense $	Carrying value $
Balance at December 31, 2014	**24,623**	**(23,563)**	**1,060**
Amortization expense	—	(476)	(476)
Balance at December 31, 2015	**24,623**	**(24,039)**	**584**
Amortization expense	—	(584)	(584)
Balance at December 31, 2016	**24,623**	**(24,623)**	**—**

GOODWILL

Cost and Carrying Value as at December 31,	2016	2015
	$	$
Balance at end of the year	**53,624**	53,624

Impairment test of goodwill
Keyera performed its annual test for goodwill impairment at December 31, 2016, in accordance with its policy described in note 3. Keyera assessed the recoverable amount of goodwill and determined that goodwill was not impaired.

Allocation of goodwill to cash-generating units
For the purpose of impairment testing, goodwill is allocated to Keyera's CGUs which represent the lowest level within Keyera at which the goodwill is monitored for internal management purposes.

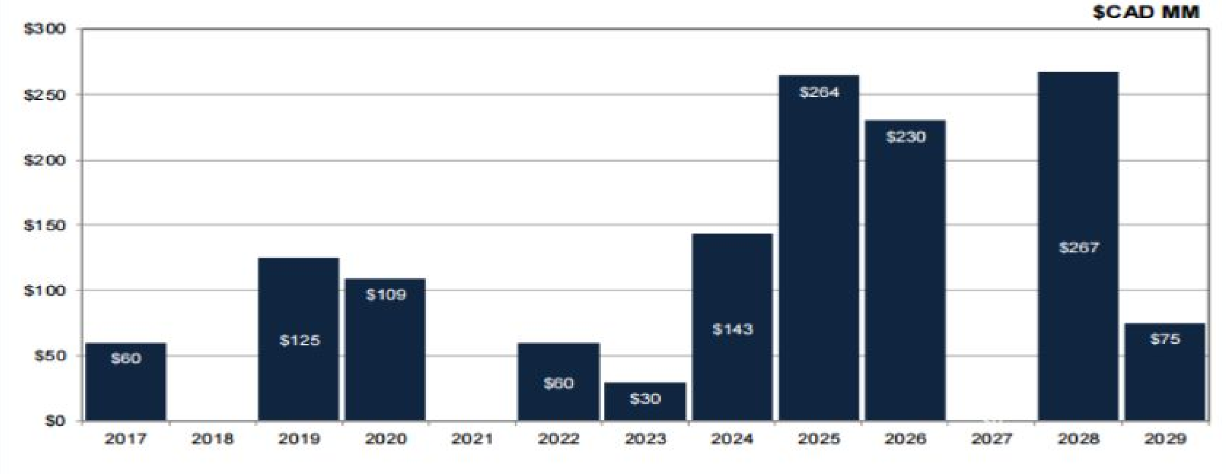
The carrying amount of goodwill was allocated to CGUs as follows:

	2016	2015
As at December 31,	**$**	$
Liquids infrastructure facilities	**32,015**	32,015
Rimbey gas plant	**12,810**	12,810
Simonette gas plant	**8,799**	8,799
Total goodwill	**53,624**	53,624

As at December 31, 2016	Effective Interest Rate	Notes	Carrying Value $	Fair Value $
Bank credit facilities	3.76%	(a)	235,000	235,000
Total credit facilities			**235,000**	**235,000**
Canadian dollar denominated debt (unsecured)				
5.89% due December 3, 2017	5.98%		60,000	61,900
5.01% due January 4, 2019	5.03%		70,000	73,400
4.35% due June 19, 2019	4.45%		52,000	54,300
5.68% due September 8, 2020	5.73%		2,000	2,200
6.14% due December 3, 2022	6.20%		60,000	69,600
3.50% due June 16, 2023	3.54%	(b)	30,000	30,200
4.91% due June 19, 2024	4.96%		17,000	18,500
4.92% due October 10, 2025	4.92%		100,000	108,700
5.05% due November 20, 2025	5.14%		20,000	22,000
4.15% due June 16, 2026	4.18%	(b)	30,000	30,600
3.96% due October 13, 2026	4.00%	(c)	200,000	201,300
5.09% due October 10, 2028	5.09%		100,000	110,500
4.11% due October 13, 2028	4.15%	(c)	100,000	101,400
5.34% due April 8, 2029	5.37%		75,000	85,000
			916,000	969,600
U.S. dollar denominated debt (unsecured)				
3.42% due June 19, 2019 (US$3,000)	3.49%		4,028	4,028
5.14% due September 8, 2020 (US$103,000)	5.20%		138,298	147,831
4.19% due June 19, 2024 (US$128,000)	4.23%		171,866	171,866
4.75% due November 20, 2025 (US$140,000)	4.80%		187,978	194,960
4.95% due November 20, 2028 (US$65,000)	4.99%		87,276	92,109
			589,446	610,794
Less: Issuance costs			(8,033)	—
Less: Current portion of long-term debt			(60,000)	(61,900)
Total long-term debt			**1,437,413**	**1,518,494**

As at December 31, 2015	Effective Interest Rate	Notes	Carrying Value $	Fair Value $
Bank credit facilities	3.79%	(a)	370,000	370,000
Total credit facilities			**370,000**	**370,000**
Canadian dollar denominated debt (unsecured)				
7.87% due May 1, 2016	7.94%		35,000	35,500
5.89% due December 3, 2017	5.98%		60,000	63,000
5.01% due January 4, 2019	5.03%		70,000	72,900
4.35% due June 19, 2019	4.45%		52,000	53,300
5.68% due September 8, 2020	5.73%		2,000	2,200
6.14% due December 3, 2022	6.20%		60,000	67,200
4.91% due June 19, 2024	4.96%		17,000	17,400
4.92% due October 10, 2025	4.92%		100,000	102,600
5.05% due November 20, 2025	5.14%		20,000	20,700
5.09% due October 10, 2028	5.09%		100,000	104,600
5.34% due April 8, 2029	5.37%		75,000	80,100
			591,000	619,500
U.S. dollar denominated debt (unsecured)				
8.40% due May 1, 2016 (US$50,000)	8.48%		69,200	70,446
3.42% due June 19, 2019 (US$3,000)	3.49%		4,152	4,014
5.14% due September 8, 2020 (US$103,000)	5.20%		142,552	146,566
4.19% due June 19, 2024 (US$128,000)	4.23%		177,152	167,049
4.75% due November 20, 2025 (US$140,000)	4.80%		193,760	189,746
4.95% due November 20, 2028 (US$65,000)	5.00%		89,960	88,576
			676,776	666,397
Less: Issuance costs			(7,090)	—
Less: Current portion of long-term debt			(104,200)	(105,946)
Total long-term debt			**1,156,486**	**1,179,951**

LONG-TERM DEBT MATURITIES[3] (excludes drawings under revolver)



[1] Calculated as of December 31, 2016 in accordance with Keyera's debt covenants. For further information regarding covenant calculations, please see Keyera's 2016 Year End Report MD&A or copies of the note purchase agreements, all of which are filed on SEDAR. [2] Enterprise value based on total shares outstanding as at December 31, 2016 and a closing share price of $40.46 (TSX:KEY). [3] All US dollar denominated debt is translated into Canadian dollars at its swap rate.

KEYERA

CAPITAL

Keyera Corp. Share Capital	Number of Common Shares	Share Capital $
Balance at December 31, 2014	**168,677,428**	**1,364,522**
Common shares issued pursuant to dividend reinvestment plans	3,024,287	118,854
Balance at December 31, 2015	**171,701,715**	**1,483,376**
Common shares issued pursuant to equity offering[1]	9,487,500	334,188
Common shares issued pursuant to dividend reinvestment plans	4,494,212	169,777
Balance at December 31, 2016	**185,683,427**	**1,987,341**

EARNINGS PER SHARE

Basic earnings per share was calculated by dividing net earnings by the weighted average number of shares outstanding for the related period.

	2016 $	2015 $
Basic & diluted earnings per share	**1.21**	1.19
Net earnings – basic & diluted	**216,851**	201,920

(in thousands)	2016	2015
Weighted average number of shares – basic & diluted	**179,688**	169,936

The compensation cost recorded for the LTIP was as follows:

	2016 **$**	2015 $
Performance Awards	**14,260**	29,514
Restricted Awards	**2,580**	2,632
Total long-term incentive plan expense	**16,840**	32,146

The table below shows the number of share awards granted:

	Share awards granted as at	
Share Award Series	**December 31, 2016**	December 31, 2015
Issued July 1, 2013 – Performance Awards	**—**	307,050
Issued July 1, 2014 – Performance Awards	**335,398**	339,182
Issued July 1, 2015 – Performance Awards	**333,392**	333,412
Issued July 1, 2016 – Performance Awards	**345,081**	—
Issued July 1, 2013 – Restricted Awards	**—**	18,604
Issued July 1, 2014 – Restricted Awards	**19,634**	40,422
Issued July 1, 2015 – Restricted Awards	**40,859**	61,508
Issued July 1, 2016 – Restricted Awards	**69,645**	—

Keyera Corp.
Consolidated Statements of Net Earnings and Comprehensive Income
For the Years Ended December 31,
(Thousands of Canadian dollars, except share information)

	Note	**2016**	2015
		$	$
Revenues	30	**2,508,973**	2,521,080
Expenses	30	**(1,862,800)**	(1,778,742)
Operating margin		**646,173**	742,338
General and administrative expenses	25	**(62,847)**	(51,010)
Finance costs	26	**(72,830)**	(63,168)
Depreciation, depletion and amortization expenses	27	**(171,615)**	(169,318)
Net foreign currency loss on U.S. debt	23	**(2,442)**	(29,668)
Long-term incentive plan expense	21	**(16,840)**	(32,146)
Net impairment expense	10	**(12,270)**	(95,305)
Earnings before income tax		**307,329**	301,723
Income tax expense	17	**(90,478)**	(99,803)
Net earnings		**216,851**	201,920
Other comprehensive income		**—**	—
Net earnings and comprehensive income		**216,851**	201,920
Earnings per share			
Basic earnings per share	19	**1.21**	1.19
Diluted earnings per share	19	**1.21**	1.19

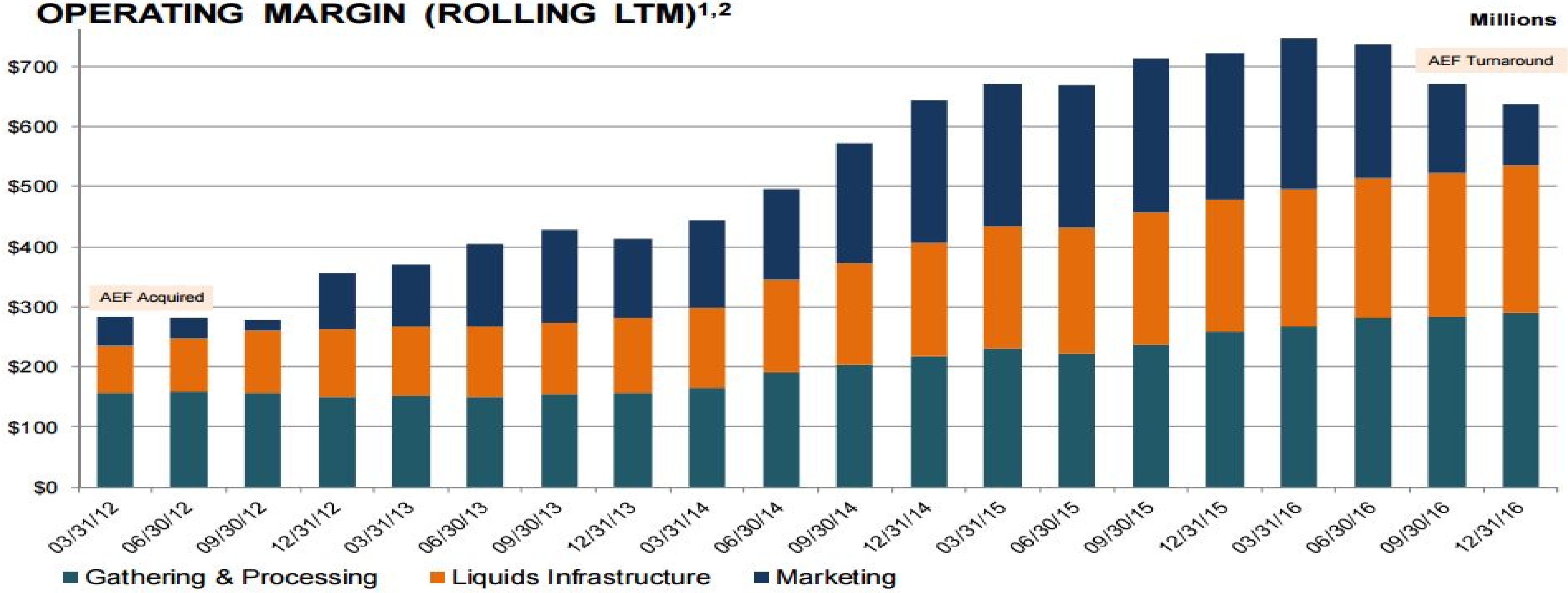
KEYERA

Year ended December 31, 2016	Marketing $	Gathering & Processing $	Liquids Infrastructure $	Corporate and Other $	Total $
Revenue before inter-segment eliminations	1,924,614	471,463	369,393	22,625	2,788,095
Operating expenses before inter-segment eliminations	(1,823,505)	(181,238)	(123,289)	(13,890)	(2,141,922)
Operating margin	101,109	290,225	246,104	8,735	646,173
Inter-segment revenue eliminations	—	(29,363)	(223,357)	(26,402)	(279,122)
Inter-segment expense eliminations	255,562	6,907	7,577	9,076	279,122
	356,671	267,769	30,324	(8,591)	646,173
General and administrative expenses	—	—	—	(62,847)	(62,847)
Finance costs	—	—	—	(72,830)	(72,830)
Depreciation, depletion and amortization expenses	—	—	—	(171,615)	(171,615)
Net foreign currency loss on U.S. debt	—	—	—	(2,442)	(2,442)
Long-term incentive plan expense	—	—	—	(16,840)	(16,840)
Net impairment expense	—	(12,270)	—	—	(12,270)
Earnings (loss) before income tax	356,671	255,499	30,324	(335,165)	307,329
Income tax expense	—	—	—	(90,478)	(90,478)
Net earnings (loss)	**356,671**	**255,499**	**30,324**	**(425,643)**	**216,851**
Revenue from external customers	1,924,614	442,100	146,036	(3,777)	2,508,973

Year ended December 31, 2015	Marketing $	Gathering & Processing $	Liquids Infrastructure $	Corporate and Other $	Total $
Revenue before inter-segment eliminations	1,967,726	466,733	347,191	40,188	2,821,838
Operating expenses before inter-segment eliminations	(1,723,945)	(207,639)	(127,333)	(20,583)	(2,079,500)
Operating margin	243,781	259,094	219,858	19,605	742,338
Inter-segment revenue eliminations	—	(32,678)	(222,041)	(46,039)	(300,758)
Inter-segment expense eliminations	286,117	—	—	14,641	300,758
	529,898	226,416	(2,183)	(11,793)	742,338
General and administrative expenses	—	—	—	(51,010)	(51,010)
Finance costs	—	—	—	(63,168)	(63,168)
Depreciation, depletion and amortization expenses	—	—	—	(169,318)	(169,318)
Net foreign currency loss on U.S. debt	—	—	—	(29,668)	(29,668)
Long-term incentive plan expense	—	—	—	(32,146)	(32,146)
Impairment expense	—	(58,964)	(19,908)	(16,433)	(95,305)
Earnings (loss) before income tax	529,898	167,452	(22,091)	(373,536)	301,723
Income tax expense	—	—	—	(99,803)	(99,803)
Net earnings (loss)	**529,898**	**167,452**	**(22,091)**	**(473,339)**	**201,920**
Revenue from external customers	1,967,726	434,055	125,150	(5,851)	2,521,080

KEYERA

OPERATING MARGIN (ROLLING LTM)[1,2]



Operating margin for the Gathering and Processing segment was as follows:

Operating Margin and Throughput Information (Thousands of Canadian dollars)	**2016**	2015
Revenue including inter-segment transactions	**471,463**	466,733
Operating expenses	**(181,212)**	(207,666)
Unrealized (loss) gain on electricity financial contracts	**(26)**	27
Total operating expenses	**(181,238)**	(207,639)
Operating margin	**290,225**	259,094
Gross processing throughput – (MMcf/d)	**1,431**	1,498
Net processing throughput[1] – (MMcf/d)	**1,123**	1,155

Operating margin for the Liquids Infrastructure segment was as follows:

Operating Margin (Thousands of Canadian dollars)	**2016**	2015
Revenue including inter-segment transactions	**369,393**	347,191
Operating expenses	**(123,275)**	(127,365)
Unrealized (loss) gain on electricity and natural gas contracts	**(14)**	32
Total operating expenses	**(123,289)**	(127,333)
Operating margin	**246,104**	219,858

Operating margin for the Marketing segment was as follows:

Operating Margin and Sales Volumes Information (Thousands of Canadian dollars)	2016	2015
Revenue	**1,924,614**	1,967,726
Operating expenses including inter-segment transactions	**(1,823,505)**	(1,723,945)
Operating margin	**101,109**	243,781
Sales volumes (Bbl/d)	**129,300**	110,500

Composition of Marketing Revenue (Thousands of Canadian dollars)	2016	2015
Physical sales	**1,963,762**	1,943,280
Realized cash (loss) gain on financial contracts[1]	**(3,752)**	68,339
Unrealized loss due to reversal of financial contracts existing at end of prior period	**(6,178)**	(42,528)
Unrealized (loss) gain due to fair value of financial contracts existing at end of current period	**(27,902)**	6,178
Unrealized loss due to reversal of fixed price physical contracts existing at end of prior period	**(1,302)**	(8,845)
Unrealized (loss) gain due to fair value of fixed price physical contracts existing at end of current period[2]	**(14)**	1,302
Total unrealized loss on risk management contracts	**(35,396)**	(43,893)
Total (loss) gain on risk management contracts	**(39,148)**	24,446
Total Marketing revenue	**1,924,614**	1,967,726

Notes:

Non-Operating Expenses and Other Income (Thousands of Canadian dollars)	2016	2015
Other income (operating margin)	**8,735**	19,605
General and administrative (net of overhead recoveries on operated facilities)	**(62,847)**	(51,010)
Finance costs	**(72,830)**	(63,168)
Depreciation, depletion and amortization expenses	**(171,615)**	(169,318)
Net foreign currency loss on U.S. debt	**(2,442)**	(29,668)
Long-term incentive plan expense	**(16,840)**	(32,146)
Net impairment expense	**(12,270)**	(95,305)
Income tax expense	**(90,478)**	(99,803)

Net Foreign Currency (Loss) Gain on U.S. Debt

The net foreign currency (loss) gain associated with the U.S. debt was as follows:

Net Foreign Currency (Loss) Gain on U.S. Debt (Thousands of Canadian dollars)	**2016**	2015
Translation of long-term debt and interest payable	**25,159**	(112,615)
Change in fair value of cross currency swaps – principal and interest portion	**(31,179)**	76,287
Gain on cross currency swaps – principal and interest portion[1]	**3,578**	6,660
Net foreign currency loss on U.S. debt	**(2,442)**	(29,668)

Note:

[1] Foreign currency gains (losses) resulted from the exchange of currencies related to the interest and principal payments on the long-term cross currency swaps.

Unrealized (loss) gain	2016 $	2015 $
Marketing revenue	**(35,396)**	(43,893)
Liquids Infrastructure operating expense	**(14)**	32
Production (net expense)	**(2,315)**	(1,222)
Gathering and Processing expense	**(26)**	27
Other:		
Foreign currency (loss) gain on U.S. debt	**(31,179)**	76,287
Total unrealized (loss) gain	**(68,930)**	31,231

INCOME TAXES

The components of the tax expense were as follows:

	2016 $	2015 $
Current income taxes		
Current income tax charge	**16,810**	93,729
Adjustments in respect of current income tax of the previous year	**(1,438)**	(5,717)
Current income tax expense	**15,372**	88,012
Deferred income taxes		
Relating to the origination and reversal of temporary differences	**74,232**	(6,621)
Adjustments in respect of changes in tax rates	**—**	24,405
Benefit from previously unrecognized loss	**—**	(815)
Adjustments to opening deferred tax balances	**874**	(5,178)
Deferred income tax expense	**75,106**	11,791
Total income tax expense	**90,478**	99,803

The following is a reconciliation of income taxes, calculated at the combined federal and provincial income tax rate, to the income tax provision included in the consolidated statement of net earnings and comprehensive income.

Reconciliation of income tax expense	2016 $	2015 $
Earnings before income tax	**307,329**	301,723
Income tax at statutory rate of 27% (26% in 2015)	**82,979**	78,448
Increase/(Decrease) in valuation allowance	**7,822**	(815)
Non-deductible items excluded from income for tax purposes	**(1,563)**	8,931
Tax rate differences and adjustments	**(540)**	22,938
Adjustments to tax pool balances	**(564)**	(10,801)
Other	**2,344**	1,102
Total income tax expense	**90,478**	99,803

Statements of Net Earnings (Thousands of Canadian dollars)	(Unaudited) Three months ended December 31, 2016 $	 2015 $
Revenues	**695,438**	622,463
Expenses	**(539,999)**	(433,841)
Operating margin	**155,439**	188,622
General and administrative expenses	**(13,878)**	(15,854)
Finance costs	**(19,916)**	(19,881)
Depreciation, depletion and amortization expenses	**(37,046)**	(44,686)
Net foreign currency loss on U.S. debt	**(12,202)**	(5,479)
Long-term incentive plan recovery (expense)	**273**	(10,058)
Impairment expense	**(12,270)**	(58,964)
Earnings before income tax	**60,400**	33,700
Income tax expense	**(25,779)**	(13,485)
Net earnings	**34,621**	20,215
Weighted average number of shares (in thousands)		
- basic	**185,116**	171,199
- diluted	**185,116**	171,199
Net earnings per share	**$**	**$**
- basic	**0.19**	0.12
- diluted	**0.19**	0.12

Keyera Corp.
Consolidated Statements of Cash Flows
For the Years Ended December 31,
(Thousands of Canadian dollars)

	Note	2016 $	2015 $
Cash provided by (used in):			
OPERATING ACTIVITIES			
Net earnings:		**216,851**	201,920
Adjustments for items not affecting cash:			
Finance costs	26	**12,220**	10,930
Depreciation, depletion and amortization expenses	27	**171,615**	169,318
Long-term incentive plan expense	21	**16,840**	32,146
Unrealized loss (gain) on derivative financial instruments	22	**68,930**	(31,231)
Unrealized (gain) loss on foreign exchange		**(28,323)**	95,517
Deferred income tax expense	17	**75,106**	11,791
Inventory write-down	8	**—**	3,388
Net impairment expense	10	**12,270**	95,305
Loss on disposal of property, plant and equipment	10	**890**	402
Decommissioning liability expenditures	15	**(4,249)**	(7,003)
Changes in non-cash working capital	29	**(129,224)**	65,672
Net cash provided by operating activities		**412,926**	648,155
INVESTING ACTIVITIES			
Acquisitions	10	**(190,375)**	(24,644)
Capital expenditures	10	**(567,042)**	(706,258)
Proceeds on sale of assets		**85**	3,478
Changes in non-cash working capital	29	**(3,642)**	(29,992)
Net cash used in investing activities		**(760,974)**	(757,416)
FINANCING ACTIVITIES			
Borrowings under credit facilities	14	**1,397,406**	1,300,000
Repayments under credit facilities	14	**(1,532,406)**	(1,020,000)
Proceeds from issuance of long-term debt	14	**360,000**	—
Repayment of long-term debt	14	**(97,740)**	(49,799)
Financing costs related to credit facilities/long-term debt	14	**(2,238)**	(2,008)
Proceeds from equity offering	18	**344,871**	—
Issuance costs related to equity offering	18	**(14,528)**	—
Proceeds from issuance of shares related to DRIP	18	**169,777**	118,854
Repayment of finance lease liabilities	16	**(188)**	—
Dividends paid to shareholders	20	**(274,438)**	(237,355)
Net cash provided in financing activities		**350,516**	109,692
Effect of exchange rate fluctuations on foreign cash held		**562**	1,707
Net increase in cash		**3,030**	2,138
Cash at the beginning of the year		**13,447**	11,309
Cash at the end of the year		**16,477**	13,447
Income taxes paid in cash		**73,348**	61,492
Interest paid in cash		**84,134**	74,383

KEYERA

Keyera Corp.
Consolidated Statements of Cash Flows
For the Years Ended December 31,
(Thousands of Canadian dollars)

	Note	2016 $	2015 $
Cash provided by (used in):			
OPERATING ACTIVITIES			
Net earnings:		**216,851**	201,920
Adjustments for items not affecting cash:			
Finance costs	26	**12,220**	10,930
Depreciation, depletion and amortization expenses	27	**171,615**	169,318
Long-term incentive plan expense	21	**16,840**	32,146
Unrealized loss (gain) on derivative financial instruments	22	**68,930**	(31,231)
Unrealized (gain) loss on foreign exchange		**(28,323)**	95,517
Deferred income tax expense	17	**75,106**	11,791
Inventory write-down	8	**—**	3,388
Net impairment expense	10	**12,270**	95,305
Loss on disposal of property, plant and equipment	10	**890**	402
Decommissioning liability expenditures	15	**(4,249)**	(7,003)
Changes in non-cash working capital	29	**(129,224)**	65,672
Net cash provided by operating activities		**412,926**	648,155
INVESTING ACTIVITIES			
Acquisitions	10	**(190,375)**	(24,644)
Capital expenditures	10	**(567,042)**	(706,258)
Proceeds on sale of assets		**85**	3,478
Changes in non-cash working capital	29	**(3,642)**	(29,992)
Net cash used in investing activities		**(760,974)**	(757,416)
FINANCING ACTIVITIES			
Borrowings under credit facilities	14	**1,397,406**	1,300,000
Repayments under credit facilities	14	**(1,532,406)**	(1,020,000)
Proceeds from issuance of long-term debt	14	**360,000**	—
Repayment of long-term debt	14	**(97,740)**	(49,799)
Financing costs related to credit facilities/long-term debt	14	**(2,238)**	(2,008)
Proceeds from equity offering	18	**344,871**	—
Issuance costs related to equity offering	18	**(14,528)**	—
Proceeds from issuance of shares related to DRIP	18	**169,777**	118,854
Repayment of finance lease liabilities	16	**(188)**	—
Dividends paid to shareholders	20	**(274,438)**	(237,355)
Net cash provided in financing activities		**350,516**	109,692
Effect of exchange rate fluctuations on foreign cash held		**562**	1,707
Net increase in cash		**3,030**	2,138
Cash at the beginning of the year		**13,447**	11,309
Cash at the end of the year		**16,477**	13,447
Income taxes paid in cash		**73,348**	61,492
Interest paid in cash		**84,134**	74,383

KEYERA

Note 10: PP&E CAPX

Cost	**General plant & processing equipment $**	**Other properties & equipment $**	**Turnarounds $**	**Land & linefill $**	**Total $**
Balance at December 31, 2014	**3,716,329**	**150,482**	**161,096**	**83,482**	**4,111,389**
Additions	658,489	18,034	44,117	10,262	730,902
Disposals	—	—	—	(3,877)	(3,877)
Other:					
Decommissioning asset	48,423	—	—	—	48,423
Balance at December 31, 2015	**4,423,241**	**168,516**	**205,213**	**89,867**	**4,886,837**
Additions	655,972	29,986	29,453	19,062	734,473
Other:					
Finance lease asset	54,234	—	—	—	54,234
Decommissioning asset	(15,350)	—	—	—	(15,350)
Balance at December 31, 2016	**5,118,097**	**198,502**	**234,666**	**108,929**	**5,660,194**

Approved Projects	Capital Cost (Net, in $ Millions)[1]	2017	2018	2019
Edmonton Terminal Condensate Tanks	60			
Norlite Pipeline (JV with Enbridge)	390			
Fort Saskatchewan Condensate System Pipeline Expansion & Manifold	30			
South Grand Rapids Pipeline & Pump Station (JV with TCPL & Brion)[2]	148			
Hull Terminal Pipeline System Connection Project[3]	34			
NWR North Condensate Connector & South NGL Connector	50			
Base Line Terminal Crude Oil Storage Project (JV with Kinder Morgan)	330			
Alder Flats New Gas Plant Construction (Phase II)[4]	27			
Keylink NGL Gathering Pipeline System	147			
Simonette Liquids Handling Expansion Project	100			
Storage Cavern Development Program at KFS	90			
Other Projects (Connections, De-Bottlenecking, Land Development, etc.)	>100			
TOTAL	>$1.5 Billion			

[1] Keyera's share of estimated capital cost. See Keyera's 2016 Year End MD&A for capital investment risks and assumptions.

[2] Pipeline portion of net capital cost will be paid upon completion of construction and is categorized as acquisition capital.

[3] Project cost is currently estimated to be US$20-25 million.

[4] Pre-paid in August 2016. The capital budget and construction schedule for Alder Flats Phase II is being managed by Bellatrix Exploration Ltd.

Statements of Cash Flows (Thousands of Canadian dollars)	(Unaudited) Three months ended December 31, 2016	2015
Net inflow (outflow) of cash:	**$**	$
OPERATING ACTIVITIES		
Net earnings	**34,621**	20,215
Adjustments for items not affecting cash:		
Finance costs	**3,437**	2,532
Depreciation, depletion and amortization expenses	**37,046**	44,686
Long-term incentive plan (recovery) expense	**(273)**	10,058
Unrealized loss (gain) on derivative financial instruments	**11,520**	(3,043)
Unrealized loss on foreign exchange	**12,651**	19,149
Deferred income tax expense (recovery)	**24,197**	(9,572)
Inventory write-down	**—**	863
Impairment expense	**12,270**	58,964
Loss on disposal of property, plant and equipment	**—**	823
Decommissioning liability expenditures	**(2,243)**	(4,475)
Changes in non-cash working capital	**(93,003)**	(13,756)
Net cash provided by operating activities	**40,223**	126,444
INVESTING ACTIVITIES		
Acquisitions	**(8,033)**	(6,949)
Capital expenditures	**(148,323)**	(135,192)
Proceeds on sale of assets	**—**	(1,587)
Changes in non-cash working capital	**(34,224)**	6,032
Net cash used in investing activities	**(190,580)**	(137,696)
FINANCING ACTIVITIES		
Borrowings under credit facilities	**185,000**	510,000
Repayments under credit facilities	**(315,000)**	(465,000)
Proceeds from issuance of long term debt	**300,000**	—
Financing costs related to credit facilities/long-term debt	**(2,098)**	(1,950)
Issuance costs related to equity offering	**(341)**	—
Proceeds from issuance of shares related to DRIP	**45,017**	39,314
Repayment of finance lease liabilities	**(188)**	—
Dividends paid to shareholders	**(73,504)**	(64,131)
Net cash provided by financing activities	**138,886**	18,233
Effect of exchange rate fluctuations on foreign cash held	**476**	356
Net (decrease) increase in cash	**(10,995)**	7,337
Cash, start of period	**27,472**	6,110
Cash, end of period	**16,477**	13,447

Distributable Cash Flow	(Unaudited) Three months ended December 31, 2016 $	2015 $
Cash flow from operating activities	**40,223**	126,444
Add (deduct):		
Changes in non-cash working capital deficit	**93,003**	13,756
Long-term incentive plan recovery (expense)	**273**	(10,058)
Maintenance capital	**(29,305)**	(6,103)
Finance lease liabilities	**(188)**	—
Inventory write-down	**—**	(863)
Distributable cash flow	**104,006**	123,176
Dividends declared to shareholders	**73,657**	64,259

Consolidated data (th USD)

	31/12/2016	31/12/2015	31/12/2014	31/12/2013	31/12/2012	31/12/2011	31/12/2010	31/12/2009	31/12/2008	31/12/2007
	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	Local GAAP	Local GAAP	Local GAAP
	AR	AR	AR	AR	AR	AR	AR	AR	AR	AR
Ratios										
PROFITABILITY RATIOS										
ROE using P/L before tax (%)	16.69	21.58	24.58	22.59	19.22	18.36	15.52	21.30	25.73	16.67
ROCE using P/L before tax (%)	8.59	9.78	11.34	9.74	9.86	8.82	9.83	14.75	16.69	10.48
ROA using P/L before tax (%)	6.20	7.02	8.41	6.84	6.39	5.49	4.85	8.97	9.67	6.90
ROE using Net income (%)	11.78	14.44	17.45	15.90	14.66	20.24	14.53	21.52	26.01	2.63
ROCE using Net income (%)	6.55	7.10	8.50	7.34	8.03	9.49	9.46	14.87	16.85	3.24
ROA using Net income (%)	4.38	4.70	5.97	4.81	4.88	6.05	4.54	9.07	9.77	1.09
Profit margin (%)	12.25	11.75	8.94	6.30	5.82	4.78	4.77	9.63	7.53	6.21
Gross Margin (%)	25.75	30.75	18.52	13.80	12.27	11.82	14.26	17.53	12.21	12.11
EBITDA Margin (%)	22.61	25.68	16.25	11.87	11.11	9.93	12.41	14.94	10.68	10.46
EBIT Margin (%)	15.29	15.38	10.21	8.76	8.09	7.55	9.67	12.04	8.83	7.62
Cash Flow / Turnover (%)	15.97	18.16	12.39	7.54	7.46	7.64	7.21	12.63	9.46	3.82
Enterprise value / EBITDA (x)	16.33	12.91	13.77	15.08	13.77	15.87	10.62	8.69	7.43	10.02
Market cap / Cash flow from operations (x)	18.16	10.64	14.83	13.09	16.04	20.07	12.82	4.76	11.87	10.11
OPERATIONAL RATIOS										
Net assets turnover (x)	0.57	0.69	1.10	1.29	1.32	1.37	1.20	1.25	1.92	1.39
Interest cover (x)	5.27	6.25	7.19	6.95	4.92	4.58	2.81	5.60	7.45	5.59
Stock turnover (x)	23.26	33.37	29.16	18.87	16.06	18.78	15.49	19.76	40.95	19.31
Collection period (days)	52	48	40	44	46	49	48	57	58	59
Credit period (days)	52	44	38	46	41	45	46	54	35	57
R&D expenses / Operating revenue (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
STRUCTURE RATIOS										
Current ratio (x)	1.09	0.87	1.15	1.64	1.36	1.52	1.48	0.77	0.73	1.29
Liquidity ratio (x)	0.88	0.73	0.92	1.27	0.95	1.14	1.04	0.59	0.64	1.00
Shareholders liquidity ratio (x)	0.71	0.60	0.66	0.56	0.67	0.56	0.58	1.30	1.28	1.06
Solvency ratio (Asset based) (%)	37.15	32.54	34.23	30.28	33.26	29.92	31.23	42.13	37.58	41.36
Solvency ratio (Liability based) (%)	59.11	48.25	52.05	43.42	49.84	42.69	45.42	72.80	60.19	70.53
Gearing (%)	143.51	174.41	154.69	178.31	157.25	180.07	172.35	102.97	131.73	97.69

Recommandation

inter pipeline

Toronto Stock Exchange: IPL

Inter Pipeline

Delayed quote	Today's change	P/E	Market cap	52-week range
$28.36	+0.24 +0.85%	21.736	10.48B	

Updated March 28 4:00 PM EDT. Delayed by at least 15 minutes.

Five Day Performance

March 28 4:00 PM EDT.

5 days

Inter Pipeline closed up Tuesday by $0.24 or 0.85% to $28.36 and setting a new 20-day high. Over the last five days, shares have gained 2.90%, but are down 4.32% for the last year to date. Shares have underperformed the S&P TSX by 5.01% during the last year.

KEY COMPANY METRICS

Open	$28.14
Previous close	$28.12
High	$28.52
Low	$28.11
Bid / Ask	$28.33 / $28.37
YTD % change	-4.32%
Volume	796,274
Average volume (10-day)	1,602,309
Average volume (1-month)	1,202,197
Average volume (3-month)	973,918
52-week range	$24.92 to $30.07
Beta	0.89
Trailing P/E	21.74×
P/E 1 year forward	18.81×
Forward PEG	3.30×
Indicated annual dividend	$1.62
Dividend yield	5.71%
Trailing EPS	$1.30

Updated March 28 4:00 PM EDT. Delayed by at least 15 minutes.

inter pipeline

Source: The Globe and Mail

inter pipeline

Source: The Globe and Mail

Source: The Globe and Mail

inter pipeline

Source: The Globe and Mail

Source: Google Finance

Name	Shares Held	% Total Shares Held	Shares Change	% Chg from Prior Port	% Total Assets	Date of Portfolio
iShares S&P/TSX 60	2,883,858	0.78	-4,716	-0.16	0.64	16/03/2017
Franklin Bissett Cdn Equity A	2,004,990	0.54	-44,600	-2.18	1.94	31/12/2016
Fidelity Dividend Plus Series F	1,861,100	0.51	0	0.00	1.46	31/12/2016
TD Monthly Income - S	1,813,900	0.54	-3,100	-0.17	0.67	30/06/2016
TD Emerald Low Volatility Cdn Equity PFT	1,723,218	0.51	46,000	2.74	1.44	30/06/2016
IMPERIAL CANADIAN DIVIDEND INCOME POOL	1,116,062	0.30	5,260	0.47	0.36	28/02/2017
Assumption/Fidelity Monthly Income B	1,041,027	0.28	-1,041	-0.10	0.22	31/01/2017
Sentry Canadian Income F	1,000,000	0.27	0	0.00	0.51	31/12/2016
BMO Dividend A	961,200	0.26	0	0.00	0.63	31/12/2016
BMO Canadian Large Cap Equity T5	903,300	0.25	0	0.00	1.34	31/12/2016

Source: Morningstar

Name	Shares Held	% Total Shares Held	Shares Change	% Chg from Prior Port	% Total Assets	Date of Portfolio
Capital Research and Management Company	15,392,100	4.18	4,938,100	47.24	0.25	31/12/2016
Vanguard Group Inc	6,620,148	1.78	116,643	1.79	0.04	28/02/2017
BMO Asset Management Inc	5,564,973	1.50	88,058	1.61	1.02	28/02/2017
M&G Investment Management Ltd.	5,751,331	1.60	-2,945,552	-33.87	1.48	30/11/2016
TD Asset Management Inc	5,177,853	1.54	93,023	1.83	0.46	30/06/2016
BlackRock Asset Management Canada Ltd	4,641,244	1.25	-2,032	-0.04	0.72	16/03/2017
Tortoise Capital Advisors, L.L.C.	4,027,039	1.12	715,086	21.59	3.11	30/11/2016
Deutsche Inv Mgmt Americas Inc	3,151,789	0.86	0	0.00	1.98	31/01/2017
Franklin Templeton Investments Corp	2,752,240	0.75	-67,500	-2.39	1.78	31/12/2016
Fidelity Institutional Asset Management	2,320,737	0.63	247	0.01	0.74	31/12/2016

Source: Morningstar

Company Overview

- Founded in 1997
- Originated from Koch Industries, Koch Pipelines Canada
- Part of Koch Pipelines was sold, and renamed the Inter Pipeline Fund
- Alberta’s Top 70 Employers in 2016
- Alberta’s Top 50 fastest growing businesses

Company Overview

- Energy infrastructure business engaged in transportation, processing and storage of energy products across Western Canada and Europe

- Has four business segments
  - Oil Sands Transportation
  - Conventional Oil Pipelines
  - NGL Processing
  - Bulk Liquid Storage

- Transports 1,296,600 barrels of oil a day
- Processes an NGL volume of 111,700 barrels a day

WORLD SCALE ENERGY INFRASTRUCTURE ASSETS

Oil Sands Transportation	Conventional Oil Pipelines	NGL Processing	Bulk Liquid Storage

2016 Annual EBITDA

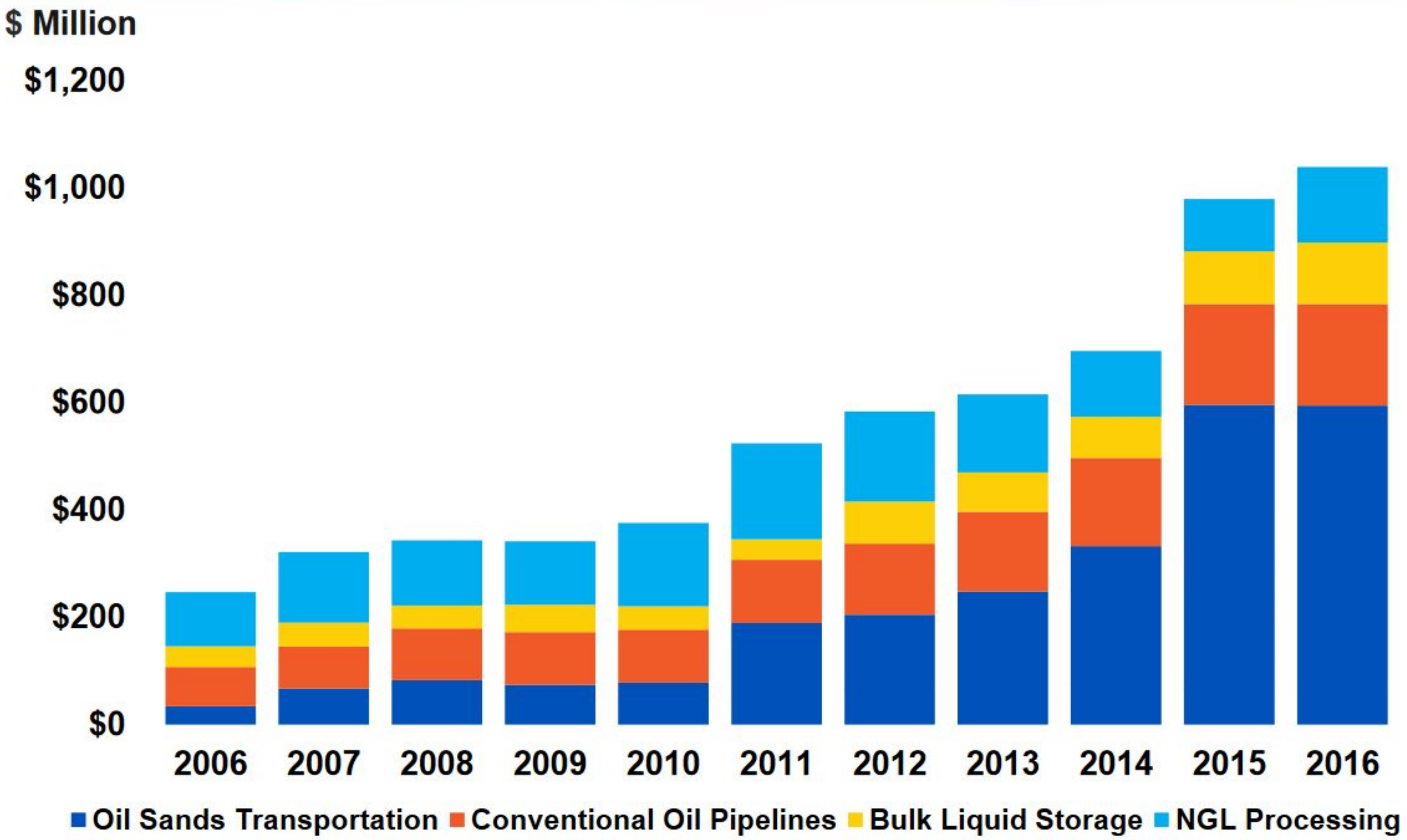
2.3 million b/d of contracted capacity	3,900 km pipeline network in western Canada	Over 240,000 b/d of production capacity	27 million barrels of storage capacity in Europe

PERFORMANCE OVERVIEW

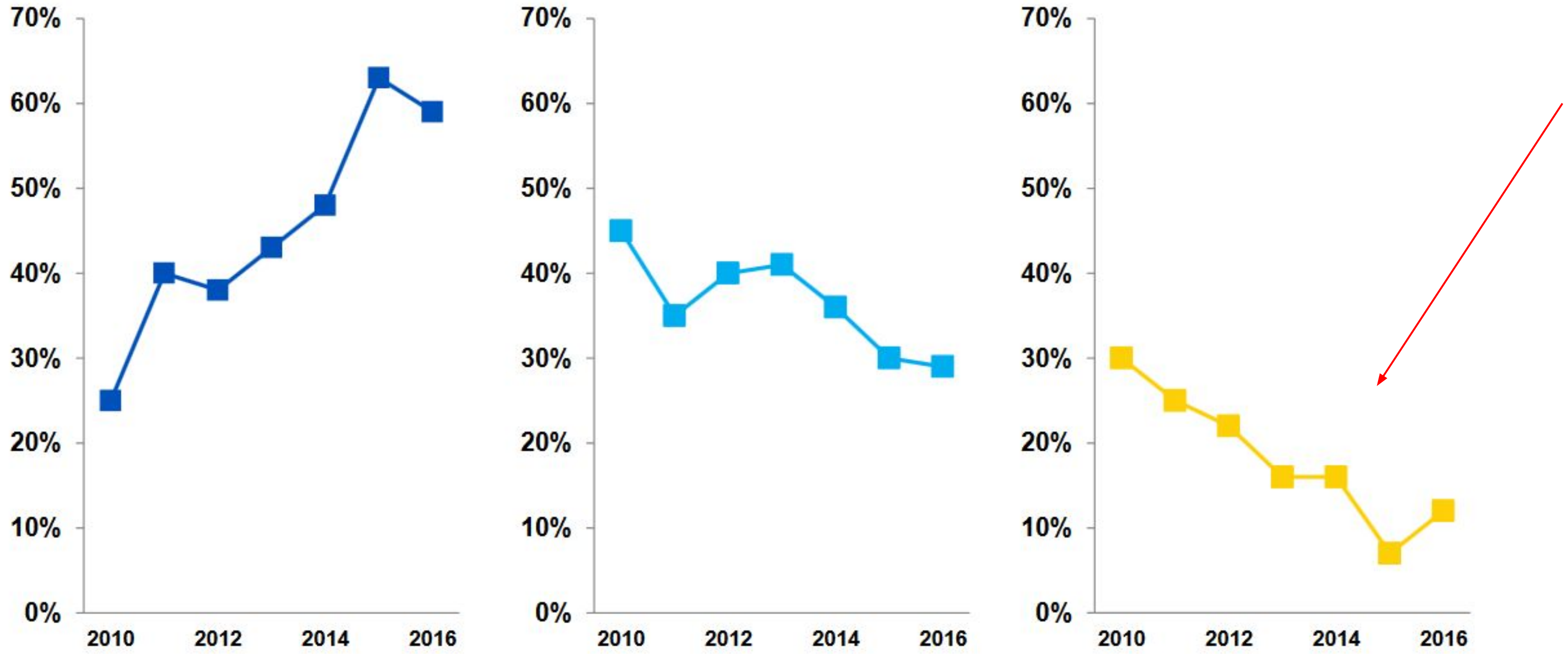
	Three Months Ended December 31		Years Ended December 31		
(millions, except volumes, per share and % amounts)	**2016**	2015	**2016**	2015	2014
Pipeline volumes *(000s b/d)* [1]					
Oil sands transportation	**1,172.5**	1,111.8	**1,095.9**	1,046.1	912.9
Conventional oil pipelines	**200.3**	214.8	**200.7**	211.7	205.2
Total pipeline volumes	**1,372.8**	1,326.6	**1,296.6**	1,257.8	1,118.1
NGL processing volumes *(000s b/d)* [1][2]					
Natural gas processing - Ethane	**69.9**	59.1	**60.2**	62.1	62.9
Natural gas processing - Propane-plus	**43.8**	41.3	**43.4**	39.6	34.7
Redwater Olefinic Fractionator sales volume[2]	**29.9**	-	**8.1**	-	-
Total NGL processing volumes	**143.6**	100.4	**111.7**	101.7	97.6
Utilization					
Bulk liquid storage	**99%**	97%	**98%**	94%	79%
Revenue					
Oil sands transportation	**$ 200.8**	$ 213.4	**$ 778.6**	$ 768.7	$ 476.7
Conventional oil pipelines	**111.0**	89.0	**365.0**	322.4	363.9
NGL processing	**191.1**	88.5	**435.1**	370.8	548.6
Bulk liquid storage	**57.8**	64.8	**245.9**	214.4	167.1
	$ 560.7	$ 455.7	**$ 1,824.6**	$ 1,676.3	$ 1,556.3
Funds from operations[4]					
Oil sands transportation[4]	**$ 158.5**	$ 157.8	**$ 581.6**	$ 569.1	$ 306.1
Conventional oil pipelines	**52.4**	51.5	**198.6**	194.6	191.1
NGL processing	**65.0**	25.2	**147.8**	100.8	142.3
Bulk liquid storage	**28.9**	28.2	**120.0**	98.3	75.4
Corporate costs	**(50.1)**	(51.3)	**(199.2)**	(188.7)	(150.9)
	$ 254.7	$ 211.4	**$ 848.8**	$ 774.1	$ 564.0
Per share[3]	**$ 0.71**	$ 0.63	**$ 2.47**	$ 2.31	$ 1.76
Net income	**$ 128.8**	$ 138.0	**$ 477.6**	$ 463.0	$ 349.5
Net income attributable to shareholders	**$ 125.8**	$ 129.7	**$ 449.7**	$ 427.4	$ 334.8
Per share – basic	**$ 0.35**	$ 0.39	**$ 1.31**	$ 1.28	$ 1.05
Per share – diluted	**$ 0.35**	$ 0.39	**$ 1.31**	$ 1.28	$ 1.02
Dividends to shareholders	**$ 145.1**	$ 128.7	**$ 539.2**	$ 497.1	$ 423.1
Per share[5]	**$ 0.4000**	$ 0.3825	**$ 1.5700**	$ 1.4850	$ 1.3200
Shares outstanding (basic)					
Weighted average	**361.2**	336.3	**343.4**	334.6	320.2
End of period	**367.9**	336.4	**367.9**	336.4	326.2
Capital expenditures[6]					
Growth[3]	**$ 49.9**	$ 52.6	**$ 150.6**	$ 296.3	$ 1,195.7
Sustaining[3]	**22.3**	27.8	**58.4**	59.6	40.5
	$ 72.2	$ 80.4	**$ 209.0**	$ 355.9	$ 1,236.2
Payout ratio[3]	**57.8%**	63.8%	**66.0%**	67.8%	77.3%

	As at December 31		
(millions, except % amounts)	**2016**	2015	2014
Total assets	**$ 10,151.6**	$ 9,029.4	$ 8,647.2
Total debt[7]	**$ 5,828.6**	$ 4,851.7	$ 4,590.7
Total shareholders' equity	**$ 3,187.9**	$ 2,821.1	$ 2,548.1
Enterprise value[3]	**$ 16,732.5**	$ 12,323.7	$ 16,314.8
Consolidated Net Debt to Total Capitalization[3]	**57.2%**	52.8%	52.2%

EBITDA BY BUSINESS SEGMENT



EBITDA BY CONTRACT TYPE



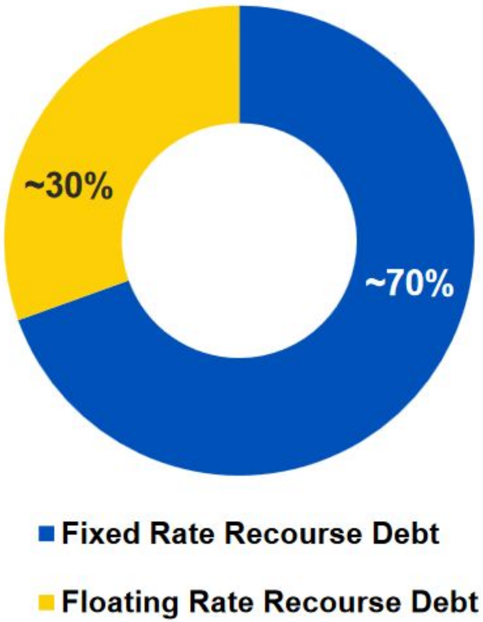
Cost of Service
No volume or commodity price exposure and flow-through of operating costs*

Fee Based
Volume & operating cost exposure but no commodity price risk

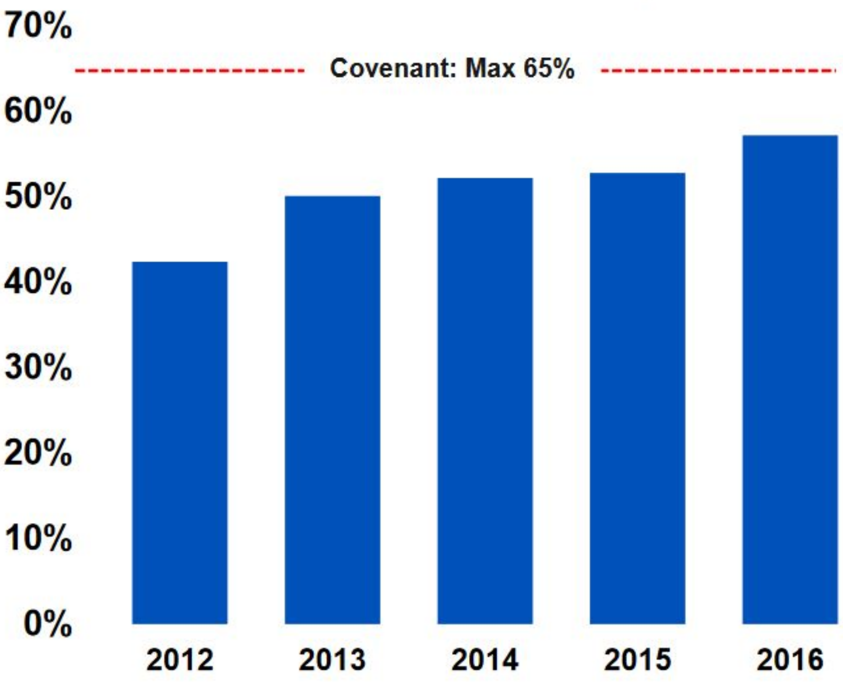
Commodity Based
Volume and commodity price exposure

FINANCIAL DISCIPLINE

Total Recourse Debt*
as at December 31, 2016



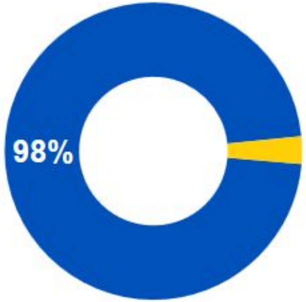
Consolidated Net Debt to Total Capitalization



Committed to maintaining our investment grade credit ratings of BBB (high) by DBRS and BBB+ by S&P

INTER PIPELINE CREDIT STRENGTH

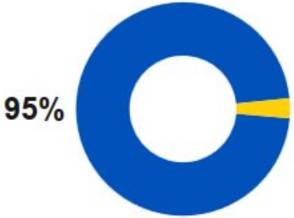
Oil Sands Transportation
($779 million)



14 customers

Initial contract term 20+ years

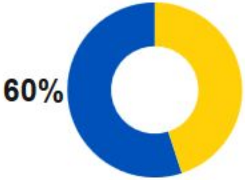
NGL Processing
($435 million)



20+ customers

Average contract length of ~7 years

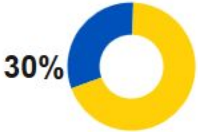
Conventional Oil Pipelines
($365 million)



100+ producers

Typical exposure of 55 days

Bulk Liquid Storage
($246 million)



~135 customers

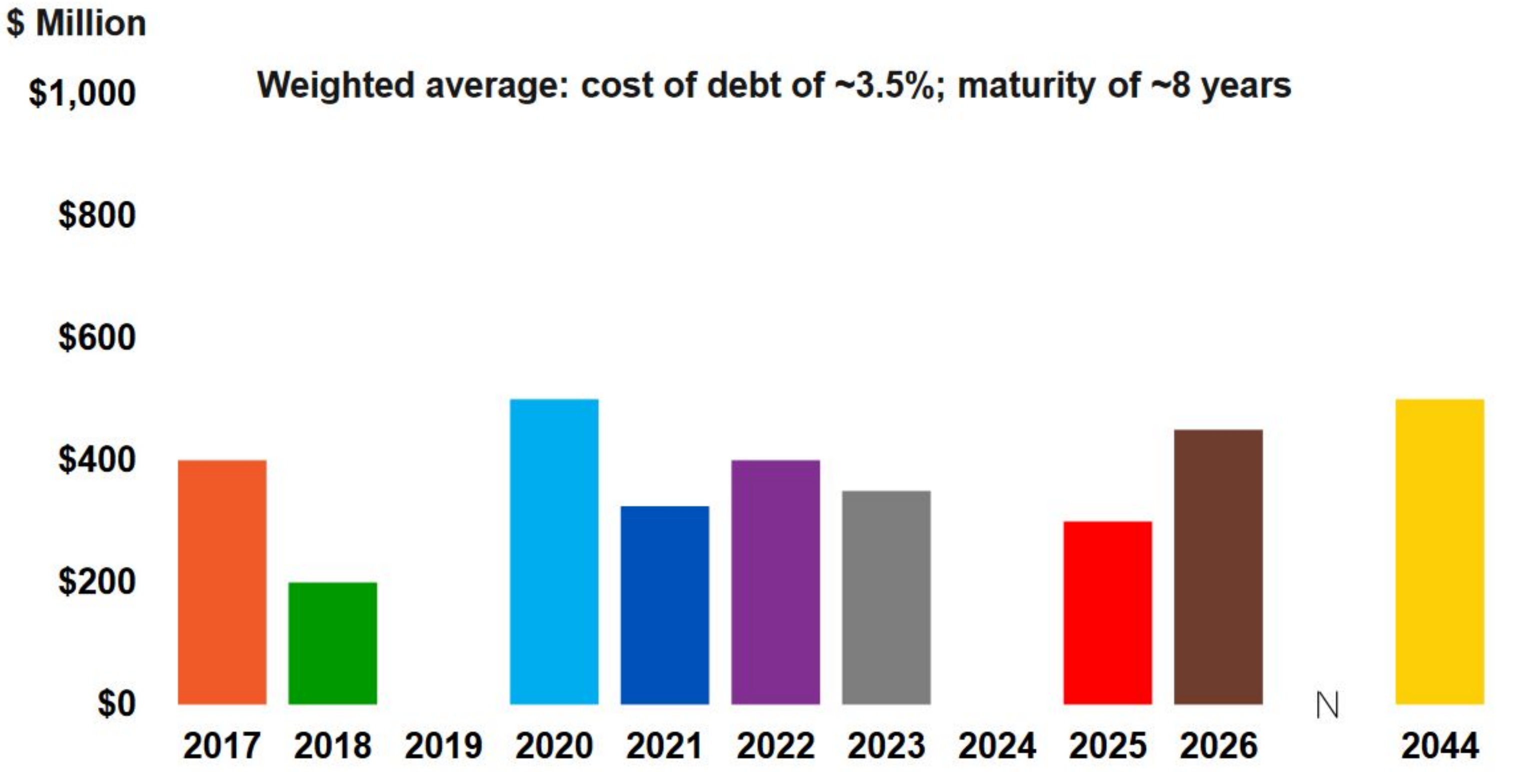
Average contract length of ~2 years

Investment Grade Revenue (2016)*

Non–Investment Grade Revenue (2016)

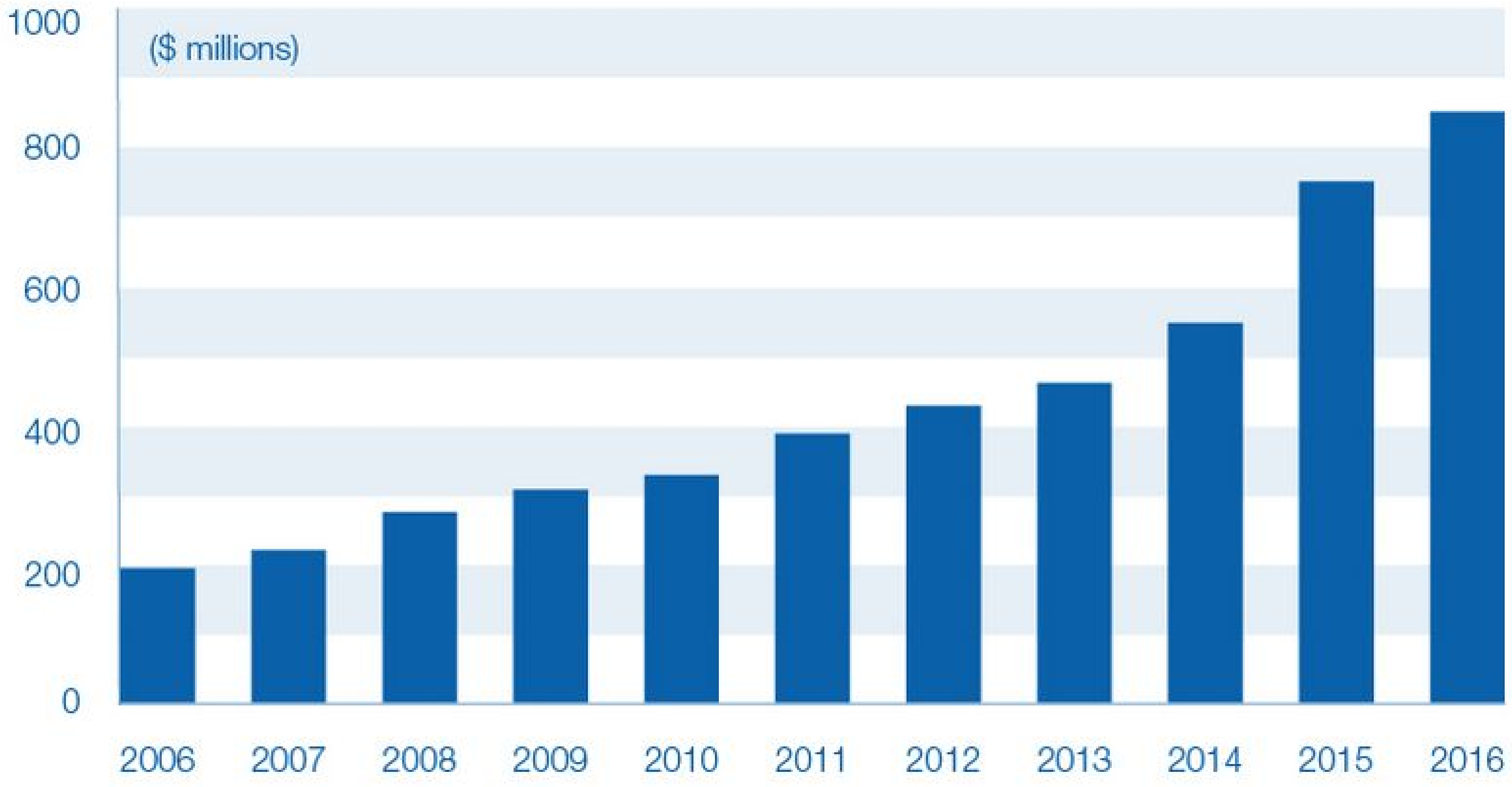
Over 80% of Inter Pipeline's revenue is sourced from investment grade entities*

MTN MATURITY PROFILE

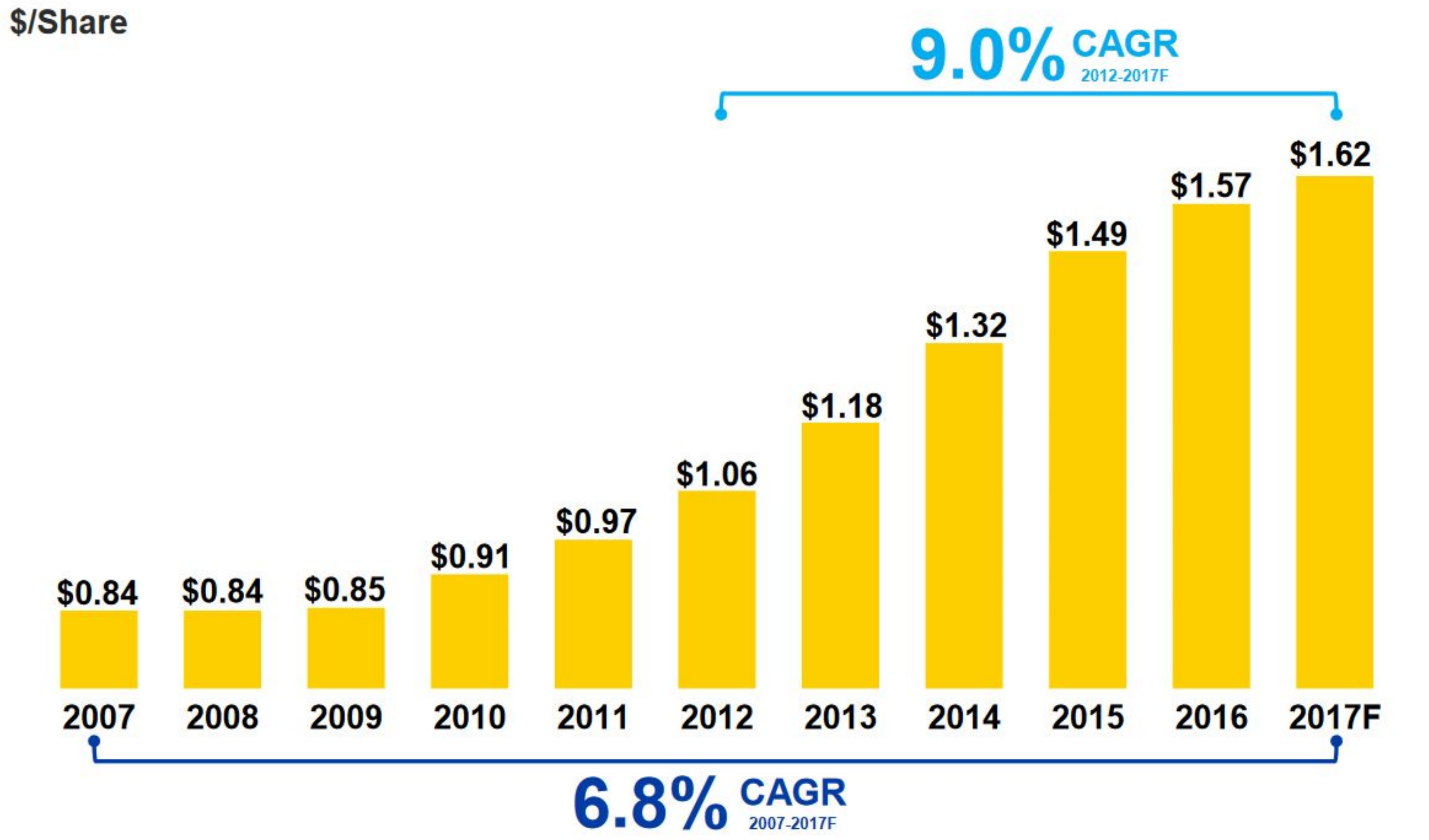


Manageable debt maturity profile limits refinancing risk

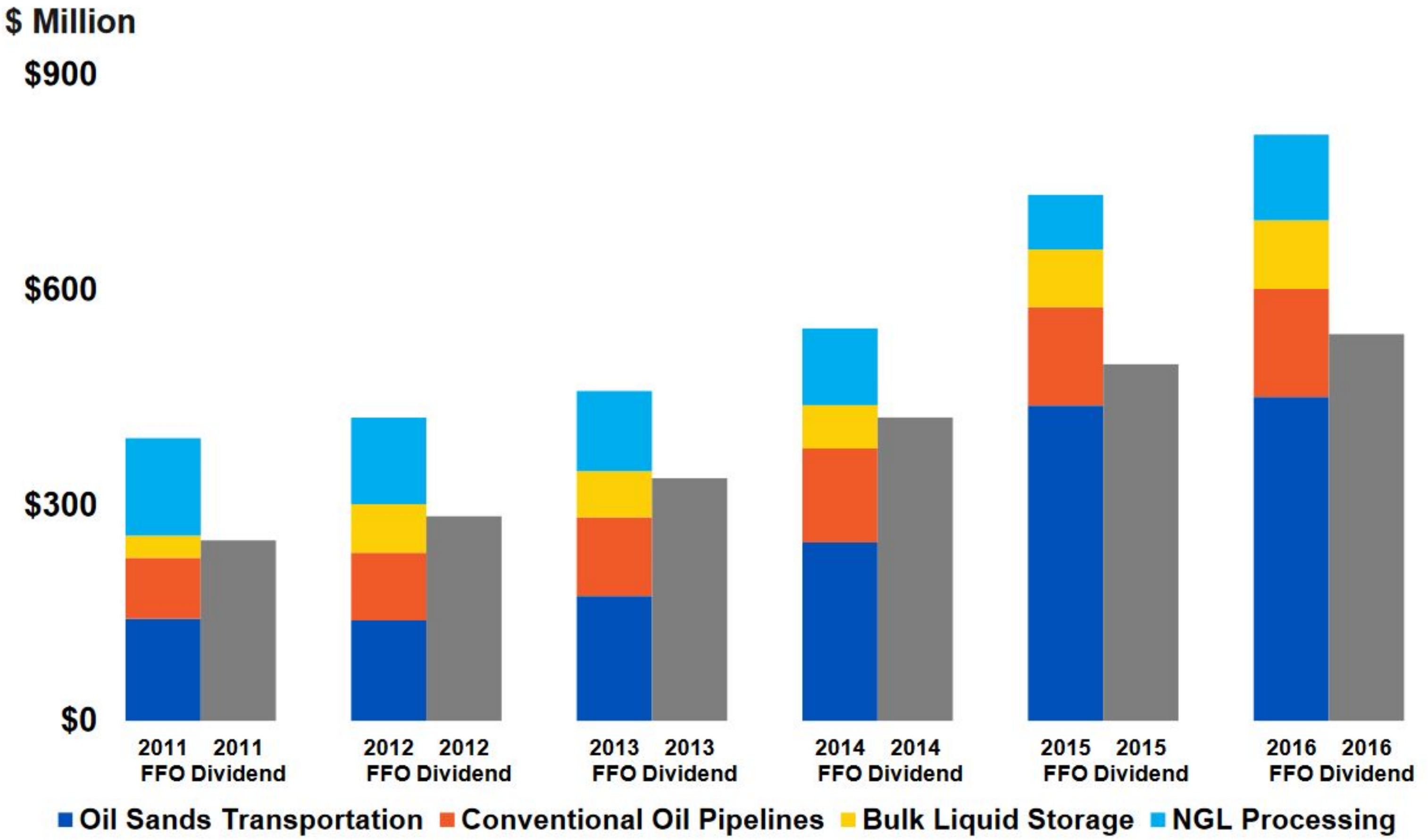
Growth in Funds From Operations



DIVIDEND GROWTH



DIVIDEND STABILITY



Key Developments

- In 2000 Inter Pipeline Fund purchased a 15% interest in the Cold Lake pipeline system, today it owns 100% interest in the 1,400km pipeline system

- In 2004 the company purchased three of Canada's largest straddle plants (natural gas treatment) for cash of US540 million
    - At the time it processed 3.9 bcf per day and extracted 137,000 barrels per day of liquids

- In 2005 Inter Pipeline entered the UK by buying Simon Storage, UK's largest terminal operator
    - 2008, Took over Tanklager-Gesselschaft Hoyer mbH

- 2007, acquired Corridor Pipeline

RECENT DEVELOPMENTS

- Generated record financial results in 2016 with consolidated EBITDA of $1,040 million
- 14th consecutive dividend increase to $1.62 per share annually
- Acquired the remaining 15% interest in Cold Lake for $528 million
- Secured a new long term cost of service contract for CNR's Kirby North project
- Acquired a large scale ethane-plus extraction, transportation and fractionation business for $1.35 billion
- Potential propane dehydrogenation ("PDH") and polypropylene ("PP") facility development totaling ~$3.1B

2016 HIGHLIGHTS

- Generated record funds from operations (FFO) of $849 million, a 10 percent increase over 2015 results
- Realized a net income increase of 3 percent, to a record $478 million for the year
- Declared annual cash dividends of $539 million, or $1.57 per share
- Attractive annual payout ratio* of 66 percent
- Announced an annualized dividend increase of $0.06 per share, the 14th consecutive increase for Inter Pipeline shareholders
- Average annual throughput volumes on Inter Pipeline's pipeline systems averaged a record 1,296,600 barrels per day (b/d)
- Acquired a large scale Canadian natural gas liquids midstream business for $1.35 billion, providing a new platform for future growth
- Bulk liquid storage capacity utilization averaged a new record of 98 percent for the year, up from 94 percent in 2015
- Successfully raised over $775 million of equity capital and $800 million of term debt at attractive rates

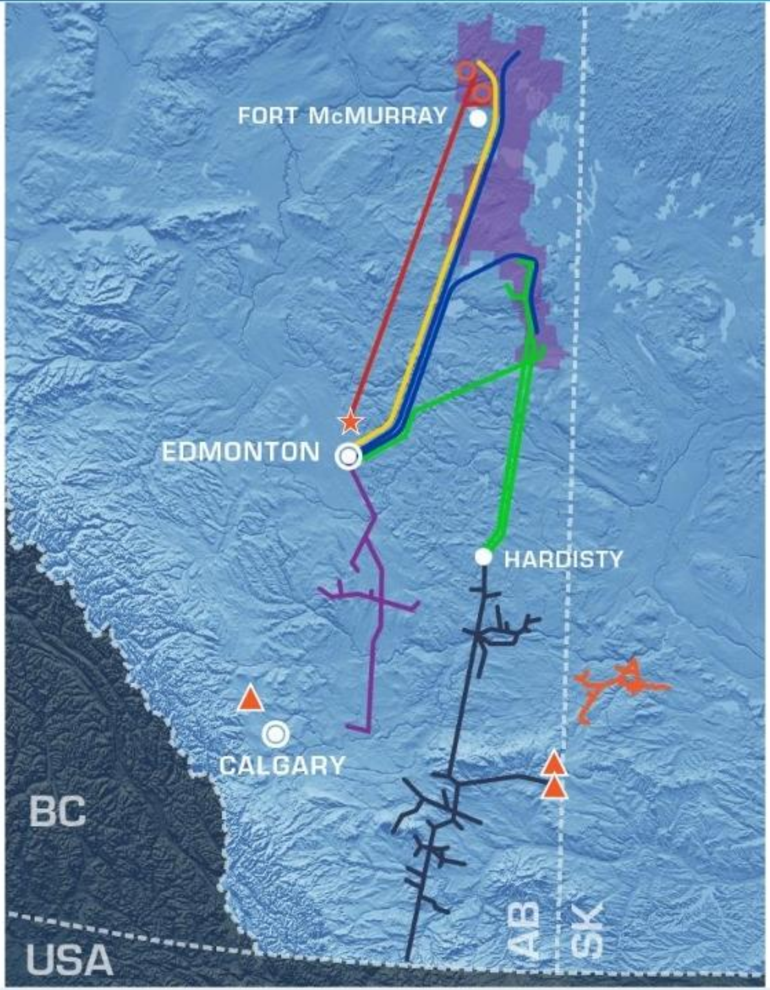
FOURTH QUARTER HIGHLIGHTS

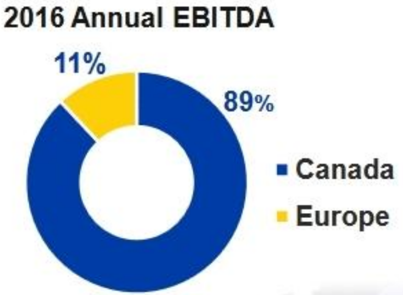
- Record quarterly FFO of $255 million, an increase of 20 percent from the same period in 2015
- Conservative quarterly payout ratio* of 58 percent
- Average throughput volumes for Inter Pipeline's oil sands and conventional pipeline systems reached a new quarterly record of 1,372,800 b/d
- Purchased the remaining 15 percent interest in the Cold Lake pipeline system from Canadian Natural Resources Ltd. (Canadian Natural) for $527.5 million
- Entered into a long-term transportation agreement with Canadian Natural for its Kirby North SAGD oil sands project
- Awarded $200 million in royalty credits from the Government of Alberta's Petrochemical Diversification Program for the proposed propane dehydrogenation (PDH) facility

Outlook

- $570 million capital expenditure program ($75 million sustaining capital) with priority in developing an integrated PDH and PP facility
- Expected to cost $3.1 billion, and enter service in 2021
- $115 million to be invested in oil sands pipelines
- $35 million to be invested into conventional oil pipelines
- $40 million to be invested in bulk liquid storage, to support tank expansions

AREAS OF OPERATION





LOW RISK BUSINESS STRATEGY

DIVERSIFIED INFRASTRUCTURE ASSETS

- Large-scale and strategically located
- Capital-efficient growth opportunities

LIMITED COMMODITY PRICE EXPOSURE

- 88% of EBITDA from cost of service and fee based contracts
- Majority investment grade counterparties

DIVIDEND STABILITY

14 consecutive dividend increases

5–year dividend CAGR ~9%

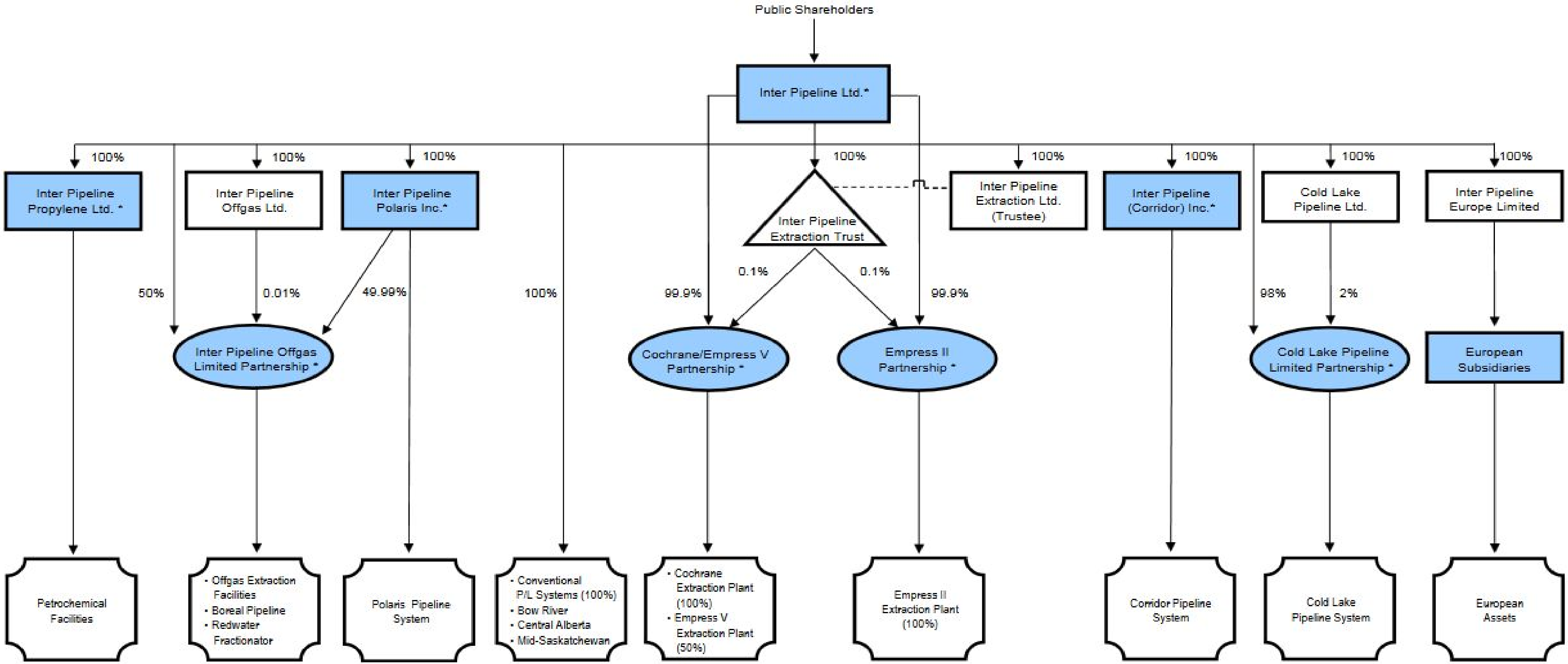
OPERATIONAL EXCELLENCE

- Exceptional EH&S performance and reliability
- Industry leading project execution

STRONG FINANCIAL POSITION

- Solid balance sheet
- Excellent access to capital markets
- BBB+ credit rating

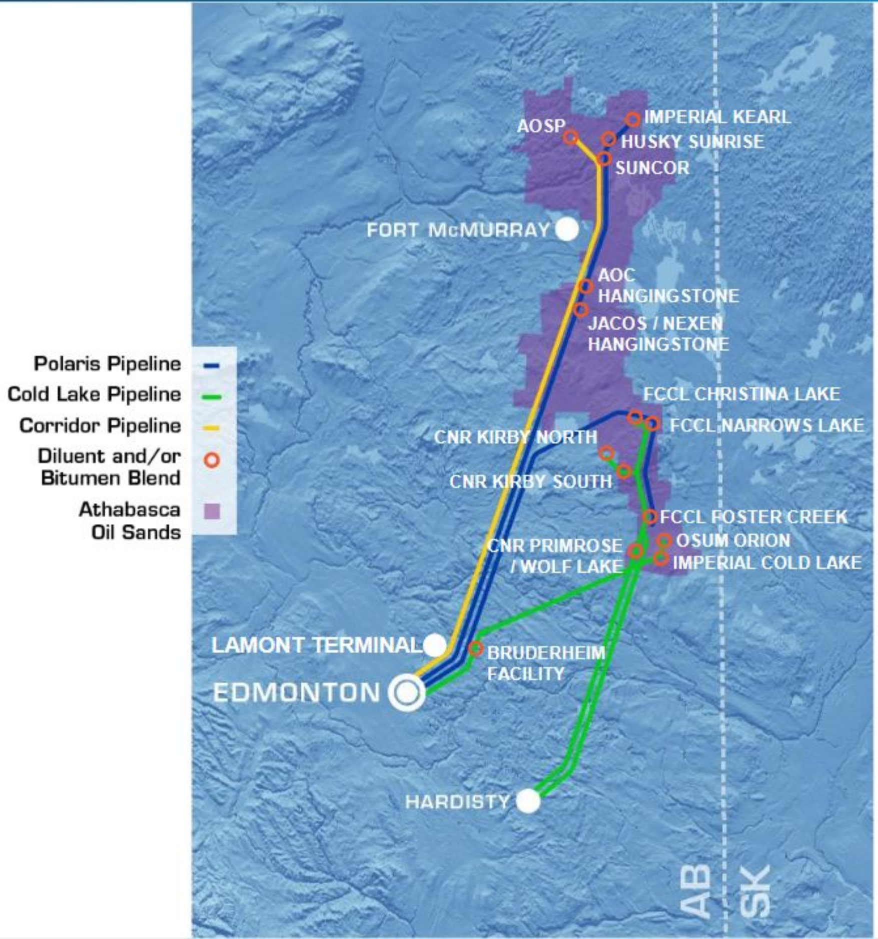
Corporate Structure



Oil Sands Transportation

- Accounts for 57% of 2016’s Annual EBITDA
- Complete expansion of Cold Lake and Polaris Pipeline
- 2.3 million barrels a day of available capacity
- 4.6 million barrels a day of total capacity

OIL SANDS TRANSPORTATION



- **Three major oil sands pipeline systems with combined ultimate capacity of 4.6 million b/d**
  - Corridor
  - Cold Lake
  - Polaris
- **Over 3,300 km of pipeline and 3.8 million barrels of storage**
- **Long term cost of service agreements**
- **Substantial available capacity for 3rd party growth projects**

Operational Results

Oil Sands Transportation Business Segment

	Three Months Ended December 31			Years Ended December 31		
Volumes (000s b/d)	**2016**	2015	*% change*	**2016**	2015	*% change*
Cold Lake (100% basis)[1]	**611.6**	565.4	*8.2*	**558.5**	561.4	*(0.5)*
Corridor	**393.9**	378.8	*4.0*	**378.8**	346.0	*9.5*
Polaris	**167.0**	167.6	*(0.4)*	**158.6**	138.7	*14.3*
	1,172.5	1,111.8	*5.5*	**1,095.9**	1,046.1	*4.8*

(millions)						
Revenue[2]	**$ 200.8**	$ 213.4	*(5.9)*	**$ 778.6**	$ 768.7	*1.3*
Operating expenses[2]	**$ 33.8**	$ 35.3	*(4.2)*	**$ 131.5**	$ 132.1	*(0.5)*
Funds from operations[2]	**$ 158.5**	$ 157.8	*0.4*	**$ 581.6**	$ 569.1	*2.2*
Capital expenditures[2]						
Growth[3]	**$ 5.7**	$ 19.6		**$ 17.3**	$ 146.4	
Sustaining[3]	**0.2**	0.3		**1.0**	1.1	
	$ 5.9	$ 19.9		**$ 18.3**	$ 147.5	

(1) Effective November 1, 2016, Inter Pipeline acquired the remaining 15% ownership interest in the Cold Lake pipeline system.

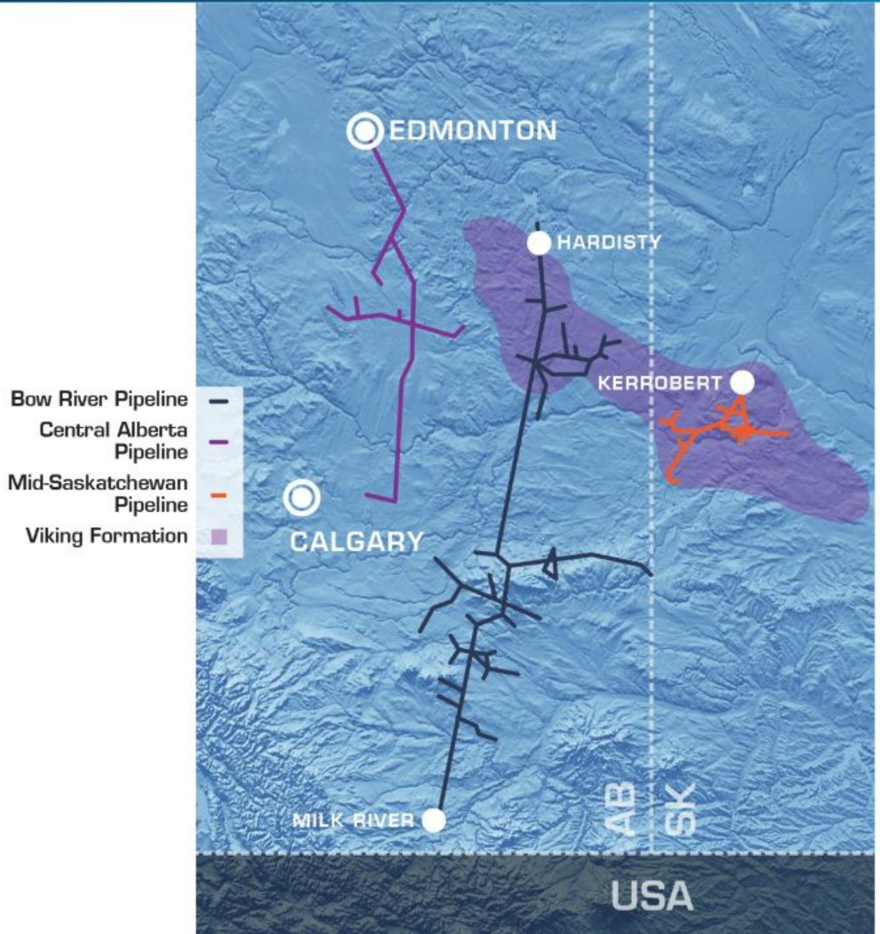
(2) For the three month period and year ended December 31, 2016, Cold Lake pipeline system includes the following amounts relating to non-controlling interest: revenue - $3.9 million and $41.6 million ($12.8 million and $51.5 million in 2015), respectively; operating expenses - $0.4 million and $8.9 million ($2.8 million and $9.8 million in 2015), respectively; FFO - $3.5 million and $32.0 million ($9.8 million and $41.0 million in 2015), respectively; and capital expenditures - $0.1 million and $1.1 million ($1.0 million and $8.3 million in 2015), respectively.

(3) Please refer to the NON-GAAP FINANCIAL MEASURES section.

Conventional Oil Pipelines

- Accounts for 18% of 2016's Annual EBITDA
- EBITDA: 9.9% CAGR in the last 5 years
- 201,000 barrels a day

CONVENTIONAL OIL PIPELINES



- **3,900 km of oil pipelines servicing over 100 producers**
- **100% fee based business, excluding midstream marketing**
- **Strong production from Viking formation**
- **10-year take or pay agreement on the Bow River pipeline system**

Operational Results

Conventional Oil Pipelines Business Segment

	Three Months Ended December 31			Years Ended December 31		
Volumes (000s b/d)	**2016**	2015	*% change*	**2016**	2015	*% change*
Bow River	**89.2**	96.3	*(7.4)*	**90.2**	99.5	*(9.3)*
Central Alberta	**26.8**	33.8	*(20.7)*	**28.6**	34.1	*(16.1)*
Mid-Saskatchewan	**84.3**	84.7	*(0.5)*	**81.9**	78.1	*4.9*
	200.3	214.8	*(6.8)*	**200.7**	211.7	*(5.2)*

(millions, except per barrel amount)						
Revenue	**$ 111.0**	$ 89.0	*24.7*	**$ 365.0**	$ 322.4	*13.2*
Midstream product purchases	**$ 44.3**	$ 20.6	*115.0*	**$ 103.3**	$ 62.6	*65.0*
Operating expenses	**$ 14.3**	$ 17.0	*(15.9)*	**$ 62.9**	$ 65.2	*(3.5)*
Funds from operations	**$ 52.4**	$ 51.5	*1.7*	**$ 198.6**	$ 194.6	*2.1*
Revenue per barrel[2]	**$ 2.89**	$ 2.90	*(0.3)*	**$ 2.93**	$ 2.94	*(0.3)*
Capital expenditures						
Growth[1]	**$ 4.0**	$ 22.1		**$ 51.5**	$ 123.4	
Sustaining[1]	**2.5**	3.1		**5.7**	7.1	
	$ 6.5	$ 25.2		**$ 57.2**	$ 130.5	

(1) Please refer to the NON-GAAP FINANCIAL MEASURES section.

(2) Revenue per barrel represents total revenue of the conventional oil pipelines business segment less midstream marketing revenue, revenue from take-or-pay contracts for volume shortfalls and revenue/expense from over/short volumes, divided by actual volumes.

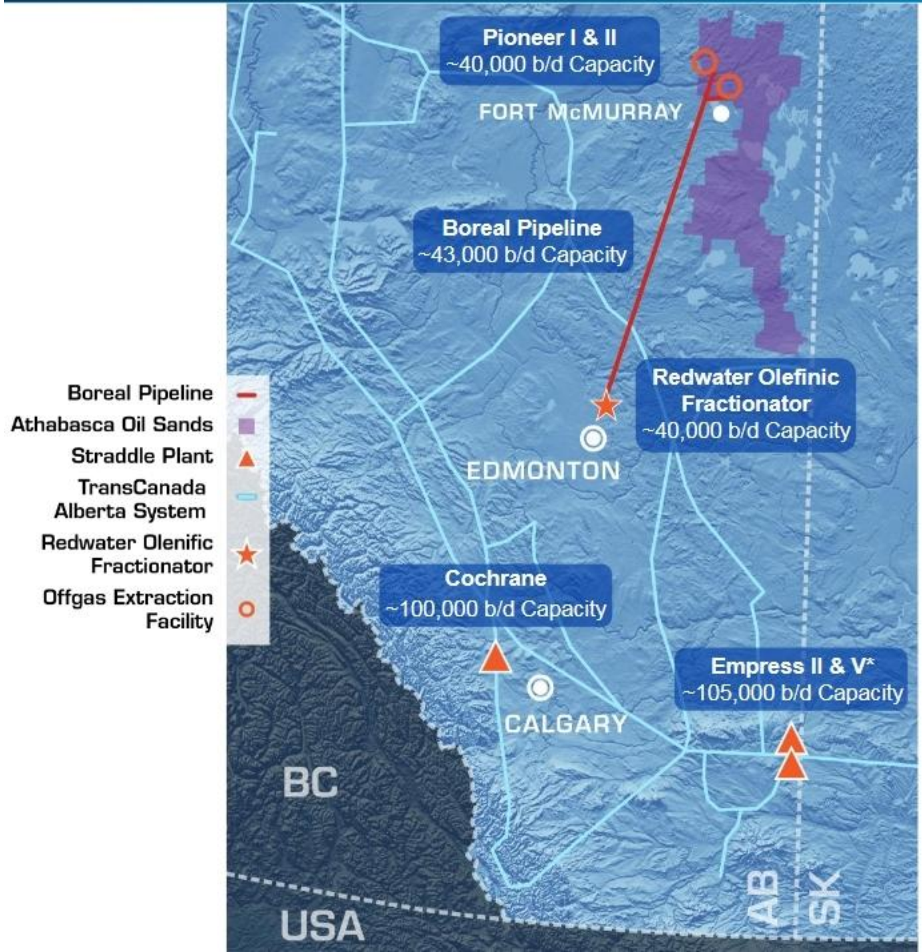
Risks: Oil Sands Pipelines & Conventional Pipelines

- Throughput and Demand Risks
- Supply Risks and Commodity Prices
- Competition and Contracts
- Operational
- Regulatory

Natural Gas Liquids Processing

- Accounts for 14% of 2016's Annual EBITDA
- Earns revenue from the recovery of higher value hydrocarbon liquids from export destined natural gas and offgas streams

NGL PROCESSING

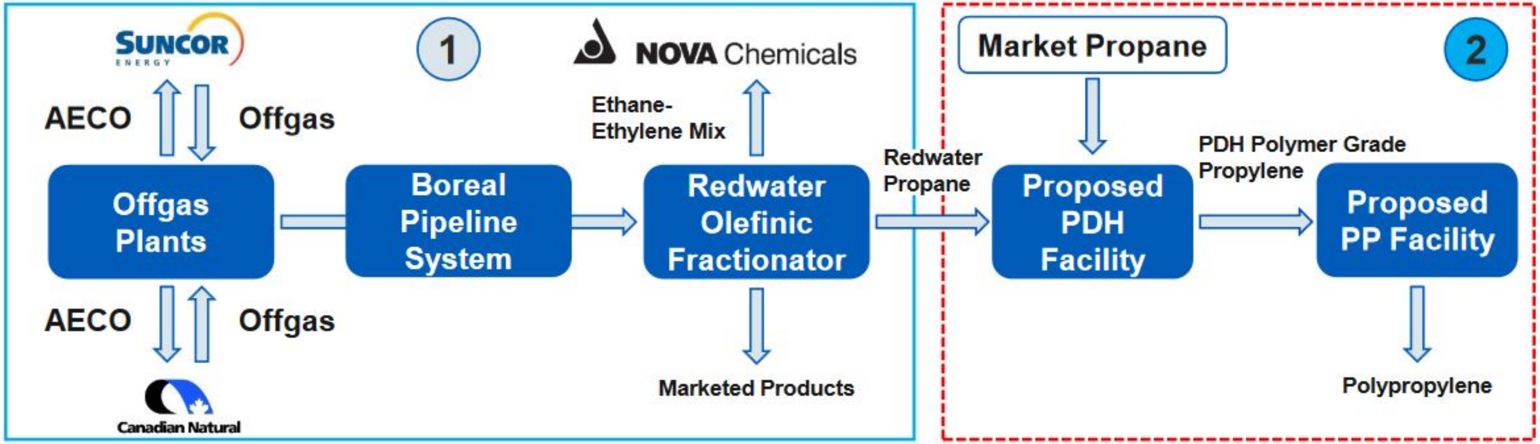


- **Large scale NGL infrastructure**
  - Three straddle plants strategically located on the TransCanada Alberta System
  - Two offgas plants with dedicated supply agreements
  - Boreal pipeline with low cost expansion up to 125,000 b/d
  - Ethane-plus fractionation at Redwater
- **Potential PDH and PP facility development totaling ~$3.1 billion**
- **Successful integration of Williams Canada acquisition**

WILLIAMS CANADA ACQUISITION SUMMARY

- Inter Pipeline acquired Williams Canada on September 23, 2016 for ~CAD $1.35 billion representing a 45% discount to original cost of ~$2.5 billion
- Diversifies and strengthens Inter Pipeline's existing large scale NGL processing business
- Provides platform to develop Canada's first PDH facility and expand Inter Pipeline's NGL value chain
- Underpinned by long term supply and ethane-ethylene sales agreements
- Expected to be immediately accretive to funds from operations per share
- Positioned to generate significant cash flow when commodity prices recover
- Supports Inter Pipeline's commitment to responsible environmental stewardship

OFFGAS PROCESSING, PDH & PP OVERVIEW



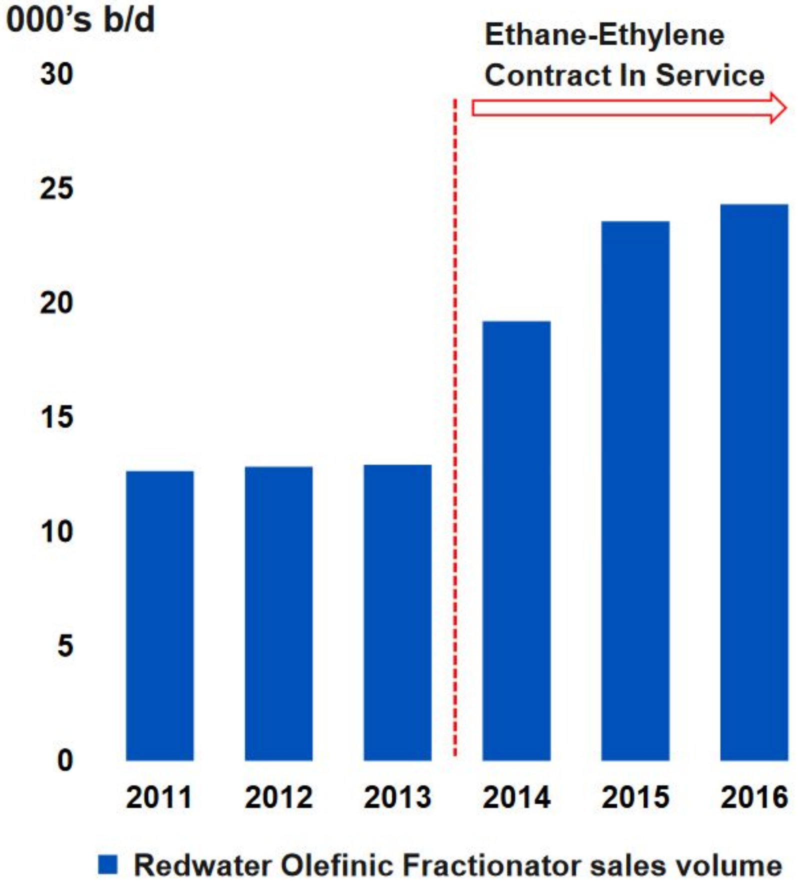
1

- Extraction of ethane-plus from offgas received directly from Suncor and CNRL Horizon upgraders
- The ethane-plus mix is transported to the Redwater Olefinic Fractionator via the Boreal pipeline system where it is fractionated

2

- Propane sourced from Redwater Olefinic Fractionator and the local market would be processed at PDH facility into polymer grade propylene
- Polymer grade propylene to be used as feedstock at the PP facility and processed into polypropylene

OFFGAS VOLUMES AND COMPOSITION



Redwater Olefinic Fractionator	
Product	**Composition***
Ethane-Ethylene	37%
Propane	30%
Polymer Grade Propylene	13%
Normal Butane	8%
Alky Feed	8%
Olefinic Condensate	4%

- **The CNRL Horizon located facility in service since February 2016, adding 15,000 b/d of production capacity**
- **Volumes for 2016 were negatively impacted by:**
  - Wildfires in the Fort McMurray region
  - Planned Suncor upgrader turnaround

PDH AND PP OPPORTUNITY

- **Proposed petrochemical complex that will convert propane into polypropylene**
  - Design capacity to consume ~22,000 b/d of propane to produce ~525,000 tonnes per year of polypropylene
  - Polypropylene is a high value, easy to transport plastic used in the manufacturing of a wide range of finished products
  - Awarded $200 million of royalty credits under the Alberta Government's Petrochemical Diversification Program
- **Approximately $275 million invested on the PDH and PP facilities**
- **FID expected by mid-2017**
  - Targeted in service date of mid-2021

Operational Results

NGL processing financial results

(millions)	Three Months Ended December 31 2016	2015	% change	Years Ended December 31 2016	2015	% change
Revenue[1]	**$ 191.1**	$ 88.5	*115.9*	**$ 435.1**	$ 370.8	*17.3*
Shrinkage gas[1]	**$ 88.5**	$ 43.4	*103.9*	**$ 194.1**	$ 183.1	*6.0*
Operating expenses[1]	**$ 37.7**	$ 19.9	*89.4*	**$ 93.3**	$ 86.8	*7.5*
Funds from operations[1]	**$ 65.0**	$ 25.2	*157.9*	**$ 147.8**	$ 100.8	*46.6*
Capital expenditures[1]						
Growth[2]	**$ 24.2**	$ 0.9		**$ 26.0**	$ 1.5	
Sustaining[2]	**4.1**	0.4		**12.6**	6.2	
	$ 28.3	$ 1.3		**$ 38.6**	$ 7.7	

(1) Revenue, shrinkage gas, operating expenses, FFO and capital expenditures for the Empress V straddle plant are recorded based on Inter Pipeline's 50% ownership.

(2) Please refer to the NON-GAAP FINANCIAL MEASURES section.

Frac-spread

	Three Months Ended December 31			
(dollars)	**2016**		2015	
	USD/USG (1)	*CAD/USG* (1)	*USD/USG* (1)	*CAD/USG* (1)
Cochrane propane-plus market frac-spread	**$ 0.484**	**$ 0.645**	$ 0.310	$ 0.414
Cochrane propane-plus realized frac-spread	**$ 0.468**	**$ 0.624**	$ 0.317	$ 0.423
Offgas olefinic market frac-spread	**$ 0.922**	**$ 1.228**	-	-
Offgas olefinic realized frac-spread	**$ 0.885**	**$ 1.172**	-	-
Offgas paraffinic market frac-spread	**$ 0.221**	**$ 0.293**	-	-
Offgas paraffinic realized frac-spread	**$ 0.182**	**$ 0.241**	-	-

	Years Ended December 31			
(dollars)	**2016**		2015	
	USD/USG (1)	*CAD/USG* (1)	*USD/USG* (1)	*CAD/USG* (1)
Cochrane propane-plus market frac-spread	**$ 0.405**	**$ 0.535**	$ 0.327	$ 0.417
Cochrane propane-plus realized frac-spread	**$ 0.400**	**$ 0.528**	$ 0.329	$ 0.420

(1) The differential between USD/USG and CAD/USG frac-spreads is due to fluctuations in exchange rates between US and Canadian dollars. This conversion is calculated based on Bank of Canada exchange rates.

Risks

- Natural Gas Availability and Composition
- Offgas Availability and Composition
- Operational
- Competition
- Commodity Prices; Frac-Spread, Extraction Premium
- PDH and PP Opportunities

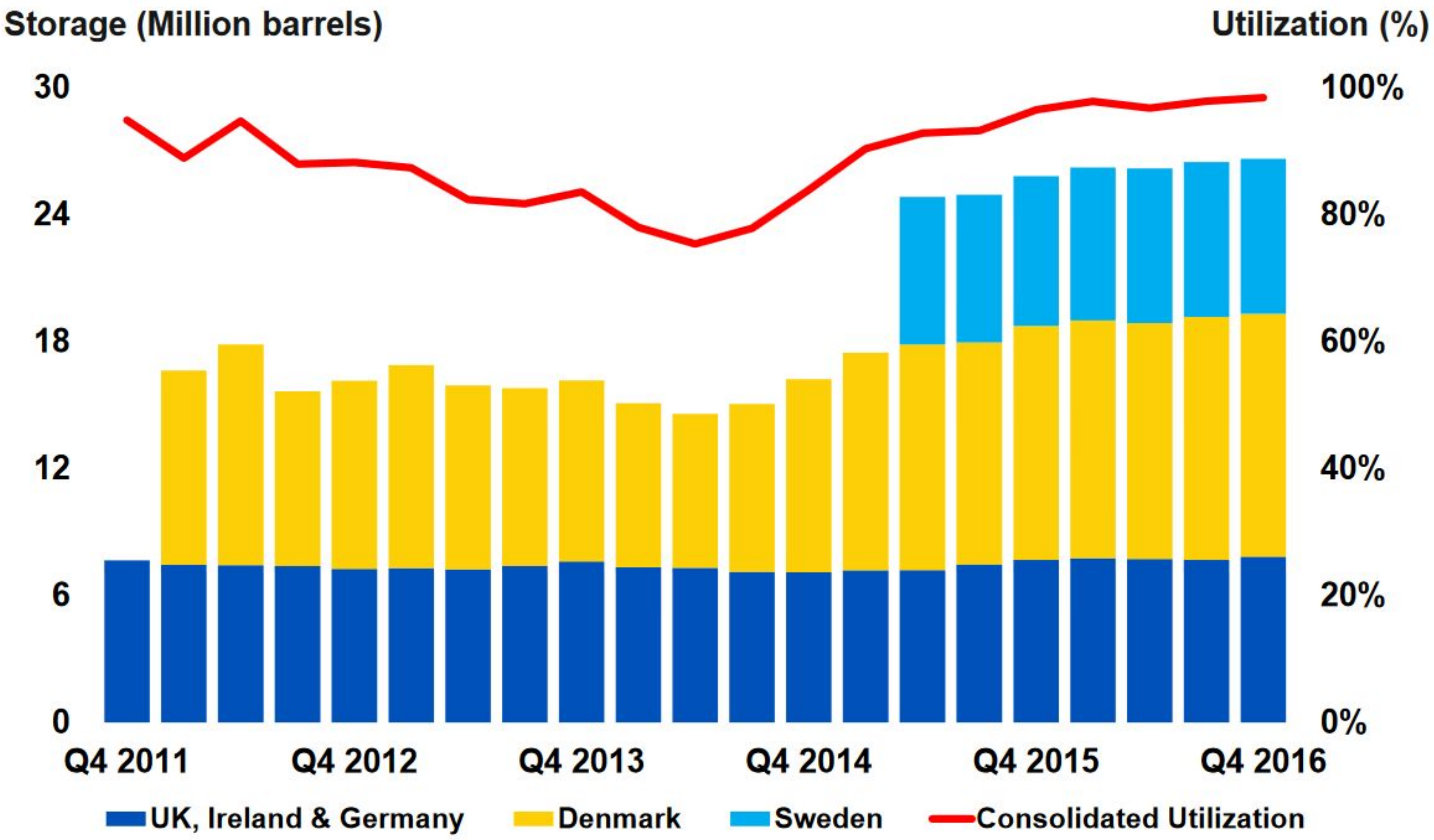
BULK LIQUID STORAGE

- 16 petroleum and petrochemical storage terminals
- Approximately 27 million barrels of storage capacity
- Fee based revenue structure
- Average utilization rate of 98%*

STRATEGIC DRIVERS

- Long-life infrastructure assets
- Strong organic and acquisition based investment potential
- Geographic diversification, mature markets
- 100% fee based cash flow
- Strong financial results despite low commodity price environment

CAPACITY UTILIZATION



Operational Results

Bulk Liquid Storage Business Segment

	Three Months Ended December 31			Years Ended December 31		
	2016	2015	*% change*	**2016**	2015	*% change*
Utilization	**99%**	97%	*2.1*	**98%**	94%	*4.3*

(millions)	**2016**	2015	*% change*	**2016**	2015	*% change*
Revenue	**$ 57.8**	$ 64.8	*(10.8)*	**$ 245.9**	$ 214.4	*14.7*
Operating expenses	**$ 20.2**	$ 26.4	*(23.5)*	**$ 93.4**	$ 84.0	*11.2*
Funds from operations	**$ 28.9**	$ 28.2	*2.5*	**$ 120.0**	$ 98.3	*22.1*
Capital expenditures						
Growth[1]	**$ 16.0**	$ 10.0		**$ 55.8**	$ 25.0	
Sustaining[1]	**6.1**	5.4		**12.2**	15.3	
	$ 22.1	$ 15.4		**$ 68.0**	$ 40.3	

(1) Please refer to the NON-GAAP FINANCIAL MEASURES section.

Risks

- Demand
- Customs and Excise Duties
- Operational
- Defined Benefit Pension Plan
- Competition
- Land Lease Renewals
- Foreign Exchange Risk

Risks Common to Businesses

- Commodity Prices
- Execution Risk
- Reputational Risk
- Royalty Regimes
- Decommissioning
- Environmental Costs and Liabilities
- Capital Maintenance Levels
- Liquidity and Refinancing

LOOKING FORWARD

- Solid track record of increasing shareholder value
- Continued focus on developing potential growth opportunities
- Cost of service contracts expected to continue to generate majority of future cash flow
- Fee-based and cost of service cash flow alone should support future dividends
- Well positioned to sustain dividends with upside growth potential

Management

inter pipeline

Christian P. Bayle, President & Chief Executive Officer

- Appointed January 1, 2014
- Joined Koch Pipelines LP in 1997
- Vice President, Operations 2002
- Vice President, Corporate Development 2005
- Senior Vice President, Corporate Development 2008
- Chief Operating Officer, 2011

- Engineer at Sheritt International Corporation
- Mechanical Engineer from U of A
- Masters in Engineering Management
- P. Eng, member of AEPEGA

Richard Shaw, Independent Director & Chairman of the Board

- Appointed March 31, 2009
- According to company profile, his age matters, hes 70
- Senior Partner of Business Law, McCarthy Tetreault LLP
- Former Director of national board of Institute of Corporate Directors
- Former lecturer in Director Education and eMBA Programs at University of Calgary
- Independent member of Alberta Securities Commission

David W. Fesyk - Director, Chairman of EH&S Commitee

- Appointed January 1, 2006
- According to his profile, he is ONLY 54 years old
- Served as President and CEO of Inter Pipeline
  From its inception in 1997, until 2014

- Held senior executive positions at Koch Industries Inc.
- Bachelor of Science from Arizona State University
- MBA from U of C

Brent Heagy, Chief Financial Officer

- Appointed March 1, 2014
- Joined as Chief Financial Officer
- Former CFO at Athabasca Oil Corporation
- Senior Vice President, Finance & Chief Financial Officer at Provident Energy Ltd.
- Executive Vice President & Chief Financial Officer at Zargon Energy Trust

- Bachelor of Commerce, Accounting from U of S
- Chartered Accountant

James J. Madro - Senior Vice President, Operations

- Appointed January 1, 2014
- Joined Inter Pipeline in 2003
- Vice President, Operations 2008

- Bachelor of Chemical Engineering from U of A
- P. Eng, member of APEGA and APEGS

Jeffrey D. Marchant - Senior Vice President, Transportation

- Appointed June 1, 2014
- Joined Inter Pipeline in 1998
- Vice President, Corporate Planning 2006
- Vice President, Oil Sands Development 2007
- Vice President, Transportation 2012
- Previous served in engineering roles at Gulf Canada Resources and Koch Exploration
- Bachelor of Chemical Engineering from U of A
- P. Eng, member of APEGA

inter pipeline

David Chappell - Senior Vice President, Petrochemical Development

- Appointed September 23, 2016
- President of Williams Energy Canada

- Bachelor of Science in Mechanical Engineering from U of S
- Executive Development Program at U of C
- Served on Energy Council of Canada
- Founder of Resource Diversification Council

Cory W. Neufield - Vice President Oil Sands Pipeline Development

- Appointed June 1, 2014
- Joined Koch Pipelines Canada LP in 1996
- Director, Business Development 2007
- General Manager, Oil Sands Pipeline Development 2012

- Bachelor of Science in Mechanical Engineer from U of S
- P. Eng, member of APEGA and APEGS

Jeremy A. Roberge - Vice President, Capital Markets

- Appointed February 23, 2006
- Joined Inter Pipeline in June 2004 as Treasurer
- Responsible for capital market financings, treasury
  Credit risk, communications, investor relations
- Former Director of Investment Banking, CIBC
  World Markets

- Bachelor of Commerce Honours from U of C
- MBA from University of Western Ontario

Bernard Perron - Vice President, Project Development

- Appointed January 1, 2013
- Joined Inter Pipeline in 2008 as General Manager, Project Development
- Responsible for execution of organic growth projects

- Engineering degree from L'Ecole Polytechnique de Montreal
- MBA from Queen's University
- P. Eng, member of APEGA

FINANCIAL SUMMARY

Consolidated Balance Sheets

(millions of Canadian dollars)		December 31 2016		As at December 31 2015
ASSETS				
Current Assets				
Cash and cash equivalents (note 24)	$	21.4	$	40.3
Accounts receivable		226.1		183.1
Prepaid expenses and other deposits		20.1		26.3
Inventory		13.3		0.6
Total Current Assets		280.9		250.3
Non-Current Assets				
Property, plant and equipment (note 8)		9,186.0		8,183.9
Goodwill and intangible assets (note 9)		684.7		595.2
Total Assets	$	10,151.6	$	9,029.4
LIABILITIES AND EQUITY				
Current Liabilities				
Dividends payable (note 10)	$	49.7	$	43.8
Accounts payable, accrued liabilities and provisions (note 13)		277.3		220.6
Current income taxes payable (note 14)		18.7		29.6
Deferred revenue		10.1		7.5
Demand facility (note 11)		-		26.4
Current portion of long-term debt (note 11)		399.7		-
Commercial paper (note 11)		1,338.8		1,384.4
Total Current Liabilities		2,094.3		1,712.3
Non-Current Liabilities				
Long-term debt (note 11)		4,067.8		3,421.9
Provisions (note 12)		162.6		89.6
Employee benefits (note 13)		32.4		20.3
Long-term deferred revenue and other liabilities		51.1		10.7
Deferred income taxes (note 14)		555.5		618.0
Total Liabilities		6,963.7		5,872.8
Commitments (notes 8 and 18)				
Shareholders' Equity				
Shareholders' equity (note 15)		3,184.5		2,707.2
Total reserves (note 15)		3.4		113.9
Total Shareholders' Equity		3,187.9		2,821.1
Non-Controlling Interest (note 16)		-		335.5
Total Equity		3,187.9		3,156.6
Total Liabilities and Equity	$	10,151.6	$	9,029.4

8. PROPERTY, PLANT AND EQUIPMENT

	Pipelines, Facilities and Equipment	Pipeline Line Fill	Construction Work in Progress	Total
COST				
Balance, January 1, 2015	$ 7,167.4	$ 287.9	$ 1,494.9	$ 8,950.2
Acquisition of Inter Terminals Sweden	148.7	-	1.7	150.4
Additions/transfers from construction[1]	1,657.4	27.2	332.8	2,017.4
Disposals/completed construction[1]	(21.4)	(6.5)	(1,662.0)	(1,689.9)
Foreign currency translation adjustments	99.2	-	0.5	99.7
Balance, December 31, 2015	9,051.3	308.6	167.9	9,527.8
Acquisition of Williams Canada (note 5)	875.1	2.9	206.2	1,084.2
Additions/transfers from construction[1]	277.1	3.3	216.6	497.0
Disposals/completed construction[1]	(13.5)	(0.6)	(269.3)	(283.4)
Foreign currency translation adjustments	(139.8)	-	(2.5)	(142.3)
Balance, December 31, 2016	**$ 10,050.2**	**$ 314.2**	**$ 318.9**	**$ 10,683.3**
ACCUMULATED DEPRECIATION				
Balance, January 1, 2015	$ 1,138.7	$ 17.8	$ -	$ 1,156.5
Depreciation	169.1	2.9	-	172.0
Disposals	(7.2)	-	-	(7.2)
Foreign currency translation adjustments	22.6	-	-	22.6
Balance, December 31, 2015	1,323.2	20.7	-	1,343.9
Depreciation	196.0	2.9	-	198.9
Disposals	(5.5)	-	-	(5.5)
Foreign currency translation adjustments	(40.0)	-	-	(40.0)
Balance, December 31, 2016	**$ 1,473.7**	**$ 23.6**	**$ -**	**$ 1,497.3**
NET BOOK VALUE				
At December 31, 2015	$ 7,728.1	$ 287.9	$ 167.9	$ 8,183.9
At December 31, 2016	**$ 8,576.5**	**$ 290.6**	**$ 318.9**	**$ 9,186.0**

(1) The majority of property, plant and equipment additions are related to constructed assets and are initially recorded as construction work in progress before being transferred to pipelines, facilities and equipment or pipeline line fill when the related asset is available for use.

Credit Facilities and Debt Outstanding

(millions)	Recourse	Non-recourse	December 31 2016	2015
Credit facilities available				
Corridor syndicated credit facility	$ -	$ 1,550.0	$ **1,550.0**	$ 1,550.0
Inter Pipeline syndicated credit facility[1]	1,500.0	-	**1,500.0**	1,250.0
	1,500.0	1,550.0	**3,050.0**	2,800.0
Demand facilities[2]	73.1	25.0	**98.1**	105.8
	$ 1,573.1	$ 1,575.0	$ **3,148.1**	$ 2,905.8
Total debt outstanding				
Inter Pipeline Ltd.				
Inter Pipeline syndicated credit facility			$ **913.0**	$ 664.0
Medium-Term Notes Series 1 to 9[4]			**3,425.0**	2,625.0
Inter Terminals demand facility[1]			**-**	26.5
Inter Pipeline (Corridor) Inc.				
Corridor syndicated credit facility			**1,340.6**	1,386.2
Corridor Debentures			**150.0**	150.0
Total debt outstanding[3][5]			$ **5,828.6**	$ 4,851.7

(1) On August 30, 2016 Inter Pipeline increased the size of its syndicated credit facility from $1.25 billion to $1.5 billion.

(2) Demand facilities consist of: Inter Pipeline's $40 million demand facility; Corridor's $25 million demand facility; and Inter Terminals Limited and Inter Terminals EOT ApS Pound Sterling 20 million demand facility which was converted at a Pound Sterling/CAD rate of 1.6564 at December 31, 2016.

(3) At December 31, 2016, outstanding Inter Pipeline letters of credit of approximately $2.8 million were not included in total debt outstanding.

(4) Inter Pipeline issued $350 million of medium-term notes Series 8 on September 13, 2016 and issued $450 million of medium-term notes Series 9 on December 16, 2016.

(5) Financial debt reported in the December 31, 2016 consolidated financial statements of $5,806.3 million, includes long-term debt, short-term debt and commercial paper outstanding of 5,828.6 million less discounts and debt transaction costs of $22.3 million.

Inter Pipeline's debt outstanding at December 31, 2016, matures at various dates up to May 2044 as follows:

(millions)	Amount	Rate	Maturity date
Inter Pipeline Ltd.			
Inter Pipeline syndicated credit facility	$ 913.0	Variable	December 3, 2021
Medium-Term Notes			
Series 1	325.0	4.967%	February 2, 2021
Series 2	200.0	3.839%	July 30, 2018
Series 3	400.0	3.776%	May 30, 2022
Series 4	500.0	3.448%	July 20, 2020
Series 5	500.0	4.637%	May 30, 2044
Series 6	400.0	CDOR plus 49 bps	May 30, 2017
Series 7	300.0	3.173%	March 24, 2025
Series 8	350.0	2.608%	September 13, 2023
Series 9	450.0	3.484%	December 16, 2026
Inter Pipeline (Corridor) Inc.			
Corridor syndicated credit facility	1,340.6	Variable	December 14, 2020
Corridor Debentures	150.0	4.897%	February 3, 2020

Consolidated Statements of Changes in Equity

(millions of Canadian dollars)

	Attributable to Shareholders of Inter Pipeline Ltd.						
	Share Capital (note 15)	Earnings / (Deficit)	Contributed Surplus	Reserves	Total Shareholders' Equity	Non-Controlling Interest (note 16)	Total Equity
Balance, January 1, 2016	$ 2,889.4	$ (184.7)	$ 2.5	$ 113.9	$ 2,821.1	$ 335.5	**$ 3,156.6**
Net income for the year	-	449.7	-	-	449.7	27.9	**477.6**
Other comprehensive loss	-	-	-	(110.5)	(110.5)	-	**(110.5)**
Dividends declared (note 10)	-	(539.2)	-	-	(539.2)	-	**(539.2)**
Issuance of common shares (note 15)							
Issued under Premium Dividend™ and Dividend Reinvestment Plan	68.8	-	-	-	68.8	-	**68.8**
Issued for cash (net of issue costs)	576.6	-	-	-	576.6	-	**576.6**
Issued on acquisition of Cold Lake non-controlling interest	177.5	-	-	-	177.5	-	**177.5**
Acquisition of Cold Lake non-controlling interest (note 6)	-	(256.1)	-	-	(256.1)	(332.3)	**(588.4)**
Cash distributions paid by Cold Lake to non-controlling interest	-	-	-	-	-	(31.7)	**(31.7)**
Capital contributions received from Cold Lake non-controlling interest	-	-	-	-	-	0.6	**0.6**
Balance, December 31, 2016	$ 3,712.3	$ (530.3)	$ 2.5	$ 3.4	$ 3,187.9	$ -	**$ 3,187.9**
Balance, January 1, 2015	$ 2,625.9	$ (115.0)	$ 2.5	$ 34.7	$ 2,548.1	$ 326.5	$ 2,874.6
Net income for the year	-	427.4	-	-	427.4	35.6	463.0
Other comprehensive income	-	-	-	79.2	79.2	-	79.2
Dividends declared (note 10)	-	(497.1)	-	-	(497.1)	-	(497.1)
Issuance of common shares (note 15)							
Issued under Premium Dividend™ and Dividend Reinvestment Plan	93.5	-	-	-	93.5	-	93.5
Exchanged from convertible shares	170.0	-	-	-	170.0	-	170.0
Cash distributions paid by Cold Lake to non-controlling interest	-	-	-	-	-	(39.5)	(39.5)
Capital contributions received from Cold Lake non-controlling interest	-	-	-	-	-	12.9	12.9
Balance, December 31, 2015	$ 2,889.4	$ (184.7)	$ 2.5	$ 113.9	$ 2,821.1	$ 335.5	$ 3,156.6

Consolidated Statements of Net Income

(millions of Canadian dollars)		Years Ended December 31 2016		2015
REVENUES				
Operating revenues (note 26)	$	**1,824.6**	$	1,676.3
EXPENSES				
Shrinkage gas		**194.1**		183.1
Midstream product purchases		**103.3**		62.6
Operating (note 23)		**381.1**		368.1
Depreciation and amortization		**229.7**		188.4
Financing charges (note 22)		**147.0**		142.1
General and administrative (note 23)		**133.9**		76.2
Unrealized change in fair value of derivative financial instruments		**-**		(0.2)
Loss on disposal of assets		**6.5**		5.6
Total Expenses		**1,195.6**		1,025.9
INCOME BEFORE INCOME TAXES		**629.0**		650.4
Income tax expense (note 14)				
Current		**51.0**		70.0
Deferred		**100.4**		117.4
Total Income Tax Expense		**151.4**		187.4
NET INCOME	$	**477.6**	$	463.0
Net income attributable to				
Shareholders of Inter Pipeline Ltd.	$	**449.7**	$	427.4
Non-controlling interest (note 16)		**27.9**		35.6
Net Income	$	**477.6**	$	463.0
Net income per share attributable to shareholders of Inter Pipeline Ltd. (note 15)				
Basic and diluted	$	**1.31**	$	1.28

Consolidated Statements of Comprehensive Income

(millions of Canadian dollars)		2016		2015
				Years Ended December 31
NET INCOME	$	**477.6**	$	463.0
OTHER COMPREHENSIVE (LOSS) INCOME (note 15)				
Item that may be reclassified subsequently to net income				
Unrealized (loss) gain on translating financial statements of foreign operations		**(103.9)**		81.0
Items that will not be reclassified to net income				
Actuarial loss on defined benefit pension plan (note 13)		**(7.6)**		(1.6)
Income tax relating to defined benefit pension reserve (note 14)		**1.0**		(0.2)
Other Comprehensive (Loss) Income		**(110.5)**		79.2
COMPREHENSIVE INCOME	$	**367.1**	$	542.2
Comprehensive income attributable to				
Shareholders of Inter Pipeline Ltd.	$	**339.2**	$	506.6
Non-controlling interest (note 16)		**27.9**		35.6
Comprehensive Income	$	**367.1**	$	542.2

Consolidated Statements of Cash Flows

(millions of Canadian dollars)	Years Ended December 31 2016	2015
OPERATING ACTIVITIES		
Net income	$ 477.6	$ 463.0
Items not involving cash:		
Depreciation and amortization	229.7	188.4
Loss on disposal of assets	6.5	5.6
Non-cash expense (recovery)	20.0	(0.1)
Unrealized change in fair value of derivative financial instruments	-	(0.2)
Deferred income tax expense	100.4	117.4
Proceeds from long-term lease inducements	14.6	-
Funds from operations	848.8	774.1
Net change in non-cash operating working capital (note 24)	(42.9)	(13.6)
Cash provided by operating activities	805.9	760.5
INVESTING ACTIVITIES		
Expenditures on property, plant and equipment	(186.1)	(341.6)
Proceeds on disposal of assets	1.1	4.0
Acquisition of Inter Terminals Sweden	-	(128.3)
Assumption of cash on acquisition of Inter Terminals Sweden	-	0.6
Acquisition of Williams Canada (note 5)	(1,383.0)	-
Assumption of cash on acquisition of Williams Canada (note 5)	46.9	-
Acquisition of Cold Lake non-controlling interest (note 6)	(355.1)	-
Net change in non-cash investing working capital (note 24)	7.0	(151.0)
Cash used in investing activities	(1,869.2)	(616.3)
FINANCING ACTIVITIES		
Cash dividends paid to shareholders of Inter Pipeline Ltd. (note 10)	(470.4)	(403.6)
Cash distributions paid by Cold Lake to non-controlling interest	(31.7)	(39.5)
Cash contributions received from Cold Lake non-controlling interest	0.6	12.9
Increase in debt	979.2	261.7
Transaction costs on debt	(5.9)	(3.2)
Issuance of common shares	600.0	-
Share issue costs	(30.3)	-
Net change in non-cash financing working capital (note 24)	5.0	4.4
Cash provided by (used in) financing activities	1,046.5	(167.3)
Effect of foreign currency translation on foreign currency denominated cash	(2.1)	2.3
Decrease in cash and cash equivalents	(18.9)	(20.8)
Cash and cash equivalents, beginning of year	40.3	61.1
Cash and cash equivalents, end of year	$ 21.4	$ 40.3
Cash taxes paid	$ 63.0	$ 27.4
Cash interest paid	$ 139.5	$ 134.5

Contractual Obligations, Commitments and Guarantees

The following table summarizes Inter Pipeline's expected capital spending profile and future contractual obligations at December 31, 2016. Management intends to finance short-term commitments either through existing or renegotiated credit facilities and FFO in excess of dividends. Longer term commitments will be funded through Inter Pipeline's capital management policies as discussed earlier in the **LIQUIDITY AND CAPITAL RESOURCES** section.

(millions)	Total	Less than one year	One to five years	After five years
Capital expenditure projects(1)				
Oil sands transportation	$ 436.0	$ 113.4	$ 322.6	$ -
Conventional oil pipelines	34.3	34.3	-	-
NGL processing	165.1	165.1	-	-
Bulk liquid storage	40.3	40.3	-	-
Growth capital funded by Inter Pipeline(2)	675.7	353.1	322.6	-
Sustaining capital funded by Inter Pipeline(2)	78.2	78.2	-	-
	753.9	431.3	322.6	-
Total debt(3)(4)				
Corridor syndicated credit facility(4)	1,340.6	1,340.6	-	-
Inter Pipeline syndicated credit facility	913.0	-	913.0	-
Corridor Debentures	150.0	-	150.0	-
Medium-Term Notes Series 1 to 9	3,425.0	400.0	1,025.0	2,000.0
	5,828.6	1,740.6	2,088.0	2,000.0
Other obligations				
Operating leases	342.2	29.3	104.8	208.1
Purchase obligations	231.7	33.8	81.2	116.7
Long-term portion of incentive plan	12.5	-	12.5	-
Adjusted working capital deficit(2)	74.9	74.9	-	-
	$ 7,243.8	$ 2,309.9	$ 2,609.1	$ 2,324.8

(1) Capital expenditures classified as "less than one year" represent expected spending in 2017.

(2) Please refer to the NON-GAAP FINANCIAL MEASURES section.

(3) At December 31, 2016, outstanding Inter Pipeline letters of credit of approximately $2.8 million were not included in total debt outstanding. Financial debt reported in the December 31, 2016 consolidated financial statements of $5,806.3 million, includes long-term debt, short-term debt and commercial paper of $5,828.6 million less discounts and debt transaction costs of $22.3 million.

(4) Principal obligations are related to commercial paper. This amount is fully supported and management expects that it will continue to be supported by Corridor's fully committed syndicated credit facility that has no repayment requirements until December 2020.

DIVIDENDS TO SHAREHOLDERS

	Three Months Ended December 31		Years Ended December 31	
(millions, except per share and % amounts)	**2016**	2015	**2016**	2015
Cash provided by operating activities	**$ 199.5**	$ 233.9	**$ 805.9**	$ 760.5
Net change in non-cash operating working capital	**55.2**	(22.5)	**42.9**	13.6
Less funds from operations attributable to non-controlling interest[2]	**(3.5)**	(9.8)	**(32.0)**	(41.0)
Funds from operations attributable to shareholders	**$ 251.2**	$ 201.6	**$ 816.8**	$ 733.1
Dividends to shareholders	**$ 145.1**	$ 128.7	**$ 539.2**	$ 497.1
Dividends per share[3]	**$ 0.4000**	$ 0.3825	**$ 1.5700**	$ 1.4850
Payout ratio[1]	**57.8%**	63.8%	**66.0%**	67.8%

(1) Please refer to the NON-GAAP FINANCIAL MEASURES section.

(2) Effective November 1, 2016, Inter Pipeline acquired the remaining 15% ownership interest in the Cold Lake pipeline system.

(3) Dividends to shareholders are calculated based on the number of common shares outstanding at each record date.

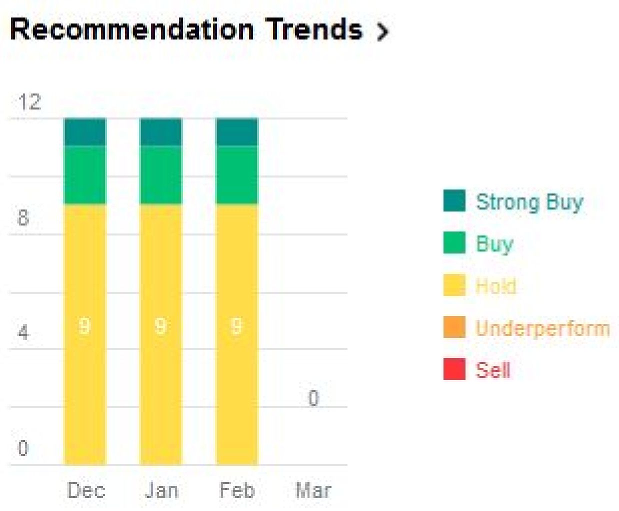
10. DIVIDENDS TO SHAREHOLDERS

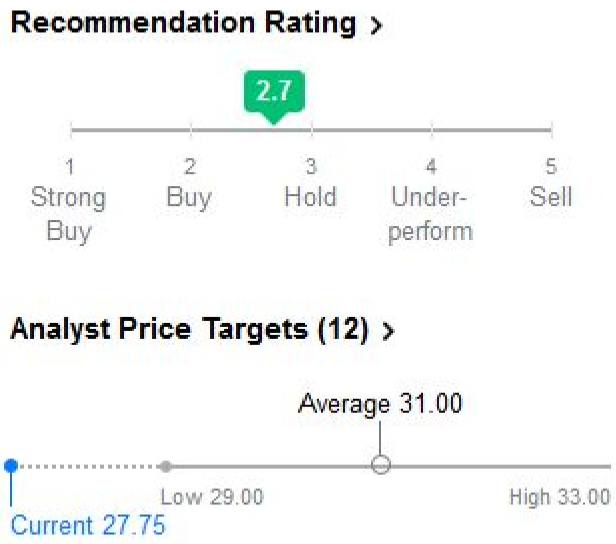
(millions, except per share amounts)		Years Ended December 31 2016		2015
Dividends declared to shareholders of Inter Pipeline	$	**539.2**	$	497.1
Dividends settled with the issuance of shares under the Premium Dividend™ and Dividend Reinvestment Plan		**(68.8)**		(93.5)
Cash dividends paid to shareholders of Inter Pipeline	$	**470.4**	$	403.6
Dividends declared per share	$	**1.5700**	$	1.4850

As at December 31, 2016, dividends of $49.7 million were payable on 367.9 million outstanding common shares at $0.135 per share (December 31, 2015 - $43.8 million payable on 336.4 million outstanding common shares at $0.13 per share).

On January 9, 2017, Inter Pipeline declared dividends of $0.135 per share. The dividends will be paid on or about February 15, 2017, to shareholders of record on January 23, 2017. The total declared dividends are approximately $49.8 million. On February 9, 2017, Inter Pipeline declared dividends of $0.135 per share. The dividends will be paid on or about March 15, 2017, to shareholders of record on February 23, 2017. The total estimated declared dividends are approximately $49.9 million.

Analysts Ratings





Our Rating

TransCanada

In business to deliver

Toronto Stock Exchange: TRP

TransCanada Corp

Delayed quote	Today's change	P/E	Market cap	52-week range
$62.32	-0.03 -0.05%	224.189	54.03B	

Updated March 28 4:00 PM EDT. Delayed by at least 15 minutes.

TransCanada
In business to deliver

Five Day Performance

March 28 4:00 PM EDT.

5 days

TransCanada Corp closed down just $0.03 Tuesday to $62.32. Over the last five days, shares have gained 2.01%, but are currently unchanged over the last year to date. Shares have outperformed the S&P TSX by 7.90% during the last year.

Source: The Globe and Mail

KEY COMPANY METRICS

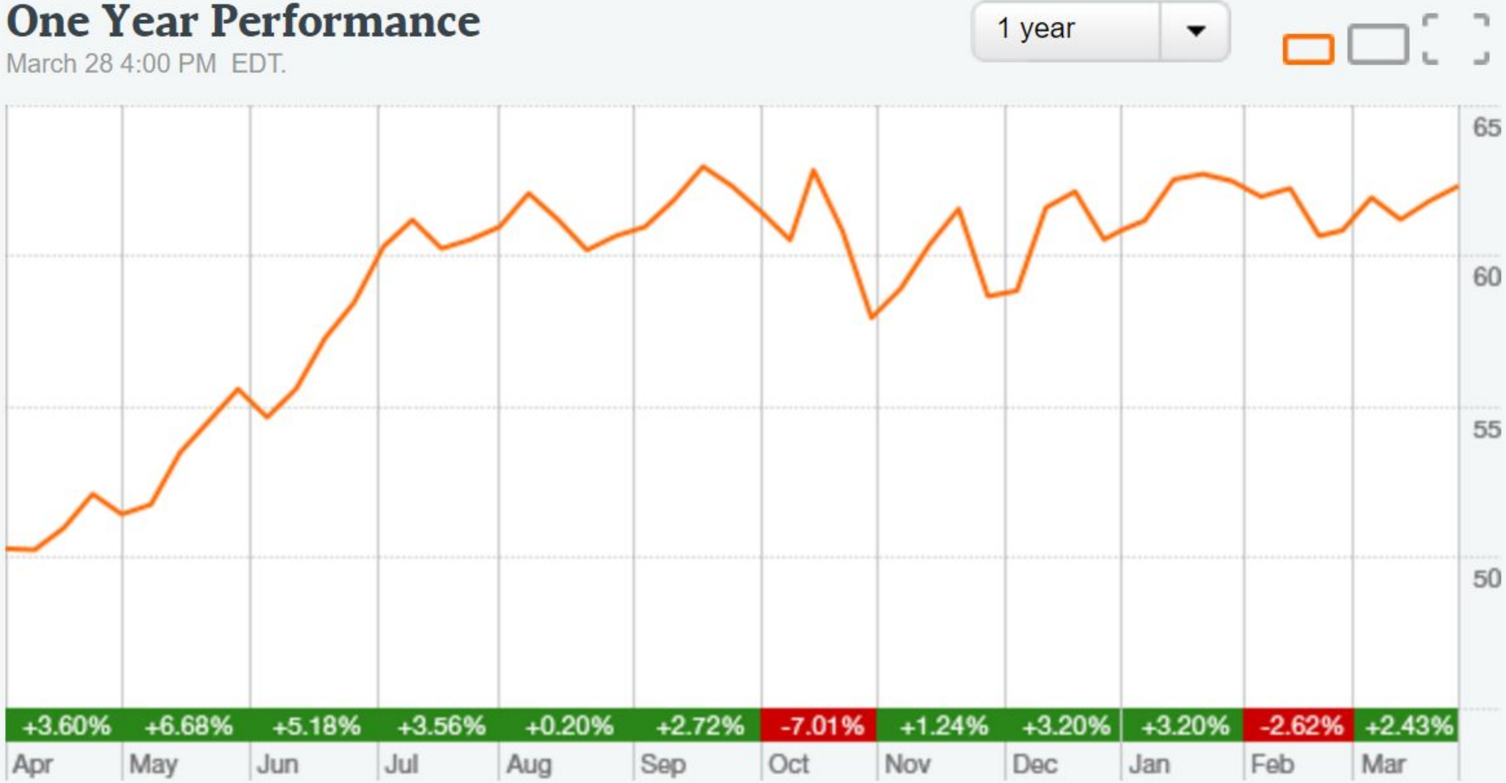
Open	$62.35
Previous close	$62.35
High	$62.74
Low	$62.18
Bid / Ask	$62.32 / $62.34
YTD % change	+2.94%
Volume	1,040,190
Average volume (10-day)	1,877,466
Average volume (1-month)	1,912,125
Average volume (3-month)	1,799,134
52-week range	$48.46 to $65.24
Beta	0.58
Trailing P/E	224.19×
P/E 1 year forward	21.99×
Forward PEG	2.69×
Indicated annual dividend	$2.50
Dividend yield	4.01%
Trailing EPS	$0.28

Updated March 28 4:00 PM EDT. Delayed by at least 15 minutes.

TransCanada
In business to deliver

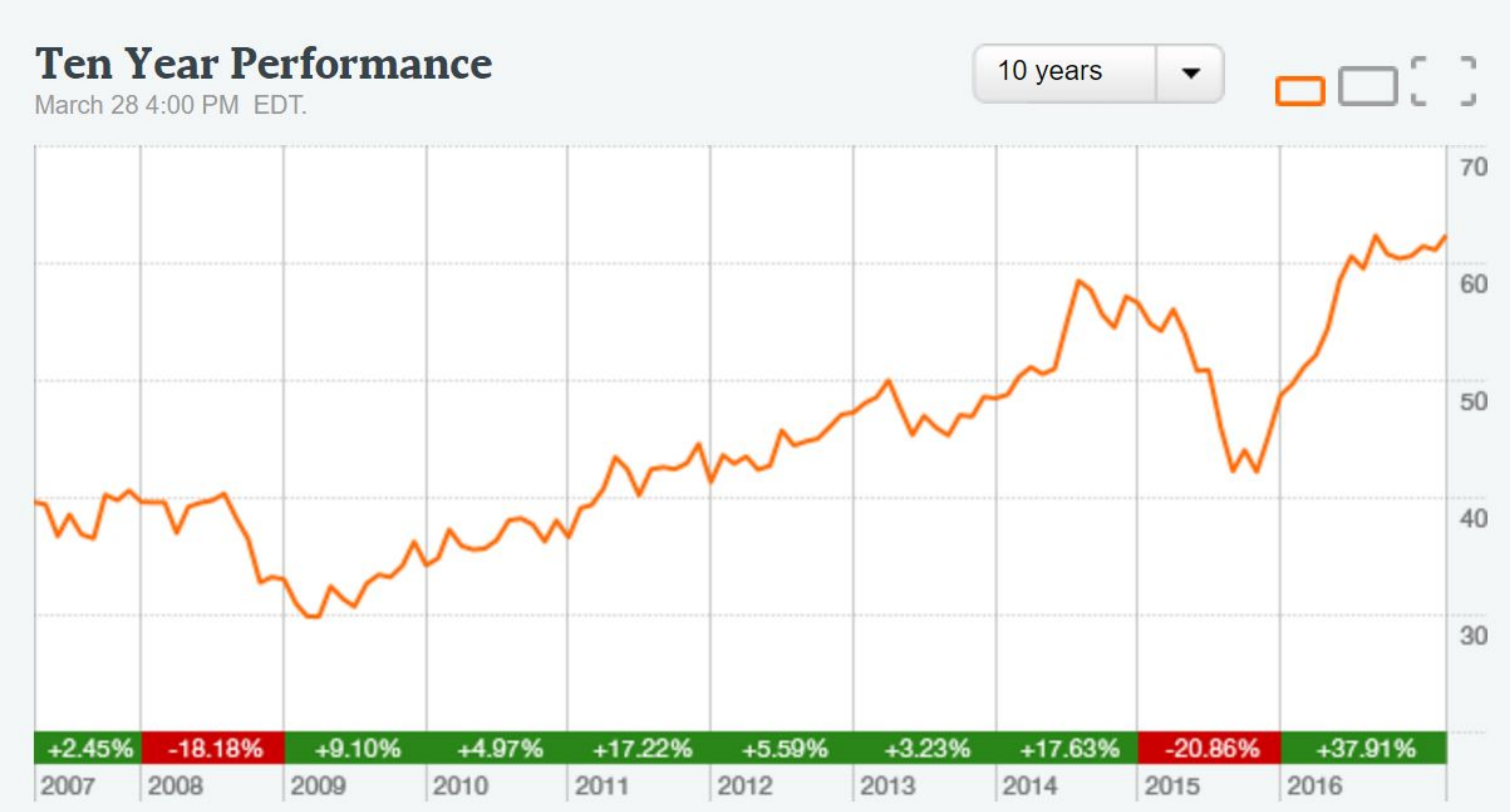
One Year Performance

March 28 4:00 PM EDT.

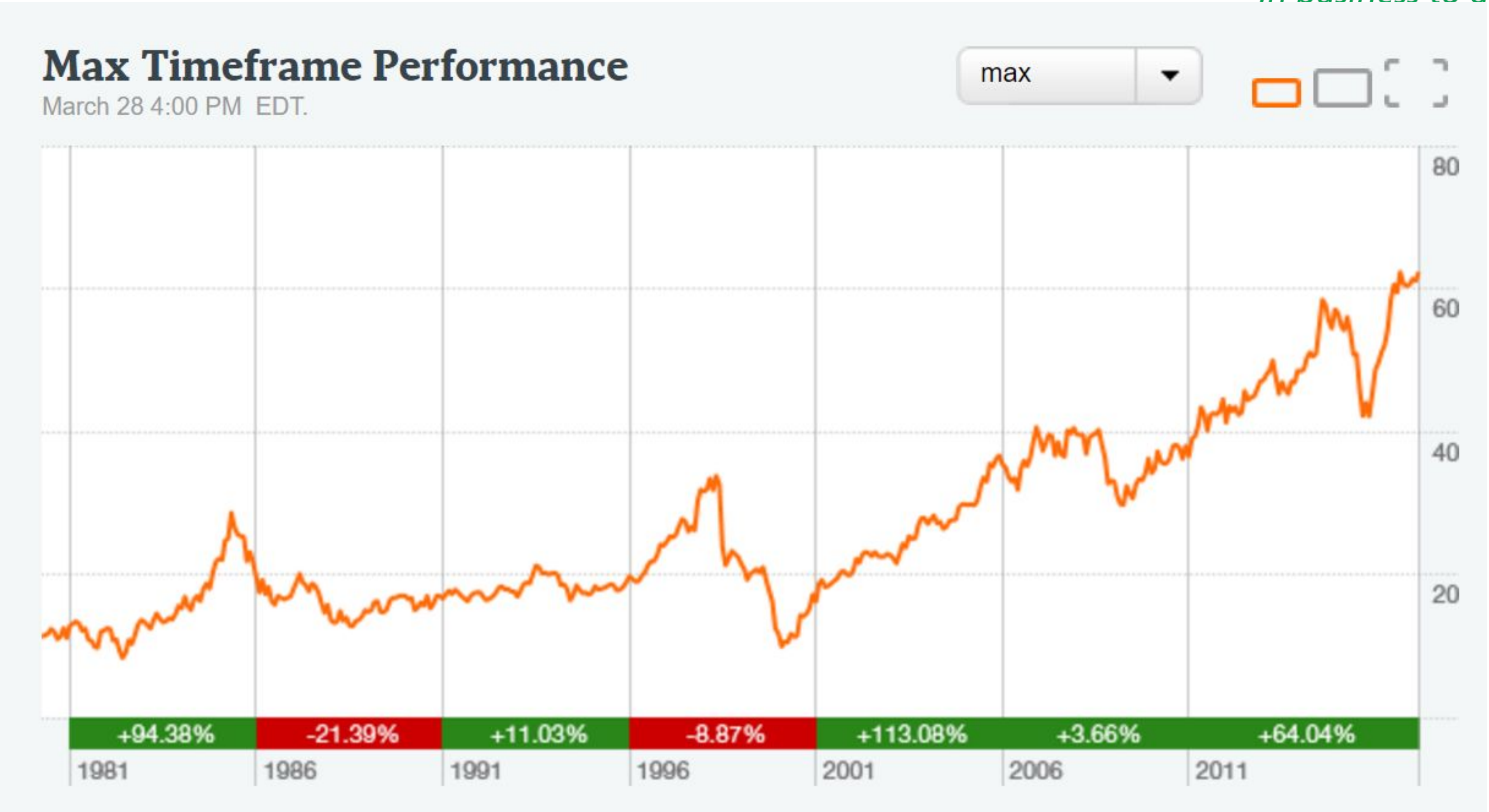


TransCanada
In business to deliver

TransCanada
In business to deliver



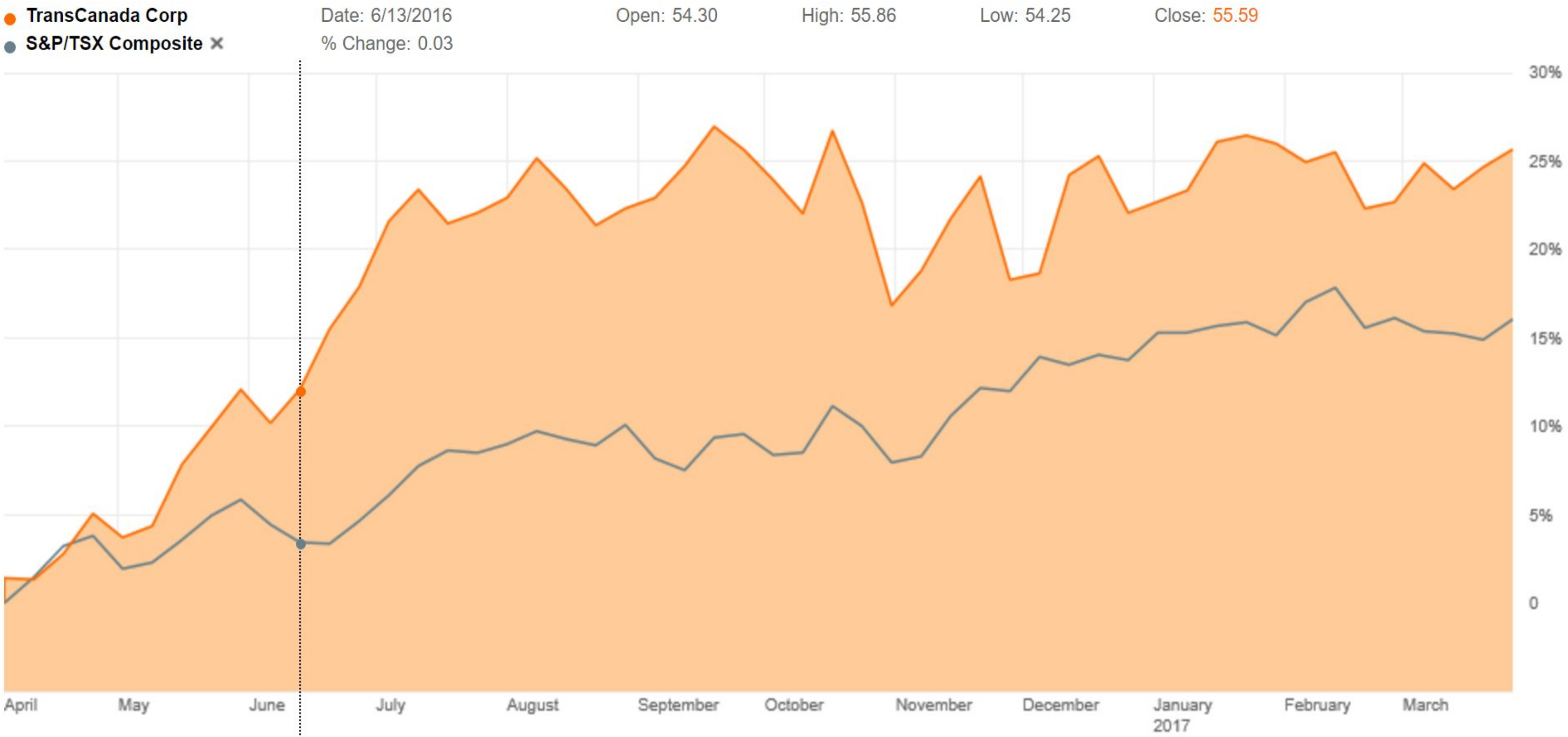
TransCanada
In business to deliver



Comparison with S&P/TSX Composite – 1 Month

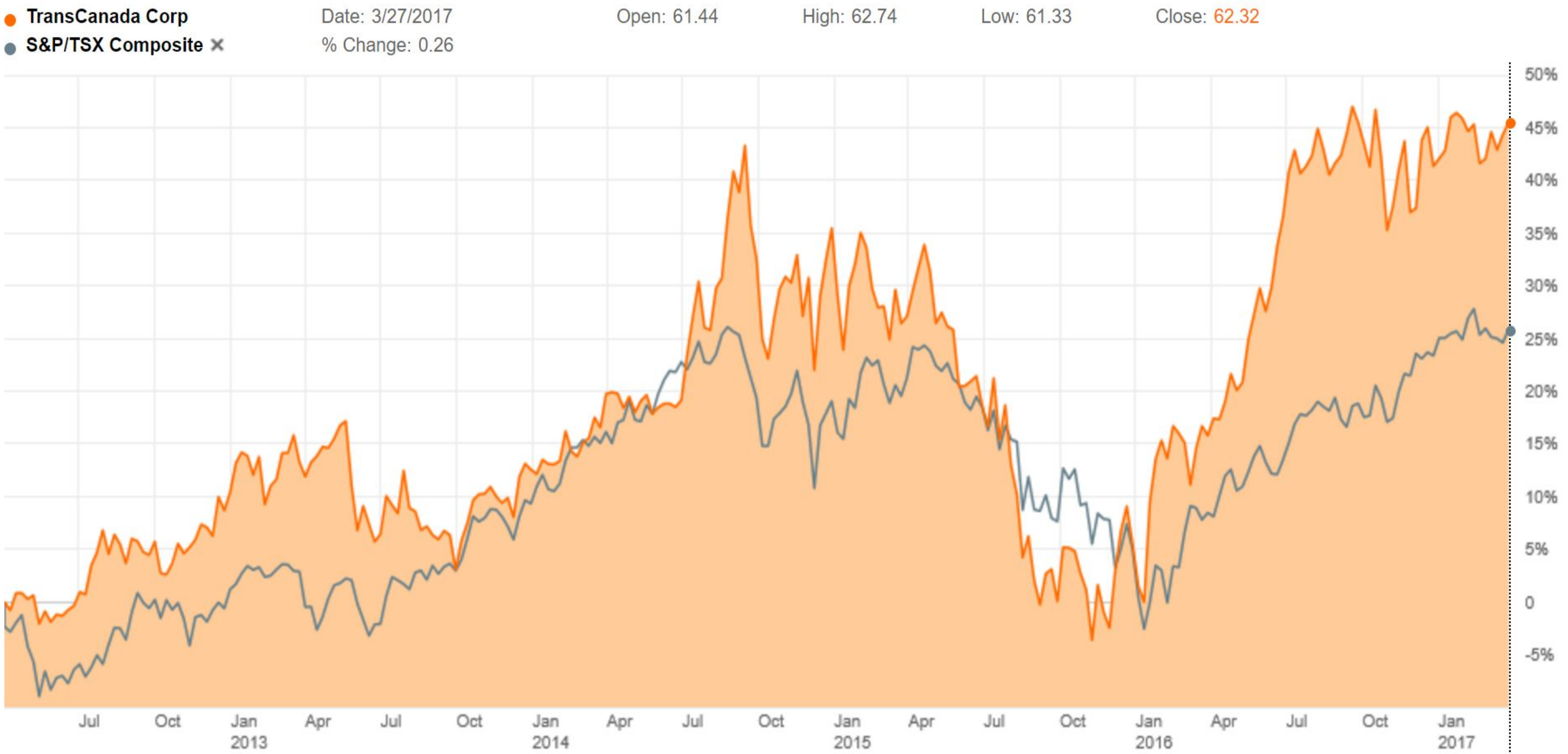
Comparison with S&P/TSX Composite – 1 Year

TransCanada
In business to deliver



Comparison with S&P/TSX Composite – 5 Year

TransCanada
In business to deliver



Financial Highlights

TransCanada
In business to deliver

($ million except where indicated)	2016	2015	2014	2013	2012
Net Income/(Loss) Attributable to Common Shares	124	(1,240)	1,743	1,712	1,299
Net (Loss)/Income per Share (Basic - dollars)	0.16	(1.75)	2.46	2.42	1.84
Comparable Earnings [(1)]	2,108	1,755	1,715	1,584	1,330
Comparable Earnings per Share [(1)] (dollars)	2.78	2.48	2.42	2.24	1.89
Comparable EBITDA [(1)]	6,647	5,908	5,521	4,859	4,245
Funds Generated from Operations [(1)]	4,821	4,730	4,415	4,120	3,344
Capital Spending, Equity Investments and Acquisitions	19,675	5,158	4,834	5,131	3,464

(unaudited) (millions of dollars, except per share amounts)

	Three months ended December 31		Twelve months ended December 31	
	2016	2015	2016	2015
Net (Loss)/Income Attributable to Common Shares	(358)	(2,458)	124	(1,240)
Specific items (net of tax):				
Loss on U.S. Northeast Power assets held for sale	870	-	873	-
Ravenswood goodwill impairment	-	-	656	-
Alberta PPA terminations and settlement	68	-	244	-
Acquisition related costs - Columbia	67	-	273	-
Keystone XL impairment charge	-	2,891	-	2,891
Other specific items[(1)]	(21)	20	(62)	104
Comparable Earnings[(2)]	626	453	2,108	1,755
Net (Loss)/Income Per Common Share	($0.43)	($3.47)	$0.16	($1.75)
Specific items (net of tax):				
Loss on U.S. Northeast Power assets held for sale	1.05	-	1.15	-
Ravenswood goodwill impairment	-	-	0.86	-
Alberta PPA terminations and settlement	0.08	-	0.32	-
Acquisition related costs - Columbia	0.08	-	0.37	-
Keystone XL impairment charge	-	4.08	-	4.08
Other specific items[(1)]	(0.03)	0.03	(0.08)	0.15
Comparable Earnings Per Common Share[(2)]	$0.75	$0.64	$2.78	$2.48
Average Common Shares Outstanding (millions)	832	708	759	709

(unaudited) (millions of dollars)

	Three months ended December 31		Twelve months ended December 31	
	2016	2015	2016	2015
Comparable EBITDA[(1)]	1,890	1,527	6,647	5,908
Depreciation and amortization	(514)	(452)	(1,939)	(1,765)
Comparable EBIT[(1)]	1,376	1,075	4,708	4,143
Specific items:				
Ravenswood goodwill impairment	-	-	(1,085)	-
Loss on U.S. Northeast power assets held for sale	(839)	-	(844)	-
Alberta PPA terminations and settlement	(92)	-	(332)	-
Acquisition related costs - Columbia	(47)	-	(179)	-
Keystone XL asset costs	(15)	-	(52)	-
Restructuring costs	(8)	(79)	(22)	(99)
TC Offshore loss on sale	-	(125)	(4)	(125)
Keystone XL impairment charge	-	(3,686)	-	(3,686)
Turbine equipment impairment charge	-	(59)	-	(59)
Bruce Power merger - debt retirement charge	-	(36)	-	(36)
Risk management activities	101	(10)	123	(37)
Segmented Earnings/(Losses)	476	(2,920)	2,313	101

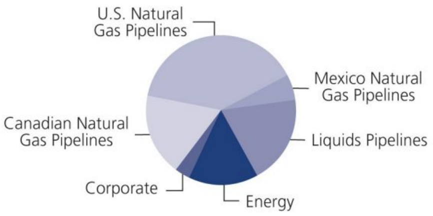
(unaudited) (millions of dollars, except per share amounts)

	Three months ended December 31		Twelve months ended December 31	
	2016	2015	2016	2015
Net Cash Provided by Operations	1,575	1,196	5,069	4,384
(Decrease)/increase in operating working capital	(220)	(32)	(248)	346
Funds Generated From Operations[(1)]	1,355	1,164	4,821	4,730
Specific items:				
Acquisition related costs - Columbia	45	-	283	-
Keystone XL asset costs	15	-	52	-
Restructuring costs	-	65	-	85
Loss on U.S. Northeast power assets held for sale	10	-	15	-
Comparable Funds Generated From Operations[(1)]	1,425	1,229	5,171	4,815
Dividends on preferred shares	(26)	(23)	(100)	(92)
Distributions paid to non-controlling interests	(78)	(56)	(279)	(224)
Maintenance capital expenditures including equity investments	(357)	(353)	(1,127)	(937)
Comparable Distributable Cash Flow[(1)]	964	797	3,665	3,562
Per Common Share[(1)]	$ 1.16	$ 1.13	$ 4.83	$ 5.02

at December 31 (millions of $)	2016	2015
Total assets		
Canadian Natural Gas Pipelines	**15,816**	15,038
U.S. Natural Gas Pipelines[1]	**34,422**	12,207
Mexico Natural Gas Pipelines	**5,013**	3,787
Liquids Pipelines	**16,896**	16,046
Energy[2]	**13,169**	15,614
Corporate	**2,735**	1,706
	88,051	64,398

1 2016 includes Columbia.
2 Includes the U.S. Northeast power assets held for sale.

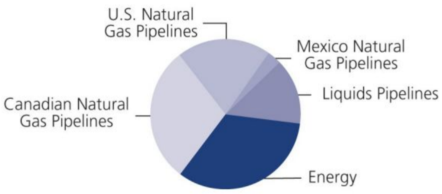
2016 Total assets



year ended December 31 (millions of $)	2016	2015
Total revenues		
Canadian Natural Gas Pipelines	**3,682**	3,680
U.S. Natural Gas Pipelines[1]	**2,526**	1,444
Mexico Natural Gas Pipelines	**378**	259
Liquids Pipelines	**1,755**	1,879
Energy	**4,164**	4,038
	12,505	11,300

1 Includes Columbia effective July 1, 2016.

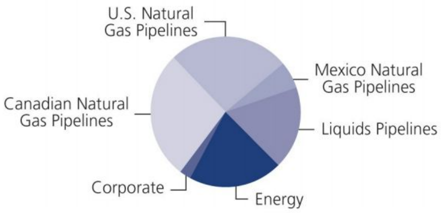
2016 Total revenues



year ended December 31 (millions of $)	2016	2015
Comparable EBIT		
Canadian Natural Gas Pipelines	**1,373**	1,413
U.S. Natural Gas Pipelines[1]	**1,286**	731
Mexico Natural Gas Pipelines	**290**	171
Liquids Pipelines	**881**	1,043
Energy	**996**	924
Corporate	**(118)**	(139)
	4,708	4,143

1 Includes Columbia effective July 1, 2016.

2016 Comparable EBIT

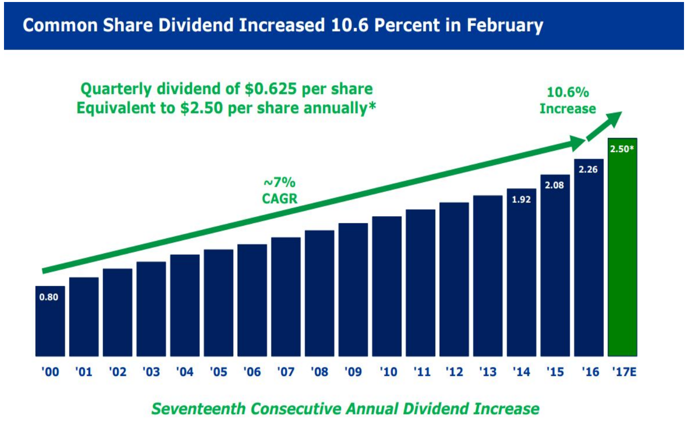


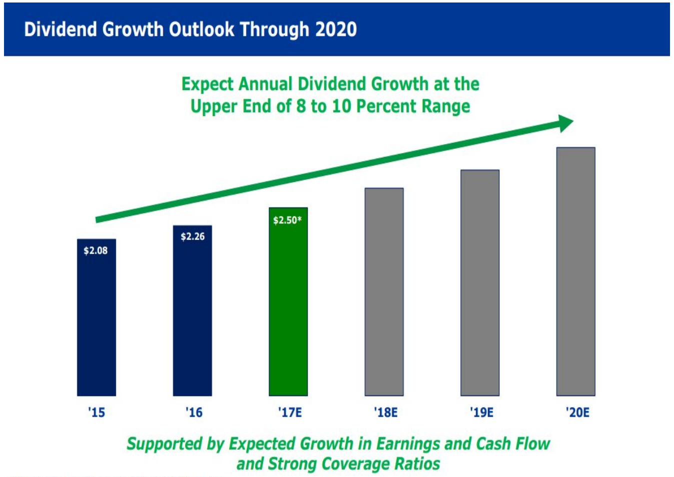
TransCanada
In business to deliver

Financial comparison of each segment

Investment Highlights

- Track Record of Delivering Shareholder Value
  – Average annual return of 14% since 2000*
- Visible Growth Portfolio
  – $23 billion of near-term projects
  – Advancing over $45 billion of commercially secured medium- to longer-term projects
- Strong Financial Position
  – 'A' grade credit rating
  – Numerous levers available to fund growth
- Attractive Dividend – Yield of 4.0%**
  – Expect annual dividend growth at the upper end of 8 to 10 per cent through 2020





* Annual rate based on first quarter dividend of $0.625 per share

TransCanada
In business to deliver

- Founded in 1951 (66 years-old)
- Headquarter in Calgary, Alberta
- It serves Canada, U.S., and Mexico
- Three core business segments:

1. Natural gas pipelines

One of North America's Largest Natural Gas Pipeline Network

- 91,500 km (56,900 mi) of pipeline
- 653 bcf of storage capacity
- 23 bcf/d; ~25% of continental demand

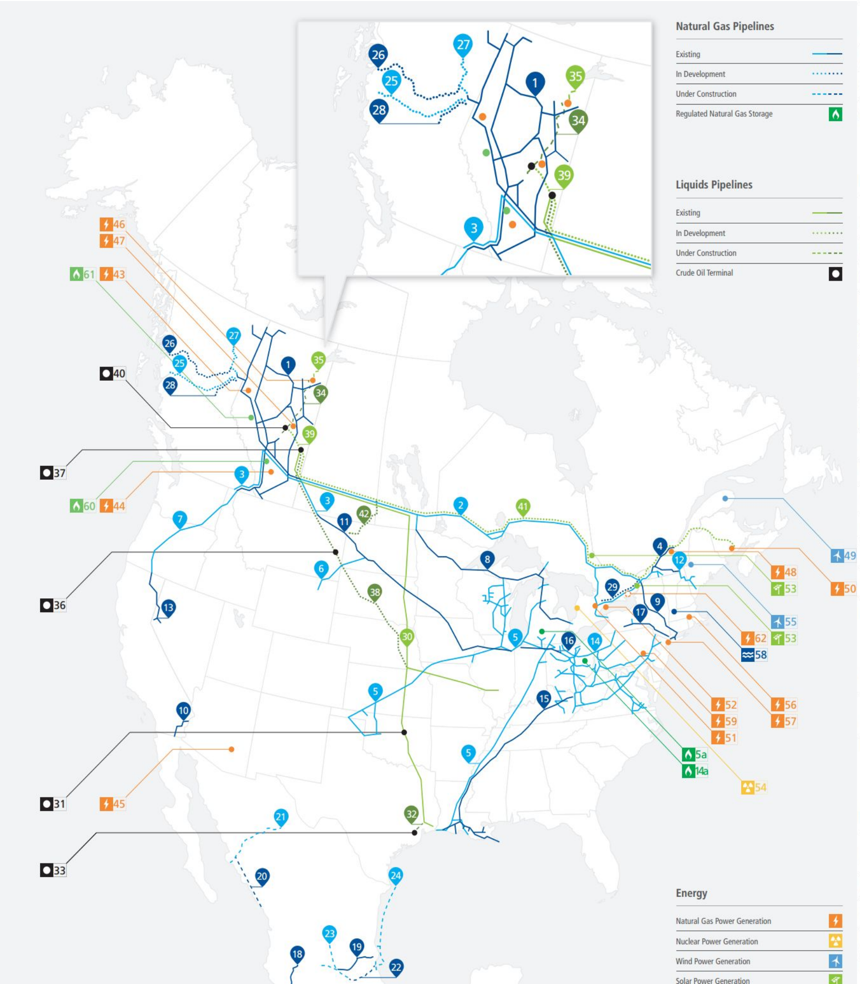
2. Liquids (oil) pipelines

Premier Liquids Pipeline System

- 4,300 km (2,700 mi) of pipeline
- 545,000 bbl/d; ~20% of Western Canadian exports

3. Energy (power generation)

Assets



TransCanada
In business to deliver

Canadian Pipelines

1 NGTL System
2 Canadian Mainline
3 Foothills
4 Trans Québec & Maritimes (TQM)

U.S. Pipelines

5 ANR Pipeline
5a ANR Regulated Natural Gas Storage
6 Bison
7 Gas Transmission Northwest (GTN)
8 Great Lakes
9 Iroquois
10 North Baja
11 Northern Border
12 Portland
13 Tuscarora
14 Columbia Gas Transmission
14a Columbia Regulated Natural Gas Storage
15 Columbia Gulf Transmission
16 Crossroads Pipeline
17 Millennium Pipeline

Mexican Pipelines

18 Guadalajara
19 Tamazunchale

Under Construction

20 Mazatlan Pipeline
21 Topolobampo Pipeline
22 Tuxpan-Tula Pipeline
23 Tula - Villa de Reyes
24 Sur de Texas

In Development

25 Coastal GasLink
26 Prince Rupert Gas Transmission
27 North Montney Mainline
28 Merrick Mainline
29 Eastern Mainline

Liquids Pipelines

Canadian / U.S. Pipelines

30 Keystone Pipeline System
31 Cushing Marketlink and Terminal

Under Construction

32 Houston Lateral
33 Houston Terminal
34 Grand Rapids Pipeline
35 Northern Courier Pipeline

In Development

36 Bakken Marketlink
37 Keystone Hardisty Terminal
38 Keystone XL
39 Heartland Pipeline
40 TC Terminals
41 Energy East Pipeline
42 Upland Pipeline

Energy

Canadian - Western Power

43 Bear Creek
44 Carseland
45 Coolidge[1]
46 Mackay River
47 Redwater

Canadian - Eastern Power

48 Bécancour
49 Cartier Wind
50 Grandview
51 Halton Hills
52 Portlands Energy
53 Ontario Solar (8 Facilities)

Bruce Power

54 Bruce

2016- A Transformational Year

TransCanada
In business to deliver

Acquired Columbia Pipeline Group for US$13 Billion

- Created one of North America's largest natural gas transmission businesses

Agreed to Acquire Columbia Pipeline Partners LP Common Units

- US$915 million acquisition closed in February 2017
- Results in 100% ownership of Columbia's core assets and simplifies structure

Added $13 Billion of New Projects to Near-Term Growth Portfolio

- Includes Columbia and NGTL System expansions and two new pipelines in Mexico

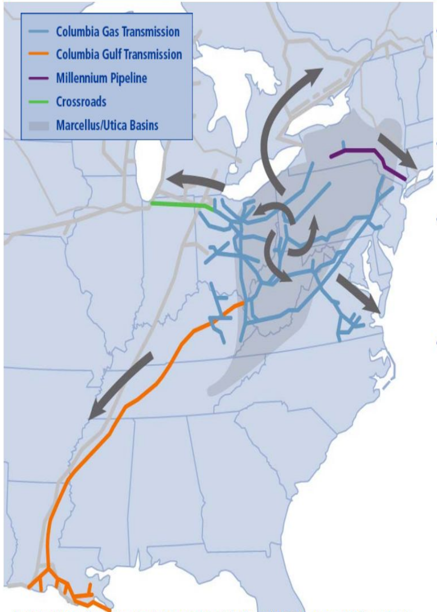
Maintained Financial Strength and Flexibility

- Issued $11 billion of subordinated capital including common and preferred shares
- Maintained 'A' grade credit rating

Key project - Natural Gas

TransCanada
In business to deliver

Columbia – Premium Natural Gas Pipeline Network

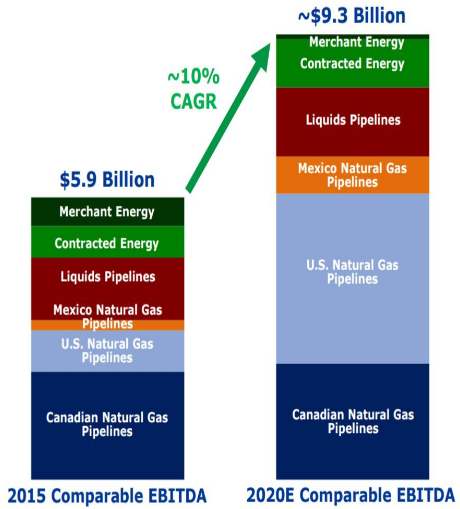


Illustrates the configuration of material systems within Columbia's natural gas pipeline network

- **Strong incumbency position in U.S. Northeast**
  - Well positioned to connect Marcellus and Utica supply to domestic and LNG export markets
- **Realizing US$250 million of annualized benefits with full impact expected in 2018**
- **Advancing US$7.1 billion near-term capital program**
  - Projects underpinned by long-term contracts
  - US$2.3 billion expected to be in-service in 2017
- **Appalachian production expected to grow from ~20 bcf/d in 2015 to over 30 bcf/d by 2020**
  - Additional investment opportunities expected to connect growing supply to market

Premium Natural Gas Pipeline Network Complements Our Existing Assets

Columbia Acquisition & Near-term Capital Program Drive Significant Growth

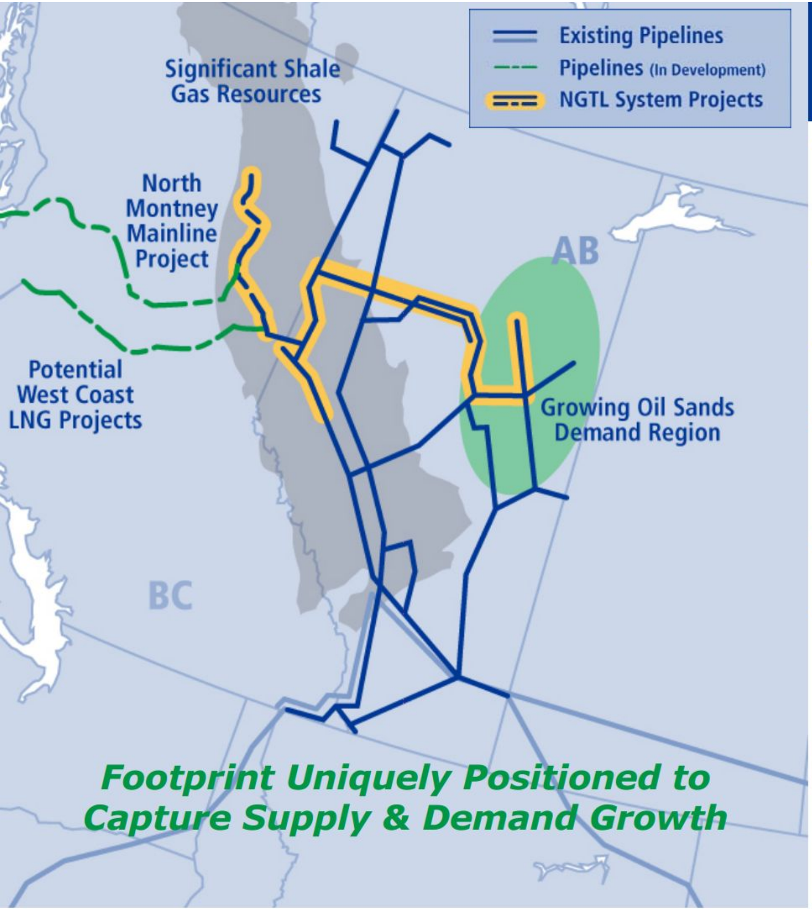


Over 95% of Comparable EBITDA to come from regulated or long-term contracted assets

*Comparable EBITDA is a non-GAAP measure. See the non-GAAP measures slide at the front of this presentation for more information.

NGTL System Expansion

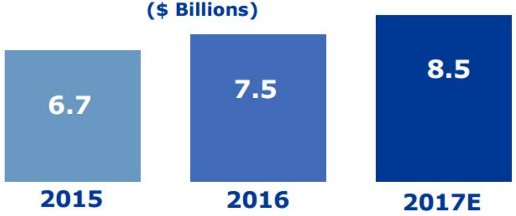
TransCanada
In business to deliver



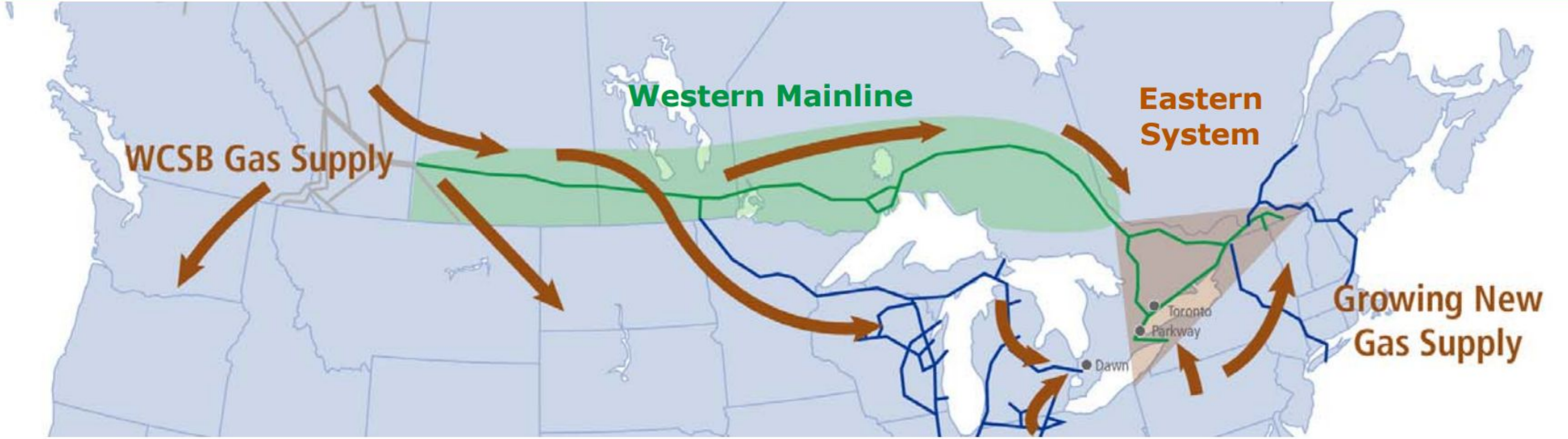
NGTL System's Unparalleled Position

- **Primary transporter of WCSB supply**
  - Field receipts averaged ~ 11.3 bcf/d in 2016
  - Intra-Alberta peak day deliveries in excess of 6.5 bcf/d
- **Key connections to Alberta and export markets**
  - System provides optionality and liquidity
- **Regulated system with 2017 allowed ROE of 10.1% on 40% deemed equity, plus incentives**
- **$5.4 billion near-term capital program**
  - Expected in-service through 2020
  - $1.6 billion of new facilities entering service in 2017
- **Additional investment expected to connect growing supply to local and downstream markets**
- **Well positioned for West Coast LNG exports**

Average Investment Base
($ Billions)



Canadian Mainline – Connecting North American Gas Supply to Market



- **LDC Settlement created long-term stability and reduced risk**
  - Agreement runs through 2020; Eastern System supported by cost-of-service regulation through 2030
  - Base ROE of 10.1% on 40% deemed equity; contribution and incentives could result in ROE of 8.7% to 11.5%
- **Strong ongoing operating and financial performance**
- **Expect to invest ~ $300 million in 2017 to increase capacity from Dawn to eastern markets**
- **Successfully completed Long-Term, Fixed-Price Open Season in March 2017**
  - Resulted in binding contracts to transport 1.5 PJ/d from Empress to Dawn for ten years at a toll of $0.77/GJ
  - Early termination rights can be exercised after five years upon payment of an increased toll for final two years of the contract

$23 Billion Commercially Secured Near-Term Capital Program

TransCanada
In business to deliver

Illustrates the configuration of TransCanada's near-term projects

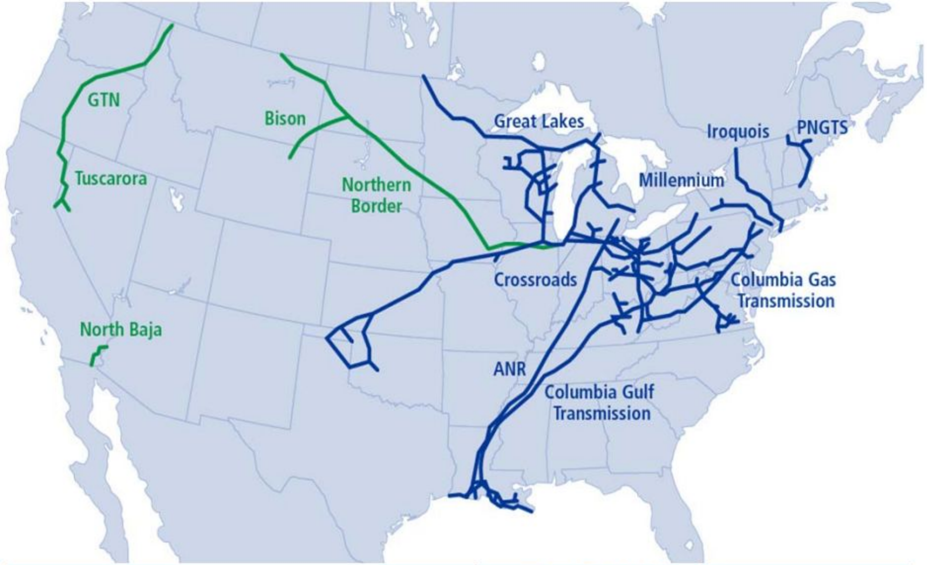
Project	Estimated Capital Cost*	Invested to Date	Expected In-Service Date*
Columbia	US7.1	US1.2	2017-2020
NGTL System	5.4	0.8	2017-2020
Canadian Mainline	0.3	0.1	2017-2018
Tula	US0.6	US0.3	2018
Villa de Reyes	US0.6	US0.2	2018
Sur de Texas	US1.3	US0.1	2018
Grand Rapids	0.9	0.8	2017
Northern Courier	1.0	0.9	2017
White Spruce	0.2	-	2018
Napanee	1.1	0.7	2018
Bruce Power Life Extension	1.1	0.1	Up to 2020+
Foreign Exchange Impact (1.34 exchange rate)	3.3	0.6	-
Total Canadian Equivalent	22.9	5.8	

* *TransCanada share in billions of dollars. Certain projects are subject to various conditions including corporate and regulatory approvals.*

Underpinned by Long-Term Contracts or Cost-of-Service Regulation

Diversified Portfolio of U.S. Natural Gas Pipelines

TransCanada
In business to deliver



Asset	TransCanada Effective Ownership (%)*	TC PipeLines, LP Ownership (%)
ANR	100	0
Columbia (post closing of CPPL acquisition)	100	0
Great Lakes	66	46
Iroquois	50	0
Bison, GTN, North Baja & Tuscarora	27	100
PNGTS	25	49.9
Northern Border	13	50

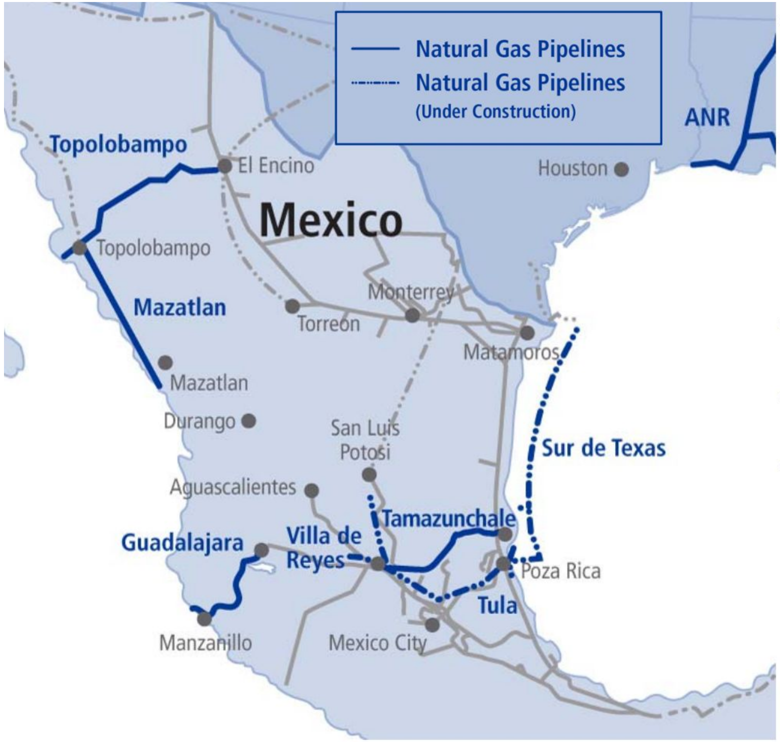
* *Ownership in Great Lakes, Bison, GTN, North Baja, Tuscarora, PNGTS and Northern Border includes ownership through TransCanada's 27% ownership in TC PipeLines, LP*

- **Well-positioned with access to multiple supply basins and large market areas**
  - ANR to benefit from rate case settlement which includes US$837 million of maintenance capital for reliability and modernization projects that is reflected in rates
  - GTN opportunities from NGTL expansion
  - Great Lakes could benefit from Mainline contract changes
  - Iroquois and PNGTS well positioned for expansions
  - Pursuing longer term revenue enhancements across our extensive network that includes Columbia, ANR, Eastern Canadian Mainline and other interconnected pipelines
- **TC PipeLines, LP**
  - Core element of TransCanada's strategy
  - Track record of disciplined growth
  - TransCanada operates assets, owns general partner and holds a 27% interest
  - Currently at 'high split' of 25% GP/LP IDR
  - Received offer from TransCanada to purchase a 49.3% interest in Iroquois and a 11.8% interest in PNGTS

Premium Natural Gas Pipeline Network

Business in Mexico

TransCanada
In business to deliver



- **Four revenue-generating pipelines**
  - Tamazunchale
  - Mazatlán
  - Guadalajara
  - Topolobampo
- **Three new projects expected to enter service in 2018 will increase portfolio to ~ US$5 billion**
  - Tula – US$0.6 billion
  - Villa de Reyes – US$0.6 billion
  - Sur de Texas – US$1.3 billion*
- **All underpinned by long-term contracts with the Comisión Federal de Electricidad**
- **Once completed, portfolio expected to generate annual EBITDA of ~ US$575 million**
- **Well positioned to connect U.S. natural gas supply to growing power generation and industrial markets in central Mexico**

Developing an Integrated Natural Gas Delivery System

** TransCanada's 60% share*

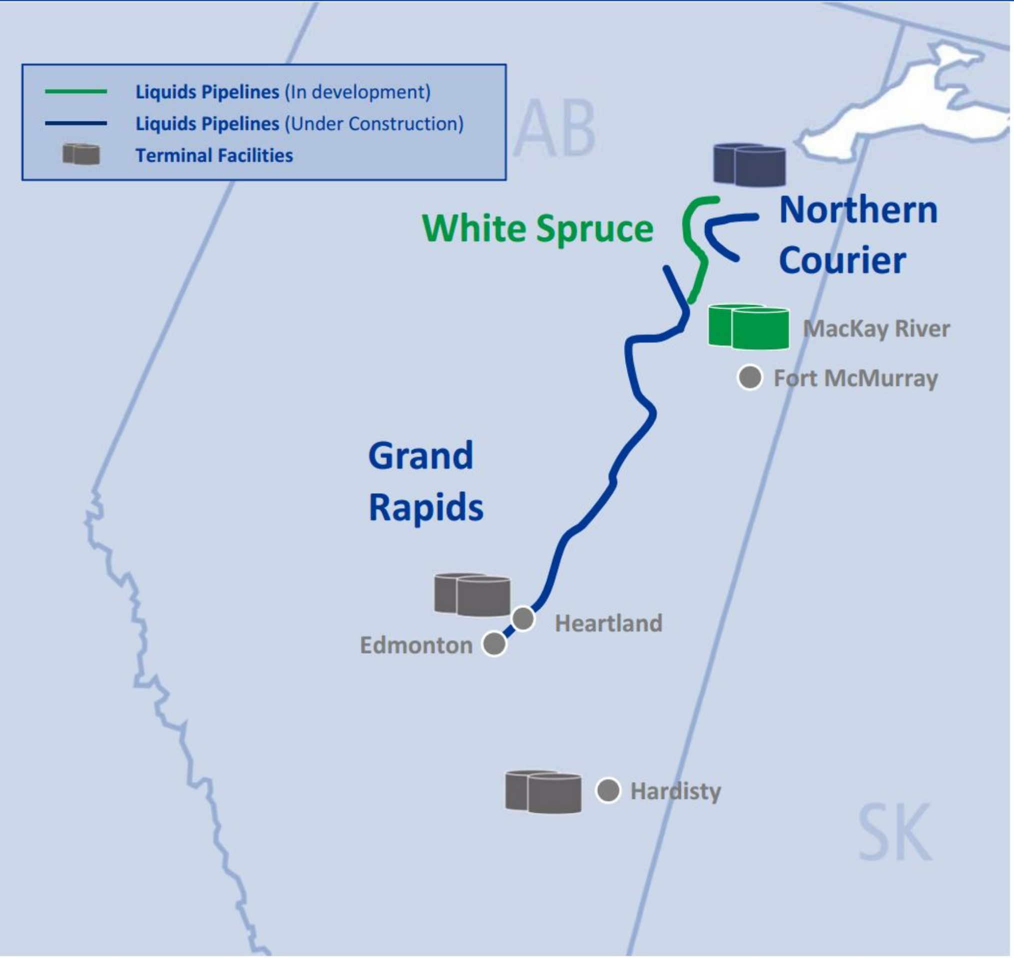
Keystone – A Premier Liquids Pipelines Business

TransCanada
In business to deliver

- **545,000 bbl/d of long-term, long-haul contracts with fixed monthly payments**
- **Transports ~20% of western Canadian crude oil exports**
- **Provides market access to ~6 million bbl/d of refining capacity**
- **Safely moved over 1.4 billion barrels since operations commenced**
- **New market connections could provide opportunities for growth**

Critical Infrastructure with Strong Operational Track Record

Building a Regional Liquids Pipeline System



- **Construction of $1 billion Northern Courier advancing**
  - 25-year contract with Fort Hills Partnership
  - Expected to be in-service in 2017
- **Construction of $900 million* Grand Rapids project progressing**
  - 50/50 joint venture and 25-year contract with Brion Energy
  - Expected to be in-service in 2017
- **$200 million White Spruce pipeline will transport crude oil to the Grand Rapids system and is expected to be in-service in 2018**
- **Additional market connections could provide opportunities for growth**

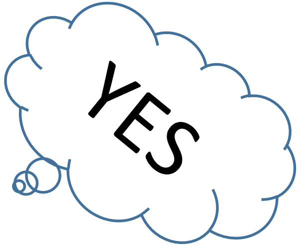
**TransCanada's share*

Keystone XL – Maintaining a Valuable Option

TransCanada
In business to deliver

- **Remain committed to advancing Keystone XL**
- **Submitted a Presidential Permit application to the U.S. Department of State on January 26, 2017**
- **Filed an application with the Nebraska Public Service Commission seeking approval for a route through that state on February 16, 2017**

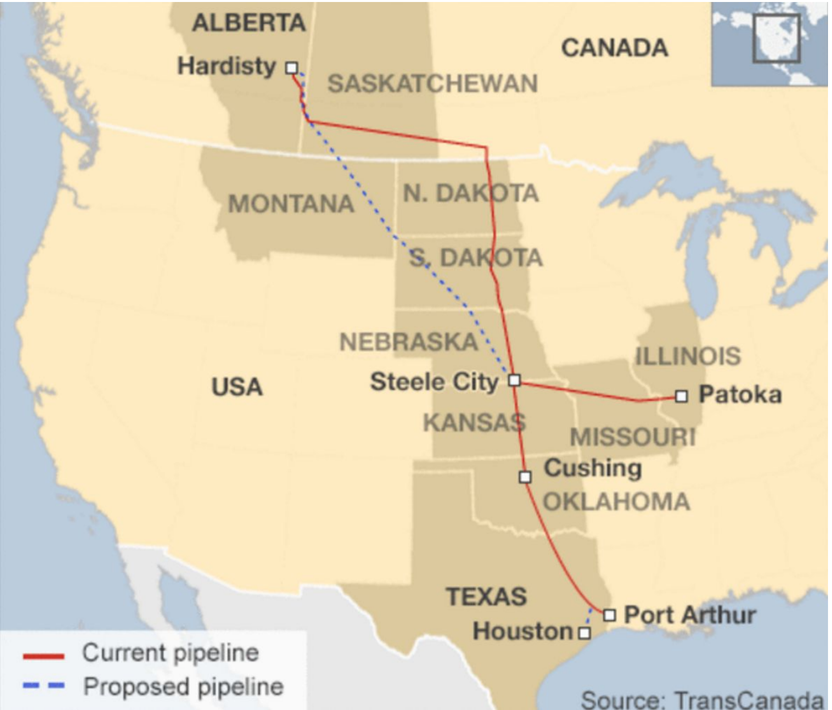
Remains a Competitive Transportation Solution to U.S. Gulf Coast



March 24, 2017

TransCanada
In business to deliver

Donald Trump approves Keystone XL pipeline :"It's a great day for American jobs, and a historic moment for North America, and energy independence. This announcement is part of a new era of American energy policy that will lower costs for American families, . . . reduce our dependence on foreign oil and create thousands of jobs."



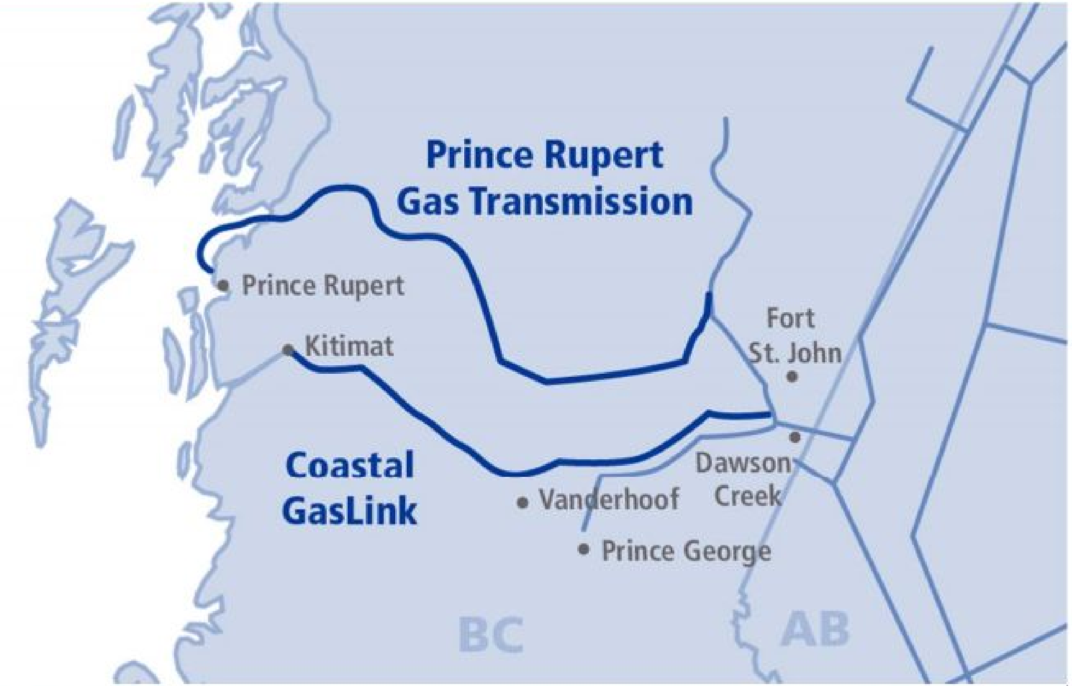
The likely epicentre of the coming battle is Nebraska, the very place where opposition to Keystone began, years ago. TransCanada must still reach deals with some landowners there, it lacks a state permit and faces possible court challenges there and in South Dakota.

Energy East – Critical to Reach Eastern Refineries and Tidewater

- **$15.7 billion investment**
- **1.1 million bbl/d of capacity underpinned by long-term, take-or-pay contracts**
- **Would serve Montréal, Québec City and Saint John refineries**
- **Also provides tidewater access**
- **Project is subject to regulatory approvals**
  - National Energy Board (NEB) has appointed three new members to the panel that will restart the review of the project
  - The panelists will determine how to move forward with the review process

Positioned to Benefit from West Coast LNG

TransCanada
In business to deliver



- **Two large-scale projects underpinned by long-term contracts**
  - $5 billion Prince Rupert Gas Transmission (PRGT) project
  - $4.8 billion Coastal GasLink (CGL) project
- **PRGT and CGL have received their pipeline and facilities permits from the B.C. Oil and Gas Commission**
- **The Pacific NorthWest LNG project received Federal Government approval to proceed; the LNG project, and by extension PRGT, are now subject to a Final Investment Decision by PNW**
- **Also working with LNG Canada to determine the appropriate pace of work activities following their decision to delay the Final Investment Decision. LNG Canada has also received regulatory approval.**
- **No development cost risk and minimal capital cost risk on either project**

Well Established Energy Platform

TransCanada
In business to deliver

Plant	Capacity (MW)*	Counterparty	Contract Expiry
Coolidge	575	Salt River Project	2031
Bécancour	550	Hydro-Québec	2026
Cartier Wind	365	Hydro-Québec	2026-2032
Grandview	90	Irving Oil	2024
Halton Hills	683	IESO	2030
Portlands	275	IESO	2029
Ontario Solar	76	IESO	2032-2034
Bruce Power Units 1-8	3,104	IESO	Up to 2064
Napanee (under construction)	900	IESO	20 Years from In-Service

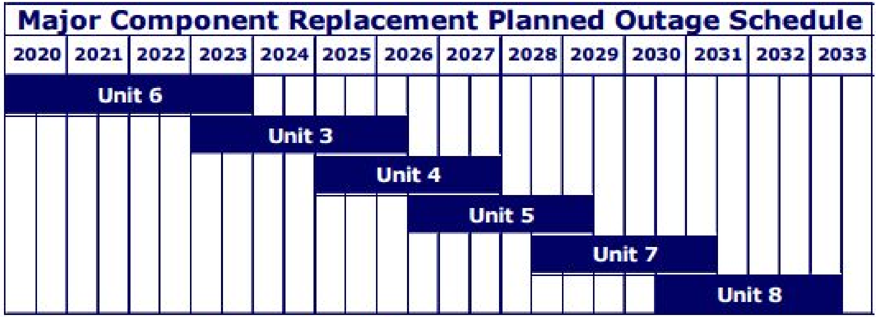
- **U.S. Northeast Power asset sales expected to close in first half 2017**
- **Balance of portfolio underpinned primarily by long-term contracts with solid counterparties**
  - 6,200 MW of power generation
  - 118 bcf of natural gas storage capacity
  - Minimal merchant power exposure
  - Generated EBITDA of $765 million in 2016
- **Construction progressing on $1.1 billion Napanee project; expected in-service in 2018**
  - 900 MW plant; long-term contract with Ontario Independent Electricity System Operator (IESO)
- **Work continues on Bruce Power refurbishment**
- **Continue to pursue growth opportunities in our core geographies:**
  - Natural gas-fired generation
  - Renewables including wind, solar and hydro

** Our proportionate share of power generation capacity*

Bruce Power – Cost Effective, Emission Free Power

TransCanada
In business to deliver

- **48.5% ownership interest**
- **Power sales contracted through 2064 with the Ontario IESO**
  - Integral to Ontario's long-term energy plan
- **$6.5 billion* investment through 2033 to refurbish and extend life of 6 reactors**
- **Average plant availability expected to be ~90% in 2017, up from 83% in 2016**
- **Spent fuel and decommissioning liabilities are the responsibility of Ontario Power Generation**



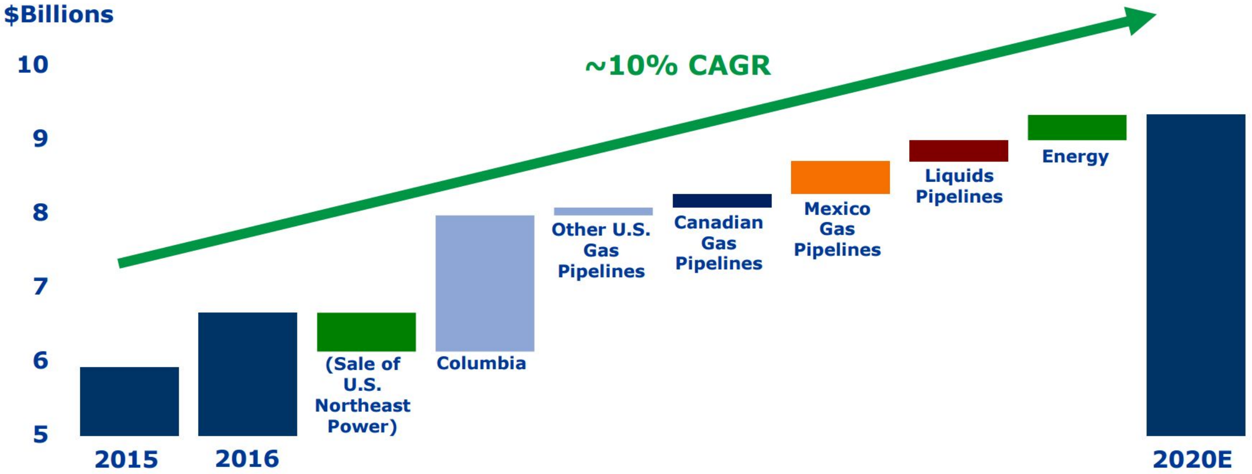
TransCanada's share in 2014 dollars

Projects & Expected Growth

TransCanada
In business to deliver

$23 Billion of Near-Term Projects Drive Significant Growth

Comparable EBITDA Outlook*
2015 – 2020E



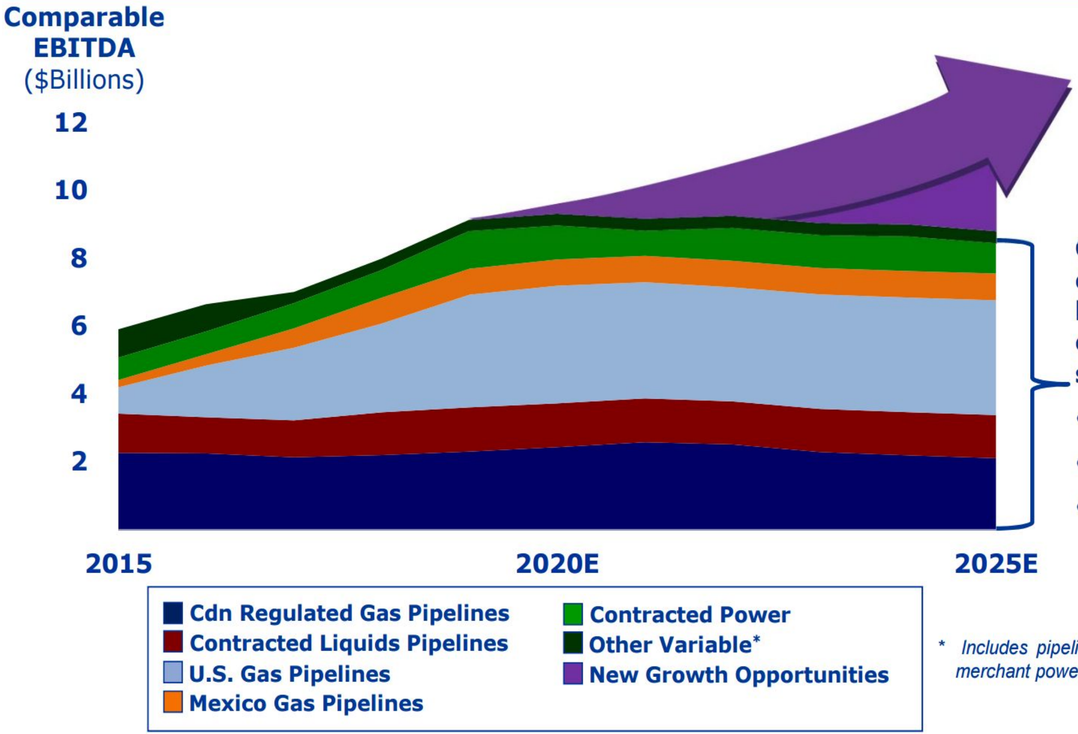
Could be Augmented by Additional Growth Opportunities, Revenue Enhancements and Operating Efficiencies

** Includes existing assets, non-controlling interests in U.S. Natural Gas Pipelines and $23 billion of near-term projects subject to various conditions including corporate and regulatory approvals. Comparable EBITDA is a non-GAAP measure. See the non-GAAP measures slide at the front of this presentation for more information.*

EBITDA growth

TransCanada
In business to deliver

Stability and Longevity of Core Asset Base +
$23 Billion of Visible Growth with Upside



Generated by predictable cost of service and long-term contracted cash flow streams supported by:

- Solid counterparties
- Minimal volumetric risk
- No commodity price risk

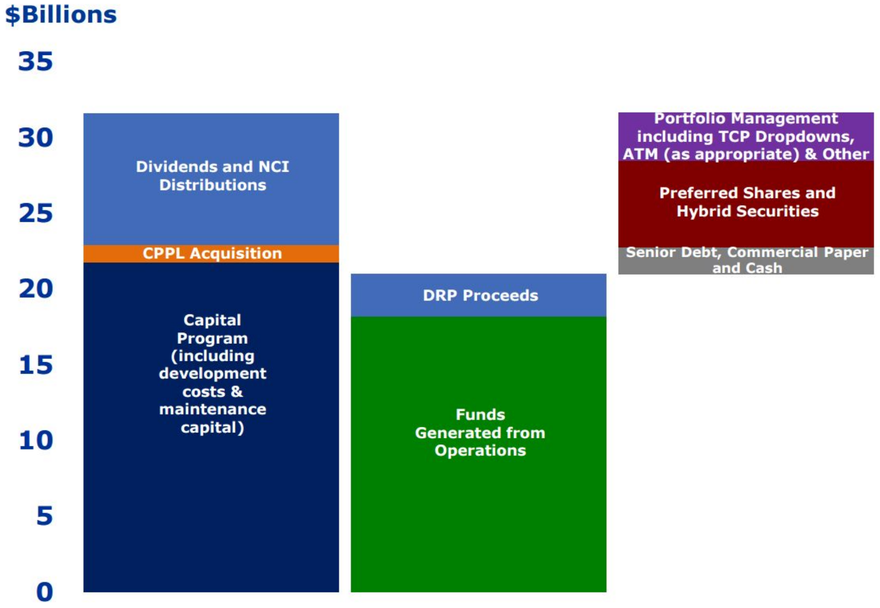
* *Includes pipeline capacity not under long-term contract, merchant power and unregulated natural gas storage.*

Comparable EBITDA is a non-GAAP measure. See the non-GAAP measures slide at the front of this presentation for more information.

Capital Sources

TransCanada
In business to deliver

Funding Program for Near-Term Growth Portfolio



2017 – 2019 Outlook

Numerous Levers Available to Fund Near-Term Capital Program

- Strong, predictable and growing cash flow from operations
- Dividend Reinvestment Plan
- Access to capital markets including:
  - Senior debt
  - Preferred shares and hybrid securities
- Portfolio management including dropdowns to TC PipeLines, LP
- At-The-Market (ATM) program, as appropriate

Funding Program Manageable
Completion of $23 Billion Near-Term Capital Program Does Not Require Discrete Equity

$45 Billion+ of Commercially Secured Long-Term Projects*

TransCanada
In business to deliver

* *TransCanada share in billions of dollars; Bruce Power in 2014 dollars. Certain projects are subject to various conditions including corporate and regulatory approvals.*

- **Bruce Power Life Extension Agreement**
  - First of six MCR outages occurs in 2020
  - Expected investment of $5.3 billion post 2020
  - Extends operating life of facility to 2064
- **Four transformational projects**
  - Prince Rupert Gas Transmission ($5 billion)
  - Coastal GasLink ($4.8 billion)
  - Energy East ($15.7 billion) and related Eastern Mainline Project ($2.0 billion)
  - Keystone XL (US$8 billion)
- **Establish us as leaders in the transportation of crude oil and natural gas for LNG export**
  - 2 million bbl/d of liquids pipeline capacity
  - 4+ bcf/d of natural gas pipeline export capacity

Management

Russell K. Girling

President and Chief Executive Officer (since 2010), and Director

- Prior to joining TransCanada, he worked at Suncor Inc., Northridge Petroleum and Dome Petroleum
- Joined TransCanada in 1994 as Executive VP (Power)
- Served as COO and President (Pipelines) prior to his current appointment
- Also served as CFO, Executive VP (Corporate Development), and President (Gas Services) previously
- Former Chairman of the Interstate Natural Gas Association of America and the Natural Gas Council
- Former Director of the Canada Energy Pipeline Association
- Holds Bachelor of Commerce degree and a Master of Business Administration in Finance from the University of Calgary

Alexander J. Pourbaix

Chief Operating Officer

- Responsible for profitability and growth of all of TransCanada's business units as well as the Operations and Projects Centre of Excellence.
- Served as Executive VP and President (Development) prior to his current appointment
- Director and past Chairman of the Board of Directors for the Canadian Energy Pipeline Association
- Holds a Bachelor of Arts Degree, with distinction, and a Bachelor of Law Degree from the University of Albert

Donald R. Marchand

Executive Vice-President (Corporate Development) and Chief Financial Officer

TransCanada
In business to deliver

- Responsible for financial reporting, taxation, finance, treasury, risk management, investor relations, strategy and corporate development for TransCanada Corporation
- Joined TransCanada in 1994 and has held a variety of progressively more senior roles with the organization
- Served as VP (Finance and Treasure) prior to his current appointment
- Member of the Calgary Society of Financial Analysts and the Institute of Chartered Accountants of Alberta

Wendy Hanrahan

Executive Vice-President (Corporate Services)

TransCanada
In business to deliver

- Responsible for providing strategic and functional leadership for human resources, business process integration, information systems, supply chain management, aviation, and facilities services
- Joined TransCanada in 1995 and has held a variety of key leadership roles in finance and accounting, corporate strategy, and in the gas transmission business
- Served as VP (Human Resources) and VP (TC PipeLines, LP) prior to her current appointment
- Holds a Bachelor of Science in Business Administration from the University of South Carolina
- Member of the Institute of Chartered Accountants of Alberta.

Kristine L. Delkus

Executive Vice-President (Stakeholder Relations), General Counsel and Chief Compliance Officer

TransCanada
In business to deliver

- Responsible for the management of TransCanada's Legal, Internal Audit, Aboriginal Relations, Government Relations, Communications, and Community Engagement functions
- Joined TransCanada in 1995 and has held a variety of progressively senior roles with the organization
- Holds a Bachelor of Arts degree (with Honours) in Public Administration from Carleton University and a Bachelor of Laws degree from the University of Windsor
- Holds bar memberships in New York, Ontario and Alberta

Financial Highlights

TransCanada
In business to deliver

($ million except where indicated)	2016	2015	2014	2013	2012
Net Income/(Loss) Attributable to Common Shares	124	(1,240)	1,743	1,712	1,299
Net (Loss)/Income per Share (Basic - dollars)	0.16	(1.75)	2.46	2.42	1.84
Comparable Earnings [1]	2,108	1,755	1,715	1,584	1,330
Comparable Earnings per Share [1] (dollars)	2.78	2.48	2.42	2.24	1.89
Comparable EBITDA [1]	6,647	5,908	5,521	4,859	4,245
Funds Generated from Operations [1]	4,821	4,730	4,415	4,120	3,344
Capital Spending, Equity Investments and Acquisitions	19,675	5,158	4,834	5,131	3,464

(unaudited) (millions of dollars, except per share amounts)

	Three months ended December 31		Twelve months ended December 31	
	2016	2015	2016	2015
Net (Loss)/Income Attributable to Common Shares	(358)	(2,458)	124	(1,240)
Specific items (net of tax):				
Loss on U.S. Northeast Power assets held for sale	870	-	873	-
Ravenswood goodwill impairment	-	-	656	-
Alberta PPA terminations and settlement	68	-	244	-
Acquisition related costs - Columbia	67	-	273	-
Keystone XL impairment charge	-	2,891	-	2,891
Other specific items[1]	(21)	20	(62)	104
Comparable Earnings[2]	626	453	2,108	1,755
Net (Loss)/Income Per Common Share	($0.43)	($3.47)	$0.16	($1.75)
Specific items (net of tax):				
Loss on U.S. Northeast Power assets held for sale	1.05	-	1.15	-
Ravenswood goodwill impairment	-	-	0.86	-
Alberta PPA terminations and settlement	0.08	-	0.32	-
Acquisition related costs - Columbia	0.08	-	0.37	-
Keystone XL impairment charge	-	4.08	-	4.08
Other specific items[1]	(0.03)	0.03	(0.08)	0.15
Comparable Earnings Per Common Share[2]	$0.75	$0.64	$2.78	$2.48
Average Common Shares Outstanding (millions)	832	708	759	709

(unaudited) (millions of dollars)

	Three months ended December 31		Twelve months ended December 31	
	2016	2015	2016	2015
Comparable EBITDA[1]	1,890	1,527	6,647	5,908
Depreciation and amortization	(514)	(452)	(1,939)	(1,765)
Comparable EBIT[1]	1,376	1,075	4,708	4,143
Specific items:				
Ravenswood goodwill impairment	-	-	(1,085)	-
Loss on U.S. Northeast power assets held for sale	(839)	-	(844)	-
Alberta PPA terminations and settlement	(92)	-	(332)	-
Acquisition related costs - Columbia	(47)	-	(179)	-
Keystone XL asset costs	(15)	-	(52)	-
Restructuring costs	(8)	(79)	(22)	(99)
TC Offshore loss on sale	-	(125)	(4)	(125)
Keystone XL impairment charge	-	(3,686)	-	(3,686)
Turbine equipment impairment charge	-	(59)	-	(59)
Bruce Power merger - debt retirement charge	-	(36)	-	(36)
Risk management activities	101	(10)	123	(37)
Segmented Earnings/(Losses)	476	(2,920)	2,313	101

(unaudited) (millions of dollars, except per share amounts)

	Three months ended December 31		Twelve months ended December 31	
	2016	2015	2016	2015
Net Cash Provided by Operations	1,575	1,196	5,069	4,384
(Decrease)/increase in operating working capital	(220)	(32)	(248)	346
Funds Generated From Operations[1]	1,355	1,164	4,821	4,730
Specific items:				
Acquisition related costs - Columbia	45	-	283	-
Keystone XL asset costs	15	-	52	-
Restructuring costs	-	65	-	85
Loss on U.S. Northeast power assets held for sale	10	-	15	-
Comparable Funds Generated From Operations[1]	1,425	1,229	5,171	4,815
Dividends on preferred shares	(26)	(23)	(100)	(92)
Distributions paid to non-controlling interests	(78)	(56)	(279)	(224)
Maintenance capital expenditures including equity investments	(357)	(353)	(1,127)	(937)
Comparable Distributable Cash Flow[1]	964	797	3,665	3,562
Per Common Share[1]	$ 1.16	$ 1.13	$ 4.83	$ 5.02

year ended December 31 (millions of $, except per share amounts)	2016	2015	2014
Income			
Revenues	**12,505**	11,300	10,185
Net income/(loss) attributable to common shares	**124**	(1,240)	1,743
per common share – basic & diluted	**$0.16**	($1.75)	$2.46
Comparable EBITDA	**6,647**	5,908	5,521
Comparable earnings	**2,108**	1,755	1,715
per common share	**$2.78**	$2.48	$2.42
Cash flows			
Net cash provided by operations	**5,069**	4,384	4,226
Comparable funds generated from operations	**5,171**	4,815	4,458
Comparable distributable cash flow	**3,665**	3,562	3,405
per common share	**$4.83**	$5.02	$4.81
Capital spending – capital expenditures	**5,007**	3,918	3,489
Capital spending – projects in development	**295**	511	848
Contributions to equity investments	**765**	493	256
Acquisitions, net of cash acquired	**13,608**	236	241
Proceeds from sale of assets, net of transaction costs	**6**	—	196
Balance sheet			
Total assets	**88,051**	64,398	58,525
Long-term debt	**40,150**	31,456	24,757
Junior subordinated notes	**3,931**	2,409	1,160
Preferred shares	**3,980**	2,499	2,255
Non-controlling interests	**1,726**	1,717	1,583
Common shareholders' equity	**20,277**	13,939	16,815
Dividends declared[1]			
per common share	**$2.26**	$2.08	$1.92
per Series 1 preferred share	**$0.8165**	$0.8165	$1.15
per Series 2 preferred share	**$0.60648**	$0.6299	—
per Series 3 preferred share	**$0.538**	$0.769	$1.00
per Series 4 preferred share	**$0.44648**	$0.2269	—
per Series 5 preferred share	**$0.56575**	$1.10	$1.10
per Series 6 preferred share	**$0.50648**	—	—
per Series 7 preferred share	**$1.00**	$1.00	$1.00
per Series 9 preferred share	**$1.0625**	$1.0625	$1.09
per Series 11 preferred share	**$1.1875**	$0.7040	—
per Series 13 preferred share	**$0.18525**	—	—
per Series 15 preferred share	**$0.3323**	—	—

TransCanada

In business to deliver

Financial data

TransCanada
In business to deliver

Share Structure

as at February 13, 2017		
Common shares	**issued and outstanding**	
	867 million	

Preferred shares	issued and outstanding	convertible to
Series 1	9.5 million	Series 2 preferred shares
Series 2	12.5 million	Series 1 preferred shares
Series 3	8.5 million	Series 4 preferred shares
Series 4	5.5 million	Series 3 preferred shares
Series 5	12.7 million	Series 6 preferred shares
Series 6	1.3 million	Series 5 preferred shares
Series 7	24 million	Series 8 preferred shares
Series 9	18 million	Series 10 preferred shares
Series 11	10 million	Series 12 preferred shares
Series 13	20 million	Series 14 preferred shares
Series 15	40 million	Series 16 preferred shares

options to buy common shares	outstanding	exercisable
	11 million	6 million

TransCanada
In business to deliver

Consolidated balance sheet

at December 31 (millions of Canadian $)		2016	2015
ASSETS			
Current Assets			
Cash and cash equivalents		**1,016**	850
Accounts receivable		**2,075**	1,387
Inventories		**368**	323
Assets held for sale (Note 6)		**3,717**	20
Other (Note 7)		**908**	1,338
		8,084	3,918
Plant, Property and Equipment (Note 8)		**54,475**	44,817
Equity Investments (Note 9)		**6,544**	6,214
Regulatory Assets (Note 10)		**1,322**	1,184
Goodwill (Note 11)		**13,958**	4,812
Intangible and Other Assets (Note 12)		**3,026**	3,102
Restricted Investments		**642**	351
		88,051	64,398
LIABILITIES			
Current Liabilities			
Notes payable (Note 13)		**774**	1,218
Accounts payable and other (Note 14)		**3,861**	2,653
Dividends payable		**526**	385
Accrued interest		**595**	520
Liabilities related to assets held for sale (Note 6)		**86**	39
Current portion of long-term debt (Note 17)		**1,838**	2,547
		7,680	7,362
Regulatory Liabilities (Note 10)		**2,121**	1,159
Other Long-Term Liabilities (Note 15)		**1,183**	1,260
Deferred Income Tax Liabilities (Note 16)		**7,662**	5,144
Long-Term Debt (Note 17)		**38,312**	28,909
Junior Subordinated Notes (Note 18)		**3,931**	2,409
		60,889	46,243
Common Units Subject to Rescission or Redemption (Note 19)		**1,179**	—
EQUITY			
Common shares, no par value (Note 20)		**20,099**	12,102
Issued and outstanding:	December 31, 2016 – 864 million shares December 31, 2015 – 703 million shares		
Preferred shares (Note 21)		**3,980**	2,499
Additional paid-in capital		**—**	7
Retained earnings		**1,138**	2,769
Accumulated other comprehensive loss (Note 22)		**(960)**	(939)
Controlling Interests		**24,257**	16,438
Non-controlling interests (Note 19)		**1,726**	1,717
		25,983	18,155
		88,051	64,398

TransCanada

In business to deliver

Consolidated statement of equity

year ended December 31 (millions of Canadian $)	2016	2015	2014
Common Shares			
Balance at beginning of year	**12,102**	12,202	12,149
Shares issued under public offerings, net of issue costs (Note 20)	**7,752**	—	—
Shares issued under dividend reinvestment and share purchase plan (Note 20)	**177**	—	—
Shares issued on exercise of stock options (Note 20)	**74**	30	53
Shares repurchased (Note 20)	**(6)**	(130)	—
Balance at end of year	**20,099**	12,102	12,202
Preferred Shares			
Balance at beginning of year	**2,499**	2,255	1,813
Shares issued under public offering, net of issue costs (Note 21)	**1,481**	244	442
Balance at end of year	**3,980**	2,499	2,255
Additional Paid-In Capital			
Balance at beginning of year	**7**	370	401
Issuance of stock options, net of exercises	**6**	8	3
Dilution impact from TC PipeLines, LP units issued	**24**	6	9
Redemption of subsidiary's preferred shares	**—**	—	(6)
Impact of common shares repurchased (Note 20)	**(8)**	(164)	—
Impact of asset drop downs to TC PipeLines, LP (Note 26)	**(38)**	(213)	(37)
Reclassification of additional paid-in capital deficit to retained earnings	**9**	—	—
Balance at end of year	**—**	7	370
Retained Earnings			
Balance at beginning of year	**2,769**	5,478	5,096
Net income/(loss) attributable to controlling interests	**233**	(1,146)	1,840
Common share dividends	**(1,733)**	(1,471)	(1,360)
Preferred share dividends	**(122)**	(92)	(98)
Reclassification of additional paid-in capital deficit to retained earnings	**(9)**	—	—
Balance at end of year	**1,138**	2,769	5,478
Accumulated Other Comprehensive Loss			
Balance at beginning of year	**(939)**	(1,235)	(934)
Other comprehensive (loss)/income attributable to controlling interests (Note 22)	**(21)**	296	(301)
Balance at end of year	**(960)**	(939)	(1,235)
Equity Attributable to Controlling Interests	**24,257**	16,438	19,070
Equity Attributable to Non-Controlling Interests			
Balance at beginning of year	**1,717**	1,583	1,611
Acquisition of non-controlling interests in Columbia Pipeline Partners LP	**1,051**	—	—
Net income/(loss) attributable to non-controlling interests			
TC PipeLines, LP	**215**	(13)	136
Portland Natural Gas Transmission System	**20**	19	15
Columbia Pipeline Partners LP	**17**	—	—
Preferred share dividends of TCPL	**—**	—	2
Other comprehensive (loss)/income attributable to non-controlling interests	**(11)**	306	130
Issuance of TC PipeLines, LP units			
Proceeds, net of issue costs	**215**	55	79
Decrease in TransCanada's ownership of TC PipeLines, LP	**(40)**	(11)	(14)
Distributions declared to non-controlling interests	**(279)**	(222)	(182)
Reclassification to common units subject to rescission or redemption (Note 19)	**(1,179)**	—	—
Redemption of subsidiary's preferred shares	**—**	—	(194)
Balance at end of year	**1,726**	1,717	1,583
Total Equity	**25,983**	18,155	20,653

TransCanada
In business to deliver

Income statement

year ended December 31 (millions of Canadian $, except per share amounts)	2016	2015	2014
Revenues (Note 1)			
Canadian Natural Gas Pipelines	**3,682**	3,680	3,557
U.S. Natural Gas Pipelines	**2,526**	1,444	1,159
Mexico Natural Gas Pipelines	**378**	259	197
Liquids Pipelines	**1,755**	1,879	1,547
Energy	**4,164**	4,038	3,725
	12,505	11,300	10,185
Income from Equity Investments (Note 9)	**514**	440	522
Operating and Other Expenses			
Plant operating costs and other	**3,819**	3,250	2,973
Commodity purchases resold	**2,172**	2,237	1,836
Property taxes	**555**	517	473
Depreciation and amortization	**1,939**	1,765	1,611
Goodwill and other asset impairment charges (Note 8, 11 and 12)	**1,388**	3,745	—
	9,873	11,514	6,893
(Loss)/Gain on Assets Held for Sale/Sold (Notes 6 and 26)	**(833)**	(125)	117
Financial Charges			
Interest expense (Note 17)	**1,998**	1,370	1,198
Allowance for funds used during construction	**(419)**	(295)	(136)
Interest income and other	**(103)**	132	45
	1,476	1,207	1,107
Income/(Loss) before Income Taxes	**837**	(1,106)	2,824
Income Tax Expense/(Recovery) (Note 16)			
Current	**156**	136	145
Deferred	**196**	(102)	686
	352	34	831
Net Income/(Loss)	**485**	(1,140)	1,993
Net Income attributable to non-controlling interests (Note 19)	**252**	6	153
Net Income/(Loss) Attributable to Controlling Interests	**233**	(1,146)	1,840
Preferred share dividends	**109**	94	97
Net Income/(Loss) Attributable to Common Shares	**124**	(1,240)	1,743
Net Income/(Loss) per Common Share (Note 20)			
Basic and diluted	**$0.16**	($1.75)	$2.46
Dividends Declared per Common Share	**$2.26**	$2.08	$1.92
Weighted Average Number of Common Shares (millions) (Note 20)			
Basic	**759**	709	708
Diluted	**760**	709	710

year ended December 31 (millions of Canadian $)	2016	2015	2014
Net Income/(Loss)	**485**	(1,140)	1,993
Other Comprehensive (Loss)/Income, Net of Income Taxes			
Foreign currency translation gains on net investment in foreign operations	**3**	813	517
Change in fair value of net investment hedges	**(10)**	(372)	(276)
Change in fair value of cash flow hedges	**30**	(57)	(69)
Reclassification to net income of gains and losses on cash flow hedges	**42**	88	(55)
Unrealized actuarial losses and gains on pension and other post-retirement benefit plans	**(26)**	51	(102)
Reclassification to net income of actuarial loss and prior service costs on pension and other post-retirement benefit plans	**16**	32	18
Other comprehensive (loss)/income on equity investments	**(87)**	47	(204)
Other comprehensive (loss)/income (Note 22)	**(32)**	602	(171)
Comprehensive Income/(Loss)	**453**	(538)	1,822
Comprehensive income attributable to non-controlling interests	**241**	312	283
Comprehensive Income/(Loss) Attributable to Controlling Interests	**212**	(850)	1,539
Preferred share dividends	**109**	94	97
Comprehensive Income/(Loss) Attributable to Common Shares	**103**	(944)	1,442

Consolidated statement of comprehensive income

Strengths

TransCanada
In business to deliver

Proven Strategy – Low Risk Business Model

• Over 95% of Comparable EBITDA derived from regulated assets or long-term contracts following monetization of U.S. Northeast Power business

Diversified High-Quality Assets Provide Multiple Platforms for Growth

• Canadian, U.S. and Mexico natural gas pipelines, liquids pipelines and energy

Visible Growth Through 2020

• $23 billion of near-term growth projects advancing

• Additional organic growth expected from existing base businesses

• Over $45 billion of commercially secured medium- to longer-term projects

Dividend Poised to Grow Through 2020

• Expected annual dividend growth at upper end of 8 to 10% range

Financial Discipline

• Value 'A' grade credit rating

• Corporate structure is simple and understandable

Committed to responsible development

• Industry-leading safety record and have been recognized by numerous third-party rating agencies for excellence in balancing safety, profitability and social and environmental responsibility

Consolidated statement of cash flows

year ended December 31 (millions of Canadian $)	2016	2015	2014
Cash Generated from Operations			
Net income/(loss)	**485**	(1,140)	1,993
Depreciation and amortization	**1,939**	1,765	1,611
Goodwill and other asset impairment charges (Notes 8, 11 and 12)	**1,388**	3,745	—
Deferred income taxes (Note 16)	**196**	(102)	686
Income from equity investments (Note 9)	**(514)**	(440)	(522)
Distributions received from operating activities of equity investments (Note 9)	**844**	793	726
Employee post-retirement benefits expense, net of funding (Note 23)	**(3)**	44	37
Loss/(gain) on assets held for sale/sold (Notes 6 and 26)	**833**	125	(117)
Equity allowance for funds used during construction	**(253)**	(165)	(95)
Unrealized (gains)/losses on financial instruments	**(149)**	58	74
Other	**55**	47	22
Decrease/(increase) in operating working capital (Note 25)	**248**	(346)	(189)
Net cash provided by operations	**5,069**	4,384	4,226
Investing Activities			
Capital expenditures (Note 4)	**(5,007)**	(3,918)	(3,489)
Capital projects in development (Note 4)	**(295)**	(511)	(848)
Contributions to equity investments (Note 9)	**(765)**	(493)	(256)
Acquisitions, net of cash acquired (Note 5 and 26)	**(13,608)**	(236)	(241)
Proceeds from sale of assets, net of transaction costs (Note 26)	**6**	—	196
Other distributions from equity investments (Note 9)	**727**	9	12
Deferred amounts and other	**159**	270	335
Net cash used in investing activities	**(18,783)**	(4,879)	(4,291)
Financing Activities			
Notes payable (repaid)/issued, net	**(329)**	(1,382)	544
Long-term debt issued, net of issue costs	**12,333**	5,045	1,403
Long-term debt repaid	**(7,153)**	(2,105)	(1,069)
Junior subordinated notes issued, net of issue costs	**1,549**	917	—
Dividends on common shares	**(1,436)**	(1,446)	(1,345)
Dividends on preferred shares	**(100)**	(92)	(94)
Distributions paid to non-controlling interests	**(279)**	(224)	(178)
Common shares issued, net of issue costs	**7,747**	27	47
Common shares repurchased (Note 20)	**(14)**	(294)	—
Preferred shares issued, net of issue costs	**1,474**	243	440
Partnership units of subsidiary issued, net of issue costs	**215**	55	79
Preferred shares of subsidiary redeemed (Note 19)	**—**	—	(200)
Net cash provided by/(used in) financing activities	**14,007**	744	(373)
Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	**(127)**	112	—
Increase/(Decrease) in Cash and Cash Equivalents	**166**	361	(438)
Cash and Cash Equivalents			
Beginning of year	**850**	489	927
Cash and Cash Equivalents			
End of year	**1,016**	850	489

TransCanada
In business to deliver

TransCanada
In business to deliver

Recommendation