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Articles of Arrangement

Business Corporations Act
Section 193

This information is collected in accordance with the *Business Corporations Act*. It is required to update an Alberta corporation's articles for the purpose of issuing a certificate of amendment. Collection is authorized under s. 33(a) of the *Freedom of Information and Protection of Privacy Act*. Questions about the collection can be directed to Service Alberta Contact Centre staff at cr@gov.ab.ca or (780) 427-7013 (toll-free 310-0000) within Alberta.

1. Name of Corporation	2. Corporate Access Number
KINDER MORGAN CANADA LIMITED	2020347171

3. **In accordance with the order approving the arrangement, the articles of the corporation are amended as follows:**

Reference is made to the plan of arrangement (the "**Plan of Arrangement**") involving Pembina Pipeline Corporation ("**Pembina**"), Kinder Morgan Canada Limited (the "**Corporation**"), the holders (collectively, the "**Voting Shareholders**") of restricted voting shares and special voting shares of the Corporation, together with the associated Class B limited partnership units of Kinder Morgan Canada Limited Partnership, and the holders ("**Preferred Shareholders**") of cumulative redeemable minimum rate reset preferred shares, series 1 and 3 of the Corporation. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Plan of Arrangement.

In accordance with the Order of the Court of Queen's Bench of Alberta dated December 10, 2019 approving the arrangement pursuant to Sections 193(1)(f) and 193(1)(c) of the *Business Corporations Act* (Alberta), a certified copy of which is attached hereto as Schedule "A", the Plan of Arrangement involving Pembina, the Corporation, the Voting Shareholders and Preferred Shareholders, a copy of which is attached hereto as Schedule "B" (which schedules are incorporated into and form a part hereof), is hereby effected.

The Plan of Arrangement does not effect any amendment to the Articles of the Corporation, other than as a result of the amalgamation of PKM Canada Limited and Kinder Morgan Canada Limited, which forms part of the Plan of Arrangement.

4. **Authorized Representative/Authorized Signing Authority for the corporation:**

Sanders, Dax A.
Last Name, First Name Middle Name

Chief Financial Officer
Relationship to Corporation

Telephone Number

Not Applicable.
E-mail (optional)

December 16, 2019
Date

Signature

Electronically Registered in
The Alberta Registries
CORES System on

(date & initials of accredited user)

31451567.1

SCHEDULE "A"

ORDER OF THE COURT OF QUEEN'S BENCH OF ALBERTA

(Attached)

4650

FILED
DEC 10 2019
JUDICIAL CENTRE OF CALGARY
CLERK OF THE COURT

COURT FILE NUMBER	1901-15044
COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY
	IN THE MATTER OF SECTION 193 OF THE *BUSINESS CORPORATIONS ACT*, RSA 2000, c B-9, AS AMENDED AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING KINDER MORGAN CANADA LIMITED, SHAREHOLDERS OF KINDER MORGAN CANADA LIMITED, PEMBINA PIPELINE CORPORATION AND CERTAIN OTHER PERSONS
APPLICANT	KINDER MORGAN CANADA LIMITED
RESPONDENT	NOT APPLICABLE
DOCUMENT	**FINAL ORDER**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**BLAKE, CASSELS & GRAYDON LLP** 3500, 855 – 2nd Street S.W Calgary, Alberta T2P 4J8

I hereby certify this to be a true copy of the original Order
Dated this 10 day of December / 19
for Clerk of the Court

Attention:	David V Tupper/ Tracy A Van Brunt
Telephone:	403-260-9722/ 403-260-9609
Facsimile	403-260-9700
Email	david.tupper@blakes.com tracy.vanbrunt@blakes.com
File	180412/38

DATE ON WHICH ORDER WAS PRONOUNCED: December 10, 2019

NAME OF JUDGE WHO MADE THIS ORDER: Justice Eamon

LOCATION OF HEARING: Calgary Courts Centre

UPON THE Originating Application (the "**Originating Application**") of Kinder Morgan Canada Limited (the "**Company**") for approval of an arrangement (the "**Arrangement**") involving the Company, Pembina Pipeline Corporation ("**Pembina**"), Kinder Morgan Canada Limited Partnership, the holders (the "**Voting Shareholders**") of restricted voting shares and special

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voting shares (collectively the "**Voting Shares**"), the holders (the "**Preferred Shareholders**") of cumulative redeemable minimum rate reset preferred shares, Series 1 and Series 3 (collectively, the "**Preferred Shares**") in the capital of the Company pursuant to Section 193 of the *Business Corporations Act*. RSA 2000, c B-9. as amended (the "**ABCA**").

AND UPON reading the Originating Application, the Interim Order of this Court, granted on November 4, 2019 (the "**Interim Order**"), and the Affidavits of Dax A Sanders, sworn October 24, 2019 and December 10, 2019 and the exhibits referred to therein;

AND UPON being advised that service of notice of this application has been effected in accordance with the Interim Order or as otherwise accepted by the Court

AND UPON being advised by counsel to the Company that no notices of intention to appear have been filed in respect of this application (the "**Final Order Application**").

AND UPON the Court being satisfied that the special meetings of the Voting Shareholders and the Preferred Shareholders were called and conducted in accordance with the terms of the Interim Order

AND UPON the Court being satisfied that the Company has sought and obtained the approval of the Arrangement by the Voting Shareholders and the Preferred Shareholders in the manner and by the requisite majorities as set forth in the Interim Order;

AND UPON it appearing that the Company is not insolvent and that it is impracticable to effect the transactions contemplated by the Arrangement under any other provision of the *ABCA* other than Section 193 of the *ABCA*;

AND UPON being advised that the approval of the Arrangement by this Court will constitute the basis for an exemption from the registration requirements of the *Securities Act of 1933*, as amended, of the United States of America pursuant to Section 3(a)(10) thereof, with respect to the issuance of common shares and applicable preferred shares of Pembina issuable to Voting Shareholders and Preferred Shareholders, respectively, in exchange for their Voting Shares and Preferred Shares all pursuant to the Arrangement;

AND UPON the Court being satisfied that the statutory requirements to approve the Arrangement have been fulfilled and that the Arrangement has been put forward in good faith;

AND UPON the Court being satisfied that the terms and conditions of the Arrangement and the procedures relating thereto, are fair and reasonable, substantively and procedurally, to the Voting Shareholders, the Preferred Shareholders and other affected persons and that the Arrangement ought to be approved.

AND UPON hearing from counsel for the Company and counsel for Pembina.

IT IS HEREBY ORDERED THAT:

1. The Arrangement proposed by the Company, on the terms set forth in Schedule "A" to this order (the "**Order**"), is hereby approved by the Court under Section 193 of the *ABCA*

2. The terms and conditions of the Arrangement, and the procedures relating thereto, are fair and reasonable, substantively and procedurally, to the Voting Shareholders, the Preferred Shareholders and all other affected persons.

3. The articles of arrangement in respect of the Arrangement (the "**Articles of Arrangement**") shall be filed pursuant to Section 193 of the *ABCA* on such date as the Company determines in accordance with the terms of the Arrangement.

4. Service of notice of the Originating Application, the notices in respect of the Meetings and the Interim Order is hereby deemed good and sufficient service. Service of this Order shall be made on all persons who appeared on the Final Order Application, either by counsel or in person, but is otherwise dispensed with.

5. The Company or Pembina may, on notice to such parties as the Court may order, seek leave at any time prior to the filing of the Articles of Arrangement to vary this Order or seek advice and directions as to the implementation of this Order.

Justice of the Court of Queen's
Bench of Alberta

SCHEDULE "A"

ARRANGEMENT

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PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER SECTION 193 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

ARTICLE 1 INTERPRETATION

1.1 In this Plan of Arrangement the following terms have the following meanings

(a) "**ABCA**" means the *Business Corporations Act* R.S.A. 2000 c B-9 as amended including the regulations promulgated thereunder.

(b) "**Amalco**" means the corporation resulting from the Amalgamation

(c) "**Amalgamation**" means the amalgamation of Pembina SubCo and KML to be effected pursuant to Section 3.1(h) if the Preferred Share Condition is satisfied prior to the Effective Time

(d) "**Arrangement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to the arrangement pursuant to section 193 of the ABCA on the terms and subject to the conditions set forth in this Plan of Arrangement as supplemented, modified or amended in accordance with this Plan and not to any particular article section or other portion hereof

(e) "**Arrangement Agreement**" means the arrangement agreement dated effective as of August 20 2019 amended and restated effective as of September 10, 2019 between Pembina and KML with respect to the Arrangement as the same may be amended supplemented or otherwise modified from time to time in accordance with its terms

(f) "**Arrangement Resolution**" means the special resolution of the KML Voting Shareholders, voting together as a single class, in respect of the Arrangement to be considered at the KML Shareholders' Meeting, substantially in the form attached as Schedule B to the Arrangement Agreement

(g) "**Articles of Arrangement**" means the articles of arrangement of KML in respect of the Arrangement required under subsection 193(10) of the ABCA to be sent to the Registrar for filing after the Final Order has been granted giving effect to the Arrangement,

(h) "**Business Day**" means a day other than a Saturday Sunday or statutory holiday or other day when banks in the City of Calgary Alberta or Houston, Texas are not generally open for business:

(i) "**Certificate**" means the certificate or proof of filing to be issued by the Registrar pursuant to subsection 193(11) or 193(12) of the ABCA in respect of the Articles of Arrangement giving effect to the Arrangement:

(j) "**Class B Units**" means the Class B limited partnership units of the Limited Partnership,

(k) "**Cooperation Agreement**" means the cooperation agreement dated May 30, 2017 among KML, Kinder Morgan Inc., the Limited Partnership, KM Canada Terminals ULC, Kinder Morgan Canada GP Inc and Kinder Morgan Canada Company, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms;

(l) "**Court**" means the Court of Queen's Bench of Alberta

(m) "**Depositary**" means Computershare Trust Company of Canada a trust company licensed to carry on business in the Province of Alberta at its principal office in Calgary, Alberta, or such other person that may be appointed by Pembina and KML for the purpose of receiving deposits of certificates formerly representing KML Restricted Voting Shares or KML Preferred Shares, if applicable

(n) "**Dissent Rights**" means the rights of dissent in respect of the Arrangement provided for in Article 4,

(o) "**Dissenting KML Shareholders**" means registered KML Restricted Voting Shareholders and, if the Preferred Share Condition is satisfied prior to the Effective Time, registered KML Preferred Shareholders in any case who validly exercise the Dissent Rights which exercise of Dissent Rights has not been withdrawn, or is not deemed to have been withdrawn before the Effective Time

(p) "**Effective Date**" means the date the Arrangement becomes effective under the ABCA,

(q) "**Effective Time**" means 12 01 a m on the Effective Date,

(r) "**Encumbrance**" includes any mortgage, pledge, assignment charge lien, security interest adverse interest in property other third party interest or encumbrance of any kind whether contingent or absolute and any agreement option, right or privilege (whether by law contract or otherwise) capable of becoming any of the foregoing

(s) "**Final Order**" means the final order of the Court acceptable to KML and Pembina each acting reasonably, approving the Arrangement pursuant to subsection 193(9)(a) of the ABCA as such order may be amended (provided that any such amendment is acceptable to both the KML and Pembina, each acting reasonably) at any time prior to the Effective Date or if appealed then unless such appeal is withdrawn or denied, as affirmed;

(t) "**Interim Order**" means an interim order of the Court acceptable to KML and Pembina each acting reasonably concerning the Arrangement under subsection 193(4) of the ABCA, containing declarations and directions with respect to the Arrangement and the holding of the KML Shareholders' Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction with the approval of KML and Pembina each acting reasonably

(u) "**KML**" means Kinder Morgan Canada Limited, a corporation incorporated under the ABCA;

(v) "**KML Preferred Share Consideration**" means one Pembina Series A Exchange Share per KML Series 1 Share without interest one Pembina Series B Exchange Share per KML Series 2 Share, without interest one Pembina Series C Exchange Share per KML Series 3 Share, without interest, and one Pembina Series D Exchange Share per KML Series 4 Share, without interest as applicable

(w) "**KML Preferred Shareholders**" means, collectively the holders of outstanding KML Preferred Shares

(x) "**KML Preferred Shares**" means collectively, the KML Series 1 Shares, the KML Series 2 Shares, the KML Series 3 Shares and the KML Series 4 Shares;

(y) "**KML Proxy Circular**" means the notice of the KML Shareholders' Meeting to be sent to KML Voting Shareholders and KML Preferred Shareholders and the management proxy circular to be prepared in connection with the KML Shareholders' Meeting, together with any amendments thereto or supplements thereof made in accordance with the Arrangement Agreement and any other registration statement, information circular or proxy statement which may be prepared in connection with the KML Shareholders' Meeting

(z) "**KML Restricted Voting Shareholders**" means the holders of KML Restricted Voting Shares

(aa) "**KML Restricted Voting Shares**" means the restricted voting shares in the capital of KML

(bb) "**KML Series 1 Shares**" means the cumulative redeemable minimum rate reset Preferred Shares Series 1 in the capital of KML

(cc) "**KML Series 2 Shares**" means the cumulative redeemable floating rate Preferred Shares Series 2 in the capital of KML

(dd) "**KML Series 3 Shares**" means the cumulative redeemable minimum rate reset Preferred Shares, Series 3 in the capital of KML.

(ee) "**KML Series 4 Shares**" means the cumulative redeemable floating rate Preferred Shares Series 4 in the capital of KML

(ff) "**KML Shareholders' Meeting**" means such meeting or meetings of the KML Voting Shareholders and the KML Preferred Shareholders including any adjournment thereof in accordance with the Arrangement Agreement that is to be convened as provided by the Interim Order to consider and if deemed advisable approve the Arrangement

(gg) "**KML Special Voting Share Consideration**" means $0 000001 per KML Special Voting Share

(hh) "**KML Special Voting Shareholders**" means the holders of KML Special Voting Shares and associated Class B Units

(ii) "**KML Special Voting Shares**" means the special voting shares in the capital of KML;

(jj) "**KML Voting Shareholders**" means, collectively, the KML Restricted Voting Shareholders and the KML Special Voting Shareholders

(kk) "**KML Voting Shares**" means, collectively, the KML Restricted Voting Shares and the KML Special Voting Shares,

(ll) "**Letter of Transmittal**" means as applicable, (i) in respect of the KML Restricted Voting Shares the letter of transmittal sent to KML Restricted Voting Shareholders pursuant to which holders of KML Restricted Voting Shares are required to deliver certificates representing the KML Restricted Voting Shares to the Depositary in order to receive, on completion of the Arrangement, in exchange for each KML Restricted Voting Share, the Pembina Common Share Consideration; (ii) in respect of the KML Special Voting Shares and the Class B Units the letter of transmittal pursuant to which KML Special Voting Shareholders are required to deliver certificates representing the KML Special Voting Shares and the Class B Units to Pembina in order to receive on completion of the Arrangement, in exchange for each KML Special Voting Share, the KML Special Voting Share Consideration and for each Class B Units the Pembina Common Share

Consideration; and (iii) in respect of the KML Preferred Shares the letter of transmittal sent to KML Preferred Shareholders pursuant to which KML Preferred Shareholders are required to deliver certificates representing the KML Preferred Shares to the Depositary in order to receive, on the Arrangement becoming effective and if the Preferred Share Condition is satisfied prior to the Effective Time, the applicable KML Preferred Share Consideration and the consideration to be paid pursuant to Section 3 1(g),

(mm) "**Limited Partnership**" means Kinder Morgan Canada Limited Partnership a limited partnership formed under the laws of the Province of Alberta, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms;

(nn) "**Limited Partnership Agreement**" means the second amended and restated limited partnership agreement dated August 15, 2017 governing the Limited Partnership as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms;

(oo) "**Pembina**" means Pembina Pipeline Corporation, a corporation existing under the ABCA

(pp) "**Pembina Class A Preferred Shares**" means the class A preferred shares in the capital of Pembina,

(qq) "**Pembina Common Share Consideration**" means 0.3068 of a Pembina Common Share;

(rr) "**Pembina Common Shares**" means the common shares in the capital of Pembina

(ss) "**Pembina Exchange Preferred Shares**" means, collectively the Pembina Series A Exchange Shares, the Pembina Series B Exchange Shares, the Pembina Series C Exchange Shares and the Pembina Series D Exchange Shares each as constituted on the Effective Date

(tt) "**Pembina Series A Exchange Shares**" means a series of the cumulative redeemable minimum rate reset Pembina Class A Preferred Shares, such shares having identical terms to the KML Series 1 Shares except that the issuer thereof will be Pembina, they will be convertible into Pembina Series B Exchange Shares instead of KML Series 2 Shares references to KML Restricted Voting Shares will be to the Pembina Common Shares and there will be no mention of the KML Special Voting Shares;

(uu) "**Pembina Series B Exchange Shares**" means a series of the cumulative redeemable floating rate Pembina Class A Preferred Shares such shares having identical terms to the KML Series 2 Shares except that the issuer thereof will be Pembina, they will be convertible into Pembina Series A Exchange Shares instead of KML Series 1 Shares, references to KML Restricted Voting Shares will be to the Pembina Common Shares and there will be no mention of the KML Special Voting Shares;

(vv) "**Pembina Series C Exchange Shares**" means a series of cumulative redeemable minimum rate reset Pembina Class A Preferred Shares, such shares having identical terms to the KML Series 3 Shares except that the issuer thereof will be Pembina, they will be convertible into Pembina Series D Exchange Shares instead of KML Series 4 Shares, references to KML Restricted Voting Shares will be to the Pembina Common Shares and there will be no mention of the KML Special Voting Shares;

(ww) "**Pembina Series D Exchange Shares**" means a series of cumulative redeemable floating rate Pembina Class A Preferred Shares such shares having identical terms to the KML Series 4 Shares except that the issuer thereof will be Pembina, they will be convertible into Pembina Series C Exchange Shares instead of KML Series 3 Shares, references to KML Restricted Voting Shares will be to the Pembina Common Shares and there will be no mention of the KML Special Voting Shares,

(xx) "**Pembina SubCo**" means [•] a corporation existing under the ABCA

(yy) "**Plan**" or "**Plan of Arrangement**" means this plan of arrangement as amended, supplemented or otherwise modified from time to time in accordance with the terms hereof, and "hereby" "hereof" "herein". "hereunder" "herewith" and similar terms refer to this plan of arrangement and not to any particular provision of this plan of arrangement

(zz) "**Preferred Share Condition**" means that the Preferred Shareholder Resolution is approved at the KML Shareholders' Meeting as specified in the Interim Order,

(aaa) "**Preferred Shareholder Resolution**" means the special resolution of the KML Preferred Shareholders voting together as a single class, in respect of the Arrangement to be considered at the KML Shareholders' Meeting substantially in the form attached as Schedule C to the Arrangement Agreement

(bbb) "**Registrar**" means the Registrar of Corporations duly appointed pursuant to section 263 of the ABCA

(ccc) "**Services Agreement**" means the services agreement dated as of May 30 2017 between Kinder Morgan Canada Services Inc , KML Kinder Morgan Canada GP Inc and the Limited Partnership as amended and assigned as of August 31, 2018, and as the same may be amended supplemented or otherwise modified from time to time in accordance with its terms and

(ddd) "**Tax Act**" means the *Income Tax Act* R S C 1985 c 1 (5th Supp) as amended including the regulations promulgated thereunder, as amended from time to time

1.2 The division of this Plan of Arrangement into articles, sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement

1.3 Unless reference is specifically made to some other document or instrument all references herein to articles sections and subsections are to articles sections and subsections of this Plan of Arrangement.

1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders and words importing persons shall include individuals, partnerships, associations, corporations funds, unincorporated organizations, governments regulatory authorities and other entities The words "include", "includes" and "including" shall be deemed to be followed by the words "without limitation" whether or not they are in fact followed by those words or words of like import

1.5 Unless otherwise specified, all references to "dollars" or "$" shall mean Canadian dollars.

1.6 In the event that the date on which any action is required to be taken hereunder by any person is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place

1.7 Time shall be of the essence in every matter or action contemplated hereunder All times expressed herein or in a Letter of Transmittal are local time in Calgary, Alberta unless otherwise stipulated herein or therein.

1.8 Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada

1.9 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted from time to time in effect

ARTICLE 2
ARRANGEMENT AGREEMENT

2.1 This Plan of Arrangement is made pursuant and subject to the provisions of and forms part of the Arrangement Agreement

2.2 This Plan of Arrangement upon the filing of the Articles of Arrangement and the issue of the Certificate will become effective on and be binding on and after, the Effective Time on (a) all registered and beneficial KML Voting Shareholders (including Dissenting KML Shareholders). (b) if the Preferred Share Condition is satisfied prior to the Effective Time, all registered and beneficial KML Preferred Shareholders (including Dissenting KML Shareholders) (c) KML; (d) the Limited Partnership and its partners (e) the parties to the Cooperation Agreement; (f) the parties to the Services Agreement and (g) Pembina

2.3 The Articles of Arrangement and Certificate shall be filed and issued, respectively, with respect to this Arrangement in its entirety The Certificate shall be conclusive evidence that the Arrangement has become effective, including that each of the provisions of Article 3 have become effective in the sequence set out therein If no Certificate is required to be issued by the Registrar pursuant to subsection 193(11) of the ABCA the Arrangement shall become effective at the Effective Time on the date the Articles of Arrangement are filed with the Registrar pursuant to subsection 193(10) of the ABCA

ARTICLE 3
ARRANGEMENT

3.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following order without any further act or formality except as otherwise provided herein.

Dissenting KML Shareholders

(a) Subject to Article 4, the KML Restricted Voting Shares and, if the Preferred Share Condition is satisfied prior to the Effective Time the KML Preferred Shares held by Dissenting KML Shareholders shall be deemed to have been transferred to Pembina (free and clear of any Encumbrances) and cancelled, and such Dissenting KML Shareholders shall cease to have any rights as KML Restricted Voting Shareholders or KML Preferred Shareholders, as applicable other than the right to be paid the fair value of their KML Restricted Voting Shares or KML Preferred Shares, as the case may be, in accordance with Article 4, and the names of such holders shall be removed from the register of KML Restricted Voting Shareholders or KML Preferred Shareholders, as applicable, and Pembina shall be recorded as the registered holder of KML Restricted Voting Shares and KML Preferred Shares so transferred

Termination of the Cooperation Agreement

(b) the Cooperation Agreement shall be terminated and shall cease to have any further force or effect.

Termination of the Services Agreement

(c) the Services Agreement shall be terminated and shall cease to have any further force or effect

Amendment of the Limited Partnership Agreement

(d) the Limited Partnership Agreement shall be amended to facilitate the transactions in this Plan of Arrangement

Acquisition of Class B Units by KML

(e) each issued and outstanding Class B Unit shall be transferred by the holder thereof without any further action on its part (free and clear of any Encumbrances) to KML in exchange for one fully paid non-assessable KML Restricted Voting Shares, and KML shall be deemed to be the legal and beneficial owner of such transferred Class B Unit (free and clear of any Encumbrances) and upon such exchange

(i) the holders of such Class B Units shall cease to be the holders of Class B Units and the names of such holders shall be removed from the register of holders of Class B Units and

(ii) KML shall become the holder of the Class B Units so exchanged and shall be added to the register of holders of Class B Units as the registered holder of such units.

Acquisition of KML Special Voting Shares by Pembina

(f) each issued and outstanding KML Special Voting Share shall be transferred by the holder thereof without any further action on its part (free and clear of any Encumbrances) to Pembina in exchange for the KML Special Voting Share Consideration, and Pembina shall be deemed to be the legal and beneficial owner of such transferred KML Special Voting Share (free and clear of any Encumbrances) and upon such exchange

(i) the holders of such KML Special Voting Shares shall cease to be the holders of KML Special Voting Shares and the names of such holders shall be removed from the register of KML Special Voting Shareholders; and

(ii) Pembina shall become the holder of the KML Special Voting Shares so exchanged and shall be added to the register of KML Special Voting Shareholders as the registered holder of such shares;

Provided that the Preferred Share Condition is satisfied prior to the Effective Time, the following provisions 3.1(g), (h) and (i) and shall operate:

(g) in respect of each KML Preferred Share, all accrued and unpaid dividends thereon up to but excluding the Effective Date shall be paid by KML in cash to the Depositary who will deliver such applicable consideration to each holder of KML Preferred Shares in connection with its deposit of KML Preferred Shares as contemplated herein;

Amalgamation

(h) Pembina SubCo and KML shall be amalgamated and continued as one corporation under the ABCA in accordance with this Plan including the following:

(i) *Name* The name of Amalco shall be the name of Pembina SubCo

(ii) *Share Provisions* The share provisions and authorized share capital of Amalco shall be the same as the share provisions and authorized share capital of Pembina SubCo,

(iii) *Directors and Officers*

(A) **Initial Directors** The directors of Amalco shall be the same as the directors of Pembina SubCo. and

(B) **Initial Officers** The officers of Amalco shall be the same as the officers of Pembina SubCo.

(iv) *Business and Powers* There shall be no restrictions on the business that Amalco may carry on or on the powers it may exercise;

(v) *Other Provisions* The other provisions forming part of the articles of Amalco shall be the same as the respective provision of the articles of KML as such existed immediately prior to the Effective Time,

(vi) *By-laws* The by-laws of Amalco shall be the by-laws of Pembina SubCo

(vii) *Registered Office* The registered office of Amalco shall be the registered office of Pembina SubCo

(viii) *Effect of Amalgamation* The following shall be the effect of the Amalgamation

(A) all of the property of each of Pembina SubCo and KML shall continue to be the property of Amalco

(B) Amalco shall continue to be liable for the obligations of each of Pembina SubCo and KML

(C) any existing cause of action claim or liability to prosecution of Pembina SubCo or KML shall be unaffected

(D) any civil criminal or administrative action or proceeding pending by or against either of Pembina SubCo or KML may be continued to be prosecuted by or against Amalco. and

(E) a conviction against or ruling order or judgment in favour of or against either of Pembina SubCo or KML may be enforced by or against Amalco

(ix) *Articles* The articles of amalgamation of Amalco filed shall be deemed to be the articles of incorporation of Amalco and the certificate of amalgamation of Amalco shall be deemed to be the certificate of incorporation of Amalco; and

(x) *Inconsistency with Laws* To the extent any of the provisions of this Plan of Arrangement is deemed to be inconsistent with applicable laws, this Plan of Arrangement shall be automatically adjusted to remove such inconsistency

(i) pursuant to the Amalgamation

(i) each KML Restricted Voting Share (other than those held by Dissenting KML Shareholders) shall be cancelled in exchange for the Pembina Common Share Consideration,

(ii) each KML Preferred Share (other than those held by Dissenting KML Shareholders) shall be cancelled in exchange for the applicable KML Preferred Share Consideration

(iii) each KML Special Voting Share shall be cancelled

(iv) each common share of Pembina SubCo shall be converted into one common share of Amalco;

(v) the aggregate paid-up capital of the KML Restricted Voting Shares immediately prior to the Effective Time shall be added to the stated capital account maintained by Pembina in respect of the Pembina Common Shares

(vi) the aggregate stated capital of the KML Series 1 Shares, KML Series 2 Shares, KML Series 3 Shares and KML Series 4 Shares shall be added to the stated capital account maintained by Pembina in respect of the Pembina Series A Exchange Shares Pembina Series B Exchange Shares, Pembina Series C Exchange Shares, Pembina Series D Exchange Shares, respectively,

(vii) the aggregate stated capital of the common shares of Amalco will be an amount equal to the aggregate of the paid-up capital for the purposes of the Tax Act of (A) the KML Restricted Voting Shares and the KML Preferred Shares outstanding immediately before the Amalgamation and (B) any shares of Pembina SubCo outstanding immediately prior to the Effective Time:

(viii) the holders of such KML Restricted Voting Shares shall cease to be the holders of KML Restricted Voting Shares and the names of such holders shall be removed from the register of KML Restricted Voting Shareholders,

(ix) the former holders of KML Restricted Voting Shares shall be added to the register of Pembina Common Shares,

(x) the holders of such KML Preferred Shares shall cease to be the holders of KML Preferred Shares and the names of such holders shall be removed from the register of KML Preferred Shareholders

(xi) the former holders of KML Preferred Shares shall be added to the register of the applicable Pembina Exchange Preferred Shares

(xii) the holders of the KML Special Voting Shares and the common shares of Pembina SubCo shall cease to be the holders thereof and the names of such holders shall be removed from the register of KML Special Voting Shares and the common shares of Pembina SubCo, and

(xiii) the former holders of the common shares of Pembina SubCo shall be added to the register of the common shares of Amalco in accordance with the foregoing.

Unless the Preferred Share Condition is satisfied prior to the Effective Time, the following provision 3.1(j) shall operate:

Acquisition of KML Restricted Voting Shares by Pembina

(j) each issued and outstanding KML Restricted Voting Share (other than those held by Dissenting KML Shareholders) shall be transferred by the holder thereof without any further action on its part (free and clear of any Encumbrances) to Pembina in exchange for the Pembina Common Share Consideration, and Pembina shall be deemed to be the legal and beneficial owner of such transferred KML Restricted Voting Share (free and clear of any Encumbrances) and upon such exchange

(i) the holders of such KML Restricted Voting Shares shall cease to be the holders of KML Restricted Voting Shares and the names of such holders shall be removed from the register of KML Restricted Voting Shareholders

(ii) Pembina shall become the holder of the KML Restricted Voting Shares so exchanged and shall be added to the register of KML Restricted Voting Shareholders as the registered holder of such shares and

(iii) the aggregate paid-up capital of the KML Restricted Voting Shares immediately prior to the Effective Time shall be added to the stated capital account maintained by Pembina in respect of the Pembina Common Shares and

3 2 KML Pembina SubCo (if applicable), Pembina and the Depositary shall be entitled to deduct and withhold from any consideration or amount otherwise payable to any former KML Voting Shareholder or KML Preferred Shareholder if applicable such amounts as KML Pembina SubCo (if applicable) Pembina or the Depositary as the case may be, may determine is required or permitted to deduct and withhold with respect to such payment under the Tax Act the *United States Internal Revenue Code of 1986* or any provision of federal provincial, territorial state local or foreign tax law To the extent that amounts are so withheld such withheld amounts shall be treated for all purposes hereof as having been paid to the former KML Voting Shareholder or KML Preferred Shareholder, as the case may be in respect of which such deduction and withholding was made provided that such withheld amounts are actually remitted to the appropriate taxing authority To the extent that the amount so required to be deducted or withheld from any payment to a former KML Voting Shareholder or KML Preferred Shareholder exceeds the cash consideration otherwise payable to the holder KML, Pembina SubCo (if applicable), Pembina and the Depositary are hereby authorized to sell or otherwise dispose of any property or amount otherwise payable to such former KML Voting Shareholder or KML Preferred Shareholder pursuant to this Plan of Arrangement to the extent necessary to provide sufficient funds to KML Pembina SubCo (if applicable) Pembina or the Depositary, as the case may be, to enable it to comply with such deduction or withholding requirement and KML Pembina SubCo (if applicable) Pembina or the Depositary as the case may be shall remit to such former KML Voting Shareholder or KML Preferred Shareholder any unapplied balance of the net proceeds of such sale

3 3 The holders of Class B Units whose Class B Units are exchanged for KML Restricted Voting Shares pursuant to Section 3 1(e) shall be entitled to make a joint income tax election pursuant to section 85 of the Tax Act (and any analogous provision of provincial income tax law) with respect to the transfer by providing two signed copies of the necessary joint election form to KML (or Amalco as its successor by amalgamation) within 90 days of the Effective Date, in the prescribed form, duly completed including with the details of the number of Class B Units transferred and the applicable agreed amount (within the prescribed limits pursuant to the Tax Act) for the purposes of such joint election. Pembina shall cause Amalco, within 30 days of receiving the completed form sign and return such form to the holder for filing by such holder with the Canada Revenue Agency (and any applicable provincial tax authority) None of Pembina SubCo, Pembina or KML nor any successor thereof shall be responsible for the proper completion and filing of any joint election form and except for the obligation to sign and return the duly completed joint election forms which are received within 90 days of the Effective Date for any taxes interest or penalties

arising as a result of the failure of a holder of Class B Units to properly or timely complete and file such joint election forms in the form and manner prescribed by the Tax Act (or any applicable provincial legislation).

3 4 Pembina shall cause the general partner of the Limited Partnership to file an amendment to the certificate of limited partnership of the Limited Partnership to reflect the transfer pursuant to Section 3 1(e)

ARTICLE 4
DISSENTING KML SHAREHOLDERS

4 1 Each registered holder of KML Restricted Voting Shares or KML Preferred Shares shall have the right to dissent with respect to the Arrangement in accordance with the Interim Order and this Article 4 Notwithstanding subsection 191(5) of the ABCA, the written objection to the Arrangement referred to in subsection 191(5) of the ABCA must be received by KML from the Dissenting KML Shareholder not later than 4 00 p m on the date that is five Business Days prior to the date of the KML Shareholders' Meeting all in accordance with the Interim Order

4 2 A Dissenting KML Shareholder shall at the Effective Time cease to have any rights as a holder of KML Restricted Voting Shares or, if the Preferred Share Condition is satisfied prior to the Effective Time KML Preferred Shares as the case may be other than as set forth herein, and shall only be entitled to be paid by Pembina the fair value of the holder's KML Restricted Voting Shares or KML Preferred Shares as the case may be A Dissenting KML Shareholder who is entitled to be paid by Pembina the fair value of the holder's KML Restricted Voting Shares or KML Preferred Shares as the case may be, shall, pursuant to Section 3 1(a), be deemed to have transferred the holder's KML Restricted Voting Shares or KML Preferred Shares, as the case may be (free and clear of any Encumbrances) to Pembina for cancellation without any further act or formality notwithstanding the provisions of section 191 of the ABCA

4 3 A Dissenting KML Shareholder who for any reason is not ultimately entitled to be paid the fair value of the holder's KML Restricted Voting Shares or KML Preferred Shares, as the case may be shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of KML Restricted Voting Shares or KML Preferred Shareholders (provided, in the case of KML Preferred Shares that the Preferred Share Condition is satisfied prior to the Effective Time) notwithstanding the provisions of section 191 of the ABCA

4 4 The fair value of the KML Restricted Voting Shares shall be determined as of the close of business on the last Business Day before the day on which the Arrangement Resolution is approved by the holders of KML Voting Shares The fair value of the KML Preferred Shares shall be determined as at the close of business on the last Business Day before the day on which the Preferred Shareholder Resolution is approved by the KML Preferred Shareholders

4 5 In no event shall KML or Pembina be required to recognize any Dissenting KML Shareholder as a KML Restricted Voting Shareholder or (if the Preferred Share Condition is satisfied prior to the Effective Time) a KML Preferred Shareholder as the case may be after the Effective Time

4 6 For greater certainty, in addition to any other restrictions in section 191 of the ABCA (a) any person who has voted in favour of the Arrangement Resolution shall not be entitled to dissent with respect to such person's KML Restricted Voting Shares for the Arrangement and (b) any person who has voted in favour of the Preferred Shareholder Resolution shall not be entitled to dissent with respect to such person's KML Preferred Shares for the Arrangement In addition a Dissenting KML Shareholder may only exercise Dissent Rights in respect of all, and not less than all of its KML Restricted Voting Shares or KML Preferred Shares as the case may be

4 7 Notwithstanding any provision to the contrary in this Plan of Arrangement, if the Preferred Share Condition is not satisfied prior to the Effective Time the right to dissent provided for in this Article

4 shall cease to apply to KML Preferred Shareholders and any written objection to the Arrangement sent by a KML Preferred Shareholder shall be null and void.

ARTICLE 5
OUTSTANDING CERTIFICATES AND FRACTIONAL SHARES

5 1 Forthwith following the Effective Time, Pembina and KML shall, subject to Section 5.2, (a) cause to be issued (i) to the KML Restricted Voting Shareholders, the number of Pembina Common Shares issuable in respect of the KML Restricted Voting Shares required by Section 3.1(j) or Section 3 1(i) if the Preferred Share Condition is satisfied prior to the Effective Time, and (ii) to the holders of Class B Units the number of Pembina Common Shares issuable in respect of the Class B Units required by Section 3 1(e); (b) cause to be paid to the KML Special Voting Shareholders the aggregate KML Special Voting Share Consideration in respect of the KML Special Voting Shares required by Section 3 1(f); and (c) if the Preferred Share Condition is satisfied prior to the Effective Time, cause to be issued the number of Pembina Exchange Preferred Shares issuable, in respect of the KML Preferred Shares required by Section 3.1(i) and cause the consideration to be paid as required by Section 3 1(g)

5 2 Upon surrender to the Depositary (in respect of the KML Restricted Voting Shares or the KML Preferred Shares) or Pembina (in respect of the KML Special Voting Shares and the Class B Units), as applicable for cancellation of a certificate or certificates (as applicable) which, immediately prior to the Effective Time, represented outstanding KML Voting Shares, Class B Units or KML Preferred Shares, as the case may be, together with a duly completed and executed applicable Letter of Transmittal and such additional documents and instruments as the Depositary or Pembina as applicable, may reasonably require, each KML Voting Shareholder or KML Preferred Shareholder represented by such surrendered certificate(s) shall be entitled to receive in exchange therefor, and the Depositary or Pembina as applicable shall deliver to such holder, the consideration which such holder has the right to receive under this Plan of Arrangement for such KML Voting Shares, Class B Units or KML Preferred Shares, as the case may be, less any amounts withheld pursuant to Section 3 2 and any certificate(s) so surrendered shall forthwith be cancelled.

5 3 Until deposited as contemplated by Section 5 2 each certificate that immediately prior to the Effective Time represented KML Voting Shares Class B Units or if the Preferred Share Condition is satisfied prior to the Effective Time, KML Preferred Shares shall be deemed after the Effective Time to represent only the right to receive upon such deposit the consideration and other property to which the holders of such KML Voting Shares, Class B Units or KML Preferred Shares as applicable, are entitled under the Arrangement, or as to those held by Dissenting KML Shareholders other than those Dissenting KML Shareholders deemed to have participated in the Arrangement pursuant to Section 4.3, to receive the fair value of the KML Voting Shares Class B Units or KML Preferred Shares as applicable, represented by such certificates Any such certificate formerly representing KML Voting Shares Class B Units and, if the Preferred Share Condition is satisfied prior to the Effective Time, KML Preferred Shares not duly surrendered on or before the last Business Day prior to the third anniversary of the Effective Date shall cease to represent a claim by or interest of any former KML Voting Shareholder or KML Preferred Shareholder, as applicable, of any kind or nature against KML Pembina or Pembina SubCo (if applicable) On such date, all consideration and other property to which such former holder was entitled shall be deemed to have been surrendered to KML Pembina or Pembina SubCo (if applicable) as applicable.

5 4 No KML Voting Shareholder or, if the Preferred Share Condition is satisfied prior to the Effective Time KML Preferred Shareholder shall be entitled to receive any consideration with respect to such KML Voting Shares, Class B Units or KML Preferred Shares, as applicable, other than the consideration and other property to which such holder is entitled to receive under the Arrangement and for greater certainty, no such holder will be entitled to receive any interest

dividend (other than as contemplated under the Arrangement) premium or other payment in connection therewith

5 5 If any certificate which immediately prior to the Effective Time represented an interest in outstanding KML Voting Shares Class B Units or KML Preferred Shares as applicable that were exchanged pursuant to Section 3 1 has been lost, stolen or destroyed upon the making of an affidavit of that fact by the person claiming such certificate to have been lost stolen or destroyed the Depositary (in respect of the KML Restricted Voting Shares and the KML Preferred Shares) or Pembina (in respect of the KML Special Voting Shares and the Class B Units), as applicable will issue and deliver in exchange for such lost stolen or destroyed certificate the consideration and other property to which the holder is entitled pursuant to the Arrangement as determined in accordance with the Arrangement The person who is entitled to receive such consideration and other property shall as a condition precedent to the receipt thereof, give a bond satisfactory to Pembina and its transfer agent in such form as is satisfactory to Pembina and such transfer agent or otherwise indemnify KML, Pembina, Pembina SubCo (if applicable) and the transfer agent, to the reasonable satisfaction of such persons against any claim that may be made against any of them with respect to the certificate alleged to have been lost stolen or destroyed

5 6 No certificates representing fractional Pembina Common Shares shall be issued under the Arrangement In lieu of any fractional Pembina Common Shares each registered KML Restricted Voting Shareholder otherwise entitled to a fractional interest in Pembina Common Shares will receive the nearest whole number of Pembina Common Shares For greater certainty, where such fractional interest is greater than or equal to 0.5, the number of Pembina Common Shares to be issued will be rounded up to the nearest whole number and where such fractional interest is less than 0 5 the number of Pembina Common Shares to be issued will be rounded down to the nearest whole number In calculating such fractional interests all KML Restricted Voting Shares registered in the name of or beneficially held by a holder thereof and its nominee(s) shall be aggregated

ARTICLE 6
AMENDMENTS

6 1 KML and Pembina may amend modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time provided that each such amendment modification and/or supplement must be (a) set out in writing (b) approved by KML and Pembina; (c) filed with the Court and if made following the KML Shareholders' Meeting approved by the Court, and (d) communicated to KML Voting Shareholders and/or KML Preferred Shareholders, if and as required by the Court

6 2 Any amendment modification or supplement to this Plan of Arrangement may be proposed by KML or Pembina at any time prior to or at the KML Shareholders' Meeting (provided that the other shall have approved it, acting reasonably) with or without any other prior notice or communication and if so proposed and accepted in the manner contemplated and to the extent required by the Arrangement Agreement by the persons voting at the KML Shareholders' Meeting (other than as may be required under the Interim Order or other order of the Court) shall become part of this Plan of Arrangement for all purposes

6 3 Any amendment modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the KML Shareholders' Meeting shall be effective only (a) if it is approved in writing by each of KML and Pembina (each acting reasonably), and (b) if required by the Court or applicable law, it is approved by the KML Voting Shareholders and/or KML Preferred Shareholders

6 4 Any amendment modification or supplement to this Plan of Arrangement may be made following the Effective Time provided that it is approved in writing by each of Pembina and KML if it concerns a matter which, in the reasonable opinion of each of Pembina and KML is of an

administrative nature required to better give effect to the implementation of this Plan of Arrangement and it is not adverse to the financial or economic interests of any former KML Voting Shareholder and, if the Preferred Share Condition is satisfied prior to the Effective Time, any former holder of KML Preferred Shares.

6.5 Notwithstanding anything else contained herein in the circumstances where the Preferred Share Condition is not satisfied at the KML Shareholders' Meeting, KML shall amend this Plan of Arrangement to exclude the KML Preferred Shares under this Plan of Arrangement and matters ancillary thereto.

ARTICLE 7
FURTHER ASSURANCES

7.1 Notwithstanding that the transactions and events set out herein shall occur and shall be deemed to occur in the order set out in this Plan without any further act or formality each of KML and Pembina shall make, do and execute, or cause to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required in order further to document or evidence any of the transactions or events set out herein.

7.2 From and after the Effective Time (a) this Plan shall take precedence and priority over any and all rights related to KML Voting Shares, Class B Units and, if the Preferred Share Condition is satisfied prior to the Effective Time, KML Preferred Shares issued prior to the Effective Time (b) the rights and obligations of the holders of KML Voting Shares, Class B Units and, if the Preferred Share Condition is satisfied prior to the Effective Time, holders of KML Preferred Shares and, in each case, any respective trustee and transfer agent therefor shall be solely as provided for in this Plan and (c) all actions, causes of actions, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to KML Voting Shares, Class B Units and, if the Preferred Share Condition is satisfied prior to the Effective Time, KML Preferred Shares shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein.

SD. 4650

SCHEDULE "B"

PLAN OF ARRANGEMENT

(Attached)

PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER SECTION 193 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

ARTICLE 1 INTERPRETATION

1.1 In this Plan of Arrangement, the following terms have the following meanings:

(a) "**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

(b) "**Amalco**" means the corporation resulting from the Amalgamation;

(c) "**Amalgamation**" means the amalgamation of Pembina SubCo and KML to be effected pursuant to Section 3.1(h) if the Preferred Share Condition is satisfied prior to the Effective Time;

(d) "**Arrangement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to the arrangement pursuant to section 193 of the ABCA on the terms and subject to the conditions set forth in this Plan of Arrangement as supplemented, modified or amended in accordance with this Plan, and not to any particular article, section or other portion hereof;

(e) "**Arrangement Agreement**" means the arrangement agreement dated effective as of August 20, 2019, amended and restated effective as of September 10, 2019, between Pembina and KML with respect to the Arrangement, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms;

(f) "**Arrangement Resolution**" means the special resolution of the KML Voting Shareholders, voting together as a single class, in respect of the Arrangement to be considered at the KML Shareholders' Meeting, substantially in the form attached as Schedule B to the Arrangement Agreement;

(g) "**Articles of Arrangement**" means the articles of arrangement of KML in respect of the Arrangement required under subsection 193(10) of the ABCA to be sent to the Registrar for filing after the Final Order has been granted, giving effect to the Arrangement;

(h) "**Business Day**" means a day other than a Saturday, Sunday or statutory holiday or other day when banks in the City of Calgary, Alberta or Houston, Texas are not generally open for business;

(i) "**Certificate**" means the certificate or proof of filing to be issued by the Registrar pursuant to subsection 193(11) or 193(12) of the ABCA in respect of the Articles of Arrangement giving effect to the Arrangement;

(j) "**Class B Units**" means the Class B limited partnership units of the Limited Partnership;

(k) "**Cooperation Agreement**" means the cooperation agreement dated May 30, 2017 among KML, Kinder Morgan, Inc., the Limited Partnership, KM Canada Terminals ULC, Kinder Morgan Canada GP Inc. and Kinder Morgan Canada Company, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms;

(l) "**Court**" means the Court of Queen's Bench of Alberta;

(m) "**Depositary**" means Computershare Trust Company of Canada, a trust company licensed to carry on business in the Province of Alberta at its principal office in Calgary, Alberta, or such other person that may be appointed by Pembina and KML for the purpose of receiving deposits of certificates formerly representing KML Restricted Voting Shares or KML Preferred Shares, if applicable;

(n) "**Dissent Rights**" means the rights of dissent in respect of the Arrangement provided for in Article 4;

(o) "**Dissenting KML Shareholders**" means registered KML Restricted Voting Shareholders and, if the Preferred Share Condition is satisfied prior to the Effective Time, registered KML Preferred Shareholders, in any case who validly exercise the Dissent Rights, which exercise of Dissent Rights has not been withdrawn, or is not deemed to have been withdrawn, before the Effective Time;

(p) "**Effective Date**" means the date the Arrangement becomes effective under the ABCA;

(q) "**Effective Time**" means 12:01 a.m. on the Effective Date;

(r) "**Encumbrance**" includes any mortgage, pledge, assignment, charge, lien, security interest, adverse interest in property, other third party interest or encumbrance of any kind whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;

(s) "**Final Order**" means the final order of the Court acceptable to KML and Pembina, each acting reasonably, approving the Arrangement pursuant to subsection 193(9)(a) of the ABCA, as such order may be amended (provided that any such amendment is acceptable to both the KML and Pembina, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed;

(t) "**Interim Order**" means an interim order of the Court acceptable to KML and Pembina, each acting reasonably, concerning the Arrangement under subsection 193(4) of the ABCA, containing declarations and directions with respect to the Arrangement and the holding of the KML Shareholders' Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction with the approval of KML and Pembina, each acting reasonably;

(u) "**KML**" means Kinder Morgan Canada Limited, a corporation incorporated under the ABCA;

(v) "**KML Preferred Share Consideration**" means one Pembina Series A Exchange Share per KML Series 1 Share, without interest, one Pembina Series B Exchange Share per KML Series 2 Share, without interest, one Pembina Series C Exchange Share per KML Series 3 Share, without interest, and one Pembina Series D Exchange Share per KML Series 4 Share, without interest, as applicable;

(w) "**KML Preferred Shareholders**" means, collectively, the holders of outstanding KML Preferred Shares;

(x) "**KML Preferred Shares**" means, collectively, the KML Series 1 Shares, the KML Series 2 Shares, the KML Series 3 Shares and the KML Series 4 Shares;

(y) **"KML Proxy Circular"** means the notice of the KML Shareholders' Meeting to be sent to KML Voting Shareholders and KML Preferred Shareholders and the management proxy circular to be prepared in connection with the KML Shareholders' Meeting, together with any amendments thereto or supplements thereof made in accordance with the Arrangement Agreement, and any other registration statement, information circular or proxy statement which may be prepared in connection with the KML Shareholders' Meeting;

(z) **"KML Restricted Voting Shareholders"** means the holders of KML Restricted Voting Shares;

(aa) **"KML Restricted Voting Shares"** means the restricted voting shares in the capital of KML;

(bb) **"KML Series 1 Shares"** means the cumulative redeemable minimum rate reset Preferred Shares, Series 1 in the capital of KML;

(cc) **"KML Series 2 Shares"** means the cumulative redeemable floating rate Preferred Shares, Series 2 in the capital of KML;

(dd) **"KML Series 3 Shares"** means the cumulative redeemable minimum rate reset Preferred Shares, Series 3 in the capital of KML;

(ee) **"KML Series 4 Shares"** means the cumulative redeemable floating rate Preferred Shares, Series 4 in the capital of KML;

(ff) **"KML Shareholders' Meeting"** means such meeting or meetings of the KML Voting Shareholders and the KML Preferred Shareholders, including any adjournment thereof in accordance with the Arrangement Agreement, that is to be convened as provided by the Interim Order to consider, and if deemed advisable approve, the Arrangement.

(gg) **"KML Special Voting Share Consideration"** means $0.000001 per KML Special Voting Share;

(hh) **"KML Special Voting Shareholders"** means the holders of KML Special Voting Shares and associated Class B Units;

(ii) **"KML Special Voting Shares"** means the special voting shares in the capital of KML;

(jj) **"KML Voting Shareholders"** means, collectively, the KML Restricted Voting Shareholders and the KML Special Voting Shareholders;

(kk) **"KML Voting Shares"** means, collectively, the KML Restricted Voting Shares and the KML Special Voting Shares;

(ll) **"Letter of Transmittal"** means, as applicable, (i) in respect of the KML Restricted Voting Shares, the letter of transmittal sent to KML Restricted Voting Shareholders pursuant to which holders of KML Restricted Voting Shares are required to deliver certificates representing the KML Restricted Voting Shares to the Depositary in order to receive, on completion of the Arrangement, in exchange for each KML Restricted Voting Share, the Pembina Common Share Consideration; (ii) in respect of the KML Special Voting Shares and the Class B Units, the letter of transmittal pursuant to which KML Special Voting Shareholders are required to deliver certificates representing the KML Special Voting Shares and the Class B Units to Pembina in order to receive, on completion of the Arrangement, in exchange for each KML Special Voting Share, the KML Special Voting Share Consideration and for each Class B Units, the Pembina Common Share

Consideration; and (iii) in respect of the KML Preferred Shares, the letter of transmittal sent to KML Preferred Shareholders pursuant to which KML Preferred Shareholders are required to deliver certificates representing the KML Preferred Shares to the Depositary in order to receive, on the Arrangement becoming effective and if the Preferred Share Condition is satisfied prior to the Effective Time, the applicable KML Preferred Share Consideration and the consideration to be paid pursuant to Section 3.1(g);

(mm) **"Limited Partnership"** means Kinder Morgan Canada Limited Partnership, a limited partnership formed under the laws of the Province of Alberta, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms;

(nn) **"Limited Partnership Agreement"** means the second amended and restated limited partnership agreement dated August 15, 2017 governing the Limited Partnership, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms;

(oo) **"Pembina"** means Pembina Pipeline Corporation, a corporation existing under the ABCA;

(pp) **"Pembina Class A Preferred Shares"** means the class A preferred shares in the capital of Pembina;

(qq) **"Pembina Common Share Consideration"** means 0.3068 of a Pembina Common Share;

(rr) **"Pembina Common Shares"** means the common shares in the capital of Pembina;

(ss) **"Pembina Exchange Preferred Shares"** means, collectively, the Pembina Series A Exchange Shares, the Pembina Series B Exchange Shares, the Pembina Series C Exchange Shares and the Pembina Series D Exchange Shares, each as constituted on the Effective Date;

(tt) **"Pembina Series A Exchange Shares"** means a series of the cumulative redeemable minimum rate reset Pembina Class A Preferred Shares, such shares having identical terms to the KML Series 1 Shares except that the issuer thereof will be Pembina, they will be convertible into Pembina Series B Exchange Shares instead of KML Series 2 Shares, references to KML Restricted Voting Shares will be to the Pembina Common Shares and there will be no mention of the KML Special Voting Shares;

(uu) **"Pembina Series B Exchange Shares"** means a series of the cumulative redeemable floating rate Pembina Class A Preferred Shares, such shares having identical terms to the KML Series 2 Shares except that the issuer thereof will be Pembina, they will be convertible into Pembina Series A Exchange Shares instead of KML Series 1 Shares, references to KML Restricted Voting Shares will be to the Pembina Common Shares and there will be no mention of the KML Special Voting Shares;

(vv) **"Pembina Series C Exchange Shares"** means a series of cumulative redeemable minimum rate reset Pembina Class A Preferred Shares, such shares having identical terms to the KML Series 3 Shares except that the issuer thereof will be Pembina, they will be convertible into Pembina Series D Exchange Shares instead of KML Series 4 Shares, references to KML Restricted Voting Shares will be to the Pembina Common Shares and there will be no mention of the KML Special Voting Shares;

(ww) **"Pembina Series D Exchange Shares"** means a series of cumulative redeemable floating rate Pembina Class A Preferred Shares, such shares having identical terms to the KML Series 4 Shares except that the issuer thereof will be Pembina, they will be convertible into Pembina Series C Exchange Shares instead of KML Series 3 Shares, references to KML Restricted Voting Shares will be to the Pembina Common Shares and there will be no mention of the KML Special Voting Shares;

(xx) "**Pembina SubCo**" means PKM Canada Limited, a corporation existing under the ABCA;

(yy) "**Plan**" or "**Plan of Arrangement**" means this plan of arrangement as amended, supplemented or otherwise modified from time to time in accordance with the terms hereof, and "hereby", "hereof", "herein", "hereunder", "herewith" and similar terms refer to this plan of arrangement and not to any particular provision of this plan of arrangement;

(zz) "**Preferred Share Condition**" means that the Preferred Shareholder Resolution is approved at the KML Shareholders' Meeting as specified in the Interim Order;

(aaa) "**Preferred Shareholder Resolution**" means the special resolution of the KML Preferred Shareholders, voting together as a single class, in respect of the Arrangement to be considered at the KML Shareholders' Meeting substantially in the form attached as Schedule C to the Arrangement Agreement;

(bbb) "**Registrar**" means the Registrar of Corporations duly appointed pursuant to section 263 of the ABCA;

(ccc) "**Services Agreement**" means the services agreement dated as of May 30, 2017 between Kinder Morgan Canada Services Inc., KML, Kinder Morgan Canada GP Inc. and the Limited Partnership, as amended and assigned as of August 31, 2018, and as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms; and

(ddd) "**Tax Act**" means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), as amended, including the regulations promulgated thereunder, as amended from time to time.

1.2 The division of this Plan of Arrangement into articles, sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.

1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles, sections and subsections are to articles, sections and subsections of this Plan of Arrangement.

1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities. The words "include", "includes" and "including" shall be deemed to be followed by the words "without limitation" whether or not they are in fact followed by those words or words of like import.

1.5 Unless otherwise specified, all references to "dollars" or "$" shall mean Canadian dollars.

1.6 In the event that the date on which any action is required to be taken hereunder by any person is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

1.7 Time shall be of the essence in every matter or action contemplated hereunder. All times expressed herein or in a Letter of Transmittal are local time in Calgary, Alberta unless otherwise stipulated herein or therein.

1.8 Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

1.9 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted from time to time in effect.

ARTICLE 2
ARRANGEMENT AGREEMENT

2.1 This Plan of Arrangement is made pursuant and subject to the provisions of and forms part of the Arrangement Agreement.

2.2 This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issue of the Certificate, will become effective on, and be binding on and after, the Effective Time on: (a) all registered and beneficial KML Voting Shareholders (including Dissenting KML Shareholders); (b) if the Preferred Share Condition is satisfied prior to the Effective Time, all registered and beneficial KML Preferred Shareholders (including Dissenting KML Shareholders); (c) KML; (d) the Limited Partnership and its partners; (e) the parties to the Cooperation Agreement; (f) the parties to the Services Agreement; and (g) Pembina.

2.3 The Articles of Arrangement and Certificate shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective, including that each of the provisions of Article 3 have become effective in the sequence set out therein. If no Certificate is required to be issued by the Registrar pursuant to subsection 193(11) of the ABCA, the Arrangement shall become effective at the Effective Time on the date the Articles of Arrangement are filed with the Registrar pursuant to subsection 193(10) of the ABCA.

ARTICLE 3
ARRANGEMENT

3.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following order without any further act or formality except as otherwise provided herein.

Dissenting KML Shareholders

(a) Subject to Article 4, the KML Restricted Voting Shares and, if the Preferred Share Condition is satisfied prior to the Effective Time, the KML Preferred Shares held by Dissenting KML Shareholders shall be deemed to have been transferred to Pembina (free and clear of any Encumbrances) and cancelled, and such Dissenting KML Shareholders shall cease to have any rights as KML Restricted Voting Shareholders or KML Preferred Shareholders, as applicable, other than the right to be paid the fair value of their KML Restricted Voting Shares or KML Preferred Shares, as the case may be, in accordance with Article 4, and the names of such holders shall be removed from the register of KML Restricted Voting Shareholders or KML Preferred Shareholders, as applicable, and Pembina shall be recorded as the registered holder of KML Restricted Voting Shares and KML Preferred Shares so transferred;

Termination of the Cooperation Agreement

(b) the Cooperation Agreement shall be terminated and shall cease to have any further force or effect;

Termination of the Services Agreement

(c) the Services Agreement shall be terminated and shall cease to have any further force or effect;

Amendment of the Limited Partnership Agreement

(d) the Limited Partnership Agreement shall be amended to facilitate the transactions in this Plan of Arrangement;

Acquisition of Class B Units by KML

(e) each issued and outstanding Class B Unit shall be transferred by the holder thereof without any further action on its part (free and clear of any Encumbrances) to KML in exchange for one fully paid non-assessable KML Restricted Voting Shares, and KML shall be deemed to be the legal and beneficial owner of such transferred Class B Unit (free and clear of any Encumbrances), and upon such exchange:

   (i) the holders of such Class B Units shall cease to be the holders of Class B Units and the names of such holders shall be removed from the register of holders of Class B Units; and

   (ii) KML shall become the holder of the Class B Units so exchanged and shall be added to the register of holders of Class B Units as the registered holder of such units;

Acquisition of KML Special Voting Shares by Pembina

(f) each issued and outstanding KML Special Voting Share shall be transferred by the holder thereof without any further action on its part (free and clear of any Encumbrances) to Pembina in exchange for the KML Special Voting Share Consideration, and Pembina shall be deemed to be the legal and beneficial owner of such transferred KML Special Voting Share (free and clear of any Encumbrances), and upon such exchange:

   (i) the holders of such KML Special Voting Shares shall cease to be the holders of KML Special Voting Shares and the names of such holders shall be removed from the register of KML Special Voting Shareholders; and

   (ii) Pembina shall become the holder of the KML Special Voting Shares so exchanged and shall be added to the register of KML Special Voting Shareholders as the registered holder of such shares;

Provided that the Preferred Share Condition is satisfied prior to the Effective Time, the following provisions 3.1(g), (h) and (i) and shall operate:

(g) in respect of each KML Preferred Share, all accrued and unpaid dividends thereon up to, but excluding, the Effective Date shall be paid by KML in cash to the Depositary who will deliver such applicable consideration to each holder of KML Preferred Shares in connection with its deposit of KML Preferred Shares as contemplated herein;

Amalgamation

(h) Pembina SubCo and KML shall be amalgamated and continued as one corporation under the ABCA in accordance with this Plan, including the following:

(i) *Name.* The name of Amalco shall be the name of Pembina SubCo;

(ii) ***Share Provisions.*** The share provisions and authorized share capital of Amalco shall be the same as the share provisions and authorized share capital of Pembina SubCo;

(iii) ***Directors and Officers.***

(A) **Initial Directors.** The directors of Amalco shall be the same as the directors of Pembina SubCo; and

(B) **Initial Officers.** The officers of Amalco shall be the same as the officers of Pembina SubCo;

(iv) ***Business and Powers.*** There shall be no restrictions on the business that Amalco may carry on or on the powers it may exercise;

(v) ***Other Provisions.*** The other provisions forming part of the articles of Amalco shall be the same as the respective provision of the articles of KML as such existed immediately prior to the Effective Time;

(vi) ***By-laws.*** The by-laws of Amalco shall be the by-laws of Pembina SubCo;

(vii) ***Registered Office.*** The registered office of Amalco shall be the registered office of Pembina SubCo;

(viii) ***Effect of Amalgamation.*** The following shall be the effect of the Amalgamation:

(A) all of the property of each of Pembina SubCo and KML shall continue to be the property of Amalco;

(B) Amalco shall continue to be liable for the obligations of each of Pembina SubCo and KML;

(C) any existing cause of action, claim or liability to prosecution of Pembina SubCo or KML shall be unaffected;

(D) any civil, criminal or administrative action or proceeding pending by or against either of Pembina SubCo or KML may be continued to be prosecuted by or against Amalco; and

(E) a conviction against, or ruling, order or judgment in favour of or against, either of Pembina SubCo or KML may be enforced by or against Amalco;

(ix) ***Articles.*** The articles of amalgamation of Amalco filed shall be deemed to be the articles of incorporation of Amalco, and the certificate of amalgamation of Amalco shall be deemed to be the certificate of incorporation of Amalco; and

(x) ***Inconsistency with Laws.*** To the extent any of the provisions of this Plan of Arrangement is deemed to be inconsistent with applicable laws, this Plan of Arrangement shall be automatically adjusted to remove such inconsistency;

(i) pursuant to the Amalgamation:

(i) each KML Restricted Voting Share (other than those held by Dissenting KML Shareholders) shall be cancelled in exchange for the Pembina Common Share Consideration;

(ii) each KML Preferred Share (other than those held by Dissenting KML Shareholders) shall be cancelled in exchange for the applicable KML Preferred Share Consideration;

(iii) each KML Special Voting Share shall be cancelled;

(iv) each common share of Pembina SubCo shall be converted into one common share of Amalco;

(v) the aggregate paid-up capital of the KML Restricted Voting Shares immediately prior to the Effective Time shall be added to the stated capital account maintained by Pembina in respect of the Pembina Common Shares;

(vi) the aggregate stated capital of the KML Series 1 Shares, KML Series 2 Shares, KML Series 3 Shares and KML Series 4 Shares shall be added to the stated capital account maintained by Pembina in respect of the Pembina Series A Exchange Shares, Pembina Series B Exchange Shares, Pembina Series C Exchange Shares, Pembina Series D Exchange Shares, respectively;

(vii) the aggregate stated capital of the common shares of Amalco will be an amount equal to the aggregate of the paid-up capital for the purposes of the Tax Act of (A) the KML Restricted Voting Shares and the KML Preferred Shares outstanding immediately before the Amalgamation, and (B) any shares of Pembina SubCo outstanding immediately prior to the Effective Time;

(viii) the holders of such KML Restricted Voting Shares shall cease to be the holders of KML Restricted Voting Shares and the names of such holders shall be removed from the register of KML Restricted Voting Shareholders;

(ix) the former holders of KML Restricted Voting Shares shall be added to the register of Pembina Common Shares;

(x) the holders of such KML Preferred Shares shall cease to be the holders of KML Preferred Shares and the names of such holders shall be removed from the register of KML Preferred Shareholders;

(xi) the former holders of KML Preferred Shares shall be added to the register of the applicable Pembina Exchange Preferred Shares;

(xii) the holders of the KML Special Voting Shares and the common shares of Pembina SubCo shall cease to be the holders thereof and the names of such holders shall be removed from the register of KML Special Voting Shares and the common shares of Pembina SubCo; and

(xiii) the former holders of the common shares of Pembina SubCo shall be added to the register of the common shares of Amalco in accordance with the foregoing.

Unless the Preferred Share Condition is satisfied prior to the Effective Time, the following provision 3.1(j) shall operate:

Acquisition of KML Restricted Voting Shares by Pembina

(j) each issued and outstanding KML Restricted Voting Share (other than those held by Dissenting KML Shareholders) shall be transferred by the holder thereof without any further action on its part (free and clear of any Encumbrances) to Pembina in exchange for the Pembina Common Share Consideration, and Pembina shall be deemed to be the legal and beneficial owner of such transferred KML Restricted Voting Share (free and clear of any Encumbrances), and upon such exchange:

   (i) the holders of such KML Restricted Voting Shares shall cease to be the holders of KML Restricted Voting Shares and the names of such holders shall be removed from the register of KML Restricted Voting Shareholders;

   (ii) Pembina shall become the holder of the KML Restricted Voting Shares so exchanged and shall be added to the register of KML Restricted Voting Shareholders as the registered holder of such shares; and

   (iii) the aggregate paid-up capital of the KML Restricted Voting Shares immediately prior to the Effective Time shall be added to the stated capital account maintained by Pembina in respect of the Pembina Common Shares; and

3.2 KML, Pembina SubCo (if applicable), Pembina and the Depositary shall be entitled to deduct and withhold from any consideration or amount otherwise payable to any former KML Voting Shareholder or KML Preferred Shareholder, if applicable, such amounts as KML, Pembina SubCo (if applicable), Pembina, or the Depositary, as the case may be, may determine is required or permitted to deduct and withhold with respect to such payment under the Tax Act, the *United States Internal Revenue Code of 1986* or any provision of federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the former KML Voting Shareholder or KML Preferred Shareholder, as the case may be, in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. To the extent that the amount so required to be deducted or withheld from any payment to a former KML Voting Shareholder or KML Preferred Shareholder exceeds the cash consideration otherwise payable to the holder, KML, Pembina SubCo (if applicable), Pembina and the Depositary are hereby authorized to sell or otherwise dispose of any property or amount otherwise payable to such former KML Voting Shareholder or KML Preferred Shareholder pursuant to this Plan of Arrangement to the extent necessary to provide sufficient funds to KML, Pembina SubCo (if applicable), Pembina or the Depositary, as the case may be, to enable it to comply with such deduction or withholding requirement and KML, Pembina SubCo (if applicable), Pembina or the Depositary, as the case may be, shall remit to such former KML Voting Shareholder or KML Preferred Shareholder any unapplied balance of the net proceeds of such sale.

3.3 The holders of Class B Units whose Class B Units are exchanged for KML Restricted Voting Shares pursuant to Section 3.1(e) shall be entitled to make a joint income tax election pursuant to section 85 of the Tax Act (and any analogous provision of provincial income tax law) with respect to the transfer by providing two signed copies of the necessary joint election form to KML (or Amalco, as its successor by amalgamation) within 90 days of the Effective Date, in the prescribed form, duly completed including with the details of the number of Class B Units transferred and the applicable agreed amount (within the prescribed limits pursuant to the Tax Act) for the purposes of such joint election. Pembina shall cause Amalco, within 30 days of receiving the completed form, sign and return such form to the holder for filing by such holder with the Canada Revenue Agency (and any applicable provincial tax authority). None of Pembina SubCo, Pembina or KML, nor any successor thereof, shall be responsible for the proper completion and filing of any joint election form, and except for the obligation to sign and return the duly completed joint election forms which are received within 90 days of the Effective Date, for any taxes, interest or penalties arising as a result of the failure of a holder of Class B Units to properly or timely complete and file such joint election forms in the form and manner prescribed by the Tax Act (or any applicable provincial legislation).

3.4 Pembina shall cause the general partner of the Limited Partnership to file an amendment to the certificate of limited partnership of the Limited Partnership to reflect the transfer pursuant to Section 3.1(e).

ARTICLE 4
DISSENTING KML SHAREHOLDERS

4.1 Each registered holder of KML Restricted Voting Shares or KML Preferred Shares shall have the right to dissent with respect to the Arrangement in accordance with the Interim Order and this Article 4. Notwithstanding subsection 191(5) of the ABCA, the written objection to the Arrangement referred to in subsection 191(5) of the ABCA must be received by KML from the Dissenting KML Shareholder not later than 4:00 p.m. on the date that is five Business Days prior to the date of the KML Shareholders' Meeting, all in accordance with the Interim Order.

4.2 A Dissenting KML Shareholder shall, at the Effective Time, cease to have any rights as a holder of KML Restricted Voting Shares or, if the Preferred Share Condition is satisfied prior to the Effective Time, KML Preferred Shares, as the case may be, other than as set forth herein, and shall only be entitled to be paid by Pembina the fair value of the holder's KML Restricted Voting Shares or KML Preferred Shares, as the case may be. A Dissenting KML Shareholder who is entitled to be paid by Pembina the fair value of the holder's KML Restricted Voting Shares or KML Preferred Shares, as the case may be, shall, pursuant to Section 3.1(a), be deemed to have transferred the holder's KML Restricted Voting Shares or KML Preferred Shares, as the case may be, (free and clear of any Encumbrances) to Pembina for cancellation without any further act or formality notwithstanding the provisions of section 191 of the ABCA.

4.3 A Dissenting KML Shareholder who for any reason is not ultimately entitled to be paid the fair value of the holder's KML Restricted Voting Shares or KML Preferred Shares, as the case may be, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of KML Restricted Voting Shares or KML Preferred Shareholders (provided, in the case of KML Preferred Shares, that the Preferred Share Condition is satisfied prior to the Effective Time) notwithstanding the provisions of section 191 of the ABCA.

4.4 The fair value of the KML Restricted Voting Shares shall be determined as of the close of business on the last Business Day before the day on which the Arrangement Resolution is approved by the holders of KML Voting Shares. The fair value of the KML Preferred Shares shall be determined as at the close of business on the last Business Day before the day on which the Preferred Shareholder Resolution is approved by the KML Preferred Shareholders.

4.5 In no event shall KML or Pembina be required to recognize any Dissenting KML Shareholder as a KML Restricted Voting Shareholder or (if the Preferred Share Condition is satisfied prior to the Effective Time) a KML Preferred Shareholder, as the case may be, after the Effective Time.

4.6 For greater certainty, in addition to any other restrictions in section 191 of the ABCA: (a) any person who has voted in favour of the Arrangement Resolution shall not be entitled to dissent with respect to such person's KML Restricted Voting Shares for the Arrangement; and (b) any person who has voted in favour of the Preferred Shareholder Resolution shall not be entitled to dissent with respect to such person's KML Preferred Shares for the Arrangement. In addition, a Dissenting KML Shareholder may only exercise Dissent Rights in respect of all, and not less than all, of its KML Restricted Voting Shares or KML Preferred Shares, as the case may be.

4.7 Notwithstanding any provision to the contrary in this Plan of Arrangement, if the Preferred Share Condition is not satisfied prior to the Effective Time, the right to dissent provided for in this Article

4 shall cease to apply to KML Preferred Shareholders and any written objection to the Arrangement sent by a KML Preferred Shareholder shall be null and void.

ARTICLE 5
OUTSTANDING CERTIFICATES AND FRACTIONAL SHARES

5.1 Forthwith following the Effective Time, Pembina and KML shall, subject to Section 5.2, (a) cause to be issued (i) to the KML Restricted Voting Shareholders, the number of Pembina Common Shares issuable in respect of the KML Restricted Voting Shares required by Section 3.1(j) or Section 3.1(i) if the Preferred Share Condition is satisfied prior to the Effective Time, and (ii) to the holders of Class B Units, the number of Pembina Common Shares issuable in respect of the Class B Units required by Section 3.1(e); (b) cause to be paid to the KML Special Voting Shareholders, the aggregate KML Special Voting Share Consideration in respect of the KML Special Voting Shares required by Section 3.1(f); and (c) if the Preferred Share Condition is satisfied prior to the Effective Time, cause to be issued the number of Pembina Exchange Preferred Shares issuable, in respect of the KML Preferred Shares required by Section 3.1(i) and cause the consideration to be paid as required by Section 3.1(g).

5.2 Upon surrender to the Depositary (in respect of the KML Restricted Voting Shares or the KML Preferred Shares) or Pembina (in respect of the KML Special Voting Shares and the Class B Units), as applicable, for cancellation of a certificate or certificates (as applicable) which, immediately prior to the Effective Time, represented outstanding KML Voting Shares, Class B Units or KML Preferred Shares, as the case may be, together with a duly completed and executed applicable Letter of Transmittal and such additional documents and instruments as the Depositary or Pembina, as applicable, may reasonably require, each KML Voting Shareholder or KML Preferred Shareholder represented by such surrendered certificate(s) shall be entitled to receive in exchange therefor, and the Depositary or Pembina, as applicable shall deliver to such holder, the consideration which such holder has the right to receive under this Plan of Arrangement for such KML Voting Shares, Class B Units or KML Preferred Shares, as the case may be, less any amounts withheld pursuant to Section 3.2, and any certificate(s) so surrendered shall forthwith be cancelled.

5.3 Until deposited as contemplated by Section 5.2, each certificate that immediately prior to the Effective Time represented KML Voting Shares, Class B Units or, if the Preferred Share Condition is satisfied prior to the Effective Time, KML Preferred Shares shall be deemed after the Effective Time to represent only the right to receive upon such deposit the consideration and other property to which the holders of such KML Voting Shares, Class B Units or KML Preferred Shares, as applicable, are entitled under the Arrangement, or as to those held by Dissenting KML Shareholders, other than those Dissenting KML Shareholders deemed to have participated in the Arrangement pursuant to Section 4.3, to receive the fair value of the KML Voting Shares, Class B Units or KML Preferred Shares, as applicable, represented by such certificates. Any such certificate formerly representing KML Voting Shares, Class B Units and, if the Preferred Share Condition is satisfied prior to the Effective Time, KML Preferred Shares not duly surrendered on or before the last Business Day prior to the third anniversary of the Effective Date shall cease to represent a claim by or interest of any former KML Voting Shareholder or KML Preferred Shareholder, as applicable, of any kind or nature against KML, Pembina or Pembina SubCo (if applicable). On such date, all consideration and other property to which such former holder was entitled shall be deemed to have been surrendered to KML, Pembina or Pembina SubCo (if applicable), as applicable.

5.4 No KML Voting Shareholder or, if the Preferred Share Condition is satisfied prior to the Effective Time, KML Preferred Shareholder shall be entitled to receive any consideration with respect to such KML Voting Shares, Class B Units or KML Preferred Shares, as applicable, other than the consideration and other property to which such holder is entitled to receive under the Arrangement and, for greater certainty, no such holder will be entitled to receive any interest, dividend (other than as contemplated under the Arrangement), premium or other payment in connection therewith.

5.5 If any certificate which immediately prior to the Effective Time represented an interest in outstanding KML Voting Shares, Class B Units or KML Preferred Shares, as applicable, that were exchanged pursuant to Section 3.1 has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to have been lost, stolen or destroyed, the Depositary (in respect of the KML Restricted Voting Shares and the KML Preferred Shares) or Pembina (in respect of the KML Special Voting Shares and the Class B Units), as applicable, will issue and deliver in exchange for such lost, stolen or destroyed certificate the consideration and other property to which the holder is entitled pursuant to the Arrangement as determined in accordance with the Arrangement. The person who is entitled to receive such consideration and other property shall, as a condition precedent to the receipt thereof, give a bond satisfactory to Pembina and its transfer agent in such form as is satisfactory to Pembina and such transfer agent, or otherwise indemnify KML, Pembina, Pembina SubCo (if applicable) and the transfer agent, to the reasonable satisfaction of such persons, against any claim that may be made against any of them with respect to the certificate alleged to have been lost, stolen or destroyed.

5.6 No certificates representing fractional Pembina Common Shares shall be issued under the Arrangement. In lieu of any fractional Pembina Common Shares, each registered KML Restricted Voting Shareholder otherwise entitled to a fractional interest in Pembina Common Shares will receive the nearest whole number of Pembina Common Shares. For greater certainty, where such fractional interest is greater than or equal to 0.5, the number of Pembina Common Shares to be issued will be rounded up to the nearest whole number and where such fractional interest is less than 0.5, the number of Pembina Common Shares to be issued will be rounded down to the nearest whole number. In calculating such fractional interests, all KML Restricted Voting Shares registered in the name of or beneficially held by a holder thereof and its nominee(s) shall be aggregated.

ARTICLE 6
AMENDMENTS

6.1 KML and Pembina may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be: (a) set out in writing; (b) approved by KML and Pembina; (c) filed with the Court and, if made following the KML Shareholders' Meeting, approved by the Court; and (d) communicated to KML Voting Shareholders and/or KML Preferred Shareholders, if and as required by the Court.

6.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by KML or Pembina at any time prior to or at the KML Shareholders' Meeting (provided that the other shall have approved it, acting reasonably) with or without any other prior notice or communication, and if so proposed and accepted, in the manner contemplated and to the extent required by the Arrangement Agreement by the persons voting at the KML Shareholders' Meeting (other than as may be required under the Interim Order or other order of the Court), shall become part of this Plan of Arrangement for all purposes.

6.3 Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the KML Shareholders' Meeting shall be effective only (a) if it is approved in writing by each of KML and Pembina (each acting reasonably), and (b) if required by the Court or applicable law, it is approved by the KML Voting Shareholders and/or KML Preferred Shareholders.

6.4 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time provided that it is approved in writing by each of Pembina and KML, if it concerns a matter which, in the reasonable opinion of each of Pembina and KML, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and it is not adverse to the financial or economic interests of any former KML Voting Shareholder and, if the Preferred Share Condition is satisfied prior to the Effective Time, any former holder of KML Preferred Shares.

6.5 Notwithstanding anything else contained herein, in the circumstances where the Preferred Share Condition is not satisfied at the KML Shareholders' Meeting, KML shall amend this Plan of Arrangement to exclude the KML Preferred Shares under this Plan of Arrangement and matters ancillary thereto.

ARTICLE 7
FURTHER ASSURANCES

7.1 Notwithstanding that the transactions and events set out herein shall occur and shall be deemed to occur in the order set out in this Plan without any further act or formality, each of KML and Pembina shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required in order further to document or evidence any of the transactions or events set out herein.

7.2 From and after the Effective Time (a) this Plan shall take precedence and priority over any and all rights related to KML Voting Shares, Class B Units and, if the Preferred Share Condition is satisfied prior to the Effective Time, KML Preferred Shares issued prior to the Effective Time; (b) the rights and obligations of the holders of KML Voting Shares, Class B Units and, if the Preferred Share Condition is satisfied prior to the Effective Time, holders of KML Preferred Shares and, in each case, any respective trustee and transfer agent therefor, shall be solely as provided for in this Plan; and (c) all actions, causes of actions, claims or proceedings (actual or contingent, and whether or not previously asserted) based on or in any way relating to KML Voting Shares, Class B Units and, if the Preferred Share Condition is satisfied prior to the Effective Time, KML Preferred Shares shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein.